



Commission for
Communications Regulation

Decision Notice & Further Response to Consultation

Quality of Service Standards for An Post

Setting an Interim Target for 2003

Decision No:	D 19/02
Document No:	02/119
Date:	23 December 2002

An Coimisiún um Rialáil Cumarsáide

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1 Introduction

The Commission for Communications Regulation (“ComReg”) is responsible for the regulation of Universal Postal Services in Ireland in accordance with National and EC legislation. It is required to set and publish quality of service standards in relation to the universal service, paying attention in particular to routing times and to the regularity and reliability of services.

In April 2001 a consultation on the Quality of Service Standards to be achieved by An Post was launched¹. In September 2001 a report on the consultation was published².

It was not possible at that time to set a definitive target for the next day delivery of single-piece priority mail, but an interim target for the year 2002 was set - 92% for nationwide delivery and 90% for local delivery - pending completion by An Post of further studies of the measures necessary to achieve a target of 97%.

The purpose of issuing this further response to the original Consultation is to set an interim target for 2003, pending a further Consultation about the definitive target to be set for An Post.

¹ Consultation Paper “Regulation of Postal Services-Quality of Service Standards to be achieved by An Post” document ODTR 01/28 issued April 2001.

² Report on Consultation “Regulation of Universal Postal Services – Quality of Service Standards to be achieved by An Post” document ODTR 01/73 issued on 20 September 2001.

2 Background

2.1 Legislation

The EU “Postal Directive”³ establishes a harmonised regulatory framework for postal services throughout the European Union and for securing improvements in the Quality of Service provided, and defines a decision-making process regarding further opening of the postal market to competition.

It was transposed into national law by the European Communities (Postal Services) Regulations 2000 (SI No.310/2000 "the Regulations").

Under these Regulations ComReg has been given responsibility for regulation of the postal sector and An Post has been designated as a universal service provider. Under Regulations 13 & 14 ComReg is required to set and publish quality of service standards in relation to the universal service, paying attention in particular to routing times and to the regularity and reliability of services.

The regulations also stipulate that the quality standards set by ComReg shall be compatible with those laid down for intra-Community cross-border services and must therefore be a quantitative target.

2.2 Studies in progress

The September 2001 report on consultation asked An Post to submit detailed costed proposals to achieve a target of 97% for first class letters.

On 8 May 2002 An Post supplied a report, prepared by external Consultants, outlining various scenarios for improving postal service performance.

Some progress had been made by An Post to improve Quality of Service performance during the latter part of 2001 and early 2002, and further work was necessary to assess how these improvements would impact on the effectiveness of the measures proposed.

Furthermore An Post was implementing a major programme of Operational Change and information was needed about the adverse effect that this would have on the Quality of Service during the implementation phase.

On 18 December 2002 An Post supplied the further report requested. This report states that the some of the improvements in 2001/2 was attributable to short term surplus capacity and that some of the measures identified by An Post’s Consultants may not have the full impact that had been anticipated.

This report will now be analysed in detail by ComReg with a view to deciding what should be the appropriate long term target for An Post.

The targets which ComReg is required to set covers the fastest standard category, ie what An Post have up to now called the **First Class Letter service** or what the mandatory European Standard on performance measurement EN13850:2002 calls **Single Piece Priority Mail**. It is this class of mail which

³ Directive 97/67/EC of the European Parliament and of the Council of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of service. OJ L 15 21.1.1998, p. 14

ComReg will be monitoring under the procedures put in place in accordance with EN13850:2002.

However the reports which have been received from An Post have been based on its existing quality monitoring system which covers all types of mail, bulk postings as well as single piece mail, and mail which does not need priority treatment as well as mail that does.

There is therefore a need to assess also how the focus on PRIORITY mail will impact on performance measurement results. It will not be possible to complete this until the first quarterly results from the EN13850:2002 measurement system are available in 2003.

3 Interim Quality of Service Target for 2003

There are a number of principal issues that ComReg has to consider in setting an interim quality of service target for 2003:

- (1) Postal Directive Requirement
- (2) Draft Ministerial Directive
- (3) Targets set by other National Regulatory Authorities
- (4) Target only for single piece Priority mail
- (5) Improvements are feasible
- (6) Concern about ability to achieve targets
- (7) EU Commission's position on provision of "inefficient service".

