



An Coimisiún um
Rialáil Cumarsáide
Commission for
Communications Regulation

Review of Postal Universal Service Provider Designation(s) after 1 August 2023

An Post submission to be Postal Universal
Service Provider – non-confidential

Date: 21 March 2023

Reference: ComReg 23/26a

1 An Post submission

Reference: Submission re USP after 1 August 2023

Deadline: 4pm 27 January 2023

To: By hand/registered post/courier to:

Postal
Retail Division
Commission for Communications Regulation
One Dockland Central
Guild Street
Dublin 1 D01 E4X0

Email: postreg@comreg.ie

From: ComRegCorrespondence@anpost.ie

Date: 25 January 2023

ComReg Consultation 22/103a dated 9 December 2022:

Universal Postal Service Provider(s) after 1 August 2023

Invitation for submissions to be considered as designated Universal Postal Service Provider - deadline 4pm 27 January 2023

Introduction

1. An Post notes that ComReg has decided¹ under Step 1 of this universal service provider ("USP") Designation review that there is a requirement for designation of a USP after 1 August 2023.
2. The USP designation process is based on the current USO specification and USP regulatory obligations.
3. Step 2 considers which postal service provider(s) ("PSP(s)") should be designated as USP and for what duration.

An Post as USP

4. The Communications Regulation (Postal Services) Act 2011 as amended ("the 2011 Act") designated An Post as the sole USP for postal services in the State for a period of 12 years from 2 August 2011 to 1 August 2023, subject to review.
5. An Post's designation is also in fulfilment of the State's obligations pursuant to an international treaty: the Convention of the Universal Postal Union (UPU). In this

¹ ComReg Document No. 22/103, Decision D09/22

regard, ensuring a universal postal service also constitutes fulfilment of the economic and social co-operation that the State has undertaken to provide in line with its obligations as a UPU signatory.

6. Throughout the current designation period, An Post has successfully provided postal services accessible to all users, nationwide, for all types of postal items (including letters and large envelopes as well as packets and parcels), at uniform and affordable rates, to a high level of quality, notwithstanding external shock events such as a pandemic, geopolitical developments (including Brexit and the war in Ukraine) and seismic changes to the EU customs regime in parallel with ongoing e-substitution in the traditional letters market.
7. The universal service ensures the provision of postal services for all postal items for all users nationwide, which would not otherwise be provided on the basis of market forces alone. In the course of Step 1 of this designation process, ComReg concluded that without a designated USP the universal postal service would not be provided to the required levels of accessibility, quality and affordability for the State by the market.
8. An Post was last year ranked by RepTrak as the most reputable organisation in the State. With its objective to act for the common good, now and for generations to come, and embedded in communities across Ireland, An Post is committed to serving all users, as well as protecting its vulnerable and digitally disadvantaged customers².
9. As the postal landscape and consumer preferences continue to evolve, a USP will modernise its offering within the context of the overarching regulatory framework. Equally, it will become increasingly important to protect vulnerable and digitally disadvantaged consumers who will continue to rely on traditional mail services. An Post is in the best position to ensure this can be achieved.
10. While the within designation process is based on the current universal service specification, ComReg has signalled that changes to the specification and attendant obligations are likely over the course of the next designation period (subject to the usual consultation process) in order to meet the reasonable needs of postal users³.
11. An Post is currently the only postal operator in the State providing all of the required universal postal services in full and as required by legislation and which has the necessary network to do so.
12. The Consultation document 22/103a allows for proposals regarding the provision of the universal service for any part or parts of the State. In an era of declining letter

² An Post provides free newspaper delivery for older customers and free post to all nursing and care homes on an ongoing basis, while 'Check-Ins' by postal delivery staff on older, vulnerable or isolated customers living alone are now a standard part of An Post's service nationally.

