



An Coimisiún um
Rialáil Cumarsáide
Commission for
Communications Regulation

Consultation on proposed Postal Strategy Statement 2024 - 2026

Consultation

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An Coimisiún um Rialáil Cumarsáide
Commission for Communications Regulation

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All responses to this consultation should be clearly marked:

“Reference: Submission re ComReg 23/91”, and sent by post, e-mail or online at www.comreg.ie (current consultations) to arrive on or before 5.p.m, 26 October 2023 to:

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Please reference comments to the applicable section of this document and/or the consultation questions asked. Please also set out your reasoning and all supporting information for any views expressed.

Please note ComReg will publish all respondents’ submissions with the Response to this Consultation, subject to the provisions of ComReg’s guidelines on the treatment of confidential information – ComReg 05/24.

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1 Consultation on proposed Postal Strategy Statement 2024 – 2026

1. The Commission for Communications Regulation (“ComReg”) is the statutory body responsible for the regulation of postal services. Our regulatory mandate comes from the European Postal Services Directive¹ (“the Directive”), transposed by national legislation (“the Postal Act”)².
2. Every two years ComReg is required³ to set its strategy for postal services regulation. ComReg’s last strategy for postal regulation was set in December 2021⁴.
3. This document sets out ComReg’s proposed Postal Strategy Statement 2024 – 2026 for public consultation.
4. In setting its proposed strategy for the next two years, ComReg has considered (1) its regulatory mandate and (2) the changing context for the postal sector.

1.1 Regulatory mandate

5. Since the last strategy, there has been no change to ComReg’s mandate for postal services regulation.
6. Consistent with previous strategy, ComReg’s mandate will inform the proposed strategy, in particular the strategic goals and objectives. ComReg’s mandate from the Postal Act is as follows:

Statutory Functions of ComReg:

- To ensure the provision of a universal postal service that meets the reasonable needs of postal service users.
- To monitor and ensure compliance by postal service providers with the obligations imposed on them by or under the Communications Regulation Acts 2002 to 2011 in relation to the provision of postal services.

¹ 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.

² Communications Regulation (Postal Services) Act 2011, as amended.

³ Section 31 of the Communications Regulation Act 2002 (No. 20 of 2002), as amended,

⁴ Postal Strategy Statement 2022 – 2024 at <https://www.comreg.ie/media/2022/02/21122.pdf>

Statutory Objectives of ComReg:

- To promote the development of the postal sector and, in particular, 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.
 - To promote the interests of postal service users.
 - Subject to promoting the development of the postal sector and, in particular the availability of a universal postal service, to facilitate the development of competition and innovation in the market for postal services provision.
7. ComReg's mandate for post is largely the regulation of 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.
8. Since the last strategy, An Post has been designated as universal postal service provider for the entire universal postal service in Ireland until 1 August 2029, unless otherwise amended by ComReg. During the designation process, no other postal service provider submitted interest to provide the universal postal service, in whole or part.

1.2 Changing context

1.2.1 Digital Transformation

9. Since the last strategy, the postal sector continues to be changed by digital transformation; with fewer letters being sent due to digital communications and increased parcels being delivered due to increased online shopping. This trend was evident for the last strategy. It continues to present opportunities and challenges for efficient and environmentally sustainable delivery.
10. As most of the universal postal service is letters, this decline in letters presents challenges to ensure an affordable universal postal service. For example, declining letter volumes could mean changes are required for efficient delivery of letters and to ensure letters remain affordable, as required by users and the Postal Act. Though there are relatively little parcels delivered as part of the universal postal service, increased users' needs for parcel deliveries could mean a greater need for monitoring of universal postal service parcels by ComReg to ensure postal service users get the service they pay for.

1.2.2 Competition

11. Competition is very different for (1) parcels and (2) letters.

Parcels

12. Most parcels are sent by large e-commerce companies and there continues to be strong competition for delivery of these e-commerce parcels. There was a significant growth in parcel deliveries during the pandemic lock downs in 2020; since then, parcel delivery continues to grow but at a slower rate.

13. There are many parcel delivery operators, with strong competition on price, reliability, and speed of delivery. With regard to speed of delivery, there seems to be a push from e-commerce companies for faster delivery and control of delivery timing. This push means the sharing of data between parcel delivery operators and the e-commerce companies to confirm satisfactory delivery of parcels on time.

