



Commission for
Communications Regulation

An Coimisiún um
Rialáil Cumarsáide

POSTAL STRATEGY STATEMENT 2022-2024

Legal Disclaimer

This Strategy Statement is not a binding legal document and also does not contain legal, commercial, financial, technical, or other advice. The Commission for Communications Regulation is not bound by it, nor does it necessarily set out the Commission's final or definitive position on particular matters. To the extent that there might be any inconsistency between the contents of this document and the due exercise by it of its functions and powers, and the carrying out by it of its duties and the achievement of relevant objectives under law, such contents are without prejudice to the legal position of the Commission for Communications Regulation. Inappropriate reliance ought not therefore to be placed on the contents of this document.

Additional Information

Title	ComReg Document No.
Call for Inputs: Postal Regulation Strategy	21/67
Submissions to Call for Inputs: Postal Regulation Strategy	21/100s
Submission to public consultation on Proposed Postal Strategy Statement 2022 - 2024	21/122s
Response to Consultation: Postal Strategy Statement 2022 - 2024	21/122a

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OVERVIEW OF POSTAL STRATEGY



STRATEGIC INTENT 1: Ensure a universal postal service

There is a universal postal service that meets the reasonable needs of postal service users

STRATEGIC GOALS:

GOAL 1

Ensure a universal postal service that meets the reasonable needs of postal service users

GOAL 2

Consider the designation of universal postal service provider(s)

GOAL 3

Monitor compliance with universal postal service requirements



STRATEGIC INTENT 2: Promote the interests of postal service users

Postal service users can choose and use postal services with confidence

STRATEGIC GOALS:

GOAL 4

Empower postal service users by ensuring the availability of accurate and appropriate information

GOAL 5

Protect postal service users by ensuring the availability of complaints and redress procedures

GOAL 6

Engage with consumer interest groups



STRATEGIC INTENT 3: Promote the development of the postal sector

A postal sector that delivers high quality services, innovation, and choice

STRATEGIC GOALS:

GOAL 7

Promote the development of the postal sector by providing research, data, and information

GOAL 8

Facilitate the development of the postal sector by delivering our legal remit

GOAL 9

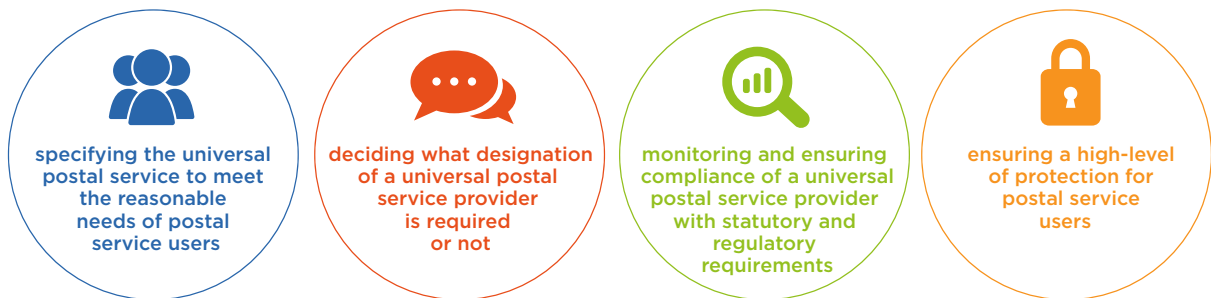
Facilitate the development of the postal sector by considering other remits that impact the postal sector

CHAPTER 1

INTRODUCTION



- 1.1 The Commission for Communications Regulation (“ComReg”) is the regulator of postal services in Ireland. Our remit for regulation of post comes from a European Directive transposed into Irish law, the Postal Act¹. ComReg’s role is to ensure that communications markets operate in the interests of end-users and society. Through effective and relevant regulation, we facilitate the development of a competitive communications sector in Ireland that attracts investment, encourages innovation, and empowers consumers to choose and use communications services with confidence.
- 1.2 ComReg’s regulatory role for post is largely in relation to the universal postal service, a set of postal services that face limited competition. In the absence of effective competition, the regulation of the universal postal service ensures the provision of specific postal services to all, at an affordable price and to a sufficient level of quality. In Ireland, the universal postal service largely consists of the delivery of letters for individuals and businesses. There are very little parcels that come within the universal postal service, as parcel delivery is largely commercial with many different parcel delivery operators in Ireland.
- 1.3 The Postal Act sets the regulation of the universal postal service and has designated An Post to provide the universal postal service until 2023. As a result, ComReg’s role includes the following:



- 1.4 In addition to the regulation of universal service and the universal postal service provider, ComReg has a consumer dispute resolution role for all postal service providers. This means that if a postal service user is not satisfied with all the steps taken by an authorised postal service provider to resolve their complaint, ComReg can then help resolve the dispute².
- 1.5 ComReg has no role for the following:
- other various non-postal services that are provided by postal service providers;
 - operational decisions regarding the post office network, these are decided by An Post;
 - Eircode - this is the responsibility of the Department of the Environment, Climate and Communications;
 - price approval of universal postal service prices; these prices are decided by the universal postal service provider, An Post.
- 1.6 ComReg is required to set its strategy for postal regulation every two years. By a Call for Inputs³, ComReg commenced this process. This process continued by a public consultation on the proposed Postal Strategy Statement⁴ and is now ended by this Postal Strategy Statement.

¹ Communications Regulation (Postal Services) Act 2011, as amended.

² See <https://www.comreg.ie/advice-information/postal/dispute-resolution/>

³ ComReg Document No. 21/67 - <https://www.comreg.ie/publication/call-for-inputs-postal-regulation-strategy>

⁴ ComReg Document No. 21/100 - <https://www.comreg.ie/media/2021/10/ComReg-21100.pdf>

- 1.7 It is an opportune time for ComReg to review its strategy for postal regulation given that the extraordinary challenges caused by the Covid-19 pandemic have confirmed and reinforced the importance of post as an essential service. At the same time, it accelerated the trend of increased digital communication and the rapid growth in online shopping on the postal sector.

These trends have the following impacts on the postal sector:

- Increasing digital communications is decreasing the demand for letters. This creates challenges for the postal sector and the continued need to drive for efficient delivery of fewer letters.
- Online shopping is increasing the demand for parcels. This creates opportunities and challenges for the postal sector for the efficient and environmentally sustainable delivery of more parcels.

- 1.8 This Postal Strategy Statement reflects:

- consideration of the inputs received⁵ and response to the public consultation⁶ to inform this Postal Strategy Statement, where relevant these are discussed;
- the changed postal sector;
- the challenges facing the postal sector now and into the future.

⁵ Inputs were submitted by (1) Age Friendly Ireland / Older People's Council (2) An Post (3) Consumers' Association of Ireland ("CAI") (4) Chambers Ireland (5) Irish Business and Employers Confederation ("IBEC") (6) Irish Rural Link ("IRL") (7) Member of the public (8) Member of the public (9) UPS and are published as ComReg Document No. 21/100s

⁶ An Post - published as ComReg Document No. 21/122s with Response to Consultation as ComReg Document No. 21/122a

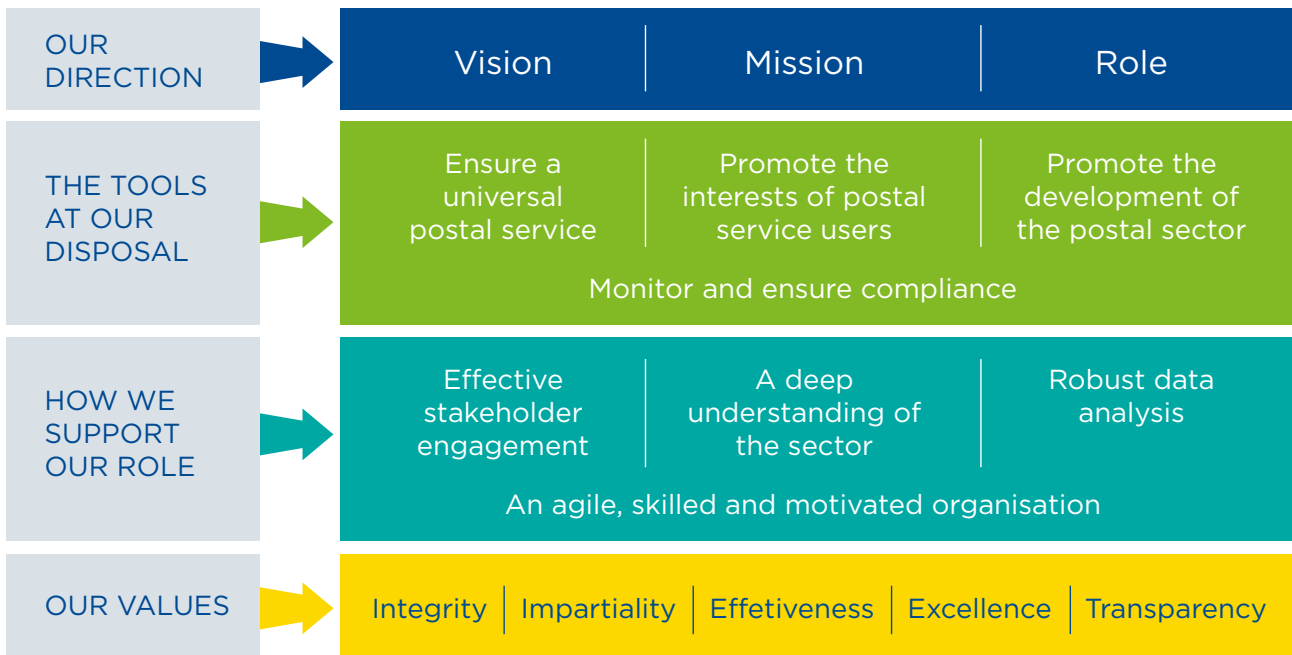
CHAPTER 2

EXECUTIVE SUMMARY

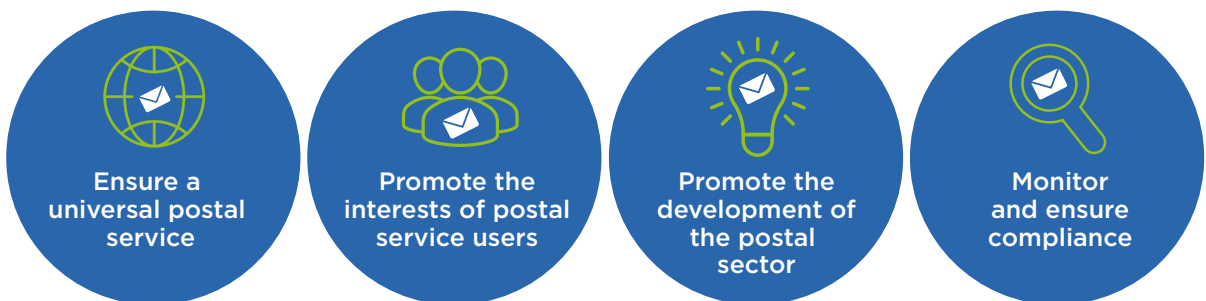
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- 2.1 ComReg is the statutory body responsible for the regulation of the postal services in the Republic of Ireland⁷. ComReg’s statutory functions and objectives for post are set by Irish legislation (“the Postal Act”)⁸ that transposes a European Directive⁹.
- 2.2 ComReg is required to set its strategy for postal services regulation every two years¹⁰.
- 2.3 In setting our strategy for postal services regulation for the period 2022 - 2024, our Strategic Framework is as follows.

