



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

# Postal Strategy Statement

## Submissions to Call for Inputs

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

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# 1 Age Friendly Ireland / Older People's Council

2021

# Postal Regulation Consultation



comhairle chontae na mí  
*meath county council*

Submission from  
Age Friendly Ireland

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## Executive Summary

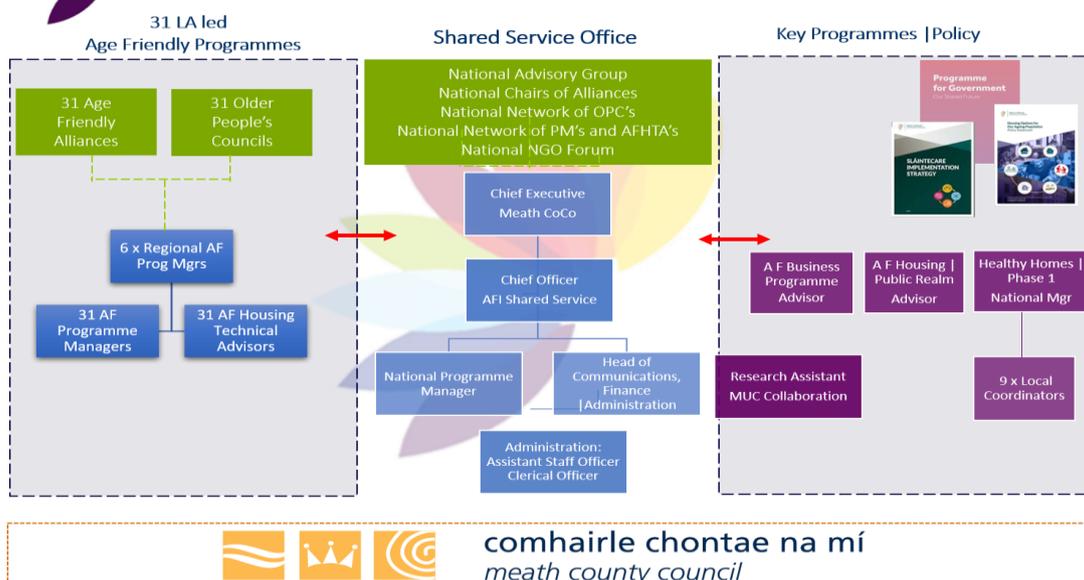
### Overview

The national Age Friendly Ireland Programme supports, through the local government system, and increasingly at national level, all 31 counties and cities across Ireland to prepare for the rapid ageing of Ireland's population by paying increased attention to the environmental, economic, cultural and social factors that influence the health and well-being of older people. In that role the Programme is delivered through the Age Friendly Shared Service hosted by Meath County Council.

The Programme is supported at national level by an advisory group which includes members drawn from various Government Departments, local government, the HSE, An Garda Síochána and Chambers Ireland. This group provides governance, oversight, strategic direction and advice in relation to the overall programme achieving its goals and objectives. They provide guidance and advice where local implementation and best practices can influence national policy on a cross departmental basis and seek to integrate the Programme into existing structures and funding lines. Increasingly, as a result, we are seeing both our local government structures as well as our national government structures engaging with the Age Friendly Programme, including the direct request from various Departments to support them as they prepared their new strategies to 2023.



# Shared Service Structure 2021



It is also significant to highlight that the Age Friendly Ireland (AFI) Programme is the first to comprehensively cover an entire national jurisdiction and is regularly highlighted by the World Health Organisation (WHO) as a leading national example to other member countries. This was recognised by the WHO in the presence of An Taoiseach on 16<sup>th</sup> December 2019. From initiation of the Programme in Ireland, AFI has embedded the WHO principles of Active Ageing. These principles were adopted by the World Health Organization in the late 1990s and developed in the meantime most particularly in the WHO Policy Statements on the Age Friendly Cities Framework and the UN Decade of Healthy Ageing.

The Framework recommends *"policies, services, settings and structures support and enable people to age actively by:*

- *Recognizing the wide range of capacities and resources among older people;*
- *Anticipating and responding flexibly to ageing-related needs and preferences;*
- *Respecting their decisions and lifestyle choices;*
- *Protecting those who are most vulnerable; and*
- *Promoting their inclusion in and contribution to all areas of community life."*

Age Friendly Ireland is consequently pleased to submit this response to the Commission for Communications Regulation (ComReg), on the changes proposed to Postal Regulation in Ireland. In addition to the views of AFI, this submission also sets out the views of the National Network of Older People's Councils which is a core part of the Age Friendly Programme structure. Collaboration with older people underpins the shared principle of enabling participation of older people in co-designing solutions and policy development across all levels of public policy. This is a key platform for our work with the 31 Older Persons Council's across all 31 local authority areas, reflecting the diverse representation of the authentic voice of the older people of Ireland. In that role AFI have consulted directly with some 25,000 older people across the last decade.

## The Older Person's Council

The National Older Person's Council represents the views of their individual Older Persons' Council (OPC) within their programme area. The OPC provides a means by which older adults can take a more active role in their communities and have their voices heard. Older People's Councils have been established in response to the National Positive Ageing Strategy (2013) in each programme area as a means by which older people can raise issues of importance, identify priority areas of need and inform the decision-making process of the city or county Age Friendly initiative. Older People's Council representatives sit on the Age Friendly Alliances not as protagonists or lobbyists, but as equal partners with CEO's and decision makers of statutory agencies such as the local authority, the HSE and other bodies.

Enabling the direct and active involvement of older people in local decision making has been an important value or principle which has underpinned the work of local Age Friendly Programmes. In areas where it has worked well programme leaders have recognised older people as powerful agents of change. Thus, it was only fitting that the National Older People's Council were in attendance to discuss the Consultation on Postal Regulation with ComReg.

## Consultation Process

On the 29<sup>th</sup> July 2021, the Consultation on the future of postal regulation in Ireland was held online over Zoom, facilitated by ComReg in conjunction with Age Friendly Ireland. In attendance were the National Network of Older People's Councils, ComReg and representation from Age Friendly Ireland. The consultation was organised in order to hear the views of older adults in relation to proposed changes to the postal service in Ireland.

**Photo caption: Members of the NOPC with representation from ComReg and AFI at the Consultation on the future of postal regulation in Ireland:**



## Key Findings

Stephen Brogan of ComReg opened the session by presenting on the remit and scope of ComReg. ComReg is responsible for the regulation of Telecommunications, Premium Rate and

the National Postal Service in Ireland, namely *An Post*. Future considerations have been proposed by An Post where in recent times there has been more emphasis on parcels, and fewer letters being posted during COVID resulting in a more expensive service to deliver. An Post plan to introduce a new letter service which will no longer be next day delivery, and possibly a price increase for next day delivery. This trend has also been observed across the EU. The EU are currently considering a similar change to their postal service due to a decrease in letters being posted which makes it more expensive to run the service. In addressing this change in service, our Older Person's Council discussed the following.

### Member's Use of the Postal Service

Members stated they use the postal service quite regularly for both letters and parcels and would not be in favour of altering the current service. In relation to the current service, they reported that the current post boxes are not very robust, that they don't feel safe for the user who is posting their letter as the boxes are not very sturdy or secure. Of importance to members was that the service needs to be secure and that they can put their trust in An Post. Some members recalled issues in the past where their post was lost and they incurred a financial cost as a result. The group discussed how some letters are of greater importance and are time sensitive; in those instances, those letters should be prioritised, for example hospital or medical letters.

### Cost Implications

In relation to cost, many members were not in favour of a cost increase. Some members reported how this may be confusing for older members of society and may cause unnecessary duress. One member outlined how he purchased a book of stamps prior to the last price increase. Since then for every letter he has to post, he has to queue in the post office to pay the extra payment on each letter. The discussion emphasised how an increase in price not only affects the process of posting a letter, but also knock on effects on the experience of posting letters or parcels which may become a deterrent to using the service. Members of the OPC agreed to revert to their local OPC to discuss their thoughts on the change to service. Some also suggested that older people would not object too much to a small price increase

for more important post, and lower priority post such as advertising could be sent at the lower rate.

### Member's Experience of using the Postal Service

Overall, the OPC's experience of the postal service has been primarily positive. A trip to the post office is also seen as a social outing for many which enhances social inclusion within their communities. Particularly during the COVID-19 pandemic, many members reported how their post person went out of their way to check on them while they were cocooning. Many post persons also took letters from members and posted on their behalf.

Older People's Council representatives complemented improvements in the accessibility of the built environment of Post Offices. They commented positively on postal service staff in relation to customer service and the training they receive in handling issues in a sensitive way.

Many members felt that a change to the service such as a reduced capacity service could potentially increase social isolation in older adults, particularly those in rural communities. For many during COVID-19, the post person was the only social contact they had. With a reduced service and less frequent post visits, older adults will not have the same social contact as before.

Overall the post service was positively received. All members use various aspects of the postal service such as the Post Office, the courier service and collecting their pension. Many also use the post office to pay their household bills. The Post Office itself is seen as a great social hub for older adults to meet and catch up. Some members outlined how the weekly trip to the Post Office is their only social outing, where they would meet a friend for tea after and get the bus home. Much of this has drastically reduced due to COVID, however there is hope that these outings will some day return.

Posting letters and parcels was outlined as the primary use of the postal service. Some members also use the courier service which they find beneficial. The price increase in stamps

was cited as a deterrent to using the service, particularly at Christmas time when posting Christmas cards which can prove quite costly. It was suggested perhaps a Christmas card and stamp bundle could be explored where the cards and stamps could be purchased together at a subsidised rate.

### Value of local Post Office's in the Community

All members reported purchasing their stamps at the post office for ease, but felt it could be highlighted better that these are also available to purchase at local newsagents. It was noted that post persons used to carry stamps for sale. Although the postal service and the post office are two separate entities, it was discussed that both are deeply intertwined. Where members need ease of access of the post office itself in order to access the postal service. Therefore the post office itself is seen as a central point of many communities and it's important to sustain these.

It was discussed whether members avail of their pension in person through the post office or online into their bank account. Many felt due to COVID, they changed their payments so as they were received into their bank account, however many were conscious that post offices are now businesses and would revert back to receiving it in person if it meant the post office could sustain its current status in the community.

### Summary

The postal service is heavily utilised by older adults in Ireland. Sincere historical value is placed on the regularity of the service, particularly in rural areas where often the post person is often the only point of social contact. Older adults also highlighted how they put much trust in the safety and security of the service, where a change to the regularity may impact this trust. If a change to the service was implemented, members felt priority post should still continue for important medical correspondence such as hospital and appointment letters.

The post office is also seen as a central hub to many communities, a social meeting point for older adults on their weekly outing. The postal service itself was highlighted as a fantastic service throughout COVID, with post persons going beyond their role to ensure the safety of their older community members. The OPC place a substantial amount of trust in the service and would be keen to retain as much of it's current features going forward.

## Contact

*For further details concerning the above submission please feel free to contact Catherine McGuigan, Chief Operations Officer, Age Friendly Ireland Shared Service Centre, Meath County Council, Buvinda House, Navan, Co. Meath.*

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## 2 An Post

# An Post Submission to ComReg's Call for Inputs - Postal Regulation Strategy- Document 21/67

## Executive Summary

An Post welcomes the opportunity to respond to the Commission for Communication Regulation ("ComReg") Document 21/67 Call for Inputs - Postal Regulation Strategy ("Call for Inputs").