14. Many parcel delivery operators are not postal service providers and therefore are not subject to postal services regulation by ComReg. However, there are typically contractual protections for the Irish public on receiving parcels delivered by these operators. There is typically a contractual relationship between the receiver of the parcel and the e-commerce company as sender. It is in the commercial interest of these large e-commerce companies to ensure that their customers get satisfactory delivery of their parcels. In the case of unsatisfactory delivery, these e-commerce companies engage with their contracted parcel delivery operators to ensure resolution.

15. In the case of the Irish public sending parcels, if these are presented for delivery by the universal postal service provider, then these universal postal service parcels are subject to ComReg's regulatory remit. As a result, certain legal protections will be available to these postal service users, both senders and receivers. These protections include terms and conditions on the service and dispute resolution with ComReg if a dispute with the universal postal service provider remains unresolved. A dispute resolution by ComReg is also available for the Irish public sending parcels with other postal service providers.

Letters

16. Most letters are sent by a few key large senders (Government, healthcare providers, utilities, banks) and are mostly delivered by An Post. Competition for physical letter delivery remains relatively limited; however, there continues to be a strong dynamic of physical letter delivery moving to electronic substitutes (for example, email, online accounts).

1.2.3 Postal Service Users

17. Postal services are essential; letters and parcel deliveries remain important to users' daily lives. Though there is a changing context for the postal sector, users' needs remain relatively unchanged since the last strategy. We regularly commission surveys on postal users' needs to inform us.

18. Latest research published by ComReg⁵ on a representative sample of adults in Ireland (note this research did not survey businesses; businesses are significant users of post) has shown that:

- post remains important to users
- there remains strong support for daily delivery of both letter and parcel post
- there is an increase of importance for next day delivery of parcels
- 2 in 5 value next day delivery of letters as their reasonable need; however, just as many note that 2 day delivery is suitable
- preference for next day delivery of letters has increased since 2021
- almost all users believe that the price of letters and parcels needs to be kept affordable.

1.2.4 Legislative developments

19. The Directive underpinning ComReg's mandate is currently subject to a prospective study by the European Commission to assess the possible evolutions of the postal sector and possible changes to the regulatory framework. It is planned that this study will be complete by end 2024.

20. ComReg welcomes this study by the European Commission as, consistent with the position of the European Postal Regulators Group, it is considered that a review of the Directive is needed given the significant changes to the postal sector since the Directive was established. When the European Commission study is complete; ComReg, together with the European Postal Regulators Group, will consider what this could mean for future postal regulation.

21. Since the last strategy, there is a new European customs regime for parcels originating outside the European Union ("EU"). These new customs requirements require additional electronic information on parcels entering

⁵ ComReg Document No. 23/91a

Ireland from non-EU countries for the application and payment of customs duties. These new requirements occurred shortly after Brexit and its resultant impact on parcel orders from Britain. These new requirements, together with the impact of Brexit, have been challenging for postal service providers. Though ComReg has no remit for customs, ComReg recognises that these challenges require continued innovations and efficiencies by postal service providers.

22. With regard to environmental sustainability and climate change, ComReg does not have express powers; however, in so far as practicable, we will continue to discharge our existing functions consistent with the requirements included in the Climate Action and Low Carbon Development (Amendment) Act 2021.
23. With regard to competition law and general consumer rights for the postal sector, these are within the remit of the Competition and Consumer Protection Commission ("CCPC"), and we will continue to co-operate with the CCPC where necessary.

1.3 Feedback on the proposed strategy

24. ComReg strongly encourages all interested parties to read and provide feedback on the proposed Strategy Statement in Annex 1 and to the consultation questions in Chapter 2. We look forward to your valuable input. These responses, where relevant, will be considered in finalising the Postal Strategy 2024 - 2026. It is planned to have our finalised strategy set by the end of 2023.

2 Consultation Questions on proposed Postal Strategy Statement

25. In relation to ComReg's proposed Strategy Statement for postal services for 2024 – 2026 in Annex 1:

- Q. 1 Do you agree with the proposed three strategic Goals? In providing your view, please also provide supporting evidence.
- Q. 2 Do you agree with the proposed six strategic Objectives associated with the Goals? In providing your view, please also provide supporting evidence.
- Q. 3 In your view, is there anything that should be added to, or omitted from, the proposed Strategy Statement? In providing your view, please also provide supporting evidence.
- Q. 4 In your view, is there anything ComReg should be doing to promote the development of the postal sector and to facilitate the development of competition and innovation in the market for postal service provision? In providing your view, please also provide supporting evidence.