Figure 1. ComReg’s Strategic Framework



- 2.4 Our Mission and Role, Vision, and Values were set by our recent Strategy Statement for the Electronic Communications Sector¹¹ as set out in Annex 1. These also apply for postal regulation.
- 2.5 For postal regulation, the tools we have to deliver our role come from our legal remit and can be categorised into four broad areas:

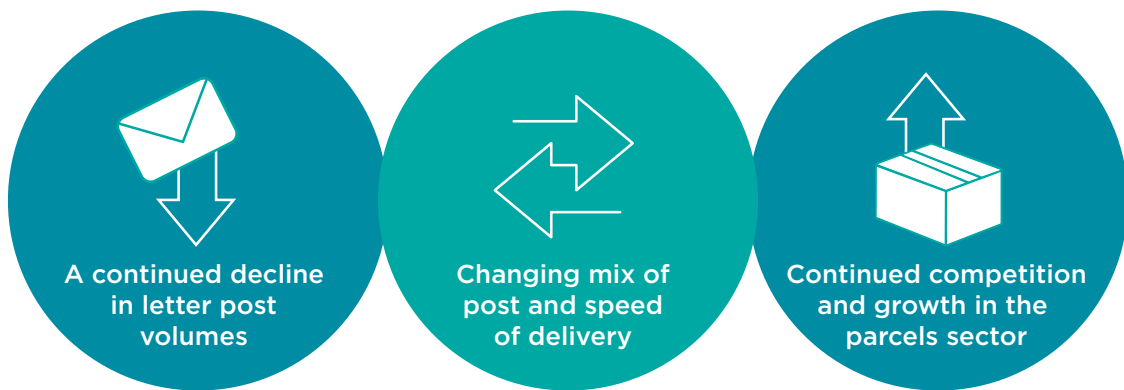


7 All financial and other non-postal services which are provided at “post offices” are outside the definition of “postal services” and therefore such services are outside the regulatory remit of ComReg.
 8 Communications Regulation (Postal Services) Act 2011, as amended.
 9 The objectives for postal services regulation have been implemented in EU law through the European Postal Services Directive - Directive 97/67/EC. This directive established a regulatory framework for European postal services and was amended by Directive 2002/39/EC and Directive 2008/6/EC..
 10 ComReg’s last Postal Strategy Statement 2020 - 2022 can be found at <https://www.comreg.ie/media/2019/12/ComReg-19113DESIGN.pdf>.
 11 ComReg Document No. 21/70 - <https://www.comreg.ie/publication/electronic-communications-strategy-statement-2021-2023>

- 2.6 Underpinning our ability to deliver our role is obtaining a deep understanding of the sector. We do this by:
- effective stakeholder engagement;
 - robust data gathering and analysis.
- 2.7 This Postal Strategy Statement is set by the following:
- a discussion of the strategic context, principal trends and challenges shaping the postal sector¹²;
 - given this strategic context, a series of Goals, organised by Strategic Intentions.

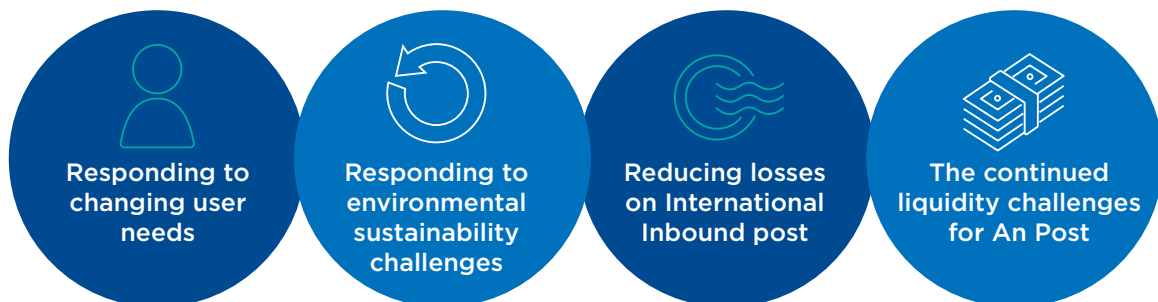
2.1 Strategic Context

- 2.8 We have identified three principal trends which are shaping and are likely to continue to shape the postal sector:



PRINCIPAL TRENDS

- 2.9 Given these three principal trends and other factors, we have identified the following four principal challenges:



PRINCIPAL CHALLENGES

- 2.10 The trends and challenges require action by a number of different parties. Where ComReg has a role or remit in addressing these challenges, we have considered these in developing our Goals as follows.

¹² Including discussion of relevant stakeholder inputs

2.2 Postal Strategy – Goals by Strategic Intent



Strategic Intent 1 – Ensure a universal postal service

There is a universal postal service that meets the reasonable needs of postal service users

STRATEGIC GOALS:

- GOAL 1** ➔ Ensure a universal postal service that meets the reasonable needs of postal service users
- GOAL 2** ➔ Consider the designation of universal postal service provider(s)
- GOAL 3** ➔ Monitor compliance with universal postal service requirements



Strategic Intent 2 – Promote the interests of postal service users

Postal service users can choose and use postal services with confidence

STRATEGIC GOALS:

- GOAL 4** ➔ Empower postal service users by ensuring the availability of accurate and appropriate information
- GOAL 5** ➔ Protect postal service users by ensuring the availability of complaints and redress procedures
- GOAL 6** ➔ Engage with consumer interest groups



Strategic Intent 3 – Promote the development of the postal sector


A postal sector that delivers high quality services, innovation, and choice

STRATEGIC GOALS:

- GOAL 7** ➔ Promote the development of the postal sector by providing research, data, and information
- GOAL 8** ➔ Facilitate the development of the postal sector by delivering our legal remit
- GOAL 9** ➔ Facilitate the development of the postal sector by considering other remits that impact the postal sector

CHAPTER 3

STRATEGIC CONTEXT

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3.1 To inform our strategy, we first consider the strategic context of the postal sector. This strategic context identifies the principal trends and challenges facing the postal sector.

3.1 Trends

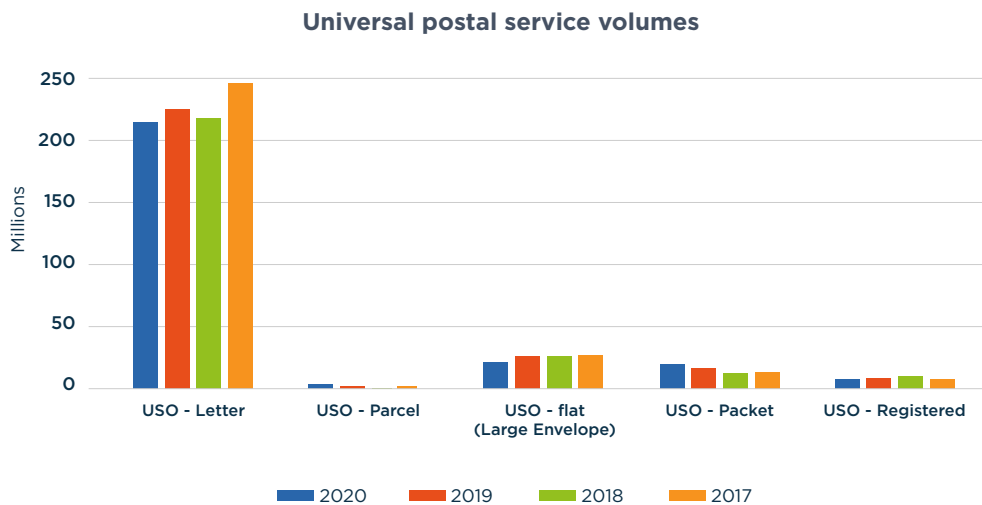
3.2 We have identified three principal trends:

1) A continued decline in letter post volumes

3.3 Most letter post is delivered by An Post. Most letter post is business related, for example, bills, statements. Banks, utilities, government account for most of the letter post sent. These large posters of letters are sending fewer letters with more of these letters being substituted by digital communications; for example, online accounts and email. The decline in this letter post could continue further; for example, the State is exploring the use of a digital postbox¹³.

3.4 It is important to understand what this trend means for the universal postal service as the universal postal service obligation (“USO”) largely consists of letters, as seen in Figure 2.

Figure 2. Universal postal service is largely letters



Source: ComReg analysis of An Post Regulatory Accounts

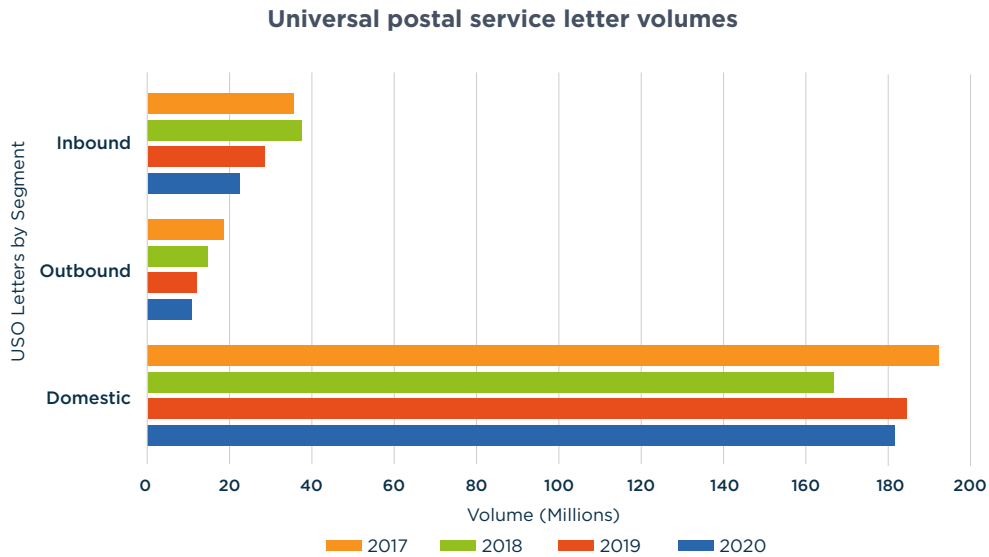
3.5 These universal postal service letters are largely posted in Ireland for delivery in Ireland (“domestic”), as seen in Figure 3 below.