In summary, the future regulatory framework for the postal sector should:

- 1) Broaden and secure the future long-term sustainability of the Universal Service Obligation ("USO");
- 2) Ensure customers' needs and preferences are at the core of the postal regulatory framework;
- 3) Protect vulnerable customers, in particular those reliant on USO services;
- 4) Require improved environmental performance from all postal/delivery operators;
- 5) Aim to reduce disproportionate regulatory costs in a declining letter market; and
- 6) Engage in the development of EU legislation for the digital market and associated services to protect customer needs.

## An Post's Key Recommendations for ComReg's Postal Regulatory Strategy for Ireland

**Recommendation 1:** ComReg should move to include features for the next day USO service which reflect evolving postal user needs and the changing technical, economic and social environment and in parallel introduce an environmentally-friendly USO service which delivers at lower frequency.

**Recommendation 2:** ComReg should modify the prohibition on "value added features" under Statutory Instrument 280/2012 to enable user needs to be more easily met by allowing e.g. tracking and delivery notification features to be added to a next day USO product.

**Recommendation 3:** ComReg should modify the USO's regulatory framework in order to incentivise and reward efforts to protect vulnerable and digitally disadvantaged consumers.

**Recommendation 4:** ComReg should modify the general authorisation framework to ensure that all postal/delivery operators are required to improve their environmental performance, for example through the introduction of environmental performance targets for all postal/delivery operators operating in Ireland.

**Recommendation 5:** ComReg should commit to reducing disproportionate regulatory costs in a declining letter market.

**Recommendation 6:** ComReg should continue to advocate for the needs of postal users in the development of EU legislation in terms of the impact of online platforms.

**Recommendation 7:** ComReg should ensure that the future postal regulatory framework supports the right to a decent job with good terms and conditions, in line with the UN Sustainable Development Goal of Decent Work and Economic Growth. An Post will continue to fight against the excesses of the gig economy, and in contrast promote the dignity and respect of the postal profession, both for the sake of employees and customers.

## Background

The postal landscape is transforming and postal stakeholders must keep pace with changing consumer needs in order to guard the sustainability of the USO. As a matter of strategic importance, postal regulation must put customers' needs front and centre.

The COVID-19 pandemic has confirmed key trends previously evident in the postal sector, including strong growth in packets and parcels volumes driven by the growth of e-commerce and e-substitution. As a result, all USO providers, including An Post, are increasingly reliant on revenues earned from the highly competitive packets and parcels delivery as traditional sources of revenue from letter delivery are substituted.

Despite the increased demand for packet and parcel delivery services throughout the pandemic, An Post ensured that its networks remained fully open, connecting citizens and communities and highlighting the key role of postal operators in supporting our economy and society.

The pandemic also highlighted the important role postal operators play in support of both the economy and society. During the pandemic, An Post played a key role in keeping local communities connected as well as supporting the economy by ensuring that vital goods were delivered across Ireland. Despite the significant increase in demand for packets and parcels delivery services during this time, An Post maintained a high quality of service, demonstrating the resilience of An Post's postal network.

## Key Submissions

Five central themes emerge from ComReg's Call for Inputs which should form a focus for the future postal strategy:

### 1. Sustainability of the USO and consumer needs must be central to future postal regulation

In order to secure the long-term sustainability of the USO, the Irish postal regulatory framework must respond to changing consumer needs by broadening the scope of the USO to include both next day delivery with enhanced service features preferred by consumers such as text notification and tracking and an environmentally-friendly service which delivers at lower frequency and cost.

Many customers use postal services that have a lower cost, are more environmentally friendly with a lower frequency delivery, which is why 20 out of 27 EU Member States now have a less frequent than next-day service.<sup>1</sup>

A similar USO strategy for Ireland would be welcome, to secure the long term sustainability of the USO, while delivering cost savings and environmental benefits through the introduction a lower frequency service, in addition to maintaining a next day service for customers who want or need it.

This will allow ComReg to fulfil its objectives under the Communications Regulation Act 2002 to promote the development of the postal sector and, in particular, the availability of a universal postal service within, to and from the State for the benefit of all postal service users and to promote the interests of postal service users.

In order to meet the needs of the modern consumer, ComReg should modify the prohibition on "value added features" under Statutory Instrument 280/2012 to enable user needs to be more easily met and consider new definitions of service features, which reflect the changing social and technical environment and the evolving postal user needs, e.g. by allowing tracking and delivery notification features to be added to a next day USO product.

This prohibition reflects the early days of postal regulation when a reserved area was differentiated and defined by reference to price and additional service features. As user needs and perceptions have changed and consumers are prepared to pay for enhanced service features such as receiving a text and/or tracking

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<sup>1</sup> European Parliament report "[Postal Services in the EU](#)", at p. 17.

information as standard, the existing domestic service risks falling behind the norms and expectations of international services.

Affording An Post the flexibility to innovate in response to changing customer preferences will ensure their specific needs are met and help to secure the long-term financial sustainability of the USO.

## 2. Greater focus is needed to protect vulnerable and digitally disadvantaged consumers

An Post is committed to protecting vulnerable and digitally disadvantaged consumers through the provision of omnichannel services. By this we mean that customers can interact and do business with An Post at their choice of time, place and medium. Throughout the pandemic, An Post has put the needs of these customers at the core of its consumer-oriented response through the provision of free delivery to care homes, free newspaper delivery to the elderly and check-ins on elderly citizens. In addition, An Post has provided delivery discounts for SMEs during the pandemic.

As the postal sector continues to develop and consumer preferences continue to change, it will be important to protect vulnerable and digitally disadvantaged consumers who will continue to rely on more traditional mail services.

There is a role for ComReg to ensure that the regulatory framework incentivises and rewards An Post's efforts in protecting these consumers. Where value-added services for such consumers are no longer financially viable, there may also be merit in public funding to finance these services.

## 3. Environmental sustainability is a critical issue for the postal sector

An Post is expressly committed to environmental sustainability, including delivering on the five UN Sustainable Development Goals which are core to the postal industry, as underscored by the EU Green Deal. Corporate environmental and social responsibility is recognised by An Post (and indeed by Government) as a key priority.

For 'sustainability' read 'quality of life'; where you see 'carbon footprint' think 'a healthy island'; and for 'climate action' believe in the joy of future generations. That is how we view sustainability in An Post. Being human is at the core of An Post, and our horizon is stated in our purpose 'to act for the common good: now, and for generations to come.

All of An Post's Dublin City Centre vehicles are electric and An Post aims to reduce carbon emissions by 50% by 2025 from a 2009 baseline.

An Post also supports the minimisation of packaging materials and that is why it is planning on the introduction of size (volume in litres) based charging, which will incentivise the use of less packaging.

We have committed to having a Post Office in every community (defined as over 500 population) so that regardless of where someone lives they have a world class delivery service.

Our [Sustainability Report 2020](#) details our track record to date and ambition for the future.

There is a role for ComReg in supporting the transition of the sector to a more sustainable footing. The European Regulators Group for Postal Services has prioritised sustainability in its forward work programme and has specifically asked for input on what regulators can do to assist sustainability in the postal sector.

The Call for Inputs references providing access to last mile infrastructure to promote sustainable delivery. This would only have a positive impact on sustainability if An Post's packets and parcels delivery vehicles were not operating at capacity. However, An Post's packets and parcels delivery vehicles already operate using best practice methodology to ensure optimised management of route capacity.

Further, it is not clear that there would be demand for access to An Post's last mile network. Packets and parcels delivery operators need to be able to control and keep track of all their deliveries so are unlikely to want to lose operational control of the final stage of delivery. This is demonstrated by the relative lack of take-up of An Post's existing downstream access. A reduction in the delivery frequency of certain USO

products would have a greater impact on reducing An Post's environmental footprint than providing access to last mile delivery.

Allowing consumers and SMEs to select a sustainable delivery service of choice or an alternative delivery option (such as delivery to lockers) may have greater impact in terms of sustainable delivery than mandating access by other service providers to the An Post network.

The postal regulatory framework should account for the costs and challenges of improving environmental performance. ComReg should reward postal operators for investing in this area. Any additional environmental regulations introduced in the postal sector should also ensure that all stakeholders (including other delivery operators, as well as users) are encouraged to reduce their carbon footprint.

An Post recommends the introduction of environmental targets for all delivery operators and suggests that ComReg consider whether the general authorisation framework could be modified to ensure that all postal and delivery operators are required to improve their environmental performance.

In addition, ComReg should support the UN Sustainable Development Goal of Decent Work and Economic Growth. The right to a decent job with good terms and conditions is fundamental to a sustainable society. An Post will continue to fight against the excesses of the gig economy, and in contrast promote the dignity and respect of the postal profession, both for the sake of employees and customers.

#### 4. Blurring of sector boundaries is occurring, and it is possible different regulatory frameworks will interact

An Post acknowledges that the boundaries between traditional postal services, delivery, transport and platforms/digital sources have become increasingly blurred in recent years. As these trends are likely to continue to reduce demand for letters in the future, ComReg is right to examine the impact this may have on the USO.

So far, the growth of Big Tech and digital platforms has been exponential. Further, integration of these companies' retail and delivery services has also been crucial to their expansion in Ireland. These trends have mainly impacted An Post's packets and parcels delivery business. A recent Frontier Economics report<sup>2</sup>, commissioned by ComReg found that:

- the market share of the top four packets and parcels delivery providers in Ireland has decreased between 2013 and 2019;
- the price per parcel has been static or even declining in the last five years;
- new operators have entered the space; and
- customers have reported high levels of customer satisfaction.

These findings demonstrate that the Irish packets and parcel delivery sector is growing and well-functioning. Moreover, the existence of market failures for delivery services has neither been identified nor proven in this competitive sector. Hence, it is not clear there is a need for regulation of the parcels and packets sector. However, ComReg should continue to monitor sector developments using its existing information gathering powers to enable it to act in a timely manner, if appropriate.

National postal operators operate in a fragile ecosystem given the ongoing e-substitution. In our view, with fully competitive markets confirmed in the packets and parcels sector, policymakers and regulators should prioritise the sustainability of the USO to meet consumers' needs.

As outlined in the ComReg Call for Inputs, the blurring of sector boundaries is increasingly likely to lead to the interaction of different regulatory frameworks, in particular, the interaction between the postal regulatory framework with the proposed Digital Markets Act and the Digital Services Act. ComReg, in collaboration with other Irish regulatory agencies such as the Competition and Consumer Protection Commission, has an important role to play in the development of this key European legislation. Given the

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<sup>2</sup> Frontier Economics "[E-COMMERCE PARCEL DELIVERY IN IRELAND](#)" report which was prepared for ComReg.

blurring of sector boundaries, and the enduring importance of a postal USO despite declining mail volumes, it is essential that a strong postal voice is heard and helps to shape the future legislative environment.

We look forward to collaborating with ComReg on this issue and inputting into relevant public consultations at EU and domestic levels.

