



Commission for
Communications Regulation

Consultation Paper

Investigation into SDS Parcel Prices

Document No:	02/112
Date:	17 Dec 2002

All responses to this consultation should be clearly marked:-
“Reference: Submission re ComReg 02/112” as indicated above, and sent by post, facsimile or e-mail, to arrive on or before 5.30p.m. 14 February 2003, to:

FREEPOST
Ms. Elaine Kavanagh
Commission for Communications Regulation
Irish Life Centre
Abbey Street
Dublin 1
Ireland

Ph: +353-1-8049600 Fax: +353-1-804 9680 Email:
post.prices@comreg.ie

Contents

Introduction	2
1.1 LEGISLATIVE BACKGROUND	2
Basis for our investigation	3
Submitting Comments.....	7

Introduction

The Commission for Communications Regulation (“ComReg”) is responsible for the regulation of Universal Postal Services in Ireland in accordance with National and EC legislation. ComReg is the National Regulatory Authority (“NRA”) for the purposes of that legislation.

One of the functions given to ComReg is to monitor compliance with the Tariff Principles set out in the EC “Postal Directive”. These require, inter alia, that the prices charged for all services within the universal service obligation are "affordable to all" and "geared to cost". The onus is on An Post to comply with these principles and ComReg's functions are concerned with ensuring, on an ex-post basis, that there is such compliance.

ComReg intends to conduct a price investigation into the SDS services within the Universal Service Obligation. The aim of the proposed investigation is to establish whether there is compliance with the Tariff Principles and if necessary to agree with An Post a programme to remedy any deficiencies. The purpose of this consultation paper is to give interested parties the opportunity to make submissions regarding specific issues they would like to bring to the attention of ComReg in connection with the proposed investigation.

Legislative Background

In accordance with Regulation 10 of the EC (Postal Services) Regulation, 2000 ‘Tariff Principles and Transparency of Accounts’, the tariffs for each of the services provided by a universal service provider which form part of its universal service shall comply with a number of principles including the following:

- (a) Prices must be affordable and must be such that all users have access to the services provided
- (b) Prices must be geared to costs
- (c) Tariffs must be transparent and non-discriminatory

There is no obligation upon An Post to seek prior approval for any price increase outside the Reserved Letter service but ComReg does however have ex-post powers so as to ensure that there is compliance with the Tariff Principles.

Basis for our investigation

Between April 2000 and April 2002 An Post increased the tariff for its “universal” parcel services by between 12% and 28% (Priority) and between -12% and 38% (Economy). The price differential between the different zones does not appear to be geared to cost - see Tables 1 and 2 below.

Prices levied by SDS are based on a two part tariff, a per item rate and a per kg rate. Changes in these rates have not been performed consistently from year to year or between different zones. It is unclear why there are such huge variations in price increases.

Table 1 PRICE INCREASES - PRIORITY MAIL

Year	Ireland	UK	EU	US & CANADA
1kg PARCEL				
2000	€6.35	€15.74	€17.78	€17.65
2001	€6.86	€17.14	€19.05	€20.32
2002	€7.30	€18.00	€20.00	€21.00
% Increase	15%	14%	12%	19%
5kg PARCEL				
2000	€8.89	€32.76	€38.09	€57.27
2001	€9.90	€37.46	€39.36	€60.95
2002	€11.30	€38.00	€44.00	€65.00
% Increase	27%	16%	16%	13%
20kg PARCEL				
2000	€12.70	€42.28	€57.77	€117.58
2001	€15.62	€48.88	€77.45	€137.13
2002	€15.80	€53.00	€74.00	€140.00
% Increase	24%	25%	28%	19%
Additional charge per ½ kg up to 5kg				
2000	€1.27 per each add'l 2kg	€1.78 ¹ €2.92 ³ €1.91 ⁴	€2.54	€4.95
2001	€0.76 ¹ €0.25 ²	€2.54	€2.54	€5.09
2002	€0.50	€3.00 ³ €2.00 ⁴	€3.00	€5.50
%Inc.in per ½kg charge	57%	17%	18%	11%
Additional charge per kg up to 20kg				
2000	€1.27 ⁵ €2.54 ⁶	€0.63	€1.91 ⁷ €1.01 ⁸	€4.44 ⁷ €3.80 ⁸
2001	€0.38	€0.76	€2.54	€5.08
2002	€0.30	€1.00	€2.00	€5.00
% Inc. in per kg charge	18%	59%	5%	13%