Most letter post is business related, for example, bills, statements

¹³ Digital Postbox as an alternative to the delivery of physical post. It will enable Public Sector Bodies to send letters, messages, and documents electronically, in a secure and efficient manner - <https://digitalpostbox.ie/>

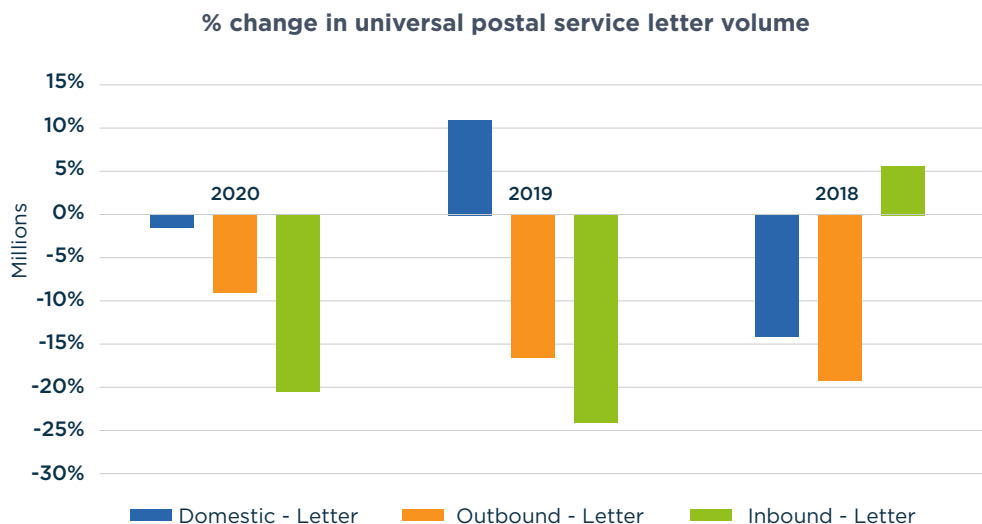
Figure 3. Universal postal service letter volume is largely domestic



Source: ComReg analysis of An Post Regulatory Accounts

3.6 However, of interest, within the universal postal service, there have been letter volume declines¹⁴, but these declines have been largely on inbound letters, that is letters posted abroad for delivery in Ireland. In 2020, the domestic universal postal service letter only had a small decline, as seen in Figure 4.

Figure 4. Universal postal service letter volume decline



Source: ComReg analysis of An Post Regulatory Accounts

3.7 Therefore, the trend of letter volume declines in the universal postal service may be stabilising. The volume trend for 2021 will be of interest, particularly as the price of stamped letters in the universal postal service was increased in May 2021¹⁵.

14 2019 shows increase due to reclassification of certain bulk mail services to be within the universal postal service.

15 There had been no price increase on the stamped letter in 2018 - 2020.

Large senders of letters (banks, utilities, government) largely use a letter service with delivery within 3 working days



2) Changing mix of letter post and speed of delivery

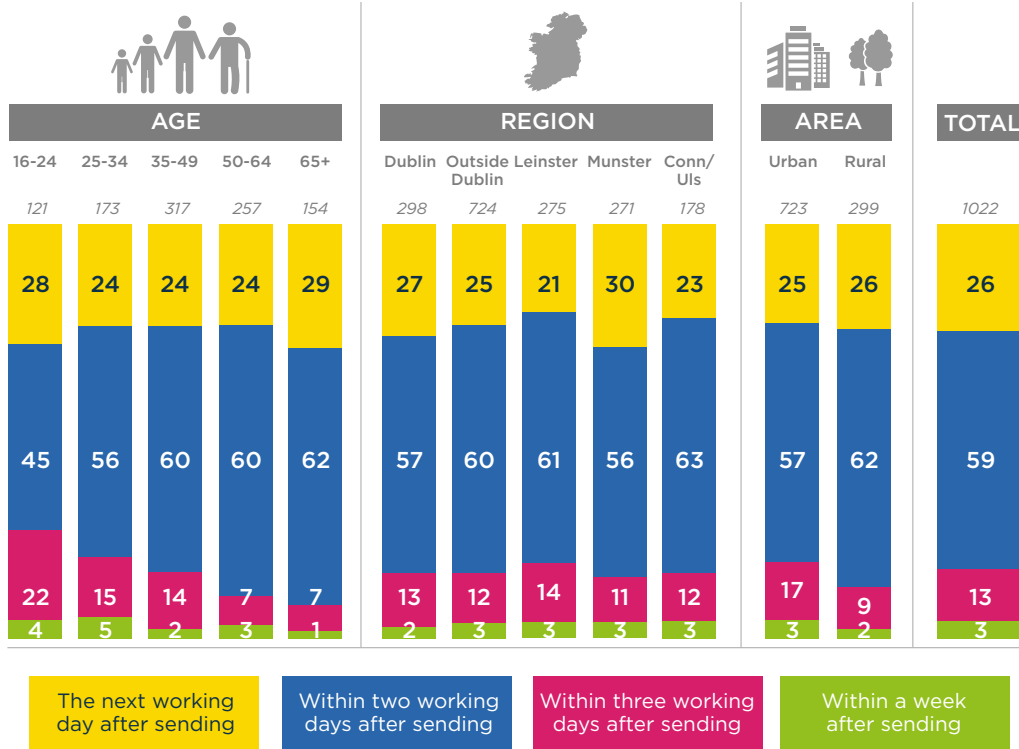
- 3.8 Large senders of letters (banks, utilities, government) largely use a letter service with delivery within 3 working days. This service is priced at a large discount to the price of next day delivery. This service is not a universal postal service but a commercial service to these large senders of letter post. As a result, most letter post is not sent using next day delivery.
- 3.9 Currently, single piece letter post sent by the general public and Small and Medium sized Enterprises (“SMEs) is only next day delivery. There is no service to the general public that offers a choice to use a slower delivery speed (at a lower price).
- 3.10 This changing mix of letter post and speed of delivery has been considered by An Post. An Post has notified ComReg of its intention to offer a new letter post service to the general public, with delivery within 2 working days¹⁶. This service would be in addition to the required next day delivery service. In its submission, An Post has asked ComReg to add this proposed single piece letter service of delivery within 2 working days to the universal postal service.
- 3.11 Certain submissions to ComReg’s Call for Inputs¹⁷ have welcomed An Post’s proposal for a choice to have letter post delivered within 2 working days. Some have noted this would be an environmentally sustainable initiative as there would not be a need for the post person to deliver to the home / business every working day.
- 3.12 Other submissions to ComReg’s Call for Inputs¹⁸ have noted the continued importance of next day delivery for:
- businesses, particularly SMEs;
 - certain users, particularly elderly and digitally disadvantaged.
- 3.13 These submissions reflect the findings of research¹⁹ on a representative sample of adults in Ireland (note this research did not survey SMEs; SMEs are significant users of post):
- 7 in 10 claim next day delivery of letter post is important to them;
 - Next day delivery of letter post is most important to the over 50 age group;
 - 9 in 10 feel the price of sending letters needs to be kept affordable;
 - Almost 6 in 10 view two working days after sending as a reasonable speed of delivery for letter post, as seen below:

16 Notified by An Post to ComReg 30 September 2020 – see Schedule 28 and 29 https://www.comreg.ie/media/2020/10/200930_An_Post_Notification_Declaration.pdf

17 An Post, Chambers Ireland, IBEC

18 Age Friendly Ireland / Older People’s Council, Chambers Ireland, CAI, Irish Rural Link

19 Commissioned by ComReg and conducted by B&A – see ComReg Document No. 21/100a - <https://www.comreg.ie/media/2021/10/ComReg-21100a.pdf>



Source B&A - Q. In relation to the speed of delivery of letter post, what is your reasonable need?

3) Continued competition and growth in the parcels sector

3.14 The delivery of parcels is a growing competitive sector with e-commerce being the driver of growth. Recent research²⁰ found the following dynamics on competition and growth in the Irish parcel delivery sector:

(a) **Sector concentration appears to be declining:**

The share of the four largest operators by value decreased by 7% between 2013 and 2019, while it increased by less than 1% in terms of volume. The makeup of the top four operators by volume changed between 2013 and 2019. A long tail of smaller specialised operators remains a key feature of the sector.

(b) **New operators have entered in recent years:**

Amazon operates a delivery warehouse in Dublin for certain Amazon products. This delivery service makes use of small-scale 'Amazon delivery partners'.

(c) **Price competition between operators appears to have intensified:**

Price per parcel has been static or even declining in the last five years.

(d) **Operators appear to have a good understanding of the needs of e-commerce sellers, and sellers demonstrate a good understanding of consumers' needs:**

There is a high level of satisfaction with parcel delivery operators amongst e-commerce companies and SMEs. However, satisfaction is lower in relation to international deliveries.

3.15 According to An Post and Chambers Ireland, these research findings show that Irish parcel delivery sector is growing and competitive.

20 Commissioned by ComReg and conducted by Frontier Economics / B&A. See ComReg Document No. 21/59 - https://www.comreg.ie/publication/e-commerce-parcel-delivery-in-ireland-report?pub_type=research

- 3.16 Both An Post and UPS submit that there is no need for further regulation on parcel delivery.
- 3.17 However, some concerns have been submitted on the continued competition and growth in the parcels sector.
- 3.18 Both Chambers Ireland and An Post submit concerns with different employment contracts used by certain parcel delivery operators:
- Chambers Ireland: “... new players that enter the parcel segment often use new business models, such as new technologies and different employment contracts. Amazon and Fastway Couriers are two business examples that offer competitive user rates and contracts but are not regulated to the same extent. This leads to largescale regulatory arbitrage, whereby these firms take advantage of the rules and regulations in order to overcome competition – in this case, An Post.”
 - An Post: “An Post will continue to fight against the excesses of the gig economy, and in contrast promote the dignity and respect of the postal profession, both for the sake of employees and customers.”
- 3.19 Concerns have also been submitted on the environmental impact of the growth in parcel deliveries:
- Chambers Ireland: “... changes in the product mix (from letters to parcels) have important implications for postal operators’ environmental footprint because parcel delivery requires significantly more logistical and transportation capacity than letters, creating a challenge for postal operators to reduce their environmental footprint. In 2020, An Post reported that they had a slight increase in emissions with 3,300 tonnes of carbon specifically related the increase in parcel deliveries as bricks and mortar retail networks were closed. Although An Post has increased its number of EVs, diesel vehicles still make up a sizeable portion of its fleet with the associated carbon emissions. This will need to be urgently tackled if the national provider is to stay on track with its decarbonisation strategy.”
- 3.20 Given the growth in parcels, environmental sustainability is a challenge for parcel delivery operators.
- 3.21 There is also the ongoing challenge for parcel delivery operators arising on parcels from Britain following Britain’s exit from the European Union (“EU”) and the EU Customs 2020 requirements²¹. This presents challenges for parcel delivery operators on customs declarations and payments as the new customs requirements²² require additional electronic information on goods entering Ireland from non-EU countries.