### 5. The regulatory burden should be proportionate and reduced in a declining market

As the financial viability of universal service providers in the EU continues to come under pressure, EU postal regulators have become more focused on the sustainability of the USO.<sup>3</sup> While pricing freedom has allowed An Post to protect the viability of the USO, An Post believes ComReg's next postal strategy should continue its focus on protecting the sustainability of the USO for all consumers and ensure that regulation does not unnecessarily add to the cost of its provision, for example:

- **Changes to the RMS sampling criteria:** The RMS was originally developed for Quality of Service ("QoS") measurement purposes to comply with the requirements of the first Postal Directive.<sup>4</sup> It has evolved to become a costly, disproportionate and outdated exercise. The sampling criteria also means that An Post will be penalised for introducing new products in the USO. An Post has implemented an alternative methodology which meets all legal standards and requirements and will continue to monitor ways of improving the cost efficiency of this process.
- **Reduction in volume and frequency of information requests:** An Post recognises the need for ComReg to collect data and information for the purposes of its regulatory functions in the postal sector. However, ComReg must consider the regulatory burden that information requests impose on An Post. There is merit in ComReg and An Post jointly developing an information reporting framework that reflects the applicable general legal principles and appropriate corporate reporting for an entity like An Post. This would allow ComReg to access the information it needs to regulate the USO, give An Post certainty on the types of information it should provide and reduce the need for *ad hoc* requests. ComReg should commit to reducing excessive regulatory costs in a declining letter market.
- **Re-evaluation of the Accounting Direction and its appropriateness in the current landscape.**

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<sup>3</sup> European Parliament report "[Postal Services in the EU](#)", at p. 35

<sup>4</sup> European Parliament "[Directive 97/67](#)" Article 16.

## Annex 1: Response to Specific Questions

**Q1. Should we consider the blurring of sector boundaries and the interaction of different regulatory frameworks?**

See Section 4 under Key Submissions above.

**Q2. Should we consider other developments that may be impacting the postal sector?**

The implications for the postal service arising out of recent VAT and customs law changes are generally acknowledged as extremely significant.<sup>5</sup> Customs clearance of all inbound items and collection of amounts due on all such inbound items is mandatory and this is reflective of the EU's customs and VAT policy for non-EEA imports.

The revised customs framework is not generally accommodating of the USO postal structure. Addressees may not be aware in advance of items being sent to them that the new legal requirements mean that payment by customers of import charges is mandatory although USO operators must still endeavour to ensure delivery as promptly as possible. The delivery model of USO operators is not the same as that employed by the express carriers.<sup>6</sup>

The EU Customs 2020 framework does not appear to reflect the standardisation associated with Universal Postal Union ("UPU") designated operator systems and the achievement of the USO in respect of inbound international postal items. The Irish context is particularly acute due to Brexit and the traditional and long trading relationships with the UK.

ComReg should have a role in supporting the simplification and standardisation of the EU Customs 2020 framework as far as possible for USO services, which would enhance the postal user experience, reduce An Post's costs and contribute to the continuity of the inbound internal universal service in Ireland.

It appears from the recently published ERGP draft Work Programme for 2022 that the EU postal regulators are proposing to review this area generally and to pursue a simplification of processes for the benefit of the inbound postal traffic. Given the large-scale changes to the customs and VAT system, An Post recommends engagement between An Post and ComReg to allow such simplification to be pursued to the fullest possible degree.

**Q3. What is the future of next day delivery letters and what could this mean for the universal postal service?**

See Section 1 under Key Submissions above.

**Q4 What actions are required to respond to environmental sustainability challenges?**

See Section 3 under Key Submissions above.

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<sup>5</sup> See the most up to date Strategic Plan of DG TAXUD for 2020-2024 which refers to the dramatic increase in items requiring customs declarations ([end p.17](#)).

<sup>6</sup> Express consignments have been defined in the EU customs legislation as meaning an individual item carried via an integrated service of expedited/time-definite collection, transport, customs clearance and delivery of parcels whilst tracking the location of, and maintaining control over, such items throughout the supply of the service.

**Q5. How should International inbound universal postal service losses be addressed?**

An Post would welcome support from ComReg in addressing the losses that it incurs in delivering inbound letters and large envelopes from international postal operators, which settle mail exchanges at the rates set by the Universal Postal Union (“UPU”). The rates paid to An Post for delivering this mail are approximately 20% less than the comparable rates paid by postal operators which are within the EU. Such items, even if declining in volume, remain part-mandatory services specified within the international legal framework.

Support from ComReg in this regard might include engaging with other EU Regulators to seek substantial increases in UPU rates for letters and large envelopes. Achieving change in UPU rates is very difficult but not impossible as was proven in 2019 when the UPU voted to adopt self-declared rates for the delivery of packets.

An Post does not see any benefit in ComReg becoming involved in the rates payable for inbound international packets as these packet exchanges are either settled at self-declared rates or are already subject to competitive pressures.

**Q6. What regulation is needed in the postal sector?**

In the context of the European Commission’s ongoing evaluation of the Postal Services Directive, An Post does not believe that a new postal regulatory framework (“greenfield approach”) is required. National postal operators operate in a fragile ecosystem given ongoing e-substitution. In our view, with fully competitive markets confirmed in the packets and parcels sector, policymakers and regulators should prioritise the sustainability of the USO to meet consumers’ needs.

**Q7. How should ComReg’s role evolve?**

The postal market in Ireland and across the EU is rapidly evolving. As e-substitution continues, designated postal operators are increasingly reliant on revenues from highly competitive packets and parcels markets. A flexible approach to the regulation of the Irish postal market is needed in order to ensure the long term sustainability of the USO. At the same time, ComReg has an increasingly important role in supporting vulnerable and digitally disadvantaged consumers and facilitating the transition of the postal sector to a more environmentally sustainable footing.

## **3 Consumers' Association of Ireland**

# **The Consumers' Association of Ireland**

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[www.thecai.ie](http://www.thecai.ie)



## **Submission:**

### **Call for Inputs**

### **Postal Regulation Strategy**

### **ComReg Doc 21/67**

**August 2021**

**Question 1:** Do you consider that ComReg's forthcoming postal strategy should be limited to the period to 2024? – please support your view with reasons and evidence.

*The Consumers' Association of Ireland (CAI) recognise the changing environment and consumer preferences and demand within the postal sector. With this in context and, for example, noting the impact for change that the Covid-19 pandemic produced – and the fact that it may change again post the pandemic – we consider that the strategy could be limited for the period to 2024.*

**Question 2:** What are the considerations (in the next two years and beyond) shaping the postal sector and ComReg's forthcoming postal strategy? – please support your view with reasons and evidence.

*The altered state of current demand for parcel delivery, notably to home addresses, as consumers have purchased only online due to Covid-19 restrictions and retail outlet closure;*

*The altered state and move to online engagement, predominantly through email, by businesses, the majority of whom have been operating from and through the homes of staff members;*

*The potential for a return to a higher degree of normal trading and business operations from October 2021 which will place a return to reliance upon letter post and its delivery;*

*The preferences of both domestic and business consumers to return to direct postal engagement in all matters but notably, medical documentation and appointments, service of legal, banking, supplier, billing and all manner of secure, trusted and speedy delivery of documents – much of which is relied upon under statutory direction and provision.*

**Question 3:** What is your view on the seven initial considerations for the forthcoming strategy? - Please support your view with reasons and evidence

1. (1) Should we consider the blurring of sector boundaries and the interaction of different regulatory frameworks?

*It will be necessary to acknowledge the potential for a blurring effect. However, it will be important to consider who is the promoter of the effect and what are the reasons giving rise to it. The focus toward profitability can seriously displace what is a reduced quality of service for what will always be a demand and expectation of valuable return for money charged.*

*This is too often suggested to be improved efficiency when that is not the case.*

*It is similarly suggested to be reflective of the public preference – based solely upon a demand at the time (Covid-19 for example) – when it is, in fact, no more than a demand under current limitations and restrictions that is limiting the choice for the consumers of the service.*

2. (2) Should we consider other developments that may be impacting the postal sector?

*Certainly, but in a strictly measured process of comparison of quality of service, cost of service, efficiency of service/delivery and factual, evidence based benefit - without loss or quality – for the paying end user.*

*Ireland as a small peripheral Member State has some differences to other Member States - one of these would be how much social security payments etc. are paid through the Post Office service - so there is a 'social' dimension to the service beyond the simple posted letter.*

*Finally, the focus toward bank closures and pushing of consumers toward the Post Office service as the 'natural' alternative must be seriously considered for its quality – in every way. The end user requirements with all attaching elements of quality must have the essential commitment of expansion and investment of quality personnel, service provision and hours of available service.*

3. (3) What is the future of next day delivery letters and what could this mean for the universal postal service?

*Next day delivery is the bedrock for measuring the efficiency of the postal service. If it cannot be achieved then it reflects a serious loss to the structure of the national postal service. It would also reflect a poor sub-standard level of service provision.*

*This will now, undoubtedly, bring reflections that the cost is a key factor to An Post. There is high reliance upon next day delivery from many sources domestic, business, legal and State. It must be preserved as a basic universal provision and without the tainting or suggestion that it be considered, in any way, a commercially profit-orientated provision.*

*The Consumers' Association of Ireland would consider that the strategic planning of An Post would and should, always, ensure that next day delivery is a primary and non-negotiable element of its ethos. More importantly it must be retained at an affordable cost and not used as a device to seek further increases or suggestion that this is any form of "Premium Service".*

*The suggestion of a deferred delivery service, which would provide a choice to the consumer, nonetheless, gives rise to concerns expressed above that this would introduce a tiered system of pricing for a new, sub-standard of delivery service. It suggests a mechanism for increasing prices and an acceptance of a lower class of service to which the CAI could not agree at this time.*

4. (4) What actions are required to respond to environmental sustainability challenges?

*The CAI fully acknowledges the significance and importance that we note the development of the Climate Action and Low Carbon Development Bill. This is a priority for all aspects of life and all citizens, agencies and operators upon the island of Ireland. This is the focus of the State and all necessary supports, grants and investment by the State must be forthcoming to ensure we meet the challenges over the decades ahead.*

*With this acknowledgement must also come the consideration that citizens must be informed, educated and equally supported to responsibly and affordably engage.*

5. (5) How should International inbound universal postal service losses be addressed?

*ComReg must be empowered and resourced to formally engage with any and all events impacting our national resourcing through events at the international level as outlined. In order to do so Government must provide ComReg with the mechanisms to gather and present reporting and intelligence through which State intervention can be supported to formally and fairly demand that this anomaly be ceased and remedied through international agreement on a 'polluter pays' principal. In addition, it must be acknowledged that Ireland is an exception being a peripheral Member State. International post is crucial, not just to the general population but also to foreign businesses in the country and so, while it may be loss-making should it not be argued that it falls under State Aid categorisation to assist the overall economy.*

6. (6) What regulation is needed in the postal sector?

*As outlined, the CAI considers that the Postal Services Directive is a positive starting point for regulation.*

*Notable in this consideration is the aim "to ensure that everyone in the European Union receives minimum postal service at a reasonable price (the universal service obligation ("USO"))".*

*Regarding the potentials for improvement outlined in the document the CAI would caution that, as this is an EU-wide focussed approach, there are certain considerations that will not be a 'one-size-fits-all' and that further, significant engagement is required to determine what is best for Ireland and its infrastructure within a proposed framework.*

*As the Directive proposes flexibility for Member States it is therefore important that it is this review that facilitates the ComReg in its considered response and intervention to the EU.*

7. (7) How should ComReg's role evolve?

