



Media Release - 13th June 2003

ComReg publishes consultation paper on proposed prices increases by An Post

The Commission for Communications Regulation (ComReg) today published a consultation paper on an application by An Post for price increases for domestic postage.

An Post's proposals include an increase in the price of a basic stamp from 41c to 48c. It is understood that this price change, coupled with other proposed price rises, will result in an estimated overall increase in An Post's letter post turnover of about 5%.

An Post say that this increase is necessary if the company is to overcome the financial difficulties that it faces now, citing a slowdown in volume growth and labour, insurance and other cost increases as the reasons for the proposed changes.

An Post was granted an interim price increase of 3 cent on a 38 cent stamp by ComReg in March 2002.

An Post has a statutory monopoly on post weighing up to 100 grams. It must obtain ComReg's approval in advance for price increases in this market segment, which accounts for 94% of its business. An Post also proposes price increases of 9% on average in the area of its business which is subject to competition. ComReg is seeking views on these proposals also. While An Post does not require ComReg's prior approval in this case, ComReg does have the power to investigate the prices of postal items weighing less than 20 kilograms.

The consultation outlines some of the challenges currently facing An Post. ComReg is responsible for balancing the needs of An Post, as a Universal Service Provider to meet its Universal Service Obligations and the needs of consumers who seek a high quality and affordable service.

It is not desirable that An Post should automatically seek price increases in response to adverse market conditions. It is the responsibility of An Post management to ensure that it operates and develops its business efficiently and in a cost-effective manner.

ComReg would welcome the views of all interested parties and the public on these matters. The closing date for responses to this consultation paper is Monday, 14th of July. Interested parties should see the ComReg website www.comreg.ie for details.

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