



Commission for
Communications Regulation

Media Release – 20 December 2005

ComReg publishes its response to An Post's proposed domestic price increases

The Commission for Communication Regulation (ComReg) today issued its response to consultation 05/94 following An Post's application for price increases in domestic postage.

ComReg is the National Regulatory Authority for the Postal Sector in Ireland and it is ComReg's responsibility to consider applications for price increases made by An Post in respect of the reserved area.

Following the recent consultation, ComReg has decided not to grant any increase in the price of the standard domestic letter service, which will remain at 48c, but agrees to an increase in the price for posting large envelopes from 60c to 90c. In addition, the price of posting a packet will increase from 96c to €2.00. ComReg also agrees with An Post's newly revised price proposals for its discounted large envelope and packet services.

ComReg Chairperson, Isolde Goggin, said: "The availability of a value for money, high quality and predictable postal service is vital in a modern economy like Ireland's. The provision of such a service and the ongoing liberalisation of the postal market clearly pose critical challenges for An Post. The price increases allowed for packets facilitates other operators in providing competing services well in advance of the EU's target of January 2009."

The effect of these approved price increases, along with price increases in the non reserved domestic area, which are not subject to ComReg's prior approval, should, based on the information supplied by An Post, enable it to realise over 85% of its original estimated increase in yield in 2006, with little resultant impact on CPI.

The price changes approved by ComReg will not come into effect for three months in order to facilitate the transition to the new prices.

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NOTES TO EDITORS

Reserved Area

Since January 2003 only standard domestic postal services up to 100g (or where the mail item costs less than 3 times the public tariff - i.e. $3 * 48c = €1.44$) have been reserved to An Post, the Universal Service Provider.

In line with the EU schedule for market opening, the domestic reserved area is being reduced to 50g (or where the mail item costs less than $2\frac{1}{2}$ times the public tariff - i.e. $2\frac{1}{2} * 48c = €1.20$) from 1 January 2006. Full market liberalisation is scheduled for January 2009.

Tariffs & 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 and that discounts are based on the "avoided cost" principle.

The effect of the increases that ComReg has concurred with, along with price increases in the non reserved area, should result in An Post realising more than 85% of its estimated yield from price increases in 2006. Because expenditure on postal services only represents 0.08% of the total CPI basket the impact of any increase on the national CPI calculations will be negligible.

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