*The reliance upon ComReg must not be understated. It is a fully engaged entity using all resources available to it to regulate to the best of its ability. It must be acknowledged, as this document suggests, that we are in a changing environment with many actors seeking to change and reshape the model of services demanded and provided. This is positive but, as experience has shown us, is never, necessarily, focused upon the end user in the most appropriate, equitable and affordable manner. The CAI considers that ComReg must be fully resourced - both financially and through its legislative powers - to ably ensure compliance, in a competitive sector, providing affordable services to all users and through full and transparent reporting mechanisms.*

**Question 4:** Are there any further considerations you would propose? Please support your view with reasons and evidence.

*The liquidity issue for An Post, referenced as the number one challenge, should not be at the risk of being taken out of context. There are many new opportunities available to An Post that do not interfere, nor should interfere, with what are its primary roles. They have, for too long, struggles to reduce cost and have instead sought to introduce price increases as opposed to engaging competitively in alternative offerings. While progress has been made it remains an underlying area of concern and notably one of impact upon those dependent upon its service provision. The potential for a stronger degree of oversight from ComReg into its competitive activities and barriers to it could benefit from an independent review.*

*It is only fair to reflect the impact of Brexit upon the service. Therefore, we consider that this particular event and its opportunities availed of and/or missed, as well as threats, could form a specific focus of such a review.*

**Question 5:** What do you consider should be ComReg's strategic intents and goals for postal regulation in the forthcoming postal strategy? – please support your view with reasons and evidence.

*We believe that we have covered these in our responses as outlined above.*

**Question 6:** What Trends, Challenges, ComReg's Strategic Intentions, and ComReg's goals set out in ComReg's last Postal Strategy Statement 2020 – 2022 remain relevant? – please support your view with reasons and evidence.

*Again, we see relevance in the majority and have reflected specifically regarding the initial 'Challenge' and how they continue to impact. Finally, in terms of consultations under Strategic Intention 2, we suggest that the remit be considered for widened direct engagement beyond that of the Competition and Consumer Protection Commission. Extensions to a User Group, the CAI would see as essential sounding board that could distil important feedback into strategic considerations from those who rely upon the services and provide direct elements for 'buy-in' to the new strategy.*

**ENDS.**

## 4 Chambers Ireland



**Chambers  
Ireland**  
Advancing business together



# Chambers Ireland submission to the Commission for Communications Regulation on its Postal Regulation Strategy

August 2021

Chambers Ireland is the State's largest business representative network. We are an all-island organisation with a unique geographical reach; our members are the Chambers of commerce in the cities and towns throughout the country – active in every constituency. Each of our member Chambers is central to their local business community and all seek to promote thriving local economies that can support sustainable cities and communities.

For context, in September 2019 our Network pledged support for the Sustainable Development Goals. In doing so, we use the Goals as a framework to identify policy priorities and communicate our recommendations, with a particular focus on five of the goals – decent work and economic growth, sustainable cities and communities, advancements in gender equality, investment in industry, innovation and infrastructure, and climate action.<sup>1</sup> Given the importance of local economies to our members, and member businesses, Chambers Ireland's perspective is unique within the Irish business community – we seek to support thriving local economies and recognise the diversity of business environments that exist across the cities and regions of the country. The postal service contributes enormously to the life and soul of our communities, delivers essential public services, and provides vital infrastructure that helps businesses prosper.

Chambers Ireland is pleased to contribute to the Commission for Communications Regulation's consultation regarding the Postal Regulation Strategy 2022-2024, and we welcome the steps taken to gather the views of the business community. This is an important area of policy for our Network of Chambers as our business members rely on an effective postal service that fulfils their operational and commercial needs throughout the year. We look forward to continued engagements with the Commission for Communications Regulation (ComReg) to highlight challenges and potential opportunities for An Post and the wider business community.

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<sup>1</sup> Chambers Ireland (2019), [Chambers to lead the way on SDGs](#)

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## Executive Summary

- ComReg should consider the outcome of the European Commission's review of the Postal Services Directive for the forthcoming Postal Regulation Strategy
- The next postal strategy should be limited to the period 2022-2024, consistent with the statutory requirement until the European Commission's review has concluded
- A medium-term strategy would better for the 2024-2026 Postal Strategy Statement, as opposed to the forthcoming Strategy, as there may be more clarity on the future postal sector and its regulation by 2024, following the European Commission's evaluation and assessment consultation
- The continued decline in letter mail volumes arising from electronic substitution, changes in customer needs, and the continued competition within the packets/parcels sector are relevant to the forthcoming strategy, with Covid-19 highlighting their increasing importance
- Consideration should be given to allowing An Post to provide customers with a wider, and perhaps more cost effective range of offerings for post which is not time sensitive
- The increase in smaller individual final delivery units, leading to an overall increase in the number of units to be delivered, is another novel challenge to An Post's logistical systems
- Regulatory arbitrage, largely regarding environmental and employment regulations, from competitors must be addressed
- Our members welcome An Post's customer-needs focused approach to new product development which will allow greater service choice and more cost efficiencies
- Chambers Ireland supports the maintenance of the Universal Service Offering and the principle that equivalent delivery services should be available to all customers regardless of their location
- Emissions from postal delivery vehicles needs to be urgently tackled through options such as increased green electric fleets, and measures for 'last mile' infrastructure such as cargo bicycles and parcel lockers
- The European Regulators Group for Postal Services' (ERGP) upcoming report on the postal sector's impact on the environment should guide future Postal Regulation Strategies
- ComReg should work with its EU counterparts through the ERGP to drive change at the international level in the UPU Congress to correct the imbalance of remuneration of terminal dues
- New terminal dues multi-lateral agreements, and improved rates for current bi-lateral agreements should be expanded
- The postal regulatory environment needs to reflect changing user needs and how the universal service offering can adapt to these needs
- The introduction of a regulatory scheme that allows greater flexibility in An Post's service provision must be strongly considered, putting the needs of consumers to the forefront of ComReg's strategy and enabling greater innovation.

## Chambers Ireland's Perspective on the Irish Postal Sector

The steep decline of letter mail volumes has disrupted the market for postal and courier services. This decline is, to a large extent, caused by the increasing digitisation of society and more efficient, instant and direct communication alternatives. Digitisation provides possibilities for efficient processing and delivery of postal items, it creates the potential for the postal service to build additional added value services onto universal service offerings, while the digital economy has given an impressive boost to the emergence of e-commerce and a subsequent growth in the volume of packets and parcels (in particular postal packages<sup>2</sup>).

This presents a threat to the continued provision of a universal postal service, however. Throughout developed nations this decline in the volume of letters has created challenges for the postal sector and continues to drive the need for the efficient delivery of declining quantities of letters. We wish to underline the importance of this service in Ireland and that it must be maintained, especially for the many thousands of businesses that rely on this method of communication daily.

A study for the European Commission<sup>3</sup> estimates that the business-to-consumer (B2C) e-commerce markets of both goods and services in the EU Member States and EEA member countries increased revenues from €200bn in 2013 to €490bn in 2017, and this has only continued to increase over the pandemic. The report also found that along with the Benelux countries, Germany, Austria and France, Ireland was one of the top markets for parcel deliveries with more than 16 parcels delivered per capita/year. This creates new opportunities and demands for increased parcel delivery requirements for the postal sector to respond to, especially given changes to consumer preferences for postal delivery.

Chambers Ireland has welcomed An Post's work on Climate Action (SDG 13) in transitioning their fleet to electric vehicles, their provision of charging sites,<sup>4</sup> and enabling Dublin to become the first capital city with zero emissions postal delivery.<sup>5</sup> However, the increase in parcels and packets deliveries has drawn increasing attention to the environmental impact of delivery services, given our Network's concerns regarding climate change, and our commitment to sustainable cities and communities (SDG 11).

To ensure the sustained viability of the postal sector, An Post will need to innovate if its services are to be able to continue meeting changing customer needs in this dynamic environment. Critical to this will be the introduction of a regulatory scheme that provides greater flexibility in An Post's service provision. The pace of change in primary and secondary legislation is, by design, slow; there is a risk that by over-specifying the regulatory requirements imposed upon An Post through legislation, rather than guidelines, the Commission may inadvertently undermine the sustainability of services such as the Universal Postal Offering.

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<sup>2</sup> The European Regulators Group for Postal Services (2019), [Developments in the postal sector and implications for regulation](#)

<sup>3</sup> Kalevi Dieke et al., (2019) [Development of cross-border e-commerce through parcel delivery. Final Report](#)

<sup>4</sup> An Post (2021), [An Post joins global EV100 to accelerate next generation electric vehicles](#)

<sup>5</sup> An Post (2020), [Dublin becomes first Capital City globally with zero emissions postal delivery](#)

The Covid-19 pandemic has demonstrated the need to have a secure, reliable, and effective postal sector. In contrast to postal services like Australia Post<sup>6</sup> – where within-state regular letter services can still be expected to take up to four days – An Post’s distribution service was capable of maintaining its same day/next day delivery throughout the pandemic, alongside its retail section. Early in the coronavirus crisis An Post was quick to provide additional services to the community such as wellness checks which were especially important to those who are digitally disadvantaged.

For the business community, An Post’s capacity to adapt its services to allow for the increased volume of packages that were needed to maintain operations (and despite the impact of Brexit) helped many of our vulnerable members to trade through the worst parts of the lockdowns. E-commerce will continue to be an increasing part of our economy and so the postal sector will be critical to securing the gains from governmental and EU stimulus programmes.<sup>7</sup>

It may also be useful and cost effective for businesses if they had greater choice of options regarding delivery options where individual postal items are less sensitive to the timeliness of deliveries. This will undoubtedly help in optimising An Post’s delivery strategies within the confines of environmental and carbon emission constraints.

Chambers Ireland are pleased to contribute to this consultation on the forthcoming Postal Strategy Statement and urges the Commission to ensure that the regulatory framework for the postal service is built around satisfying customer needs.

If we are to ensure that appropriate and adaptive services for customers remain available, it is critical that the regulations which An Post operates under should have the goal of satisfying explicit customer needs, and should have KPIs that can test the regulation’s efficaciousness in securing that goal while ensuring their proportionality. Ultimately, it is the customer that bears the cost of regulatory oversight and there should be a clear link between the outcomes of such oversight and the impact on the customer.

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<sup>6</sup> [AusPost Update 26/7/21 Captured 12/8/21](#)

<sup>7</sup> European Regulators Group for Postal Services (2021), [ERGP Work Programme 2021 Public Consultation Draft](#)

## Questions for consideration

### **Question 1: Do you consider that ComReg’s forthcoming postal strategy should be limited to the period to 2024?**

The European Commission is in the process of evaluating and assessing whether the Postal Services Directive, which sets a minimum scope for postal regulation, is still fit for purpose and achieves its original aim of ensuring that everyone in the EU receives minimum postal service at an affordable price. The last revision of the Postal Services Directive was in 2008.<sup>8</sup> Since then, the postal sector has undergone major changes due to digitalisation and e-commerce. This review will be essential in determining whether the Directive is still fit for purpose and achieves its original aims.

It will be necessary for ComReg to consider the outcome of this evaluation for the forthcoming Postal Regulation Strategy, as it is likely that there will be strategies and programmes included in the European Commission’s outcomes that ComReg should too incorporate. Chambers Ireland agrees with ComReg’s proposal in the consultation outline<sup>9</sup> that the next postal strategy should be limited to the period 2022-2024, consistent with the statutory requirement until the European Commission’s review has concluded.