³ para. 55 of Consultation and Draft Decision ComReg 22/85

volumes and rising parcel volumes, it is essential that elements of the universal service are not cherry-picked on a geographical basis as this could undermine the accessibility and uniformity of service provision across the entire State

13. We note that Consultation document 22/103a also allows for proposals for the separate provision of the discrete services comprising the universal postal service. Fragmenting the universal service would risk compromising its provision as a whole in circumstances where there are competing considerations across the universal service, such as affordability, uniformity of rates for all and ensuring service on equal terms for all users nationwide, both domestic and international/cross-border.
14. For all of the above reasons, An Post has demonstrated its capability to provide all of the universal postal service and should be retained as the designated USP in the entire State from 1 August 2023.
15. In circumstances where the USP's obligations are such that it renders the service uneconomic, there should be a provision in the course of a new designation to facilitate the State paying for the universal service as a Service of General Economic Interest (SGEI) or otherwise, in line with European norms.

Designation Duration

16. Over the past three years, An Post has successfully pivoted its universal service operations repeatedly and rapidly to ameliorate the impact on its users of a range of global developments including the Covid-19 pandemic and attendant restrictions, Brexit, customs rules changes and the war in Ukraine.
17. Consequently, any long-term strategy planning by a designated USP must attempt to account for both foreseen and unforeseen events. A designation period of at least twelve years would support a USP to respond decisively and with agility to challenges as they arise.
18. The 2011 Act allowed for an initial designation period of twelve years and, without evidence to the contrary, appears to remain a reasonable period of designation at this time.
19. Moreover, and as recognised by ComReg, the 2011 Act requires the designation period to be "*of sufficient duration for the return on investments*"⁴. Standard commercial investments are usually based on a period of ten years or more for businesses of An Post's size and scope.
20. ComReg posits that An Post would require a shorter period than a new USP on the basis of its "*established network and investments already made*"⁵. This risks being

⁴ para. 43 of Consultation and Draft Decision ComReg 22/85

⁵ para. 43 of Consultation and Draft Decision ComReg 22/85

counterproductive to longer term planning to ensure provision of a universal service. A USP should continue to plan and invest in the continuous modernisation, adaptation and improvement of its service in order to ensure its financial sustainability while meeting evolving customer needs. This reflects the European Commission's position as outlined in its 2021 evaluation of the Postal Directives⁶ which recognised that some form of universal postal service must continue to be required and provided, even though greater flexibility may ensue over time.

21. A USP designation period of more than ten years would be fully in line with the position across Europe, where several countries appear to offer the equivalent of indefinite designation periods (e.g. UK, Germany, Austria, Norway and the Netherlands) or USP designation periods of ten years or more (e.g. France, Spain, Italy, Poland and Finland).
22. A review of the EU Postal Services Directive within three years is not certain and An Post does not accept the position that it could or "*should happen within three years after 1 August 2023*"⁷. While the Council of the EU has requested the European Commission to study and make appropriate proposals for the revision of the Directive, the Commission's above-mentioned November 2021 report does not signal an overhaul of the current legislative framework. In light of all other considerations set out in this submission, it would be inappropriate to base a reduced designation period on the basis of prospective but uncertain legislative change.
23. It is in line with section 16 of the 2011 Act that the universal postal service should evolve to meet user needs. An Post is best placed to ensure this evolution for all users. Any regulatory measures must be commensurate and proportionate with the objectives. Regulation represents a cost to the USP and it should not be more onerous than necessary.
24. In the absence of EU legislative change, postal providers across the EU have been adapting universal service provision to meet evolving user needs in any event⁸.
25. In order to allow a designated USP sufficient time to plan its universal service provision and invest appropriately in postal infrastructure, a minimum period of twelve years is considered appropriate at this time.