Annex: 1 Proposed Postal Strategy Statement 2024 - 2026

A1. Introduction

ComReg is the regulator of postal services and the universal postal service in Ireland. Our mandate comes from a European Directive transposed into Irish law.

This Postal Strategy Statement details ComReg's vision, mission, and values together with our strategic goals and objectives for postal regulation over the two-year period, 2024 to 2026. A separate annual action plan will detail the work that we will do to meet these strategic goals and objectives.

In this Postal Strategy Statement, we set out:

- Our purpose
- Our vision, role and mission, values
- Our strategy
- How we monitor and report our progress
- How we developed our strategy.

A2. Our purpose

The last few years have shown that postal services are essential; letters and parcel deliveries remain important to postal service users' daily lives. The postal services sector is fully open to competition and there are a number of postal service providers. Though the postal sector is fully open to competition, there is a legal mandate for what is called a universal postal service as the market is not effectively competitive.

Our purpose is to regulate:

(1) Universal postal service

(2) Postal services.

Universal postal service

The universal postal service is a safeguard to ensure all in Ireland can get and send post nationwide. The universal postal service means at least one collection and one delivery to all, on every working day (Monday to Friday). The most popular universal postal service is letters for delivery within Ireland.

Our purpose includes ensuring the provision of a universal postal service to all nationwide on every working day, at an affordable price, and to a sufficient level of quality.

In 2023, An Post asked to continue as the universal service provider and, following consultation, is now the universal postal service provider until 1 August 2029, unless otherwise amended by ComReg. Given the importance of the universal postal service, law requires that the universal postal service provider is subject to more regulation than other postal service providers.

Postal services

Anyone can set up a postal business. Anyone providing or intending to provide a postal service must first tell ComReg, after which they will be an authorised postal service provider, subject to certain requirements. Postal service providers are required to have, publish, and implement a code of practice covering customer complaints and redress. Our purpose for postal services is limited to ensuring this. We also have a related consumer dispute resolution role for both senders and receivers of post. We have no other role with postal service providers.

There are currently 13 postal service providers notified to ComReg:

1. An Post
2. Budget Parcel
3. Corrigan Business Services
4. DCK / DC Kavanagh
5. DX Ireland
6. Fastway Couriers (Ireland)
7. General Logistics Systems (GLS) Ireland
8. Hitch Delivery
9. Lettershop Postal
10. Mail Metrics
11. Parcel-King
12. Sooner Than Later Solutions Ltd.
13. Tico Mail Works

A3. Our vision, role and mission, values

Our vision, role and mission, and values underpin how we act.

ComReg's vision, role and mission, and values apply to the entire communications sector we regulate, including postal services.

Our Vision

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.

Our Role and Mission

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

Our mission is that 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.

Our Values

Integrity

Impartiality

Effectiveness

Excellence

Transparency

A4. Our strategy

Our vision, role and mission, and values together with our mandate, have informed our strategy with three strategic goals, and two strategic objectives for each of those goals, as follows:

Goals	Objectives
<p>Goal 1: Ensure a universal postal service</p>	<p>Objective 1: Assess the reasonable needs of postal service users</p> <p>Objective 2: Monitor compliance with universal postal service requirements</p>
<p>Goal 2: Promote and protect the interests of postal service users</p>	<p>Objective 3: Empower postal service users by ensuring the availability of accurate and appropriate information</p> <p>Objective 4: Protect postal service users by ensuring the availability of complaints and redress procedures</p>
<p>Goal 3: Promote the development of the postal sector</p>	<p>Objective 5: Promote the development of the postal sector by providing research, data, and information</p> <p>Objective 6: Facilitate the development of the postal sector by delivering our legal mandate</p>

Goal 1: Ensure a universal postal service

We have a statutory function to ensure the provision of a universal postal service that meets the reasonable needs of postal service users. We also have 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.

Therefore, our goal is to ensure a universal postal service and our ambition is:

Ambition: There is an affordable high-quality universal postal service that meets the reasonable needs of postal service users.

To aim to achieve this goal and ambition, our objectives are:

Objective 1: Assess the reasonable needs of postal service users

We will continue to assess the reasonable needs of postal service users and what this could mean for the universal postal service. We will do this by engagement with stakeholders, public consultations, and research. We will also continue to engage with other European postal regulators on the review of the European regulatory framework and what this could mean for the universal postal service.

Objective 2: Monitor compliance with universal postal service requirements

We are legally required to monitor the universal postal service provision as follows:

Delivery every working day

It is a legal requirement that the universal postal service provider delivers the universal postal service every working day (Monday to Friday) to the home or premises of every person in the State. We will continue to monitor the universal postal service provider compliance, either in response to complaints or following our own investigations.