In addition, the previous Irish Postal Strategy Statement 2020-2022<sup>10</sup> contained a medium-term 5-year postal strategy. Chambers Ireland agrees that a medium-term strategy would better for the 2024-2026 Postal Strategy Statement, as opposed to the forthcoming Strategy, as there may be more clarity on the future postal sector and its regulation by 2024, following the European Commission’s evaluation and assessment consultation.

### **Question 2: What are the considerations (in the next two years and beyond) in shaping the postal sector and ComReg’s forthcoming postal strategy?**

The considerations in shaping the forthcoming postal strategy largely mirror those of the previous 2020-2022 statement.<sup>11</sup> The continued decline in letter mail volumes arising from electronic substitution, a change in end user needs, and the continued competition and growth in the packets and parcels sector are all still very relevant, if not even more so post-Covid-19, for the forthcoming strategy.

Further considerations to be taken into account include an increase in smaller individual final delivery units, leading to an overall increase in the number of units to be delivered. This has knock-on effects on delivery times and the capacity of postal vehicles to carry loads. Increasing customer preferences for more sustainable postal delivery methods are also on the rise and so sustainable development (be that economic, environmental, or social and societal) is an essential consideration that must be at the core of the next postal strategy. The Universal Postal Union highlights that sustainable

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<sup>8</sup> The EU [Postal Services Directive](#) was adopted in December 1997 as the culmination of a process that was initiated with the [Green Paper](#) in 1992. [Amendments](#) to the PSD in 2002 and 2008 did not alter its basic concept, which reflects a situation of almost 30 years ago

<sup>9</sup> Commission for Communications Regulation (2021), [Call for Inputs – Postal Regulation Strategy](#)

<sup>10</sup> Commission for Communications Regulation (2019), [Postal Strategy Statement 2020-2022](#)

<sup>11</sup> Commission for Communications Regulation (2019), [Postal Strategy Statement 2020-2022](#)

development “contributes to improved business efficiency and resilience, strengthened customer relationships, and the development of new markets”.<sup>12</sup> In addition, responsible operations allow postal operators to build trust with local communities in which they operate, adding to the benefit of many SMEs that have begun to rely on sustainable supply chains to attract and retain a loyal customer base.

Lastly, the increase the e-commerce volumes continues to attract new entrants into the parcel segment, making it a very competitive environment which is reflected in the lower share of parcel deliveries of postal operator incumbents across the EU.<sup>13</sup> Aside from the business competition, new players that enter the parcel segment often use new business models, such as new technologies and different employment contracts.<sup>14</sup> Amazon and Fastway Couriers are two business examples that offer competitive user rates and contracts but are not regulated to the same extent.<sup>15</sup> This leads to largescale regulatory arbitrage, whereby these firms take advantage of the rules and regulations in order to overcome competition – in this case, An Post. It often takes such a long time for regulation to catch up to these businesses meaning that competing businesses can allow operators to cherry-pick certain favourable elements of the package/parcel business while not having to stick to the USO regulations.

In upholding decent work and economic growth (SDG 8), ComReg should consider how the gig economy is impacting the postal delivery sector. Unlike Amazon and other providers who depend on the gig economy for the low-cost delivery of its services, An Post is firmly against the excesses of the gig economy. It is committed to providing all employees with fulfilling, secure careers with opportunities for professional development and have maintained its commitment to no zero-hour contracts.<sup>16</sup> This needs to be supported by ComReg, with ways to enhance the overall employment options for the national postal provider that does not put them at a competitive disadvantage to other providers who engage in this form of regulatory arbitrage.

### **Question 3: What is your view on the seven initial considerations for the forthcoming strategy?**

#### **What is the future of next day delivery letters and what could this mean for the universal postal service?**

Chambers Ireland welcomes the proposal from An Post to introduce postal services which would allow customers to choose the prioritisation of their mail. Such a shift would afford customers access to more cost-effective postal options which can better meet their needs, particularly where the delivery

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<sup>12</sup> Universal Postal Union (2021), [Sustainable Development](#)

<sup>13</sup> Copenhagen Economics (2019), [Postal Services in the EU](#)

<sup>14</sup> Different types of employment contracts offered include part time employment, temporary employment, performance-related pay contracts, flexible employment, self-employed contracts, and subcontracted workers.

<sup>15</sup> Amazon is a good example of this whereby it has been continuously improving its its warehouse and delivery operations using innovative solutions and alternative employment contracts. In its warehouses, Amazon uses robots to carry and group items needed for a specific order, reducing the time spent by manual labour for this operation. In last-mile delivery, Amazon uses self-employed carriers and small subcontractors, coordinated through a delivery platform. This means that it only takes having a vehicle, a smartphone and being available for shifts ranging between one and four hours to become a self-employed carrier.

Copenhagen Economics (2019), [Postal Services in the EU](#)

<sup>16</sup> An Post (2020), [Sustainability Report 2020](#)

of mail is not time sensitive. There may be savings, for both business customers and An Post, if both parties were able to optimise their delivery decisions using a matrix of delivery and price options.

This customer needs-focused approach is a useful mechanism for encouraging efficiencies within the postal service while also ensuring that the same standard of service is available across the country. As an organisation which has a broad geographical footprint, and with members that are deeply embedded in their local economies, the Chamber Network understands the importance of the Universal Service Offering. Indeed, certain sectors of the economy have built their services around the expectation of next day delivery which needs to remain available as an option for such businesses. As a result, Chambers Ireland strongly supports the continued obligation on An Post to have such a Universal Service Offering, and recognises that there are benefits for both the customers and An Post if these deliveries can be streamed efficiently.

Chambers Ireland welcomes An Post's proposals as they ensure that the same standard of delivery service will remain available to all of our member businesses regardless of their location. With the rise of remote, hybrid, and flexible work practices, the importance of being able to rely on a similar standard of service regardless of location has risen in recent years.

With a unique geographical outlook and a strong focus on place, our member Chambers strongly support this level playing field approach as it protects against a postal system which prioritises along urban/rural or regional lines. As discussed under Question 5 regarding the losses from international inbound mail, Irish businesses are already at a competitive disadvantage when it comes to the cost of sending goods to Irish customers, versus those sent by foreign businesses. A postal delivery system that protects against further internal geographical challenges is to be welcomed.

## **What actions are required to respond to environmental sustainability challenges?**

The postal sector is an important stakeholder in driving carbon efficiency and achieving relative carbon reductions across all aspects of the supply chain. We already know the major role that outdated and insufficient transport infrastructure plays in increasing our national greenhouse gas emissions. We too know the large scale of change required to tackle this and meet our emissions goals, not least in the transport sector. At the core of An Post's decarbonisation strategy is the transition to a sustainable transport fleet and renewable energy. An Post operates one of Ireland's largest vehicle fleets and has over two million square feet under management in its property portfolio. It's fleet of electric vehicles, electric trucks and e-bicycles for more efficient and environmentally sustainable deliveries is already having a positive impact on emissions reductions with a 23% reduction since 2009.<sup>17</sup> Rather than making commitments and creating plans, An Post is delivering climate actions now, and are on track to halve its total carbon emissions by 2025.<sup>18</sup>

However, changes in the product mix (from letters to parcels) have important implications for postal operators' environmental footprint because parcel delivery requires significantly more logistical and transportation capacity than letters, creating a challenge for postal operators to reduce their environmental footprint. In 2020, An Post reported that they had a slight increase in emissions with

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<sup>17</sup> An Post (2020), [Sustainability Report 2020](#)

<sup>18</sup> An Post (2020), [Sustainability Report 2020](#)

3,300 tonnes of carbon specifically related the increase in parcel deliveries as bricks and mortar retail networks were closed. Although An Post has increased its number of EVs, diesel vehicles still make up a sizeable portion of its fleet with the associated carbon emissions.<sup>19</sup> This will need to be urgently tackled if the national provider is to stay on track with its decarbonisation strategy.

Unregulated postal providers should also be held to the same environmental regulatory standards as the national postal operator. As previously highlighted, the opportunity for regulatory arbitrage (and the delay in regulations catching up to perpetrators) could shift our national carbon load in the wrong direction if these distribution networks continue to avoid environmental regulations.

Chambers Ireland is committed to climate action (SDG 13) and the development of and sustainable cities and communities (SDG 11). By upgrading our urban, intra-urban, and inter-urban transport networks so that public transport can become an emissions reduction tool, and active transport can become the primary mode of travel for our daily needs, this too will increase the opportunity for next day delivery. We strongly urge ComReg to consider the need for efficient distribution services as part of this wider transition to active travel and public transport infrastructure upgrades.

Also, if An Post was able to segregate time sensitive postal items from time insensitive options (with the customers' consent), it may allow for a reduction the total number of journeys needed to deliver the same volume of post.

While the postal service has a significant environmental impact, it is also part of the solution. The sector has the most advanced transport network in the world, and in most cases, postal operators are also the owners of the biggest vehicle fleets nationally.<sup>20</sup> As such, the sector is a powerful agent for change. ComReg should consider the following recommendations in the next Postal Regulation Strategy to respond to these challenges faced by the sector:

## **1. Green Electric Fleets**

Although fleet electrification in the 'last mile'<sup>21</sup> is well underway across Ireland,<sup>22</sup> the main challenge is greening long-distance transport which will ultimately require zero emissions trucks. Though it must be noted that An Post deployed its first ever 7.5 tonne electric trucks to its electric fleet in 2020, benefitting the health and air quality of people living and working in Dublin city, this needs to be radically expanded in the coming years for people living and working in cities, towns and villages all across Ireland.

## **2. 'Last mile' Infrastructure**

The pandemic has dramatically changed consumer habits, as the lockdown restrictions made shopping in-store largely unavailable leading consumers to turn to online shopping. This sudden change in market conditions served as a propellant for e-commerce and it has exponentially escalated unlike ever before. At the end of 2020, postal and courier services faced massive parcel volumes that proved difficult to sort and deliver on time. Moreover, it increased the number of

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<sup>19</sup> An Post (2020), [Sustainability Report 2020](#)

<sup>20</sup> Universal Postal Union (2021), [Environmental Sustainability](#)

<sup>21</sup> The 'last mile' in logistics is defined as the movement of goods from a transport hub to the final delivery destination.

<sup>22</sup> An Post (2021), [An Post joins global EV100 to accelerate next generation electric vehicles](#)

postal delivery vehicles on the roads, adding to the emissions problem the sector continues to face.

The green transformation represents a significant challenge for postal services, because at the same time the parcel business is growing and the number of deliveries is constantly increasing. Studies show that ‘last mile’ delivery significantly increases CO<sub>2</sub> emissions and urban traffic congestion.<sup>23</sup> The ‘last mile’ will be a key battleground in the future to manage both environmental sustainability problems and new entrants in the parcel delivery area in direct competition with An Post.

