



Commission for
Communications Regulation

Information Notice

An Post's Quality of Service Domestic single piece mail.

Annual Report – January to December 2006
& Qtr 4, October to December 2006

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1 Foreword

The Commission for Communications Regulation (ComReg) is the sole organisation with statutory responsibility for monitoring An Post's quality of service performance. ComReg is also responsible for setting and publishing quality of service standards. ComReg has appointed TNS mrbi to measure¹ the quality of service afforded by An Post to single piece mail² items posted and delivered within the Republic of Ireland.

ComReg is now publishing TNS mrbi's annual report for 2006, together with the fourth quarter performance report (October to December 2006 inclusive). Performance results show that **72%** of nationwide single piece mail items were delivered the next working day after posting during 2006. This represents a **1% decrease** in quality of service performance over the 2005 performance and falls considerably short of the quality of service target set by ComReg of 94%.

The report highlights some variation in results between the different mail flows³ which is largely driven by inferior performance in the case of mail originating in or destined for Dublin.

The report also highlights performance of mail posted nationwide for delivery anywhere in the country within three days of posting. Again performance achieved in 2006 of **97%** fell short of the quality of service target set by ComReg of 99.5%. The poor trend in next day delivery performance for Dublin mail extended to mail posted in Dublin County for Nationwide and Local delivery within three days of posting (96%), compared with mail posted outside of Dublin for Nationwide and Local delivery within three days of posting (97%).

Clearly, an improvement in quality of service is fundamental to An Posts well-being. While An Post has made very welcome public commitments regarding its intentions to improve the Quality of Service provided to its customers, the annual performance result for 2006 continues to be unsatisfactory. In its recently published Annual Report for 2006, An Post acknowledged that its quality of service performance for 2006 was 'a source of disappointment and concern'. Actions to put quality at the core of An Post's activities were overdue. Recent announcements by both management and the board that this is increasingly the case are welcome; nevertheless much remains to be done and continued leadership will be necessary to reach an acceptable quality standard for the benefit of all postal consumers.

Mike Byrne
Chairperson

¹ Measurement is in accordance with the principles set out in the European and Irish Standard I.S. EN 13850:2002, 'Postal Services – Quality of Service – Measurement of transit time of end-to-end services for single piece priority mail and first class mail'. CEN (European Standards Institute) Technical Committee 331 is responsible for postal services standardisation. It receives its mandate from the European Commission. EN 13850 has mandatory application throughout the EU.

² Single piece mail is the ordinary day to day correspondence posted by individuals and businesses, big and small.

³ Mail flows measured include (1) mail posted in Dublin (City and County) for delivery nationwide and in Dublin County and (2) mail posted outside Dublin County for delivery nationwide, locally (ie within the same County of posting) and in Dublin County.

2 Commentary on Results

ComReg is charged with responsibility for the regulation of Universal Postal Services in Ireland. It is the sole organisation with statutory responsibility to set and publish quality of service standards in relation to the universal service, paying attention in particular to routing times and to the regularity and reliability of services. It is also required to monitor the performance levels achieved against the targets set. ComReg has commissioned TNS mrbi to measure performance, in accordance with the European and Irish Standard, I.S. EN 13850: 2002⁴ on its behalf. In line with the Standard, ComReg's monitor focuses exclusively on single piece priority mail⁵.

This is the fourth annual report⁶ to be published by ComReg on An Post's quality of service for single piece priority mail. Quarter 4 2006 performance results covering the period October to December 2006 are also reported.

As required by the Postal Regulations⁷ ComReg will monitor and publish interim reports for each quarter of 2007, together with aggregated year to date reports, culminating with the publication of an annual report for 2007.

2.1 National Mail for Delivery Next Day Nationwide (D⁸+1)

National Mail refers to all mail posted and delivered within the Republic of Ireland regardless of its origination or destination address. The following table shows results for the four Quarters in 2006 together with the annual result for 2006 (January to December inclusive) for next working day delivery (D+1) of single piece priority national mail as reported by TNS mrbi:

Table 1: Results for National Mail Next Day (D+1) delivery against ComReg Target 94%

National Mail (D+1)	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Actual Full year Jan - Dec
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	
2006	74%	73%	74%	66%	72%
2005	76%	78%	74%	63%	73%
2004	70%	70%	78%	67%	72%
2003	73%	71%	76%	67%	71%

The independent measurement system reported that An Post delivered **72%** of all single piece mail within one working day of posting between January and December 2006. This represents a 1% performance decline over the annual result for 2005 (73%) and extends the deficit between performance and target.

