



Office of the Director of
**Telecommunications
Regulation**

MEDIA RELEASE

30 January 2002

ODTR to Consult on Price Increase Application by An Post for postal services

The ODTR today (Wednesday 30th January 2002) asked for comments on an interim price increase application submitted by An Post.

An Post propose that the basic price to deliver a letter anywhere in Ireland or Britain will rise by 3c to 41c. The new price would cover all POP (Post Office Preferred) letters up to 50g as compared with 25g at present, the effect of which would mean that the stamp would be reduced for about 10% of all letters. There are also proposals which should make it easier for businesses to obtain discounts for bulk mailings, thereby avoiding the 3c price increase. If these were to be taken up as estimated, they would also relieve pressure on evening sorting of mail, and so help improve the proportion and reliability of next day delivery.

An Post has a monopoly over certain postal services to enable it to deliver the universal service obligation. Prices for postal services within the monopoly ('reserved') area are by law subject to prior approval by the ODTR. The intention is to ensure that An Post cannot use its monopoly position to increase prices unreasonably and cross subsidise activities in the non reserved area where it does face competition.

An Post also intend increasing prices outside of the reserved area as shown in the tables attached. Such prices must comply with key costing principles which the ODTR supervises. At this stage it is not apparent that the prices changes would breach the principles, but they will be reviewed when detailed accounting information becomes available later this year.

The overall impact of the price changes in the reserved area is an increase of approximately 3% with price changes ranging from reductions of 20% to increases of 14%. (See table attached).

According to the Regulator, Etain Doyle, "The interim proposals in the reserved area involve some increases for postage stamps and also include changing the structure of pricing for key services of importance to postal service users. Before making a decision on the application, I want to hear from An Post's customers as to how the proposals will affect them. For this reason I have issued a public consultation on the matter and look forward to receiving the views of interested parties". This consultation period will run up until 27th February 2002."

She continued "An Post are facing significant operating deficit on the postal services and although it has a significant cash surplus that can cushion the impact of losses for some time, it must achieve substantial operating efficiencies to face full competition in the future. It is clear to me on the basis of information I have received from An Post to date that they will have to make substantial changes in the way they price their services. Some prices will go up, some will come down. In particular it will be the size of the envelope rather than the weight that will dictate price. Also customers that send mail in bulk need to be accommodated better in terms of access conditions and price."

The "Early Presentation" Scheme for bulk mail gives a discount of 3c to large customers who present their mail before midday. Take up of this scheme has been slow and the conditions not very user friendly. The proposals include abolishing the rule that the contents of all letters posted under the scheme must be identical. Customers now also be able to pay by franking meter, previously they were restricted to paying by cash or cheque. The minimum quantity to be posted at any one time remains at 2,000 for the time being. An Post expect that 25% of all mail posted will now avail of the discounted scheme and that this will lead to an improvement in the quality of service for all users. Any customers that avail of this service will avoid having to pay any price increase.

An Post want to implement the price changes on 1st April 2002. Full details of An Post's proposal are outlined in a Consultation Paper ODTR 02/15 – Application by An Post to increase the price of reserved Postal Services. The document is available on the ODTR website www.odtr.ie.

ENDS

Issued By

Brigid Smyth

Public Affairs Manager

ODTR

Ph: 01 804 9639

Mobile: 086 8270905

Postal Regulation is new so it may be helpful to clarify some points

- The regulatory role of the ODTR relates to the postal services not to the whole of An Post's business. In particular issues regarding the funding of post offices network, are a matter for An Post and the Government
- The reserved area currently includes the collection/delivery of all letters weighing less than 350g and charged at less than €1.90
- Proposals currently being considered by the European Parliament propose a reduction in the size of the reserved area to 100g from 2003, 50g from 2006 with full competition from 2009.

Current & Proposed Prices

FIRST CLASS LETTER SERVICE

Please note: Only items weighing less than 350g are reserved to An Post, with price increases subject to the Director's approval under section 70(2) of the Postal and Telecommunications Services Act, 1983, as amended. These are shown in bold type in the following tables:

(i) Post Office Preferred Envelopes¹ & Postcards

Weight not over	Current price	Proposed price	% increase
25g (including Postcards)	38c	41c	7.9%
50g	44c		6.8% reduction

(ii) Larger Envelopes²

Weight not over	Current price	Proposed price	% increase
50g	44c	47c	6.8%
100g	57c	60c	5.3%
250g	89c	92c	3.4%
500g	€1.46	€1.49	2.1%
1kg	€2.29	€2.50	9.2%

¹ Standard Business Envelopes up to C5 size, ie 162 mm x 235mm, and no more than 5mm thick.

² Up to 400mm x 300mm x 25mm.

(iii) Other Letter Packets

Weight not over	Current price	Proposed price	% increase
50g	44c	47c	6.8%
100g	57c	60c	5.3%
250g	89c	92c	3.4%
500g	€1.46	€1.60	9.6%
1kg	€4.06	€4.25	4.7%
1.5kg	€5.33	€5.50	3.2%
2kg	€6.60	€7.00	6.1%
Each additional 500g	€1.27	€1.35	6.3%

(iv) Discounts & Additional Fees

	Current price	Proposed price	% increase
Business Reply – handling fee	1c	Nil	Abolished
Early Presentation Discount	3c	3c	Unchanged
Pre-sortation Discount	4c	5c	25%
Early Presentation Discount	3c	3c	Unchanged
Unpaid / underpaid mail	63c + unpaid / underpaid postage	63c + unpaid / underpaid postage	Unchanged

OUTGOING INTERNATIONAL MAIL

PRIORITY SERVICE

Please note: Only items weighing less than 100g (350g Britain) are reserved to An Post, with price increases subject to the Director's approval under section 70(2) of the Postal and Telecommunications Services Act, 1983, as amended. These are shown in bold type in the following tables:

(i) Post Office Preferred Envelopes & Postcards

Weight not over	Current price			Proposed price		
	Zone 2 Britain	Zone 3 Europe	Zone 4 Rest of World	Zone 2 Britain	Zone 3 Europe	Zone 4 Rest of World
25g (including postcards)	38c	41c	57c	41c	44c	57c
50g	51c	83c	95c		83c	95c

(ii) Larger Envelopes & Other Letter Packets

Weight not over	Current price			Proposed price		
	Zone 2 Britain	Zone 3 Europe	Zone 4 Rest of World	Zone 2 Britain	Zone 3 Europe	Zone 4 Rest of World
50g	51c	83c	95c	55c	83c	95c
100g	70c	€1.21	€1.71	76c	€1.21	€1.71
250g	€1.02	€2.03	€3.05 - €5.08	€1.10	€2.03	€4.00
500g	€1.71	€4.06	€6.09 - €10.16	€1.85	€4.10	€8.00
1kg	€4.44	€8.13	€12.19 - €20.32	€4.80	€8.20	€15.00
1.5kg	€5.71	€12.19	€22.35 - €30.47	€6.20	€12.20	€22.50
2kg (max)	€7.24	€16.25	€32.51 - €40.63	€7.80	€16.25	€32.50