To overcome and prevent future backlogs in the postal and delivery systems, especially at busier periods in the winter, to tackle the growing emissions problems, and to enable contactless delivery,<sup>24</sup> parcel lockers should be considered in future postal services planning. These lockers offer an ideal channel with sufficient capacity, simplicity and availability and are more suited to today’s pace of life.<sup>25</sup> The increase in remote working also makes this a dynamic environment. As more and more people continue to relocate, either on a permanent or temporary basis,<sup>26</sup> there is an increasing need (and opportunity) for rerouting deliveries – an additional Universal Service Offering which An Post could provide.<sup>27</sup>

Automated parcel lockers can also improve the first attempt delivery rate, and delivery vehicles will have to make fewer ‘rounds’, thereby further reducing emissions. Examples of this working in action include France’s La Poste which has deployed pick-up stations with parcel lockers at post offices and in high traffic areas.<sup>28</sup> As well as that, different operators collaborate to improve efficiency in the value chain. For instance, Dutch PostNL combines logistics flows from other companies to reduce the volume of traffic in city centres.<sup>29</sup>

Aside from parcel lockers, other options for ‘last mile’ infrastructure to reduce the environmental burden include e-bicycles for local town and city deliveries, where practical. These vehicles, usually an extended-frame bike with room for cargo in the front, can move nimbly through city streets using bike and bus lanes, take shortcuts, and park close to their destinations with loads up to 300 kg.<sup>30</sup> Furthermore, studies of electric cargo bikes in London found that they made deliveries 60% faster than traditional vans, and with 90% less emissions compared to diesel-powered vans and 33% less emissions than electric-powered vans.<sup>31</sup> While cargo e-bikes are

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<sup>23</sup> European Environment Agency (2019), [The first and last mile – the key to sustainable urban transport: Transport and environment report 2019](#)

Marta Viu-Roig and Eduard J. Alvarez-Palau (2020), [The impact of E-Commerce-Related Last-Mile Logistics on Cities: A Systematic Literature Review](#)

<sup>24</sup> This is highly convenient at the time of global pandemic when social distancing and avoiding crowds remains the main strategy in preventing the spread of the virus.

<sup>25</sup> Universal Postal Union (2021), [Parcel lockers can contribute to the fight for a sustainable future](#)

<sup>26</sup> The Irish Times (2021), [The new WFH: How to work from holiday](#)

<sup>27</sup> An Post could also increase its USO if it were allowed to provide **same-day delivery** for retail businesses; **holding deliveries for a fixed charge**, thereby increasing the value of the local post office to communities all across the country; and **virtual addresses** (such as a P.O. Box) that could re-route to a dynamic address. For example, for people having to move addresses quickly, those who use digital hubs, or those who have to relocate for certain periods of time throughout the year, such as medical interns, but do not want to continuously re-route post.

<sup>28</sup> Copenhagen Economics (2019), [Postal Services in the EU](#)

<sup>29</sup> Copenhagen Economics (2018), [Main Developments in the Postal Sector \(2013-2016\)](#)

<sup>30</sup> Camille Squires (2021), [Electric cargo bikes will deliver your next package—if US cities embrace them](#)

<sup>31</sup> Collignon et al., (2021), [The Promise of Low-Carbon Freight: Benefits of cargo bikes in London](#)

unable to handle every delivery, especially in more rural areas, replacing just 10% of the delivery miles currently covered by vans would save an estimated 133,300 tonnes of CO<sub>2</sub> per year in London.<sup>32</sup> We would likely see similar results in towns and cities across Ireland if cargo e-bikes were introduced here.

However, to promote this and other technological and infrastructural innovations there must be room for greater regulatory proportionality that does not adversely impact the implementation of such innovations and advancements. This too will support the development of industry, innovation and industry (SDG 9). As the main postal operator in the country, An Post must be able to compete with incumbents in this area and not in a less advantageous position to innovate with 'last mile' solutions. Chambers Ireland recommends that this be considered in the next Postal Strategy Statement to enable the speedier implementation of future postal service innovations allowing the sector to respond to approaching and unexpected challenges, as was witnessed throughout the pandemic.

Finally, the European Regulators Group for Postal Services (ERGP) has highlighted<sup>33</sup> the importance of the European Green Deal and the need to align its future strategies and work programmes with the Deal's objectives to achieve emissions reductions. In doing so, the ERGP has commissioned a report this year on the impacts of the postal sector on the environment and measures of postal operators to reduce this.<sup>34</sup> The report will also focus on an analysis of where the Green Deal measures interfere with the economic regulation of the postal sector. In light of this, ComReg should use this study, due to be published later this year, as a benchmark for actions that they can take to respond to environmental sustainability challenges.

## **How should International inbound universal postal service losses be addressed?**

International inbound mail (specifically parcels and packets) is the major loss-making component of the universal postal service and the losses on this mail have been significant each year, resulting mainly from increased Rest of World (Asia) inbound mail.<sup>35</sup> Where the terminal dues<sup>36</sup> do not cover the cost of delivery in Ireland, there is likely a distortive effect on trade and e-commerce. This means that overseas traders sending goods to Ireland are paying lower rates to reach their Irish customers than traders here in Ireland are paying.

This is as a result of the current two-tiered UPU system for terminal dues in which countries are divided into six groups belonging to two different systems called the *transitional* system and the *target* system.<sup>37</sup> The *transitional* system mainly applies to exchanges of international letter mail to, from, or between designated operators in countries traditionally considered 'developing'. Whereas the *target* system mainly governs the exchange of letter post items between designated operators in countries and territories previously thought of as 'industrialised'. In 2010, countries and territories classified as

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<sup>32</sup> Ibid

<sup>33</sup> European Regulators Group for Postal Services (2021), [ERGP Work Programme 2021 Public Consultation Draft](#)

<sup>34</sup> European Regulators Group for Postal Services (2021), [ERGP Report on Green Deal and the postal sector](#)

<sup>35</sup> An Post (2020), [Summary Regulatory Financial Statements 2019](#)

<sup>36</sup> The payments between postal operators

<sup>37</sup> Copenhagen Economics (2019), [Postal Services in the EU](#)

‘developing’ started to join the target system. In 2016, China joined the target system, but it has maintained the terminal dues rates applicable to the transitional system.<sup>38</sup>

Terminal dues rates are based on the UPU regulation set out in the 26th UPU Congress for the period of 2017-2020 and adjusted during the Third Extraordinary Congress that took place in Geneva in September 2019. The rates are different for the transitional system and the target system and are designed so that operators in the transitional system (i.e. postal operators from developing countries, such as African countries), do not pay a price that would be prohibitive for them when delivering mail to countries in the target system. This system has created distortions,<sup>39</sup> which have placed Irish businesses at a competitive disadvantage as it is more expensive for an Irish business to send a parcel to its Irish customers than it is for a foreign business to do the same.

ComReg’s role in international inbound mail is limited by legislation to a compliance role, requiring An Post, as the current universal postal provider, to cover its costs in processing and delivering international inbound mail within the universal postal service from other EU Member States only.<sup>40</sup> Nonetheless, Chambers Ireland recommends that ComReg work with its EU counterparts through the ERGP to drive change at the international level in the UPU Congress (specifically through the Integrated Remuneration Plan<sup>41</sup>) to correct this imbalance of remuneration of terminal dues for An Post and the many SMEs that depend on its services for the cost efficient delivery of their services.

Despite the pandemic anomaly that the losses incurred by An Post from international inbound mail in 2020 were less severe than expected or predicted based off previous years,<sup>42</sup> Chambers Ireland recommends that new terminal dues multi-lateral agreements, and improved rates for the bi-lateral agreements that An Post have already entered into, be expanded. The suggested actions in ComReg’s 2020-2022 Postal Strategy Statement<sup>43</sup> provide a good starting point for this.

## What regulation is needed in the postal sector?

The postal sector is continuing to evolve at a very fast pace and challenges to letter and parcel delivery must be carefully handled in a way that protects the customer and the national postal operator. As such, the changing user needs must be constantly at the forefront of ComReg’s future strategies. In addition, the proportionality of ComReg’s regulation of the national postal operator must be regularly evaluated, with feedback from the operator and customers encouraged.

### Changing user needs

Rapid volume declines in letter mail and a substantial growth of parcels delivery are an expression of underlying, deep-seated developments in technological advancement, digitisation of society and

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<sup>38</sup> Copenhagen Economics (2017) [Terminal Dues. Impact on financial transfers among designated postal operators of the Universal Postal Union 2018-2021 cycle agreement](#)

<sup>39</sup> When a postal operator in a developing country, like Chinese Post, pays a price for final delivery in a developed country that is below cost, the USP in the developed country performing the final delivery loses money on those shipments.

Copenhagen Economics (2019), [Postal Services in the EU](#)

<sup>40</sup> Commission for Communications Regulation (2017), [Postal Strategy Statement 2018–2020](#)

<sup>41</sup> UPU (2021), [Remuneration development](#)

<sup>42</sup> An Post (2021), [Summary Regulatory Financial Statements 2020](#)

<sup>43</sup> Commission for Communications Regulation (2019), [Postal Strategy Statement 2020-2022](#)

changes in consumer behaviour and preferences of end users of postal services. While many postal service users are moving away from letters and using digital forms of communication instead, other social developments such as increased urbanisation and an ageing population increase the role of the USO, demanding a basic postal service level for vulnerable users in less-populated rural areas, or elderly persons that may not have access to digital alternatives of communication. Such changes and developments manifest themselves in a fundamental shift of interpersonal communication, new businesses and business strategies (e-commerce, innovative delivery services, e-substitution). The postal regulatory environment needs to reflect that.

It must also reflect the fact that the service must provide for the needs of all users via the medium that they choose, be that digital or otherwise. Chambers Ireland believes that ComReg must place a greater emphasis on users' needs by firstly determining what exactly these needs are and secondly, precisely determining how the USO can adapt to these changing user needs, ensuring that financing from the state is used to provide services at a high quality and for good value.

### **Regulatory proportionality**

To ensure the sustained viability of the postal sector, An Post will need to innovate if its services are to be able to continue meeting changing customer needs in this dynamic environment. Critical to this will be the introduction of a regulatory scheme that provides greater flexibility in An Post's service provision. Regulation must be proportionate. Reducing certain time-consuming and costly regulations<sup>44</sup> will have a positive effect on the innovation of the business while also putting the needs of consumers to the forefront of its strategy.

Furthermore, the pace of change in primary and secondary legislation is, by design, slow; there is a risk that by over-specifying the regulatory requirements imposed upon An Post through legislation, rather than guidelines, the Commission may inadvertently undermine the sustainability of services such as the Universal Postal Offering.

### **Question 6: What Trends, Challenges, ComReg's Strategic Intentions, and ComReg's goals set out in ComReg's last Postal Strategy Statement 2020 – 2022 remain relevant?**

Chambers Ireland acknowledge that the four principal trends (a continued decline in letter mail; a significant risk to letter mail volumes arising from electronic substitution; end user needs – changing mix of mail and speed delivery; and the continued competition and growth in the packets and parcels sector) still remain relevant and should be included in the forthcoming Strategy Statement.

With regard to the seven principal challenges contained in the 2020-2022 Strategy Statement, it is the view of Chambers Ireland that all but one of these still remain relevant. The challenge of "*responding to the delivery challenges resulting from Brexit*" is less of a challenge now that Brexit has taken place however the adverse consequences arising in packets and parcels postal services to and from Britain, particularly with regard to customs inspections and charges (including VAT) and customs

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<sup>44</sup> Commission for Communications Regulation (2012), [Postal Regulatory Framework Implementation of the Communications Regulation \(Postal Services\) Act 2011](#)

documentation should be more broadly considered under “*responding to the changing demand dynamics of the postal sector*” overall.

Chambers Ireland agrees that the three Strategic Intentions (and the corresponding ten Goals) set out by ComReg are also relevant but should more widely incorporate environmental sustainability.