¹ Per ½kg – up to 2kg

² per ½kg – 2kg to 5kg

³ Per ½kg - up to 3kg

⁴ Per ½kg - 3kg to 5kg

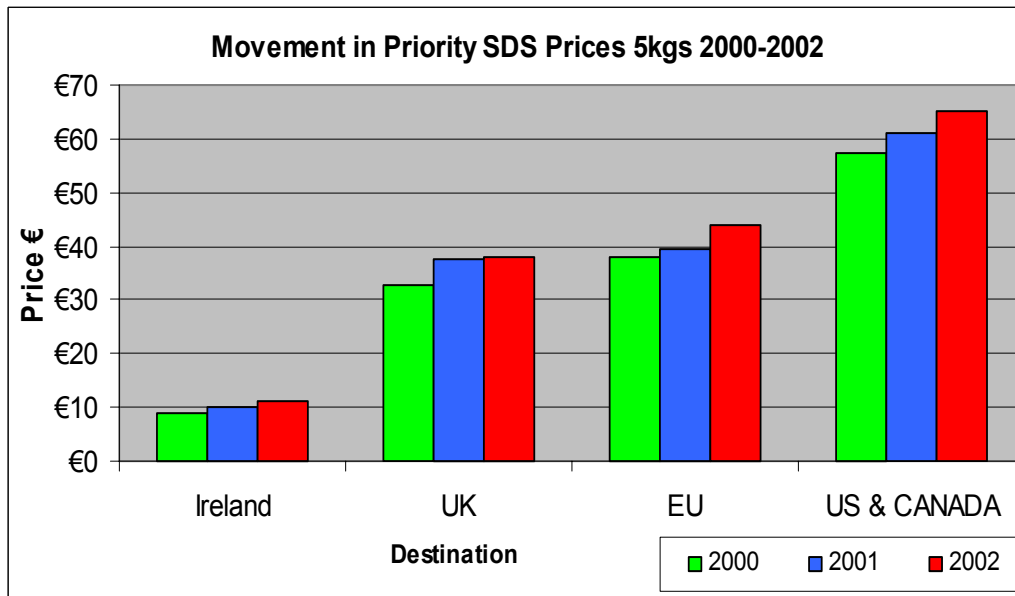
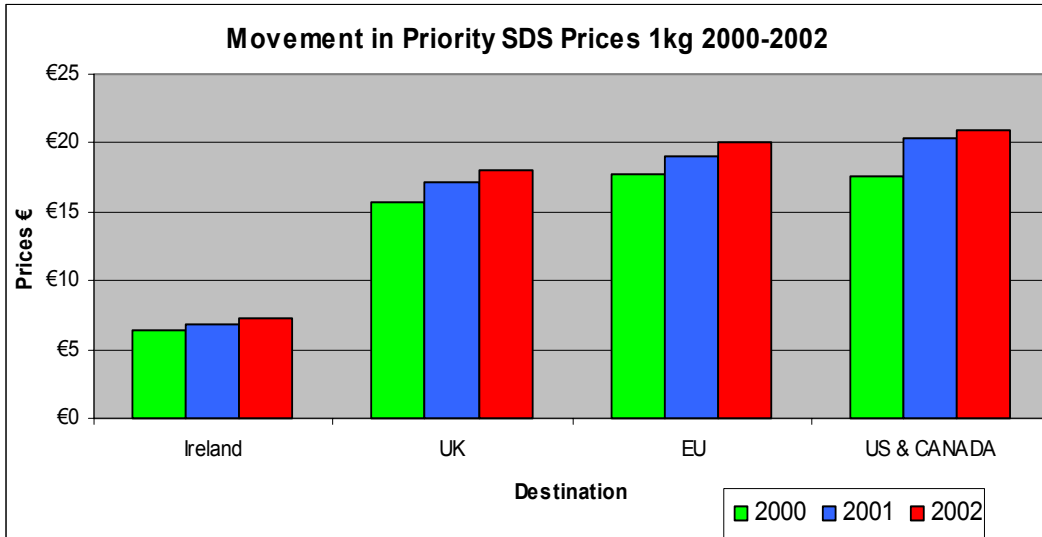
⁵ Per 5kg up to 10kg