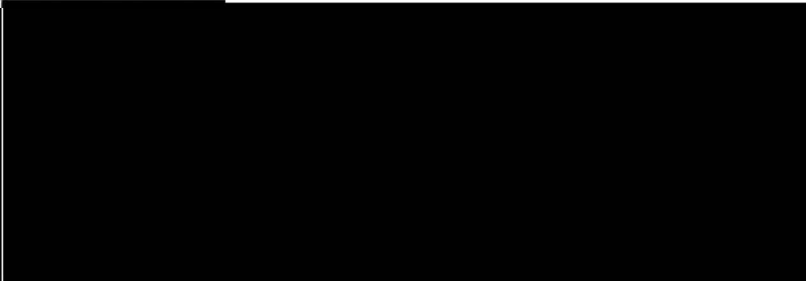
Further Specific Information Required by ComReg


⁶ REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the application of the Postal Services Directive (Directive 97/67/EC as amended by Directive 2002/39/EC and 2008/6/EC), Brussels, 8.11.2021 COM (2021) 674 final.


⁷ para. 44 of Consultation and Draft Decision ComReg 22/85

⁸ In France, ARCEP recently approved changes to La Poste's universal service specification from 1 January 2023.

26. The supporting documentation provided in the context of this submission clearly illustrates An Post's capacity to provide all of the universal postal service and supports the position set out in this submission.
27. Any financial information has been provided on the basis of information currently available to An Post.
28. Information other than publicly available company accounts are provided to ComReg on a confidential basis.
29. While information related to costs, including cost projections and related matters, has been provided on the basis of currently available information, it includes estimates and is subject to change.
30. An Post's statutory audited accounts for 2022 are not complete at this time, nor are its Regulatory Accounts for the same period. This reflects the applicable statutory timeframes.
31. As a State-owned body, An Post's finances remain subject to shareholder review, while costing and the means by which efficiencies may be pursued remain an operational rather than regulatory matter.

Ref	ComReg Category	Required Information
a)	Proposals for efficient provision of all of the universal service for the entire State	CONFIDENTIAL 
b)	Demonstration of capacity and capability to provide universal service. Details of past performance in provision of the universal postal service	<ul style="list-style-type: none"> • See An Post's 2021 Annual Report. • See Pricing Booklets. • See An Post's 2021 Regulatory Accounts. A set of confidential 2021 RFS files was transmitted to ComReg on 30 June 2022. • See historic Quality of Service results
1	Products and Services	See attached completed section 38 12/81n form as provided to ComReg on 4 October 2022.

2	Postal Network and Resources	<p>An Post maintains a nationwide network to ensure the provision of a universal postal service and in particular, to ensure:</p> <ul style="list-style-type: none"> • Clearance, sorting, transport and distribution of postal items for items in all weight steps up to 2kg and for parcels up to 10kg; and • Registered post and other services. <p>The universal postal service covers both national and cross-border services. It includes service for letters, flats/large envelopes, packets and parcels, as well as registered items and free items for the blind and bulk mail services for business users. It has an infrastructure of mail centres and DSUs to ensure fulfilment of the universal service provision, including highly modernised automated systems for mails processing and a fleet of vehicles to ensure nationwide next-day delivery.</p> <p>In addition, An Post maintains a retail network of 910 post offices to ensure access for all to the above listed universal postal services, as well as for PO Box, Poste Restante, Redirections services. 405 million addressed items were delivered to 2.35 million delivery points in 2021.</p>
3	Cost-efficiencies	<p>CONFIDENTIAL</p> 
4	Price	See Pricing Booklets and Price Change Notification of 21 December 2022.
5	Quality of Service	See historic Quality of Service results.
6	Confidentiality and Security	In compliance with the relevant UPU Directive, a risk assessment is conducted annually by An Post Security Services of key locations considered critical to the effective delivery of our mail.
7		

	Draft Terms & Conditions	See Universal Postal Service Terms and Conditions for Single Piece Mail .
8	Customer Complaints Procedures	See attached Getting it Sorted documentation as agreed with ComReg in 2020.
9	Annual projected costing of provision of services	CONFIDENTIAL 
10	Financial standing	An Post's financial standing is demonstrated in its annual statutory accounts.