The delivery of parcels is a growing competitive sector with e-commerce being the driver of growth

²¹ https://ec.europa.eu/taxation_customs/national-authorities/customs-2020_en

²² ComReg has no remit for the Customs framework for postal services

3.2 Challenges

3.22 Given these 3 principal trends and other factors, we have identified the following four principal challenges:

1) Responding to changing user needs

3.23 Users' needs are changing. With digital communications users are less reliant on letters. However, with increased e-commerce, users are more reliant on parcel delivery. Post-pandemic the national delivery of parcels is more of an essential service.

LETTERS:

3.24 The use of letters is declining. This is largely a challenge for An Post as the largest deliverer of letter post in Ireland. To date, An Post has largely increased prices to mitigate the lost revenue from fewer letters.

3.25 Another option is to save costs by examining the design of its postal network for fewer letters. An Post is now exploring this option with its proposed introduction of a new single piece letter service with delivery within 2 days. An Post proposes to redesign its postal network based on take-up of this new letter post service by the general public and SMEs. According to An Post, this redesign of its postal network would lead to cost savings.

3.26 Certain submissions to ComReg's Call for Input²³ have asked ComReg to add this new letter post service to the universal postal service. According to An Post, this will "secure the long-term sustainability of the universal postal service, while delivering cost savings and environmental benefits through the introduction a lower frequency service, in addition to maintaining a next day service for customers who want or need it."

3.27 Certain submissions have noted that next day delivery of letters remains important, for example, for SMEs and for users receiving State and medical correspondence. With regard to State and medical correspondence, it is likely that this will transition to electronic communication in the future²⁵. The pace of this transition is unknown but, for example, Covid-19 vaccination communications has shown that digital communication can be used successfully for State correspondence.

PARCELS:

3.28 The use of parcels is increasing with increased e-commerce. The public is largely the receivers of parcels. Research²⁶ and submissions²⁷ have noted a strong competitive dynamic for parcel delivery with many operators delivering for e-commerce companies.

3.29 Certain submissions²⁸ have stated the greater need for clarity on how parcel deliveries are regulated. Considerations here include the contractual relationship, for example between the user as receiver, the e-commerce company as the supplier to the user, and the parcel delivery operator as the supplier to the e-commerce company.

²³ An Post, Chambers Ireland, IBEC

²⁴ Age Friendly Ireland/ Older Peoples Council, Chambers Ireland, Irish Rural Link

²⁵ The State is exploring Digital Postbox as an alternative to the delivery of physical post. It will enable Public Sector Bodies to send letters, messages, and documents electronically, in a secure and cost-efficient manner - <https://digitalpostbox.ie/>

²⁶ Commissioned by ComReg and conducted by Frontier Economics / B&A. See ComReg Document No. 21/59 - https://www.comreg.ie/publication/e-commerce-parcel-delivery-in-ireland-report?pub_type=research

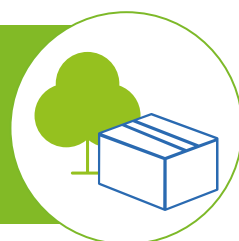
²⁷ An Post, UPS

²⁸ A member of the public, Irish Rural Link

2) Responding to environmental sustainability challenges

- 3.31 It is recognised that the postal sector must support and advance the objectives of the UN Sustainable Development Goals regarding climate action (Goal 13)²⁹. The increase in parcel deliveries has an impact on environmental sustainability goals, for example carbon emissions and circular economy considerations. Postal and parcel delivery operators are already acting and seeking further ways to respond to the challenge.
- 3.32 As Chambers Ireland states *“The green transformation represents a significant challenge for postal services, because at the same time the parcel business is growing and the number of deliveries is constantly increasing. Studies show that ‘last mile’ delivery significantly increases CO2 emissions and urban traffic congestion. The ‘last mile’ will be a key battleground in the future to manage both environmental sustainability problems ...”*
- 3.33 An Post, Chambers Ireland and Irish Rural Link submit that the switch to electric vehicles and the continued use of (electric) bicycles in urban areas is helping the postal service’s sustainability challenges.
- 3.34 UPS also submits that its development of urban logistics hubs will mean parcel sortation within cities with resultant less congestion in and out of cities.
- 3.35 Chambers Ireland and UPS submit that more parcel lockers are needed as an environmentally sustainable last mile solution. UPS submits that there is a need for *“simple planning approval processes which will create a fair and transparent competition with postal services who do not currently need to obtain planning permission for their lockers.”*
- 3.36 Regarding circular economy considerations, An Post submits that it *“supports the minimisation of packaging materials and that is why it is planning on the introduction of size (volume in litres) based charging, which will incentivise the use of less packaging”*.
- 3.37 Regarding opening access to last mile infrastructure to promote sustainable delivery, according to An Post, this would only have a positive impact on sustainability if An Post’s parcels delivery last mile infrastructure was not operating at capacity. Furthermore, according to An Post, it is not clear that there would be demand for access to An Post’s last mile network. This is because parcel delivery operators need to be able to control and keep track of all their deliveries so are unlikely to want to lose operational control of the final stage of delivery.
- 3.38 It is clear from the above that postal and parcel delivery operators are responding to this challenge. This remains a key challenge now and into the future given Ireland’s ambitious objectives on climate action arising from the Climate Action and Low Carbon Development (Amendment) Act 2021³⁰.

The increase in parcel deliveries has an impact on environmental sustainability goals

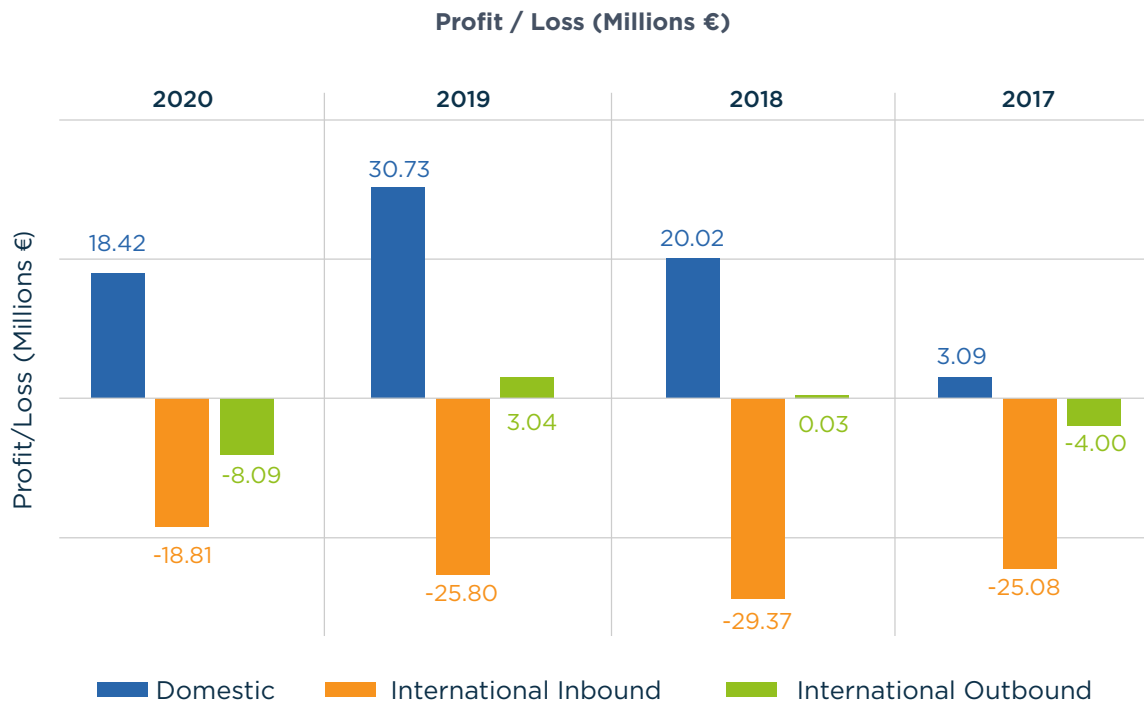


³⁰ <https://www.gov.ie/en/press-release/9336b-irelands-ambitious-climate-act-signed-into-law/>

3) Reducing losses on International Inbound post

3.39 International inbound post is posted abroad for delivery in Ireland. An Post recovers the cost of this post through terminal dues agreements. In some cases, An Post sets and agrees these terminal dues; in other cases, it is an agreement among many national postal operators. Overall, these terminal dues agreements are not covering An Post’s costs. These has been the case for a number of years, but the situation is improving with losses reducing from almost €30m in 2018 to a loss of almost €19m in 2020. But the losses remain significant, especially when compared to the profit on domestic universal postal service.

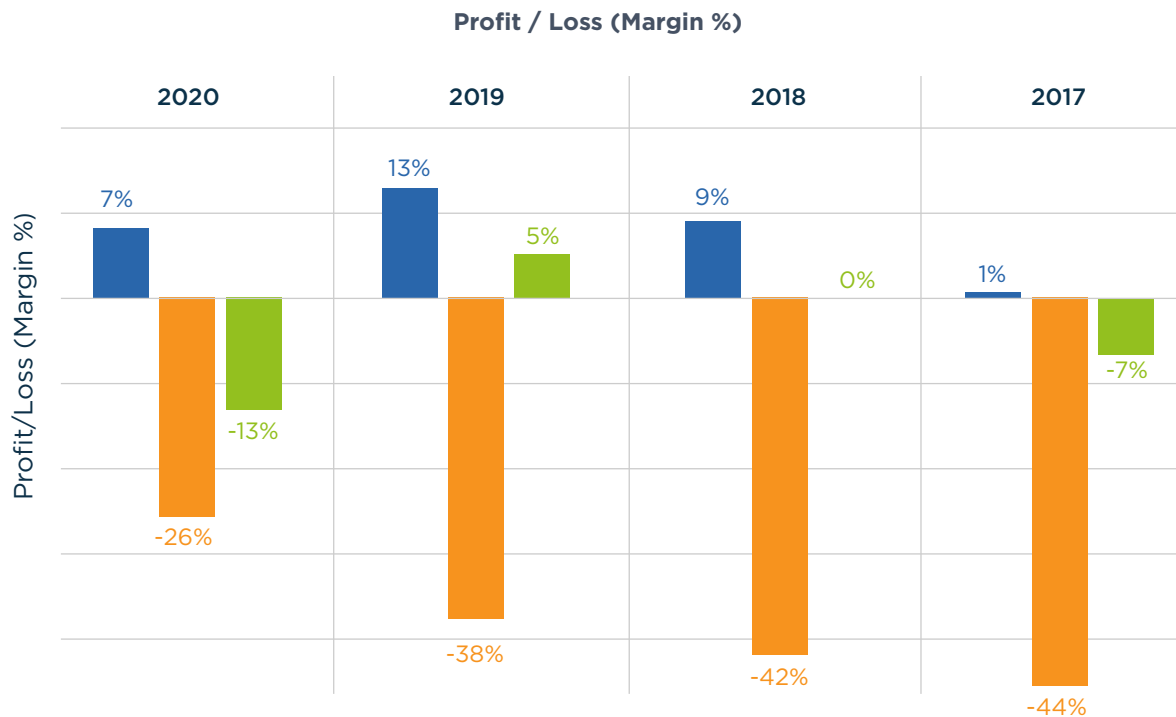
Figure 5. International inbound losses



Source: ComReg analysis of An Post Regulatory Accounts

3.40 The profit / loss margin % shows that domestic universal postal service had a profit margin of 7% in 2020 but international inbound had a significant loss % of -26% in 2020.