## 5 IBEC

To: Stephen Brogan  
Senior Manager,  
Postal Regulation,  
Commission for Communications  
Regulation,  
One Dockland Central,  
Guild Street,  
Dublin 1,  
D01 E4X0.

Date: 20 August 2021

**Ref: Postal Regulation Strategy 2022-2024**

Dear Stephen,

Ibec, the voice of Irish business, welcomes the opportunity to respond to the consultation on the new Postal Regulation Strategy for the period 2022-2024. The efficient clearance and delivery of post to the home or premises of every person is important to business continuity in Ireland. It is important that appropriate steps are taken to secure the future of the Universal Service Obligation (USO). The new Postal Regulation Strategy must be able to adequately respond to trends that have accelerated over recent years, including certain trends that experienced hyper-acceleration at the outset of the Covid crisis. These include the effects of continued growth in hybrid working and the digitalisation of the economy and society.

The future provision of postal services must respond to the rapidly changing needs of service users and the new challenges facing the service provider. This includes the challenge of making the USO sustainable from both an economic and crucially, environmental perspective. Consideration should be given to modifying the service delivery requirements set out under USO to allow for the development of a greener postal service across the country. More generally, environmental performance should be encouraged, fostering innovation and investment in the postal sector.

The new strategy should be flexible and adaptable to a rapidly changing economy and society. The regulatory regime should be designed around this need to encourage a more responsive postal sector. This requires a change in approach to how the sector is regulated. One-size-fits-all obligations used in the past now risk undermining the very competitiveness of the sector. Service users have different needs from the postal sector than they did as little as five or ten years ago. Letters are declining in popularity. Now is the time for the Commission for Communications Regulation (ComReg) to take a more pragmatic approach to ensuring responds to the needs of different categories of service used. For example, it should encourage or incentivise specific measures to designed to protect vulnerable and "digitally disadvantaged" service users.

The new Postal Regulation Strategy must be in line with the better regulation agenda. It should strike a balance between service users and service providers. This requires sufficient analysis on the impact regulations or other requirements have on the competitiveness or the attractiveness of the postal sector. For example, ComReg should urgently review the regulatory costs in a declining letter market. There is also an important role for ComReg to take an active role in representing the needs of the Irish postal sector in the design of new national or European regulatory frameworks.

Yours sincerely,



Aidan Sweeney  
Ibec Senior Executive: Government,  
Enterprise & Regulatory Affairs  
Email: [aidan.sweeney@ibec.ie](mailto:aidan.sweeney@ibec.ie)

## **6 Irish Rural Link**



*Irish Rural Link*  
*Nasc Tuaithe na hÉireann*

## **Irish Rural Link Submission to Postal Regulation Strategy**

**20<sup>th</sup> June 2021**

**Contact Seamus Boland/Louise Lennon**

Irish Rural Link is core funded  
by the Scheme to Support  
National Organisations (SSNO)  
funded by the Department of  
Rural and Community  
Development through Pobal



**Rialtas na hÉireann**  
Government of Ireland

## **Introduction**

Irish Rural Link (IRL) is the national network of rural community groups, representing over 600 groups and thousands of individuals committed to socially, environmentally and economically sustainable rural communities.

We welcome the opportunity make an input into the new Postal Regulation Strategy and any further public consultations that may take place.

IRL and its members are aware of the changing environment of the national postal service and the impact digitalisation has had on the service. While we are unable to avoid digitalisation, there are still many groups in our society that continue to rely on the postal service and it must continue to offer a reliable and efficient universal postal service.

The 'Call for Inputs' document outline some of these groups; small businesses, people with disabilities and older people. While IRL deliver basic computer training to people who have never used a computer before (non-liners), we are also aware of the importance of a universal postal service is to many of the participants of these classes.

The increase in online shopping, especially during Covid-19, has also changed how the national postal service is being used but also helped support retailers continue to trade during the pandemic when they were forced to close their doors.

The services provided by An Post and local post offices are wide ranging with more services coming on stream. While we understand ComReg do not have responsibility for some of these services; such as banking services, payment of social welfare to recipients, it is important that it remains well-informed and up-to-date of all services that are provided and how they can be integrated into the overall Postal service.

Continuous communication with postal service users is essential. Any changes to the service must be communicated clearly and in a timely manner so people are aware of these in advance.

The following are recommendations for the new Strategy that are most relevant to IRL members.

**Question 1: Do you consider that ComReg’s forthcoming postal strategy should be limited to the period to 2024?**

IRL would be in agreement with limiting the period of the new Postal Regulation Strategy to two years – 2022 – 2024. Given the changing environment of the postal service and decrease in sending of letters by post, a two-year period will allow to continue to monitor current trends and record if there are any major changes in its use.

**Question 2: What are the considerations shaping the postal sector and ComReg’s forthcoming postal Strategy?**

ComReg must be inclusive of all people in society and their needs when developing the new and future postal strategies. Consideration must be given to the impact a reduction in delivery times would have on not only businesses but for people who are still rely on the national postal service. It must consider that not every person, especially older people and those living in rural areas have the skills or access to reliable broadband or the technology to go digital and still receive and send correspondence by post.

The free post-card initiative during Covid-19 restrictions highlighted the importance of the postal service as a means of staying in touch with family and friends, especially for older people ‘cocooning’ or those in nursing homes or other caring facilities. Many people returned to sending cards and letters to their family and friends that they could not see during this time.

Small and medium sized companies and certain sectors continue to rely on a universal postal service to do business. With the majority of businesses in rural areas micro and SME’s, it is important that the service continues so that their future growth is not jeopardised.

**Question 3: What is your view on the seven initial considerations for the forthcoming strategy?**

**I. Should we consider the blurring of sector boundaries and the interaction of different regulatory frameworks?**

With a number of new services now being delivered by An Post, it can be confusing to some of the population where all the different services fit and what services sits where and who is responsible for the regulation of the different parts.

Having a clear framework of what services are regulated under ComReg is imported and if people have concerns or grievances on these services, what are the steps that can be taken.

**II. Should we consider other developments that may be impacting the postal sector?**

ComReg must keep informed and should be kept informed of other services that are being delivered by Post Offices but not under its regulation remit. ComReg

must be aware of the impact closure of post offices, especially in rural areas has on rural communities and those that depend on their local post office. Also how these closures impact people accessing the postal service to post parcels and letters, which can lead to further reduction in its use if not easily accessible for people.

**III. What is the future of next day delivery letters and what could this mean for the universal postal service?**

As mentioned, IRL still sees the need for next day delivery letters for many cohorts, especially rural small businesses. Many of the groups IRL work with still do not have the skills or technology to switch to digital or are not comfortable using this form of communication for private or sensitive matters. Next day delivery letters are important for them to have sufficient notice for hospital or other medical appointments, receiving motor tax or insurance on time etc. IRL believe the level of digital skills among the population, especially for older people and marginalised groups is not sufficient to cease next day delivery letters for the new Postal Strategy 2022-2024 and should be monitored during this period and revisited for the next strategy.

**IV. What actions are required to respond to environmental sustainability challenges?**

The switch to electric vehicles by the postal service and the continued use of bicycles in urban areas will go some way to meeting the postal service's sustainability challenges. With an increase in parcel delivery, there is scope to include this service with letter delivery and the use of smaller vehicles if the volume of parcels and letters is small on a particular day.

Reviewing routes of postal delivery and where there is overlap of delivery in some areas should be undertaken.

**V. What regulation is needed in the postal service?**

The new strategy should give a clear definition of what the postal service is and what services are provided under this. It should also outline what services are not under ComReg regulation and who is responsible for these.

Pricing of postage should be made clear and outline a minimum notice period for price increases so customers are aware in advance of any price changes. Length of time of delivery of parcels and letters according to size should also be outlined and communicated to customers.

**VI. How should ComReg's role evolve?**

ComReg should be kept informed of other services delivered by local post offices and engage with other regulators of these services. It must be also aware of the

impact post office closures has on vulnerable and marginalised groups and how it impacts their access to the postal service.

**Question 4: Are there any further considerations you would propose?**

IRL would see the need for a section on communication of changes to the postal service as an essential part of this new strategy. This would include communications in relation to price change, changes in next day delivery letters, schedule of delivery times in accordance with size of parcel/letter etc. and the communications of what services are included in the postal service and where people can go for other services under other regulators. Who is responsible for this communication and how it will be communicated to include hard to reach customers must also be considered.

**Conclusion**

While the postal service landscape is changing and as more people move to online and digitalised forms of communication, there is still a need for letters and next day delivery letters so those who are not equipped with digital skills or technology are not left behind. It is important that they continue to have access to a reliable and effective postal service. Also for micro and small businesses still rely heavily on the next day letter delivery. There are many opportunities for the postal service with new businesses coming on stream. With online shopping expected to remain high, supporting retailers and providing a service to them to deliver their products to consumers will be an important part of the postal service into the future.

## **Irish Rural Link the Organisation**

Irish Rural Link (IRL), formed in 1991, is a national network of organisations and individuals campaigning for sustainable rural development in Ireland and Europe. IRL, a non-profit organisation, has grown significantly since its inception and now directly represents over 600 community groups with a combined membership of 25,000.

The network provides a structure through which rural groups and individuals, representing disadvantaged rural communities, can articulate their common needs and priorities, share their experiences and present their case to policy-makers at local, national and European Level.

Irish Rural Link is the only group represented at the national social partnership talks solely representing rural communities' interests.

***'Our vision is of vibrant, inclusive and sustainable rural communities that contribute to an equitable and just society'***

Irish Rural Link's aims are:

- To articulate and facilitate the voices of rural communities in local, regional, national and European policy arenas, especially those experiencing poverty, social exclusion and the challenge of change in the 21<sup>st</sup> century.
- To promote local and community development in rural communities in order to strengthen and build the capacity of rural community groups to act as primary movers through practical assistance and advice.
- To research, critique and disseminate policies relating to rural communities including issues such as sustainability, social exclusion, equality and poverty
- To facilitate cross-border networking between rural communities

***'Our mission is to influence and inform local, regional, national and European development policies and programmes in favour of rural communities especially those who are marginalised as a result of poverty and social exclusion in rural areas.'***

## **7 Member of the public**

**From:** ✂

**Sent:** Friday 6 August 2021 19:57

**To:** postreg <postreg@comreg.ie>

**Subject:** Response to: "Submissions to ComReg 21/67":

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and believe the content is safe.

Hi

I refer to or way

### **Pricing: Transparency +**

The absence of prices on stamps is not acceptable,

**Evidence: By example 1** The consumer can purchase a booklet of stamps which are not priced individually, the consumer then may hold these stamps for a period of time and when they want to send a letter either abroad or internally within Ireland - they may not be sure due to the passage of time etc what values the stamps represent and by implication may opt to stick more stamps or indeed less stamps on the envelope than may be required.

So as a basic requirement of transparency at its most basic level an post needs to put the price on all stamps regardless as to what manner or way they are sold.

By not having the price shown on a stamp is nothing short of absolute disrespect for the ordinary consumers of Ireland

**Evidence Example 2** If AIB or other large consumers had to pay the full cost of postage - then the requirement for increased cost of postage for others would be diminished, one cant be offering bulk discounts, This appears to show a lack of commercial acumen at the highest level of An Post.