Next day delivery quality of service performance

For single piece universal postal service, postal service users are paying for a nationwide next day delivery. It is a legal requirement that we monitor whether users are receiving this service. We currently monitor universal postal service letters and packets.

We will continue to engage with the universal postal service provider on its quality of service performance. Where required, we can give a direction to the universal postal service provider to take corrective action.

Given the increased importance of universal postal service parcels, we will consider whether to also monitor the quality of service performance of universal postal service parcels.

Pricing

We are tasked to ensure that the universal postal service provider's pricing of universal postal services comply with certain requirements set by law. These requirements include that prices are affordable and reflect the cost of providing the individual service.

However, ComReg has no price approval role. We cannot intervene before the price changes are made by the universal postal service provider.

If changes to universal postal service prices do not comply with the requirements, we can only take action after the price changes are made. We will continue to monitor this by reference to the regulatory accounts and other information.

Regulatory accounts

Regulatory accounts are critical information for ComReg to monitor:

- volume, revenue, and costs of the universal postal services
- prices reflect the individual costs of the universal postal services
- other regulatory requirements.

We are the sole user of the regulatory accounts. The universal postal service provider prepares and presents the regulatory accounts according to rules set by us. For example, ComReg rules require accurate cost allocations between letters and parcels. We will continue to monitor compliance by the universal postal service provider.

Goal 2: Promote and protect the interests of postal service users

We have a statutory objective to promote the interests of postal service users and to ensure a high level of protection for postal service users.

Promoting and protecting the interests of postal service users means 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.

Therefore, our goal is to promote and protect the interests of postal service users and our ambition is:

Ambition: Postal service users can choose and use postal services with confidence.

To achieve this goal and ambition, our objectives are:

Objective 3: Empower postal service users by ensuring the availability of accurate and appropriate information

We recognise that postal service users must be adequately informed. We engage with postal service providers to help ensure that appropriate information is made available to postal service users. We also provide advice to postal service users on our website.

There are more information requirements for the universal postal service. To empower and inform users of the universal postal service, we:

- ensure that the terms and conditions for the universal postal services contain the appropriate information to meet the reasonable needs of postal service users
- publish the annual quality service performance results of the universal postal service provider against the regulatory standards. An Post is also required to publish these performance results on its website.

Objective 4: Protect postal service users by ensuring the availability of complaints and redress procedures

Every postal service provider must have, publish, and implement a code of practice. This code of practice sets out procedures, standards, and policies for handling of complaints from postal service users.

We will continue to ensure that the codes of practice contain the required information, are published and implemented.

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 and we will continue to do this.

Goal 3: Promote the development of the postal sector

We have a statutory objective to:

- promote the development of the postal sector
- facilitate the development of competition and innovation in postal service provision by ensuring that postal service users derive maximum benefit in terms of choice, price, and quality.

We believe that well-functioning markets deliver optimal outcomes in terms of prices, quality, choice, and innovation.

Therefore, our goal is to promote the development of the postal sector and our ambition is:

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

To aim to achieve this goal and ambition, our objectives are:

Objective 5: Promote the development of the postal sector by providing research, data, and information

It is important that there is data and information about the postal sector. This is key to ensure that:

- all understand the changes facing the sector
- we can properly perform our role
- we can share information with all, including the European Commission and European Postal Regulators Group.

Therefore, we will continue:

- to commission and publish research on the postal sector
- gather and collate postal data and statistics for the European Commission and European Postal Regulators Group. This data, where not confidential, is published. For example, we will continue to publish our parcel report of the aggregate parcel data for Ireland collected under the European Cross Border Parcel Regulation; this has been useful for tracking the growth in parcel delivery in Ireland.

Objective 6: Facilitate the development of the postal sector by delivering our legal mandate

To develop a competitive and sustainable postal services sector, it is important that all postal service providers can compete on a fair basis. This helps to ensure that postal service users derive maximum benefits in terms of choice, price, and quality.

We facilitate this by acting in accordance with our mandate. Where necessary and appropriate, this includes:

- aiding the Competition and Consumer Protection Commission where competition law issues arise, as we do not have competition law powers in the postal sector
- resolving any disputes on access to the postal network of the universal postal service provider
- permitting access to postal infrastructure of the universal postal service provider.

To develop a competitive and sustainable postal services sector, regulatory certainty is also required. When making regulations, we will continue to provide regulatory certainty by consulting on our proposals, and by providing the timeframe for our proposed actions in our annual action plan.