Figure 6. International inbound loss % is very high



Source: ComReg analysis of An Post Regulatory Accounts

3.41 The significant losses on international inbound post are largely a challenge for An Post. ComReg's role on international inbound post is limited by legislation to a compliance role, requiring An Post, as the current universal postal service provider, to cover its costs in processing and delivering international inbound post within the universal postal service from other EU Member States only. Losses on EU Member States are not as large as other losses on Rest of World. Furthermore, losses are largely on Rest of World packets (that is packets posted from Asia). ComReg's role does not include Rest of World rates (largely set under Universal Postal Union "UPU"³¹) and any bi-lateral rates agreed by An Post with the Royal Mail, following Britain's exit from the EU.

3.42 Though Rest of World packets are the main loss makers, An Post submits that it "does not see any benefit in ComReg becoming involved in the rates payable for inbound international packets as these packet exchanges are either settled at self-declared rates or are already subject to competitive pressures."

3.43 There is already action taken and future action is required to address these losses, such actions for An Post include:

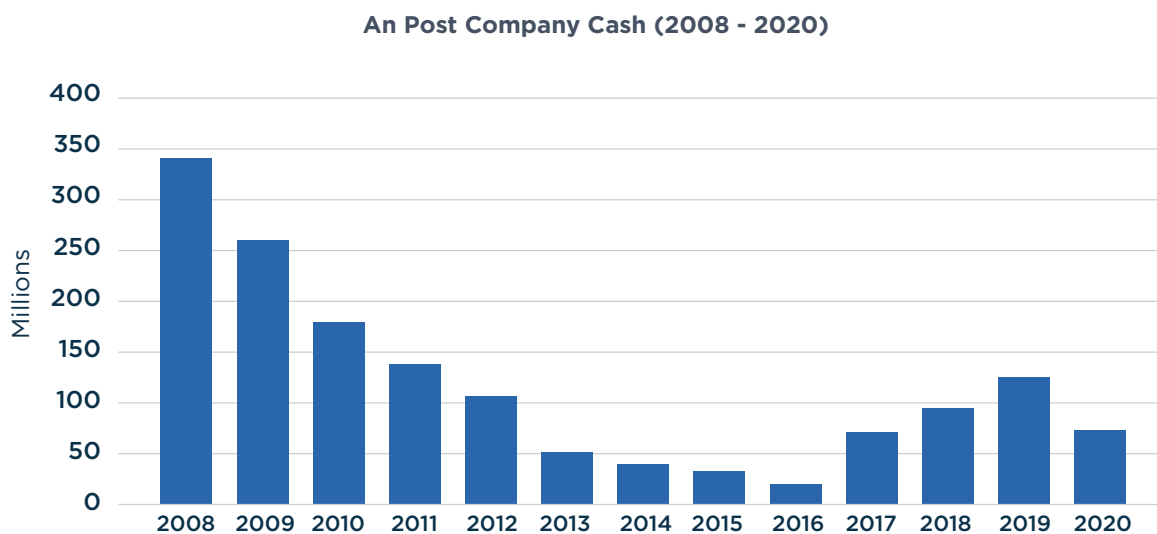
- new terminal dues multi-lateral agreements to increase revenues;
- improved rates for the bi-lateral agreements that An Post has entered.

³¹ The Universal Postal Union is a United Nations specialized agency and the postal sector's primary forum for international cooperation. Ireland became a member of the Union in 1923 and An Post is the designated operator for UPU.

4) The continued liquidity challenges for An Post

3.44 An Post has and continues to face liquidity challenges. At end 2016, An Post’s cash at bank reached the low level of just under €20m. Early 2017, the State repealed ComReg’s price cap on universal postal services by the State. This repeal allowed An Post to increase the price of letters by almost 40% and make other price increases. The price increases and a loan of €30m from the State³² improved the cash position at An Post from 2017 onwards:

Figure 7. An Post Company Cash



Source: ComReg analysis of An Post Annual Reports

3.45 Since then, An Post has made investments in its parcel business and paid staff exits which has reduced the cash holding. The cash position in 2020 also reduced due “... the burden of expensive PPE, COVID-related absence, parcel over-trading costs, ...”³³

3.46 The cash position may improve in the future when longer term cost reductions are evident following An Post’s longer-term strategic plans taking effect. ComReg does not have information or a role on this. Ensuring that An Post remains viable is a matter for An Post management and its shareholder; with NewERA having a review and advice role³⁴.

3.47 ComReg’s role is limited to the universal postal service which accounts for about 40% of An Post Group revenue.


3.48 An Post is currently the sole designated universal postal service provider until August 2023. ComReg would be concerned if further declines in cash jeopardise An Post’s viability and capability to provide the universal postal service.

32 A five-year loan to protect the future of the post office network and the continuation of a five-day postal delivery service to every address in the country - <https://postandparcel.info/84928/news/post/e30m-state-funding-for-an-post/>

33 P8 An Post Annual Report - <https://www.anpost.com/AnPost/media/PDFs/An-Post-Annual-Report-2020.pdf>

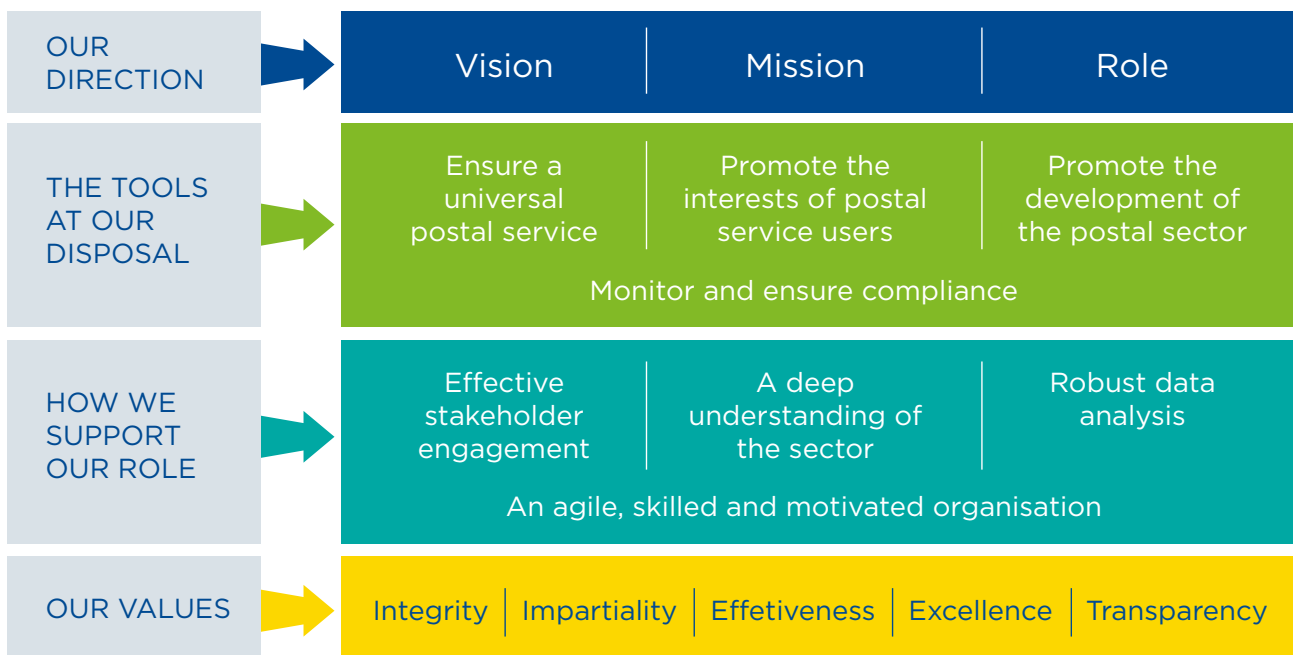
34 See NewERA report published February 2021 (NewERA Annual Financial Review 2019/2020 | NTMA) for details of NewERA annual review of An Post for year ended 2019.

CHAPTER 4
**POSTAL
STRATEGY**

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- 4.1 ComReg’s role and mission, vision, and values were set in its ECS Strategy Statement 2021 – 2023³⁵ and for information are provided in Annex 1 of this statement.
- 4.2 For postal regulation, the tools we have to deliver our role come from our legal remit. The tools can be categorised into four broad areas:
 1. Ensure a universal postal service
 2. Promote the interests of postal service users
 3. Promote the development of the postal sector, and
 4. Monitor and ensure compliance.
- 4.3 Underpinning our ability to deliver our role is obtaining a deep understanding of the sector by effective stakeholder engagement and robust data gathering and analysis.
- 4.4 This relationship is captured in our strategic framework which is illustrated in the Figure 8 below.

Figure 8. ComReg’s Strategic Framework



- 4.5 The trends and challenges identified in Chapter 3 require action by a number of different parties. Where ComReg has a role or remit in addressing these challenges we have considered these in developing our three statements of strategic intent.

35 ComReg Document No. 21/70 - <https://www.comreg.ie/publication/electronic-communications-strategy-statement-2021-2023>

Table 1 – ComReg’s Strategic Intent

	Strategic Intent 1: Ensure a universal postal service	<i>There is a universal postal service that meets the reasonable needs of postal service users</i>
	Strategic Intent 2: Promote the interests of postal service users	<i>Postal service users can choose and use postal services with confidence</i>
	Strategic Intent 3: Promote the development of the postal sector	<i>A postal sector that delivers high quality services, innovation, and choice</i>

4.1 SI 1: Ensure a universal postal service

- 4.6 ComReg has a statutory function to ensure the provision of a universal postal service that meets the reasonable needs of postal service users. Furthermore, ComReg has a statutory objective to promote the availability of a universal postal service within, to, and from the State at an affordable price for the benefit of all postal service users.
- 4.7 ComReg recognises that a co-ordinated and clear regulatory framework relating to the provision of universal postal services is beneficial in providing regulatory certainty.
- 4.8 Therefore, the strategic intention is that there is a universal postal service that meets the reasonable needs of postal service users.