⁴ Postal Services – Quality of Service – Measurement of transit time of end-to-end services for single piece priority mail and first class mail

⁵ Single piece mail is the ordinary day to day correspondence posted by individuals and businesses, big and small

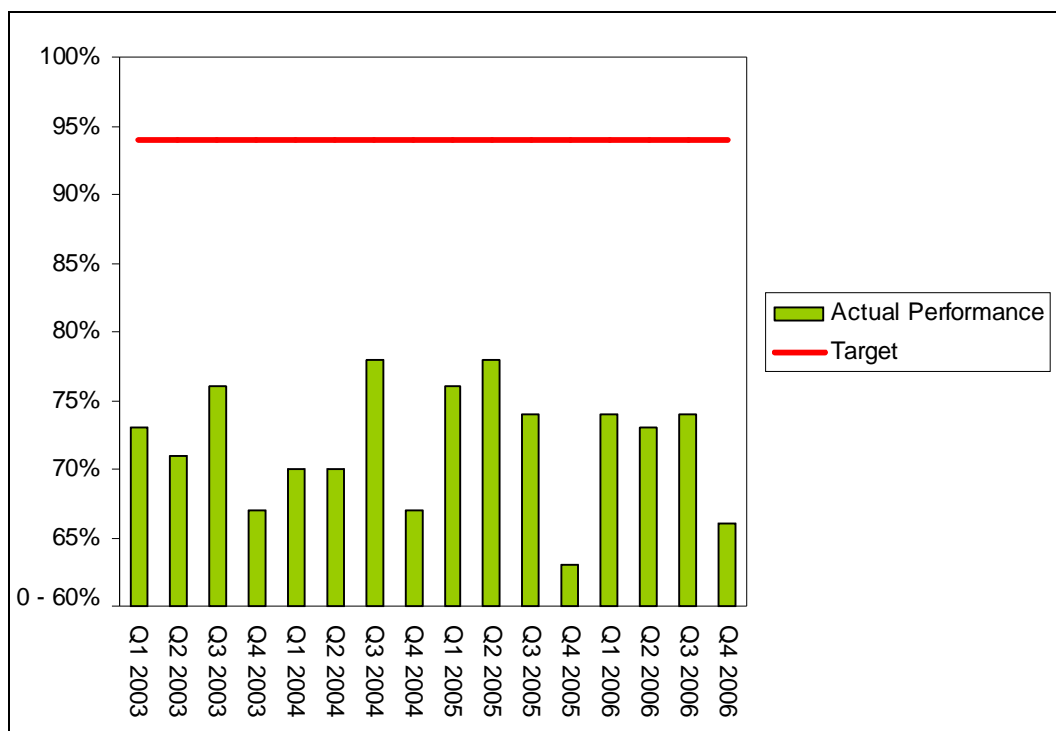
⁶ January to December 2006

⁷ Regulation 12 (3) of S.I. No 616 of 2002

⁸ D represents the date of deposit (i.e. posting)

Figure 1 below shows that An Post's performance continues to fall significantly short of the target set by ComReg of **94%** for the period 2003 to 2006.

Figure 1: National Mail Next Day (D+1) Delivery Performance



Performance reported for 2006 records a disparity of 22% between the target set by ComReg and the performance achieved by An Post. It is also worth noting that performance for next day delivery has not exceeded 74% in the past 18 months.

Looking more closely at TNS mrbi's annual report for 2006 (see Annex A) it is worth noting that only 70% of mail posted in Dublin County for nationwide delivery receives a next day delivery service, while correspondingly 75% of mail posted outside Dublin County for nationwide delivery can expect to be delivered the day after posting. As ComReg has consistently stated, this would suggest that at least part of An Post's quality of service problems could be attributed to the Dublin Mail Centre, through which all Dublin mail transits and possibly also at Dublin Delivery Service Units (DSU) where work practice changes, negotiated with the Labour Court, have yet to be implemented. The findings of the TNS monitor send out a clear message that mail inducted in Dublin or for delivery in Dublin is, to a large extent, contributing to the overall poor performance of nationwide single piece mail.

As in previous years, performance for Quarter Four, including the Christmas period, (see Annex B) records the poorest performing quarter of the year (66%), albeit showing a 3% increase over the same period in 2005. However, a similar trend can be seen in the fourth quarter report as in the annual report for 2006; mail posted in Dublin for delivery anywhere in the country achieved 64% next day delivery while mail posted outside of Dublin for national delivery, during the same period, recorded a success rate of 69% next day delivery. It is of some concern to ComReg that no progress to reverse this trend has been made.

