



Media Release- 1 September 2005

## **ComReg invites submissions on An Post's proposed price increases**

The Commission for Communications Regulation (ComReg) today published a consultation paper in relation to An Post's application for price increases in domestic postage. ComReg has been requested by An Post to approve proposed increases in the prices of its reserved domestic postal services. An Post requires ComReg's approval for increases in the reserved area only. An Post last received an increase in the price of domestic postage in August 2003.

An Post has sought the following headline price increases:

- An increase in the price of the basic stamp from 48c to 60c.
- An increase of a large envelope from 60c to 90c.
- An increase in the price of a packet from 96c to €2.00.

An Post's justification for a price increase is based on a number of factors, particularly the deterioration in its financial position and the additional costs associated with the implementation of work practice changes recommended by the Labour Court.

With further market liberalisation taking place at the beginning of next year, there will be an opportunity for other providers to enter the market and there is a requirement to ensure that tariffs are aligned with costs.

Based on our assessment of the data provided by An Post in support of its price increase application, ComReg believes that the proposed increase in the price of a basic stamp from 48c to 60c has not been justified. ComReg is also concerned that price increases will drive down volumes and increase unit costs which, in turn, could lead to demands for further price increases. This could lead to a vicious cycle and could undermine the future provision of the universal service.

ComReg's preliminary view, however, is that there may be a case for an increase in postage prices for large envelopes from 60c to 90c and an increase in packets from 96c to €2.00, as the existing prices may not be geared to cost. ComReg believes that the proposed increase for discounted large envelopes and packets has not been justified.

ComReg Chairperson, Isolde Goggin, said: “This process has proved challenging for ComReg as we are required to strike a balance between protecting the universal service and the interests of consumers. It is vital that An Post ensures it is in a position to compete in an increasingly competitive market and also that its tariffs are in line with costs. The proposed increases in prices for large envelopes and packets, if approved, would only affect approximately 7% of total mail volumes in the area reserved to An Post.”

ComReg is obliged to consult on the proposed price increases sought by An Post and following a consultation period of six weeks, ComReg will make its final decision on this matter.

ComReg welcomes the views of all interested parties and the public on the issues raised in the consultation document. The closing date for responses to this consultation is Friday, 14 October 2005 and the full paper in relation to this matter – ComReg 05/68 - is available on the ComReg website.

#### **Issued By**

**Tom Butler**  
**Public Affairs Manager,**  
**ComReg Ph: 01 804 9639      Mobile: 087 2536358**  
**tom.butler@comreg.ie**

#### **NOTES TO EDITORS**

##### ***Reserved Area***

*An Post is required to get ComReg’s approval for price increases in the reserved area. The European Commission defines the Reserved Area as follows:*

*Since 1<sup>st</sup> January 2003 only standard postal services up to 100g, and priced at equal to or less than three times the public tariff (currently 48c), have been reserved to An Post, the Universal Service Provider.*

*From January 2006 this will be further reduced to 50g, and if the price is equal to or less than two and a half times the public tariff, with full opening of the market scheduled for January 2009.*

##### ***Tariff Principles***

*Under Regulation 9 of S.I. No. 616 of 2002 European Communities (Postal Services) Regulations 2002, An Post has an obligation and ComReg has a responsibility to ensure that tariffs are affordable, geared to cost, transparent and are non-discriminatory.*

**Definition of Terms**

<b>Terms</b>	<b>Size / Dimensions</b>
<b>Standard Letter</b>	<i>Up to C5 size - 162mm x 235mm x 5mm</i>
<b>Large Envelope</b>	<i>Up to 400mm x 300mm x 25mm</i>
<b>Packets</b>	<ul style="list-style-type: none"><li>• <i>Maximum size (width + length + thickness) = 900mm</i></li><li>• <i>maximum length = 600mm</i></li><li>• <i>In roll form (length + twice the diameter) = 1040mm, maximum length = 900mm</i></li></ul>
<b>Minimum Size (all formats)</b>	<i>90mm x 140mm</i>

**Ends**