Strategic Intent 1

Ensure a universal postal service

There is a universal postal service that meets the reasonable needs of postal service users

4.2 SI 2: Promote the interests of postal service users

- 4.9 ComReg has a statutory objective to promote the interests of postal service users. In particular, ComReg must ensure a high level of protection for postal service users in their dealings with postal service providers.
- 4.10 Protecting and informing consumers involves ensuring postal service users know:
 - the postal service they are buying;
 - how to raise a complaint if problems arise;
 - the steps that can be taken if the complaint remains unresolved.
- 4.11 Therefore, the strategic intention is that postal service users can choose and use postal services with confidence.

Strategic Intent 2	
Promote the interests of postal service users	Postal service users can choose and use postal services with confidence

4.3 SI 3: Promote the development of the postal sector

- 4.12 ComReg has a statutory objective to promote the development of the postal sector and to facilitate the development of competition and innovation in postal service provision.
- 4.13 Central to ComReg’s regulatory role is the principle that well-functioning markets deliver optimal outcomes in terms of prices, quality, choice, and innovation. In postal regulation, effective competition minimises the specification of the universal postal service as the universal postal service is only required where there is no effective competition. Effective competition also delivers high quality services, innovation, and choice. This is needed given the post-pandemic world of post for the nationwide delivery of parcels being essential.
- 4.14 Therefore, the strategic intention is that there is a postal sector that delivers high quality services, innovation, and choice.

Strategic Intent 3	
Promote the development of the postal sector	A postal sector that delivers high quality services, innovation, and choice

- 4.15 In Chapters 5 to 7 we set out the strategic goals associated with each of these three strategic intentions.

CHAPTER 5

S1 1: ENSURE A UNIVERSAL POSTAL SERVICE



- 5.1 A universal postal service is mandated by the State because the market is not effectively competitive. A universal postal service ensures the provision of postal services to all people in the State, at an affordable price and to a sufficient level of quality.
- 5.2 The universal postal service is a form of protection for postal service users, in particular vulnerable users and those that are digitally disadvantaged.
- 5.3 In Ireland, usage of the universal postal service mainly consists of the posting of letters, a large proportion of which are posted by SMEs.
- 5.4 ComReg has a statutory function to ensure the provision of a universal postal service that meets the reasonable needs of postal service users. Furthermore, ComReg has a statutory objective to promote the availability of a universal postal service within, to, and from the State at an affordable price for the benefit of all postal service users.
- 5.5 The universal postal service required by the Postal Act means that on every working day there is at least one clearance and one delivery to the home or premises of every person in the State.
- 5.6 With regard to the universal postal service, the Postal Act requires ComReg to:
 - specify the universal postal service to ensure that the universal postal service develops in response to the technical, economic, and social environment and to the reasonable needs of the postal service users;
 - review the designation of the universal postal service provider and consider whether a designation of a universal postal service provider is required;
 - monitor for compliance by universal postal service provider(s) with the statutory and regulatory requirements of providing a universal postal service.
- 5.7 This Chapter sets out ComReg’s strategic goals associated with ensuring that there is a universal postal service that meets the reasonable needs of postal service users.

Strategic Intent 1	There is a universal postal service that meets the reasonable needs of postal service users
<i>What does this look like?</i>	<ul style="list-style-type: none"> • A minimum requirements universal postal service that meets the reasonable and changing needs of postal service users • Universal postal service provider(s) comply with the statutory and regulatory requirements of providing the universal postal service

5.8 In this respect, in the upcoming period, ComReg’s goals are to:

Goal 1: Ensure a universal postal service that meets the reasonable needs of postal service users

- 5.9 The postal sector is continuing to change. There is a changing demand dynamic, particularly in the mix of services (more parcels and fewer letters) and on requirements for delivery certainty (fewer letters at next day delivery). ComReg has a statutory function to ensure the provision of a universal postal service that meets the reasonable needs of postal service users. The current universal postal service is largely the next day delivery of letters.
- 5.10 With regard to letter post, An Post has notified³⁶ ComReg of its intention to introduce an additional single piece letters and large envelope service for delivery within 2 working days.

35 Schedule 28 and 29 dated 30 September 2020 - https://www.comreg.ie/media/2020/10/200930_An_Post_Notification_Declaration.pdf

This new service could be more popular with users with a resultant reduced use of the next day delivery letter service in the universal postal service.

- 5.11 If An Post launches its new letter post service with delivery within 2 working days, it is for ComReg, following a legally required public consultation, to decide whether such a service should be included in the universal postal service. Including the new service in the universal postal service would mean that it is subject to the regulation applicable to universal services. Universal postal service regulations give users greater protections on price, quality, and access. However, if the new service is not included in the universal postal service, then only consumer disputes in respect the service would be regulated.
- 5.12 An Post has called on ComReg to add its proposed new letter service to the universal postal service in order to *“secure the long term sustainability of the universal postal service, while delivering cost savings and environmental benefits.”*
- 5.13 Chambers Ireland *“welcomes”* An Post’s proposed new letter service proposed by An Post *“which would allow customers to choose the prioritisation of their post.”*
- 5.14 IBEC also submits that An Post’s proposed new letter service should be added to the universal postal service *“to allow for the development of a greener postal service across the country.”*
- 5.15 However, there are some concerns submitted about An Post’s proposed new letter service:
- Age Friendly Ireland, Older People’s Council: *“... could potentially increase social isolation in older adults, particularly those in rural communities. ... With a reduced service and less frequent post visits, older adults will not have the same social contact as before.”*
 - Consumers Association of Ireland: *“The suggestion of a deferred delivery service, which would provide a choice to the consumer, nonetheless, gives rise to concerns ... that this would introduce a tiered system of pricing for a new, sub-standard of delivery service.”*
- 5.16 Submissions also note that the next day delivery of letters needs to remain available:
- Chambers Ireland: *“certain sectors of the economy have built their services around the expectation of next day delivery which needs to remain available as an option for such businesses.”*
 - Consumers’ Association of Ireland: *“(t)here is high reliance upon next day delivery from many sources domestic, business, legal and State. It must be preserved as a basic universal provision ... it must be retained at an affordable cost ...”*
- 5.17 Given submissions, ComReg plans to commence a public consultation process on whether An Post’s proposed new letter service for delivery within 2 working days should be added to the universal postal service. This would be in addition to the required next day delivery of letters. An Post agrees with this public consultation³⁷.
- 5.18 A decision on this possible addition will be subject to:
- responses to the required public consultation;
 - any other evidence; and
 - whether An Post launches the service or not³⁸.

³⁷ Response to public consultation published at 21/122s

³⁸ The launch and implementation of such a service is a commercial decision of An Post. The decision for ComReg, following the required public consultation is, if such a service is launched by An Post, whether it would be appropriate to make regulations specifying the new service to be provided by the universal postal service provider, currently An Post, as part of the universal postal service

- 5.19 This public consultation process will also consider what other changes to the universal postal service are required to meet the reasonable needs of postal service users.
- 5.20 Separately, the Postal Services Directive may be subject to future change, but no timetable has been set for this by the European Commission. This change may be to allow more national flexibility as the European Commission³⁹ has stated: *“there may be a case for reassessing what products, services and related features need to be included in the universal service obligation and how they should be regulated. This would include reassessing the level of flexibility needed by Member States to adapt their national regulation of universal services to domestic circumstances.”* ComReg will use its understanding and research on the reasonable needs of users to inform relevant stakeholders in the context of this assessment of the Postal Services Directive.
- 5.21 With regard to parcels, nationwide parcel delivery is now more essential in a post-pandemic world. ComReg will continue to monitor developments in parcel delivery. Research⁴⁰ and submissions⁴¹ have noted a strong competitive dynamic for parcel delivery. For both sending and receiving parcels, it is reasonable that users can access and use a reliable parcel service for delivery nationwide. The current universal postal service specification provides this safeguard of access to a basic parcel service with nationwide delivery. This safeguard is in addition to the other numerous competitive parcel delivery offers available. The European Commission has noted that the competitive state of parcel delivery services across Member States raises questions regarding the extent to which parcel delivery services should be part of the future universal service obligation: *“The presence of multiple operators and delivery options available in the parcel delivery market raises questions about the necessity of having parcel delivery in the scope of the universal service and whether postal users could be equally served at the same (or lower) price without a universal service obligation.”*³⁹

Goal 2: Consider the designation of universal postal service provider(s)

- 5.22 The Postal Act designated An Post as the sole universal postal service provider until August 2023. ComReg has set out the procedures for the review and decision on the designation of universal postal service provider(s)⁴². Before the designation expires in August 2023, ComReg will consider whether a designation is still needed, or if a designation is needed, what designation is needed and what postal service provider(s) are to be designated.

Nationwide parcel delivery is now more essential in a post-pandemic world



³⁹ At p. 5 of REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the application of the Postal Services Directive (Directive 97/67/EC as amended by Directive 2002/39/EC and 2008/6/EC)

⁴⁰ Commissioned by ComReg and conducted by Frontier Economics / B&A. See ComReg Document No. 21/59 - https://www.comreg.ie/publication/e-commerce-parcel-delivery-in-ireland-report?pub_type=research

⁴¹ An Post, UPS

⁴² Document No. 19/64a dated 26 June 2019 - <https://www.comreg.ie/publication/postal-universal-service-provider-designation-procedures>

Goal 3: Monitor compliance with universal postal service requirements

- 5.23 A designated universal postal service provider is legally required:
- To provide a universal postal service in accordance with the obligations imposed by or under the Postal Act;
 - To provide identical services to postal service users under comparable conditions; and
 - To comply with the terms and conditions of its universal postal services provision.
- 5.24 Where ComReg is of the opinion that a universal postal service is failing, or has failed, to comply with any of the universal postal service requirements, it may issue a direction to a universal postal service provider to ensure compliance.
- 5.25 ComReg will continue to monitor universal postal service provider(s) compliance with regulatory obligations, either in response to complaints, or following investigations on its own initiative. ComReg may then take appropriate enforcement action, as necessary, to remedy any non-compliance. ComReg is and will always be proportionate on this.
- 5.26 ComReg is legally required to monitor the universal postal service provision as follows:

QUALITY OF SERVICE PERFORMANCE

- 5.27 Without effective competition, quality of service standards are necessary for single piece universal postal services to ensure that postal service users receive the appropriate service for which they have paid.
- 5.28 As required by the Postal Act, ComReg has set performance standards of
- 94% for next working day delivery; and
 - 99.5% delivery within three days of posting for single piece mail items in the State⁴³.
- 5.29 The Postal Act requires ComReg to, at least once a year, monitor compliance with the quality-of-service standards, and publish a report on the results of the monitoring exercise⁴⁴. ComReg has contracted with an independent organisation to undertake the monitoring on its behalf. The measurement relates to domestic single piece post only.
- 5.30 ComReg has and will continue to engage with An Post on its quality-of-service performance. Where ComReg is of the opinion that the universal postal service provider has not met the quality-of-service standards it may give a direction to the universal postal service provider to take corrective action. However, compliance action can take significant time and resources. It also requires legal action if the universal postal service provider does not comply with the direction. Furthermore, ComReg has no powers to administer fines/penalties in the case of non-compliance.
- 5.31 Given the increased importance of universal postal service parcel post, ComReg will consider whether and how to monitor the performance of universal postal service parcels.