2.2 Local Mail for Delivery next working day in County of Posting (D+1)

Local Mail refers to mail that is delivered within the same county of posting. The following table shows results for the four quarters of 2006 together with the annual result (January to December inclusive) for 2006 for next working day delivery (D+1) of priority single piece local mail as reported by TNS mrbi:

Table 2: Results for Local Mail Next Working Day (D+1) Delivery against ComReg Target 94%

	Year	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Actual Full year
		Jan -Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan – Dec
All local mail (D+1)	<u>2006</u>	78%	76%	74%	71%	75%
	2005	79%	81%	78%	67%	76%
	2004	75%	75%	81%	71%	75%
	2003	76%	75%	79%	72%	75%
Local Mail Posted in Dublin (D+1)	<u>2006</u>	76%	73%	73%	67%	73%
	2005	78%	79%	77%	70%	76%
	2004	71%	75%	82%	72%	75%
	2003	72%	71%	78%	69%	72%
Local Mail Posted outside Dublin (D+1)	<u>2006</u>	80%	78%	76%	75%	77%
	2005	80%	84%	79%	64%	76%
	2004	78%	76%	80%	69%	76%
	2003	79%	78%	80%	75%	78%

The target for local mail to be processed and delivered on the next working day is 94% (the same target as for National Mail). The results for the full year 2006 show that mail posted anywhere in the country for local delivery continues to receive a better service than mail requiring national delivery (75% local compared with 72% national delivery). Quarter 4 results also support this trend with local mail receiving 71% next day delivery and national mail receiving 66% next day delivery. Despite a 4% increase reported for local mail delivery in Quarter 4 2006 over the same period in 2005, a declining trend in the performance of local mail delivery is apparent since the beginning of 2006.

The report also highlights some variation in results between the various mail flows⁹. Local mail posted outside of Dublin during 2006 received a higher service standard (77%) compared to local mail posted in Dublin for delivery in Dublin County (73%). Quarter 4 results also highlights this finding, showing an 8% gap between performances of mail posted in Dublin for local delivery (67%) and mail posted outside of Dublin for local delivery (75%). As with nationwide delivery performance it can be seen that mail posted and delivered in Dublin receives a poorer standard compared with mail posted and delivered outside of Dublin for local delivery. The apparent Dublin factor would seem particularly acute when contrasted with the 11% increase in Quarter 4 2006 performance of mail posted outside of Dublin for local delivery over the same period in 2005.

2.3 Next Working Day Delivery of Mail Posted to Dublin (D+1)

The following table shows the quality of service, for the four quarters of 2006 together with the annual result for 2006 for mail posted anywhere in the Republic of Ireland for delivery within Dublin, mail posted in Dublin for local delivery, and mail posted outside of Dublin for Dublin delivery.

Table 3: Results for Mail Delivered to Dublin for Next Working Day (D+1) against ComReg Target 94%

Posted in Dublin	Year	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Actual Full year Jan- Dec
		Jan -Mar	Apr - Jun	Jul - Sep	Oct - Dec	
National mail (D+1) for Dublin delivery	<u>2006</u>	74%	73%	73%	66%	72%
	2005	76%	78%	74%	66%	73%
	2004	75%	75%	80%	69%	73%
	2003	71%	69%	76%	68%	71%
Dublin Mail (D+1) for Dublin delivery	<u>2006</u>	76%	73%	73%	67%	73%
	2005	78%	79%	77%	70%	76%
	2004	71%	75%	82%	72%	75%
	2003	72%	71%	78%	69%	72%
Outside Dublin mail (D+1) for Dublin delivery	<u>2006</u>	71%	73%	73%	62%	70%
	2005	72%	77%	69%	57%	68%
	2004	70%	69%	77%	64%	70%
	2003	69%	64%	73%	65%	68%

The target for this reporting stream is 94% (the same target as for National Mail).