Our mandate comes from a European regulatory framework. The European Commission is currently preparing a study to assess possible evolutions of the postal sector and possible changes to this regulatory framework. It is planned that the study will be complete by end 2024. We will therefore continue to engage with the European Postal Regulators Group on this and what it could mean for postal regulation.

As to environmental sustainability of postal services, we can only act within our mandate. We do not have express powers in respect of environmental sustainability and climate change associated with postal services. However, we note the Climate Action and Low Carbon Development (Amendment) Act 2021 and as required, in so far as practicable, we will discharge our existing functions consistent with the requirements included in that Act.

A5. How we monitor and report our progress

Our strategy will inform our annual action plans for 2024-2026 which detail the planned outputs for postal regulation for the year with a target delivery quarter. We monitor our progress against those annual actions plans and we will continue to publish quarterly updates of our progress.

We will also continue to publish our progress in our Annual Report.

A6. How we developed our strategy

In developing our strategy, we took account of our mandate, engaged with stakeholders, and considered the strategic context as follows:

Our mandate

We regulate postal services and the universal postal service in accordance with law, the Communications Regulation (Postal Services) Act 2011 as amended, which transposes the European Postal Services Directive.

Our statutory functions are to ensure:

- the provision of a universal postal service that meets the reasonable needs of postal service users
- compliance by postal service providers with the obligations imposed on them.

Our statutory objectives are to:

- promote the development of the postal sector and, in particular, the availability of a universal postal service within, to and from the State at an affordable price for the benefit of all users
- promote the interests of postal service users
- facilitate the development of competition and innovation in the market for postal service provision.

Our strategy reflects this mandate and we act in accordance with this mandate.

ComReg has no mandate for the following:

- courier and express operators
- non-postal services provided by postal service providers
- post offices

- competition law in the postal sector
- general consumer rights in the postal sector
- customs duties on postal items
- Eircode.

Engagement with stakeholders

We engaged with our external stakeholders through a public consultation process on our proposed strategy, which was available on our website.

Strategic context

In setting our strategy, we considered the following context facing the postal sector:

1. Continued decline in letter post volume

Most letter post is sent by a few key users (banks, utilities, government) and is mostly delivered by An Post. Competition for physical letter delivery remains relatively limited and physical letters continue to be replaced by electronic communications such as email, online accounts. This creates opportunities and challenges for postal service providers.

An Post has largely increased its prices to recover the lost revenue from fewer letters being sent; for example, the stamped letter has increased in price by 88% (February 2017 to February 2023). Other options include changing postal services and postal network operations, with the aim for financially and environmentally sustainable delivery of letters.

2. Growth and competition in the parcel sector

Online shopping is increasing the demand for parcels. Most parcels are sent by large e-commerce companies. There was a significant growth in parcel deliveries during the pandemic lock downs in 2020; since then, parcel delivery continues to grow at a slower rate.

There are many parcel delivery operators, with strong competition on price, reliability, and speed of delivery. Many parcel delivery operators are not postal service providers and therefore are not subject to regulation by ComReg. However, there are typically strong contractual protections for users receiving these parcels.

Increase in parcel deliveries has an impact on environmental sustainability goals; for example, carbon emissions and circular economy considerations. This creates opportunities and challenges for parcel delivery operators. Parcel delivery operators are already acting and seeking further ways to achieve environmental sustainability goals.

3. Users' needs

Postal services are essential; letters and parcel deliveries remain important to users' daily lives. Though there is a changing context for the postal sector, users' needs remain relatively unchanged. We regularly commission surveys on postal users' needs to inform us. The latest survey on postal users was conducted in August 2023 and updates a previous survey conducted in May 2021. This latest 2023 survey of a representative sample of adults in Ireland (note this research did not survey businesses; businesses are significant users of post) has found that post remains important to users as:

- Over 3 in 4 claim daily delivery of letters and parcels is important to them.
- 3 in 4 claim next day delivery of letters is important to them.

- 4 in 5 claim next day delivery of parcels is important to them, this is an increase since the last survey. There is a notable increase in those claiming next day delivery of parcel post is very important, up from 1 in 4 to 1 in 3.
- 2 in 5 value next day delivery of letters as their reasonable need; however, just as many note that 2 day delivery is suitable. The preference for next day delivery of letters has increased since the last survey.
- 9 in 10 feel the price of letters and parcels needs to be kept affordable, same as last survey.