⁴³ Further details can be found in ComReg Document 15/126 - https://www.comreg.ie/media/dlm_uploads/2015/12/ComReg15126.pdf

⁴⁴ Results are also published by ComReg at Regulation of Quality | Commission for Communications Regulation (comreg.ie) and by An Post at Customer service charter | An Post

PRICING

5.32 ComReg is tasked to ensure that a universal postal service provider's pricing of its universal postal services comply with the tariff requirements of the Postal Act as follows:

- Prices must be affordable, so that all postal service users may avail of the services provided;
- Prices must be cost-oriented;
- Prices must be the same throughout the State;
- Prices must be transparent and non-discriminatory.

5.33 The following points are pertinent:

- ComReg has no price approval role. ComReg cannot intervene before the universal postal service provider changes its prices. The universal postal service provider has pricing freedom on setting the prices of universal postal services.
- If prices do not comply with the tariff requirements, ComReg can only take compliance action after the price changes are made by An Post. ComReg's intervention is limited to the issue of a direction to the universal postal service provider to ensure compliance which would result in legal action where the direction is not complied with. Compliance action can take significant time and resources and it would likely take time to reverse non-complaint prices that have taken effect. Furthermore, ComReg has no powers to administer fines/penalties in the case of non-compliance.

REGULATORY ACCOUNTS

5.34 ComReg will continue to monitor compliance by a universal postal service provider with the Accounting Direction⁴⁵. The audited regulatory (separated) accounts are critical information for ComReg to assess:

- how the universal postal service is performing financially;
- universal postal services' prices for compliance with the cost orientation tariff requirement of the Postal Act;
- other regulatory requirements.

5.35 In its submission, An Post requested ComReg to evaluate the appropriateness of the Accounting Direction given the current landscape of increased parcels in a competitive sector and a declining universal postal letter service. ComReg will consider whether an updated Accounting Direction is required to ensure accurate cost allocations between letters and parcels and that the universal postal service is not cross-subsidising increased commercial parcel costs.

TERMS AND CONDITIONS FOR UNIVERSAL POSTAL SERVICES

5.36 A universal postal service provider meets its universal postal service in accordance with its terms and conditions. As required by the Postal Act, such terms and conditions must not have a significantly adverse effect on postal service users and must meet their reasonable needs. Where a universal postal service provider proposes to amend its terms and conditions for the universal postal service, we will consider the reasonable needs of postal service users and ensure that the amended terms and conditions meet these needs.



ComReg has no price approval role

TERMINAL DUES

- 5.37 In order to ensure the cross-border provision of the universal postal service, a universal postal service provider is legally required to ensure that its agreements on terminal dues for cross-border post within the EU comply with the following requirements:
- Terminal dues shall be fixed to the costs of processing and delivering incoming cross-border post;
 - Levels of remuneration shall be related to the quality of service achieved;
 - Terminal dues shall be transparent and non-discriminatory.
- 5.38 We will monitor universal postal service provider(s) compliance with these requirements.

ASSESSMENT OF EUROPEAN CROSS-BORDER PARCEL TARIFFS

- 5.39 As required by the European cross border parcel delivery regulation⁴⁶, ComReg has and will continue to assess whether An Post's cross-border parcel tariffs are 'unreasonably high' and pass that assessment to the European Commission. ComReg has and will publish non-confidential versions of that assessment⁴⁷.

ANY NET COST CLAIM ARISING FROM THE PROVISION OF THE UNIVERSAL POSTAL SERVICE

- 5.40 As required by the Postal Act, if a universal postal service provider makes a net cost claim arising from the provision of the universal postal service, ComReg determine whether any claim:
- represents a net cost to the universal postal service provider⁴⁸;
 - represents an unfair financial burden on the universal postal service provider⁴⁹.
- 5.41 In determining whether there is a net cost, ComReg is required to take account of whether the universal postal service was provided in a cost-efficient manner.
- 5.42 In making any claim to seek funding for its net costs, An Post would set out how it would re-optimize its postal operation in the absence of the universal postal service requirements. If An Post makes any such net cost claim, ComReg would publish a non-confidential version of An Post's claim to consult publicly on the matter. To date, An Post has not made a net cost claim.

46 Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services

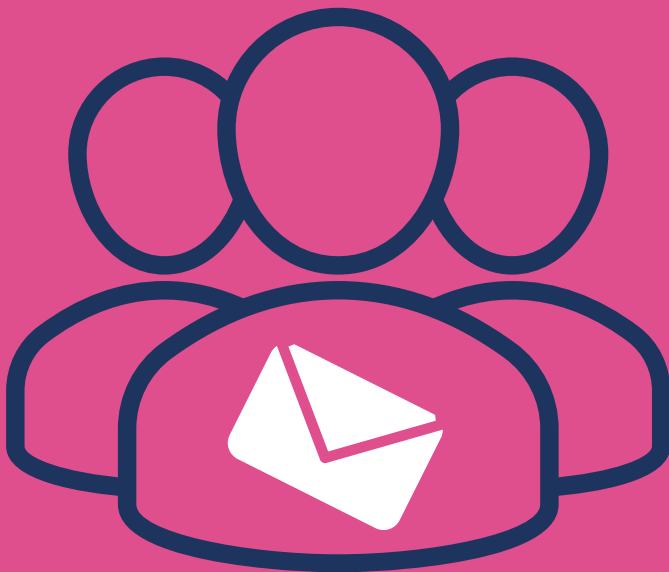
47 <https://www.comreg.ie/industry/postal-regulation/postal-framework/parcel-provider/>

48 ComReg Decisions D09/13 - https://www.comreg.ie/media/dlm_uploads/2015/12/ComReg1369.pdf

49 ComReg Decision D15/13 - https://www.comreg.ie/media/dlm_uploads/2015/12/ComReg13116.pdf

CHAPTER 6

S1 2: PROMOTE THE INTERESTS OF POSTAL SERVICE USERS



- 6.1 ComReg has a statutory objective to promote the interests of postal service users, both the senders and receivers of post. ComReg must ensure a high level of protection for those postal service users in their dealings with postal service providers. This applies to all postal services by all postal services providers.
- 6.2 This includes:
- ensuring appropriate codes of practice are drawn up and implemented by postal service providers;
 - ensuring the availability of simple and inexpensive dispute resolution procedures carried out by a body independent of the parties involved;
 - consulting and co-operating with the CCPC as appropriate;
 - addressing the postal needs of specific social groups, in particular, disabled postal service users.
- 6.3 The Strategic Intent is to promote the interests of postal service users with the high-level objective of ensuring that postal service users can choose and use postal services with confidence.

Strategic Intent 2	Postal service users can choose and use postal services with confidence
<i>What does this look like?</i>	<ul style="list-style-type: none"> • Postal service users, both senders and receivers, derive maximum benefit in terms of choice, price, and quality • Postal service users are empowered and protected through clear and adequate information and effective redress • Postal service users are treated fairly by postal service providers complying with the statutory and regulatory requirements of providing a postal service

- 6.4 Our strategy emphasises the role of informed decision making by postal service users, and has the following strategic goals:

Goal 4: Empower postal service users by ensuring the availability of accurate and appropriate information

- 6.5 We recognise that postal service users must be adequately informed if they are to correctly select postal services that suit both their needs and budget. ComReg engages with postal service providers to help ensure that appropriate information is made available to postal service users.
- 6.6 There are more information requirements for the universal postal service. With regard to the universal postal service, two key information requirements for postal service users are (1) terms and conditions (2) quality performance. To empower and inform users of the universal postal service, ComReg:
- ensures that the terms and conditions for the universal postal services contain the appropriate information to meet the reasonable needs of postal service users
 - publishes the annual quality service performance results of the universal postal service provider against the regulatory standards⁵⁰. An Post also publishes these results on its website⁵¹.

⁵⁰ Regulation of Quality | Commission for Communications Regulation (comreg.ie)

⁵¹ <https://www.anpost.com/Customer-Charter/Mail-Service-Performance>

- 6.7 With regard to postal services provided by other postal service providers, ComReg ensures the provision of appropriate information on postal services by maintaining a register of authorised postal service providers and this is accessible on ComReg's website⁵². The register contains information to inform postal service users of the choices of postal service provider and postal services available to them.
- 6.8 ComReg also provides advice to postal service users on its website⁵³. This includes information on:
- what An Post, as the current designated universal postal service provider, must do
 - what steps postal service users must do if they have a complaint with regard to a postal service.
- 6.9 With regard to the provision of European cross border parcel services by parcel delivery providers, ComReg ensures the provision of appropriate information on cross border parcel delivery providers by publishing:
- a listing of these providers⁵⁴;
 - the link to the European Commission's listing of prices for European cross border parcels⁵⁵.

Goal 5: Protect postal service users by ensuring the availability of complaints and redress procedures

- 6.10 Every postal service provider must implement a code of practice. This code of practice sets out procedures, standards, and policies for handling of complaints from postal service users.
- 6.11 ComReg will continue to ensure that the codes of practice contain sufficient information to secure effective protection of postal service users. ComReg can direct postal service providers to make such alteration(s) or addition(s) to these codes of practice as ComReg considers appropriate. ComReg considers that ensuring the availability of clear and transparent information can greatly empower postal service users to respond directly to situations they consider to be less than satisfactory.
- 6.12 All codes of practice must have procedures for resolving disputes. If postal service users are not satisfied:
- with all the steps taken by the postal service provider to resolve their complaint;
 - with the result of the independent assessment of the complaint;
- they can ask ComReg to help resolve the dispute.
- 6.13 ComReg will continue to resolve disputes which remain unresolved after due completion of all the procedures of a postal service provider's code of practice (known as the section 43(3) dispute resolution powers), and in doing so specify measures for the resolution of a dispute. ComReg may direct postal service providers to comply with the measures specified to resolve a dispute. This appropriately aids postal service users in securing redress.