Why are they offering bulk discounts, who exactly are An Post competing with for this business ??? why do they engage in this activity when there is no competition.

This whole process of bulk discounts in a non competitive market place which leads to large customers being subsidised by ordinary consumers

his whole analysis of the Market which allows for bulk discounts and as a result the overall impact consumer pricing needs to be more transparent.

### **Next Day Delivery ( Measurement ? )**

If An Post is expected to comply with next day delivery target or indeed any target- then it must be measurable by the User, this can only be done if the user knows when the letter was posted and when it is received. If the letters are not meeting the one day delivery target - then consumers should know and not have to wait for an annual sample or such like to tell them, information is power and if the ordinary consumer does not have the information -then they cannot evaluate An Post performance.

**Evidence:** The date stamp on a letter is a legal requirement, I am not aware of it being removed from such a legal obligation - current practice as I see it has very few if any letters today are date stamped, except letters which are franked by private users and then those dates are unreliable as currently a private user can put anydate they like on a franked letter without sanction. ( If they are sanctioned it would be informative to see the number of such sanctions and nature of same for one year i.e. 2020 Indeed it is now apparent that large bulk users such as AIB etc dont appear to have any date stamp at all. So, if large bulk customers dont give a toss about next day delivery then who does ! that is the first question that needs to be answered, when you know the answer to that question then you need to evaluate the value of next day delivery versus two day delivery costs and

it may well be cheaper to have two day delivery or indeed only delivery every second day to each consumer area rather than daily, but first of all one needs to establish the value of one day delivery versus two day delivery. That can only be done reliably by date stamping all postage regardless of origin ( Consumer, Bulk etc )

### **International Parcel Post ( Automation )**

Posting a parcel to USA for example requires complex processing at the post office counter,  
- **Evidence:** Just go and try to send a parcel to USA at any Post Office, it is a time consuming process leading to buildup of queues and frustration both for the Post Office personnel dealing with the transaction and also the consumers sending the parcel not to mention frustration of others in the queue behind them.

The process should be automated so that the user can complete the necessary documentation online - print it off and attach it to the parcel and indeed also prepay online - so that on arrival at post office the Post Office Clerk just checks ref no on system and that all is in order - the automation of this process is a no brainer and once introduced should result in a reduced price for parcel postage to USA, more efficient processing at post office counter and reduced consumer frustration in queues.

I trust these submissions can be considered in your deliberations

kind regards

✂

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✂

## **8 Member of the public**

**From:** ✂

**Sent:** Wednesday 18 August 2021 15:18

**To:** postreg <postreg@comreg.ie>

**Subject:** Submissions to ComReg

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and believe the content is safe.

Good afternoon,

Thank you for the opportunity to give input on the postal strategy for ComReg over the next two years. I do so in my capacity as a small business heavily impacted by Brexit, on-line commerce and increasing cashless transactions.

The ComReg contact numbers and help desk are not helpful at all. As ComReg only regulates An Post and a small number of Irish based companies it's role in an increasing global on-line marketplace is becoming redundant unless major changes are made. All callers with queries are referred to the Competition and Consumer Protection Commission.

One of ComReg's stated goals is to 'provide information regarding the provision of postal services in Ireland'. This is clearly not happening as the help desk does not list who the regulators are for the majority of parcel companies such as DHL, UPS, FEDEX, DPD etc., who are now the major operators with An Post and Fastway. There is no mention of our membership with the European Regulators Group for Postal Services (ER GP) and help staff would not give any details of who the Irish appointee to this group is. They wrote back to us saying it was data protected and could not be released.

ComReg seems to have a structure leftover from P & T days and now has a design where responsibility can be shuffled sideways or to Europe with little chance of meaningful regulation. This is very serious in light of Brexit and the current pandemic.

Let me cite a specific example to illustrate my point.

UPS is a well known global leader headquartered in the US, but with an European head office for EU regulations. It is not clear if this is Belgium and in reality this leads to them being in effect an unregulated entity or very light touch. Given that UPS violated federal anti-cigarette trafficking laws in the United States and were fined \$247 million (reduced to \$97.6 in November 2019) and the judge expressed her disappointment with their corporate culture, it would seem European regulators would be on higher alert here.

Instead UPS have freedom under Brexit by Irish customs authorities to change and refile third party tax forms and demand payment under threat of confiscation of goods. The Irish Revenue Custom & Policy Division head Florance Carey wrote that they have no authority over the commercial transactions. As most parcel recipients often do not know who the delivering company will be this must be immediately addressed. The opportunities for fraud are very high when there are no checks in place or when documents can be changed after submission. Revenue officials are now in the headquarters and sorting offices of most parcel companies but there is no official link with ComReg. This is ridiculous. Given the huge changes brought about by Brexit the Customs & Policy Unit need to become very involved to ensure there is a level playing field between all businesses. Recipients of parcels or commercial merchandise have no idea who is going to deliver that parcel but yet Revenue give them the authority to collect cash on the doorstep under threat of the goods being confiscated.

The tracking number on a parcel should be like a passport number. It should never be changed. UPS for example, regularly do this if the item is to be marked 'lost' or

confiscated so it can be sold at a later auction in Germany.

The national postal services of all EU countries such as An Post were very important during the lockdown periods of the pandemic. Having up to 7 delivery couriers potentially travel each day to the same addresses is not environmentally sustainable. Perhaps An Post and one other carrier with locations in every county can become the trusted 'last mile' deliverer. For example Fastway couriers can use unmarked vehicles and unknown individuals which could be very worrying for an elderly or vulnerable person in a remote location. An Post has always had a trusted community relationship and maybe we need to look a model that looks at a way of strengthening these bonds again.

Returnable packaging should be encouraged with reusable boxes and envelopes perhaps carrying a deposit incentive scheme.

An Post have to file and have in place onerous complaint handling procedures to meet ComReg guidelines. Obviously the other companies have to do something similar in their EU country of registration. Surely these links should be carried on the ComReg website.

Your helpful document requested we answer 7 specific questions and feel free to use the above as you see fit. I found your requested format too difficult to follow. I do think the strategy should be limited to the period 2024.

Best regards,

✂

## 9 UPS

## **UPS Response to ComReg call for inputs: Postal Regulation Strategy**

**August 2021**

### **Background**

UPS is one of the world's largest logistics companies, playing a vital role in the collection, warehouse and delivery of goods. Our current operations in Ireland includes over 1,200 employees (543,000 globally) across 20 facilities. UPS provides critical national and international time sensitive delivery services for businesses of all sizes, handling 3% of global GDP every day. The just in time supply chain model in which we operate is critical to connecting Irish businesses and consumers to the global marketplace.

We believe ComReg's regulatory approach remains appropriate for regulating postal services. In order to deal with the issue of declining letter volumes, we would suggest that more support measures to deal with these domestic challenges are explored rather than further regulation.

We believe that the parcel market is working well for all senders and receivers of parcels. There is already a wide range of choice, competition and innovation in the parcel delivery sector and we do not believe that further regulation is needed. We would urge ComReg to continue to promote a well-functioning parcel delivery market that does not require additional regulation. We know our own customers will tend to use multiple carriers and will negotiate strongly on price. The strong competition and choice in the market results in better service for consumers as the market will continue to adapt and innovate to serve changing needs.

For example, UPS is continually innovating to serve our customers' (both our customers and the end recipient) needs especially in light of e-commerce growth. Parcel Motel, a UPS company, provides convenient collection and drop-off locations for consumers to receive and return goods. UPS My Choice®, a technology solution, lets you personalise how, where and when home deliveries happen. It allows you to set delivery alert preferences, request delivery holds while you are on holiday, change the delivery address, as well as receive an estimated delivery window via progress alerts.

Sustainability is also at the heart of everything we do and we are committed to transitioning our delivery fleet to low and zero emission vehicles. We take our environmental footprint extremely seriously. We continually work to minimise the miles we travel and strive to increase the energy efficiency of our

transportation network, regularly monitoring our carbon footprint and investing in low and zero carbon technologies such as electric vehicles and liquefied natural gas HGVs. Through our rolling laboratory, UPS can determine how these alternative fuels and advanced technologies perform in real-world operating conditions, quickly deploy viable options at scale, and spur market growth for alternative solutions.

In addition to our 2021 pledge to be carbon neutral across scope 1, 2 and 3 emissions in our global operations by 2050, we have established interim 2035 environmental sustainability targets:

- 50% reduction in CO2 per package delivered by 2035 (2020 base year).
- 100% of company facilities powered by renewable electricity by 2035.
- 30% of the fuel used in its global air fleet be sustainable aviation fuel by 2035.

UPS is committed to improving air quality and is also working on solutions for reducing congestion. For example, we are currently using e-cargo bikes in Dublin and in several cities across Europe for sustainable final mile deliveries. The challenge with e-cycle logistics generally is that we are limited by the capacity of the cargo bikes to carry sufficient volume of packages to make the delivery system viable. As a result, we look to place a large container (or “eco-hub”) in a “staging area” within a city centre location that would allow the handler (or handlers) to continually refill the cargo bikes throughout the day and carry out final mile deliveries. In Dublin, we have two eco-hubs – both at street level on a pedestrianised city street (in Wolfe Tone St) as well as near Trinity College in an alleyway behind an office building.

We also believe that there are more opportunities to provide solutions for sustainable, final mile urban deliveries. By developing the eco-hub concept into urban logistics hubs, incorporating package sortation within the city centres, would enable less congestion in and out of city centres during peak times. We also believe that the high volume of residential deliveries which has grown over the past year and a half due to Covid is not sustainable. We need to also encourage alternative solutions such as parcel lockers that only require simple planning approval processes which will create a fair and transparent competition with postal services who do not currently need to obtain planning permission for their lockers.

UPS is primarily a B2B shipper – most of our customers are businesses and as such our contract is with the shipper and it is mainly the shipper/retailer/sender who will determine the method of delivery and the price.

Regulatory oversight – specifically on providers of the universal service – remains important as there are few alternative providers for letter mail services. However, there are many options in the non-USO market for package deliveries and additional regulations will only drive up costs.

Although the parcel market has significantly changed in the past few years, evidence supports (especially in light of the COVID-19 pandemic), that market based solutions are more than able to meet e-commerce demands. Whilst the growth in e-commerce has raised questions about consumer protection, labour standards, transportation and mobility issues as well as customs-related aspects of parcel delivery, we would like to emphasise that specific legislation already exists to cover these aspects of the broader postal and parcel delivery market.

However, even though the contractual relationship is with the seller, UPS still has robust complaints procedures in place to ensure a high standard of service for both our customers and our customers' customers (i.e. the receivers or consignees) and we have a strong commercial incentive to offer good customer services, without any need for additional regulation.

### **Summary**

We believe that there is a well-functioning and highly competitive market for parcel delivery in Ireland that does not require strong regulatory intervention. The concerns caused by declining letter mail volumes and the need to preserve and finance a basic service provision for letter mail do require regulatory engagement. Given the decline in letter mail volumes, minor adjustments to the framework can be considered to allow for the provision of a basic letter mail service on a financially sustainable basis. This combination would support preserving the current general legislative framework that provides safeguards for the failing letter mail market and at the same time allows for sufficient flexibility to reduce regulatory focus on the parcel segment of the delivery market. The parcel market is continuing to meet changing user needs and responding to growth opportunities on a permanent basis, demonstrating that the regulatory framework is fit for purpose.

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