⁶ per 5kg from 10kg to 20kg

⁷ per kg from 5kg to 10kg

⁸ per kg from 10kg to 20kg

Investigation into SDS Parcel Prices



Investigation into SDS Parcel Prices

Table 2 PRICE INCREASES - ECONOMY MAIL

Year	Ireland	UK	EU	US & CANADA
1kg PARCEL				
2000	€4.19	€5.71	No service	€12.44
2001	€4.44	€6.98		€13.33
2002	€4.50	€7.50		€13.50
% Increase	7%	31%		9%
5kg PARCEL				
2000	€6.73	€9.52	No service	€30.73
2001	€7.62	€12.06		€33.65
2002	€8.90	€13.10		€37.00
% Increase	32%	38%		20%
20kg PARCEL				
2000	€10.79	€23.49	No service	€78.41
2001	€12.38	€21.59		€81.26
2002	€13.40	€20.60		€82.00
% Increase	24%	-12%		5%
Additional charge per ½ kg up to 5kg				
2000	€1.27 ¹⁰	€1.27 ¹¹	No service	€2.29
2001	€1.40 ¹² €0.25 ¹³	€0.64		€2.54
2002	€1.50 ¹² €0.50 ¹² €0.40 ¹³	€0.70		€2.50 ¹² €3.00 ⁹
% Increase- per Kg charge	15%	47%		28%
Additional charge per kg up to 20kg				
2000	€1.27 ¹⁴ €2.79 ¹⁵	€5.08 ¹⁴ €6.35 ¹⁵	No service	€3.11 ⁷ €2.92 ⁸
2001	€0.32	€0.64		€3.17
2002	€0.30	€0.50		€3.00
% Increase in per kg charge	18%	-51%		-4%

⁹ €2.50 for the first additional ½kg to 1½kg and €3.00 for each additional ½ kg to 5kgs

¹⁰ to 3kgs and an additional €1.27 charge to 5kgs

¹¹ to 2kgs, an additional €1.27 to 3kgs and an additional €1.27 to 5kgs

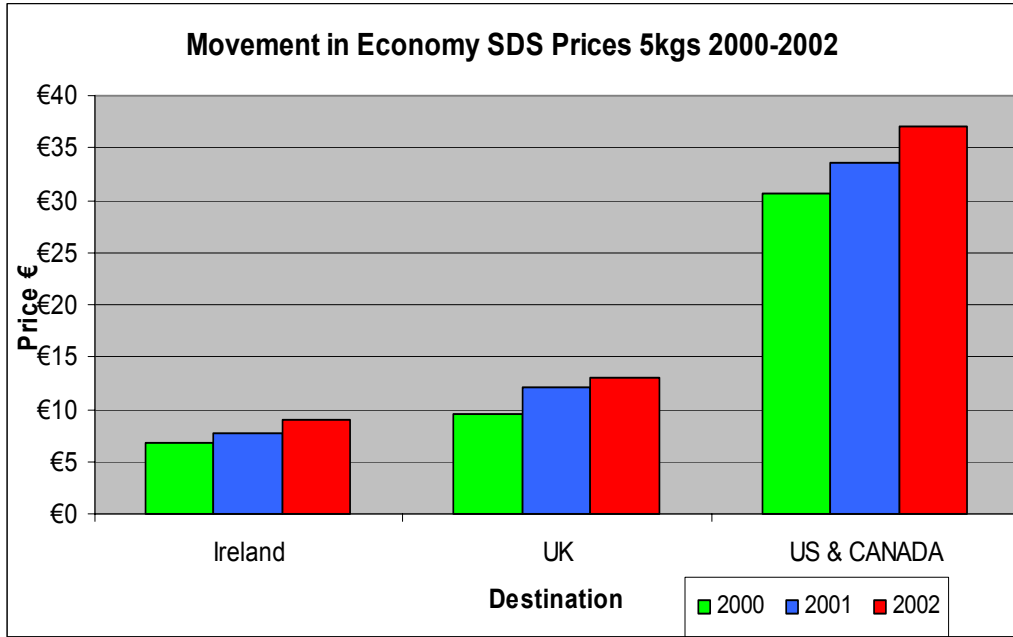
¹² for the next ½ kg

¹³ for each additional ½ kg to 5kgs

¹⁴ for the next 5kgs

¹⁵ for the next 10kgs

Investigation into SDS Parcel Prices



Bod

Submitting Comments

The consultation period will run from 17 Dec 2002 to 14 February 2003 during which the Commission welcomes written comments and views of interested parties on any of the issues raised in this paper.

Having analysed and considered the comments received, ComReg will review the the SDS Prices and publish a report in March 2003 on the investigation which will, inter alia summarise the responses to the consultation.

In order to promote further openness and transparency ComReg will publish the names of all respondents and make available for inspection responses to the consultation at its Offices.

ComReg appreciates that many of the issues raised in this paper may require respondents to provide confidential information if their comments are to be meaningful. Respondents are requested to clearly identify confidential material and if possible to include it in a separate annex to the response. Such information will be treated as strictly confidential.