ComReg will continue to resolve disputes



52 <https://www.comreg.ie/industry/postal-regulation/authorised-postal-providers/authorised-postal-providers-register/>

53 <https://www.comreg.ie/advice-information/postal/>

54 Parcel Service Providers | Commission for Communications Regulation (comreg.ie)

55 https://ec.europa.eu/growth/sectors/postal-services/parcel-delivery/public-tariffs-cross-border_en

Goal 6: Engage with consumer interest groups

- 6.14 Where relevant, ComReg does and will continue to engage with other consumers interest groups to ensure postal service users are informed and protected, for example, ComReg has a Consumer Advisory Panel⁵⁶ and also has a consumer engagement process⁵⁷, this includes outreach and surveys.
- 6.15 ComReg also engages with the Competition and Consumer Protection Commission (“CCPC”), where required, as the CCPC is responsible for the enforcement of a wide range of consumer legislation. As required by the Postal Act, ComReg will help ensure a high level of protection for postal service users in their dealings with postal service providers by consulting and co-operating with the CCPC as appropriate.
- 6.16 Certain submissions⁵⁸ have stated the greater need for clarity on how parcel deliveries are regulated so as to address issues with unsatisfactory parcel deliveries when they arise. Considerations here include the contractual relationship between the user as receiver, the e-commerce company as the supplier to the user, and the parcel delivery operator as the supplier to the e-commerce company.
- 6.17 Therefore, this engagement with the CCPC is of increased importance given that a number of operators delivering parcels are not “postal service providers”. This means they are not subject to regulation by ComReg. They are subject to regulations by other regulatory bodies, for example the CCPC. ComReg will consider the need for clarity on how parcel operators are being regulated.

⁵⁶ See Consumer Advisory Panel | Commission for Communications Regulation (comreg.ie). Current panel members are CAI, Chambers Ireland, National Disability Authority (NDA), and Northern & Western Regional Assembly (NWRA)

⁵⁷ See <https://www.comreg.ie/engagement/>

⁵⁸ A member of the public, Irish Rural Link

CHAPTER 7

S1 3: PROMOTE THE DEVELOPMENT OF THE POSTAL SECTOR



- 7.1 Central to ComReg's regulatory role is the principle that well-functioning markets deliver optimal outcomes in terms of prices, quality, choice, and innovation. In postal regulation, effective competition minimises the specification of the universal postal service as the universal postal service is only required where there is no effective competition. Effective competition also delivers high quality services, innovation, and choice.
- 7.2 ComReg has a statutory objective to promote the development of the postal sector and to facilitate the development of competition and innovation in postal service provision. Therefore, the Strategic Intent is to promote the development of the postal sector with the objective of a postal sector that delivers high quality services, innovation, and choice.

Strategic Intent 3	A postal sector that delivers high quality services, innovation, and choice
<i>What does this look like?</i>	<ul style="list-style-type: none"> • Postal service users can avail of competing postal service providers • Competing postal service providers bring innovations to the sector both in terms of services and process to the benefit of postal service users

- 7.3 In this respect, in the upcoming period, ComReg's goals are:

Goal 7: Promote the development of the postal sector by providing research, data, and information

- 7.4 It is important that there is data and information about the postal sector. Knowledge about developments in the sector is key to ensure that:
- it continues to benefit all users, both consumers and businesses;
 - all understand the changes facing the sector;
 - ComReg can properly perform its regulatory duties and obligations;
 - ComReg can share information with the European Commission and ERGP⁵⁹.
- 7.5 Therefore, ComReg will continue:
- to commission and publish research on the postal sector in Ireland for the benefit of the postal sector⁶⁰;
 - gather and collate postal data and statistics for the European Commission and ERGP. This data, where not confidential, is published to the benefit of the postal sector⁶¹.
- 7.6 ComReg will continue to engage with stakeholders on obtaining and sharing research, data, and information on the postal sector.

ComReg will continue to engage with stakeholders



⁵⁹ The European Regulators Group for Postal Services (ERGP) – see https://ec.europa.eu/growth/sectors/postal-services/ergp_en. Based on information provided by ComReg and other European regulators, the ERGP publishes information about core indicators of the European postal market while also identifying trends and main sector developments.

⁶⁰ Postal Research | Commission for Communications Regulation (comreg.ie)

⁶¹ EC Information & Statistics | Commission for Communications Regulation (comreg.ie)

Goal 8: Facilitate the development of the postal sector by delivering on our legal remit

- 7.7 To develop a competitive and sustainable postal services sector, it is important that all postal service providers can compete on a fair basis to ensure that postal service users derive maximum benefits in terms of choice, price, and quality.
- 7.8 ComReg, as sectoral regulator, facilitates this by acting in accordance with its legal remit. Where necessary and appropriate, this includes:
- liaising and aiding the CCPC where competition law issues arise as unlike the electronic communications sector regulated by ComReg, ComReg does not have competition law powers in the postal sector;
 - resolving any disputes with regard to access to the postal network of a universal postal service provider;
 - permitting access to postal infrastructure, such as post-office boxes, delivery boxes, post codes or addresses, or arrangements made with others for the provision of any service;
 - ensuring that the universal postal service provider does not cross-subsidise, for example, by unfairly or incorrectly allocating commercial parcel costs to the regulated universal postal services. ComReg has issued an Accounting Direction⁶² to An Post to minimise this risk and ComReg will ensure that An Post follows that Direction.
- 7.9 To develop a competitive and sustainable postal services sector also requires regulatory certainty. When making regulations, ComReg will continue to provide regulatory certainty by consulting on the proposals, and by providing the timeframe of ComReg's proposed actions in ComReg's annual action plan.
- 7.10 Notwithstanding this, over the period of this Strategy, there will be some uncertainty as the European Directive which sets the remit for postal regulation will be under review. This review will decide the extent to which the Directive requires change.
- 7.11 There are different views on whether the Directive requires change; regulators seek a fundamental greenfield approach⁶³ whereas national universal postal service providers⁶⁴ do not consider a fundamental greenfield approach is required.
- 7.12 It is clear that ComReg's participation at ERGP will be of particular importance over the period.
- 7.13 With regard to environmental sustainability, An Post submits that there is a role for ComReg in supporting the transition of the postal sector to a more sustainable footing. ComReg can only act within its legal remit. ComReg notes the Climate Action and Low Carbon Development (Amendment) Act 2021⁶⁵ and as required, in so far as practicable, will discharge its existing functions consistent with the requirements included in that Act.

62 <https://www.comreg.ie/publication/universal-postal-service-accounting-obligations-2017-accounting-direction/>

63 ERGP Opinion on review of regulatory framework for postal services - <https://ec.europa.eu/docsroom/documents/36162/attachments/2/translations/en/renditions/native>

64 An Post also makes this submission to the Call for Inputs: "In the context of the European Commission's ongoing evaluation of the Postal Services Directive, An Post does not believe that a new postal regulatory framework ("greenfield approach") is required."

65 Climate Action and Low Carbon Development (Amendment) Act 2021 (irishstatutebook.ie)

Goal 9: Facilitate the development of the postal sector by considering other remits that impact the postal sector

7.14 There are a number of different regulatory frameworks and proposals for some that have the potential to or are impacting the postal sector. Though ComReg has no remit on these, ComReg will endeavour to inform and collaborate with others where ComReg considers that ComReg has a role as a stakeholder as their remits impact the postal sector⁶⁶. ComReg considers the following to be key for the period:

COMPETITION LAW MATTERS:

7.15 Given the changing competitive dynamics of the parcel sector in Ireland with increased competition and new entrants, there may be more likelihood of competition law issues arising in the future. Well-functioning markets deliver optimal outcomes in terms of prices, quality, choice, and innovation. Therefore, competition must be protected and ensured.

7.16 As ComReg does not have competition law powers in the postal sector; ComReg will liaise and aid the CCPC where competition law issues arise.

DIGITAL SERVICES:

7.17 As submitted by An Post, *“...the interaction between the postal regulatory framework with the proposed Digital Markets Act and the Digital Services Act. ComReg, in collaboration with other Irish regulatory agencies such as the Competition and Consumer Protection Commission, has an important role to play in the development of this key European legislation. Given the blurring of sector boundaries, and the enduring importance of a postal USO despite declining post volumes, it is essential that a strong postal voice is heard and helps to shape the future legislative environment.”*

7.18 ComReg will continue to be the Irish voice of postal regulation at Europe with our involvement with the ERGP. In this respect, the ERGP has responded to the European Commission consultation on the Digital Services Act⁶⁷ and ComReg will continue its engagement through ERGP.

ENVIRONMENTAL SUSTAINABILITY:

7.19 In its submission, An Post recommends the introduction of environmental targets for all delivery operators. This is supported by Chambers Ireland.

7.20 It is recognised that the increase in parcel deliveries has an impact on environmental sustainability goals, for example carbon emissions and circular economy considerations. Parcel delivery operators are already acting and seeking further ways to respond to the environmental sustainability challenge.

7.21 Currently, ComReg does not have a remit as:

- The European Cross-Border Parcel Regulation does not contain provisions regarding environmental sustainability.
- In the European Postal Services Directive, there is the essential requirements which include consideration of environmental protection. These essential requirements were not transposed into the Postal Act so do not apply to “postal service providers”. However, many parcel delivery operators are not “postal service providers”.

⁶⁶ There are other remits where ComReg has no remit or role as a stakeholder, for example, labour law matters if they arise in postal services are not for ComReg.

⁶⁷ <https://ec.europa.eu/docsroom/documents/43744>

- 7.22 The above may change with a revised Postal Services Directive. In this respect, ComReg's involvement at ERGP will be important for any changes to future remit.
- 7.23 Notwithstanding, ComReg will discharge its current remit consistent with the requirements included in the Climate Action and Low Carbon Development (Amendment) Act 2021⁶⁸.

⁶⁸ Climate Action and Low Carbon Development (Amendment) Act 2021 (irishstatutebook.ie)

ANNEX 1: COMREG'S ROLE AND MISSION, VISION, AND VALUES

ComReg's Role and Mission

ComReg's role is to ensure that communications markets operate in the interests of end-users and society.

Through effective and relevant regulation, we facilitate the development of a competitive communications sector in Ireland that attracts investment, encourages innovation, and empowers consumers to choose and use communications services with confidence.

ComReg's vision for the communications sector

Consumers and businesses in Ireland have affordable, high-quality, and widespread access to secure communications services and applications that support their social and economic needs.

ComReg's Values

- Integrity
- Impartiality
- Effectiveness
- Excellence
- Transparency



Commission for
Communications Regulation

An Coimisiún um
Rialáil Cumarsáide