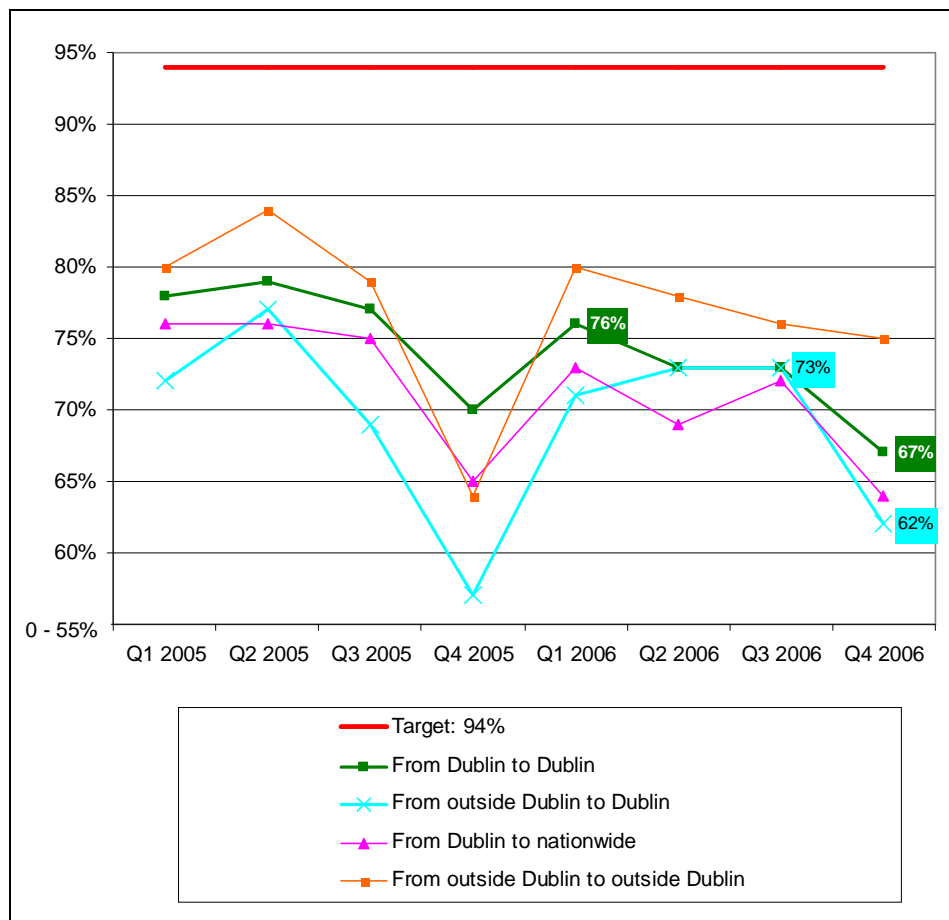
The performance of national mail delivered to Dublin is on a par with overall mail performance for 2006. However, it is worth noting that performance during 2006 of mail posted outside of Dublin for Dublin delivery improved slightly over 2005

⁹ Mail flows measured include (1) mail posted in Dublin (City and County) for delivery in Dublin County and (2) mail posted outside Dublin County for delivery locally (ie within the same County of posting).

(+2%) while performance of mail posted in Dublin for Dublin delivery declined by 3% over the year. Looking at Quarter 4 2006, performance of mail posted outside of Dublin County for delivery in Dublin County (62%) dropped by 11% over Quarter 3 2006. This was the poorest performing flow for 2006. However, this can be contrasted with the 11% increase in the performance of mail posted outside of Dublin for local delivery in Quarter 4 2006 (75%) over Quarter 4 2005 performance of mail posted outside of Dublin for local delivery (64%) – see Table 2 above for data in relation to the performance of local mail.

Figure 2 below shows An Post's performance for the key strategic mail flows measured in the four quarters of 2005 and 2006.

Figure 2: National Mail Next Day (D+1) Delivery Performance



2.4 National Mail delivered within three days (D+3)

The results for the four quarters of 2006 together with the annual result for 2006 for single piece priority mail posted nationwide for delivery nationwide within three working days (D+3) are reported by TNS mrbi as follows:

Table 4: Results for National Mail Delivery within Three working days (D +3) against ComReg Target 99.5%

All national mail (D+3)	Actual Q1	Actual Q2	Actual Q3	Actual Q4	Annual Jan - Dec
	Jan -Mar	Apr - Jun	Jul - Sep	Oct - Dec	
<u>2006</u>	96%	97%	98%	96%	97%
<u>2005</u>	98%	98%	96%	96%	97%
<u>2004</u>	94%	97%	99%	96%	96%
<u>2003</u>	na	na	97%	97%	96%

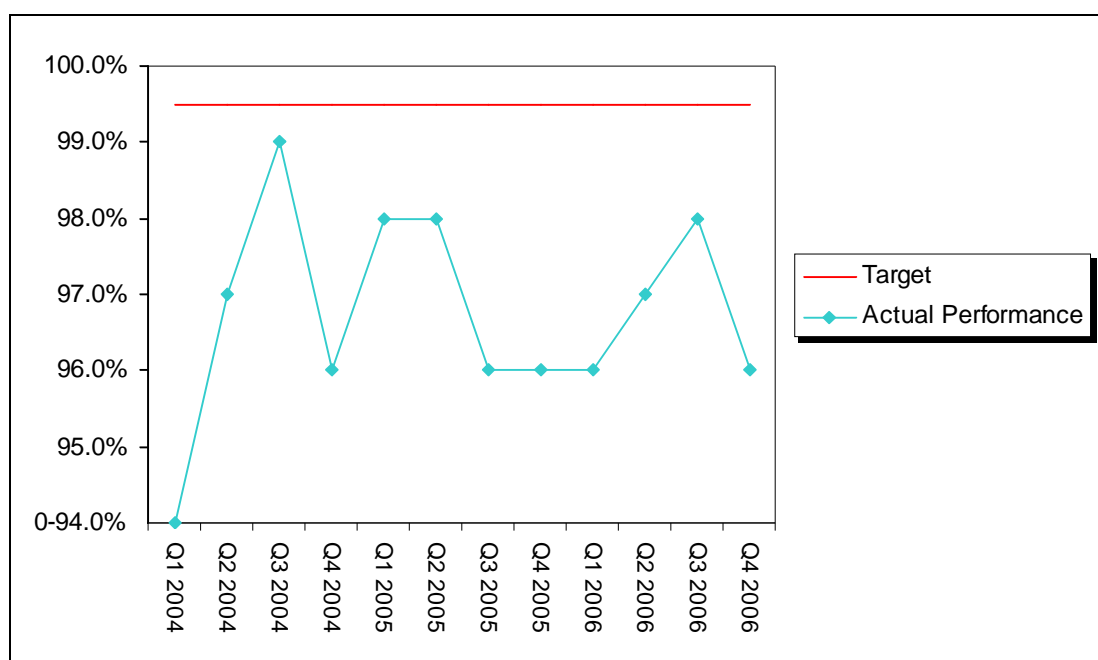
The purpose of this measure is to ensure that when there is a failure to provide the desired level of next day delivery that it is corrected as quickly as possible thereafter. The target of 99.5% requires all mail posted to be processed and delivered within three working days of posting.

TNS mrbi's report shows that 97% of all mail was delivered within three working days of posting during 2006. This result is unchanged over 2005 and continues to fall short of the 99.5% target set for delivery of mail within 3 days of posting. Quarter 4 2006 performance has also remained on a par with Quarter 4 performances over the previous two years.

From closer examination of the TNS mrbi report (see Annex A below) all mail originating in Dublin for local or nationwide delivery as well as all mail with Dublin delivery addresses performed less well than other mail flows within three days of posting (96%). Again this would suggest that at least parts of the difficulties are being experienced at the Dublin Mail Processing Centre and possibly in Dublin deliveries.

The overall trend for National Mail Delivery within three working days (D +3) is illustrated in figure 3:

Figure 3: National Mail Delivery within Three working days (D +3) delivery performance



2.5 Action Underway

An Post Quality of Service performance during 2006 clearly leaves a lot to be desired. Despite commitments given by An Post regarding its intentions to improve the Quality of Service provided to its customers the annual performance result, as measured by independent consultants contracted by ComReg, shows a 1% decline in performance over the annual result for 2005.

An Post has committed to achieving the 94% quality of service target for next day delivery through the implementation of its *Quality of Service Improvement Programme*, which it states is specifically geared towards the achievement of the Quality of Service targets set by ComReg.

An improvement in quality of service is fundamental to An Posts well-being. It is paramount that the successful implementation of its revised *Quality of Service Improvement Programme* benefits both business and residential consumers who require a high quality and dependable postal service.

ComReg will also monitor the effects on quality, if any, as An Post implements its redesigned Collection & Delivery (C&D) working arrangements. An Post has stated that the implementation of its C&D changes has been fully rolled out at the Ballyfermot Delivery Service Unit (DSU) and is now running smoothly. An Post states that implementation of these changes at a number of other DSU's is scheduled for June 2007.

The Annual Report 2006 (Annex A) and the Fourth Quarter Report 2006 (Annex B) as submitted by TNS mrbi are published in full as annexes to this document.

**Annex A TNS mrbi Report – Annual Report 2006 –
07/28a**

**Annex B TNS mrbi Report – Quarter Four 2006 –
07/28b**