3.1 Postal Directive Requirement

The EU Postal Directive, No. 97/67/EC sets a clear obligation on Member States to secure improvements in the quality of service:

"Whereas consideration should be given to the interests of users, who are entitled to services of a high quality, whereas, therefore, every effort must be made to improve and enhance the quality of services provided at Community level; whereas such improvements in quality require Member States to lay down standards, to be attained or surpassed by the universal service providers, in respect of the services forming part of the universal service" (Recital 30).

Indeed the title of the Directive

Directive 97/67/EC ...on common rules for ... the improvement of quality of service

confirms the importance of securing such improvements.

3.2 Draft Ministerial Directive

The Minister for Communications, Marine and Natural Resources has published a draft Policy Direction to ComReg which stresses the need to ensure that a high quality postal service is provided to all users in the State:

In carrying out its functions, the Commission shall have regard to the objectives for the communications sector specified in the Statement of Strategy of the Department To ensure Irish industry and domestic customers enjoy competitively priced, high quality postal services on a par with the highest quality standards elsewhere in the EU ...

3.3 Targets set by other National Regulatory Authorities

The current targets set by other countries are set out in the following table:

Denmark	97%
Netherlands	95%
Luxembourg	95%
Finland	95%
Austria	95%
Britain	92.5%
Portugal	92.2%
Belgium	90%
Sweden	85%
France	84%
Greece	82%
Italy	80%
Germany	80%

It should be noted that it is the targets not the results that Germany and Sweden achieve that are included in the above table. The actual results achieved are the equivalent of 95%.

3.4 Target only for single piece Priority mail

The targets which the European Commission have set for intra-Community cross-border mail covers mail of the fastest standard category. The mandatory European Standard on performance measurement EN13850:2002 refers to this as **Single Piece Priority Mail**.

However unlike many other postal service providers An Post does not offer separate Priority and non Priority services to its domestic customers. While it does offer different services for bulk and single piece mail and for the Direct Mail sector, its quality measurements systems do not make this distinction, reflecting the fact the mail is handled in a single stream once it enters the network.

The quality measurement system commissioned by ComReg, which becomes operational on 1 January 2003, will however only measure the performance of single piece priority mail, as required by the European Standard EN13850:2002.

It is a reasonable expectation that the quality afforded to single-piece priority mail should be higher than the quality afforded to discounted bulk mail

3.5 Improvements are feasible

The Report submitted by An Post on 8 May 2002 set out a series of measures which, if adopted would achieve a target of 97% for all mail.

3.6 Concern about ability to achieve targets

The automation programme that An Post are currently implementing has created some short term capacity improvements but the latest report received from An Post on 18 December 2002 suggests that this will be used up by the end of 2003. In addition An Post anticipate that there will be delays during the implementation phase which will largely offset the temporary capacity surpluses. The programme as set out by them does not appear to lead to any significant improvement in quality.

3.7 EU Commission's position on provision of "inefficient service".

The EU Commission's Notice on the application of the competition rules to the postal sector⁴ under the heading "Duties of dominant postal operators" refers to a possible type of abuse involves providing a seriously inefficient service and failing to take advantage of technical developments. The Notice states:

"The examples given illustrate the possibility that, where they are granted special or exclusive rights, postal operators may let the quality of service decline and omit to take necessary steps to improve service quality."

In setting quality of service targets for An Post, ComReg has taken into account this advice.

3.8 Interim Target Proposed

Taking the above factors into account the Commission has decided that the interim target for 2003 should be higher than the target for 2002, and that it should be set at 94% for next day delivery nationwide. The targets for next day delivery locally and for delivery within 3 days of posting will remain unchanged. This is an interim target and will be reviewed following a further consideration of the review noted above during the first half of the year. The text of the formal notification to An Post is set out in Section 4 of this paper. In order to gain assurance that this target will be met, An Post is required to detail the measures needed to achieve it.

Decision No. 1:

The target for next day delivery nationwide during 2003 will be set at 94%, and that for local mail, during 2003, will be set at 94%. The target for delivery of first class letters nationwide within three working days will be set at 99.5%. These targets will be reviewed during the first half of 2003. In order to gain assurance that this target will be met, An Post is required to detail the measures needed to achieve it by 28 February 2003.

⁴ Notice from the Commission on the application of the competition rules to the postal sector and on the assessment of certain State measures relating to postal services. Official Journal C39, 6.2.1998

4 FORMAL NOTIFICATION OF QUALITY OF SERVICE TARGETS FOR DOMESTIC MAIL

The Secretary
An Post
General Post Office
O'Connell Street
Dublin 1

Notification to An Post regarding Quality of Service standards for the delivery of domestic letter mail

The Commission for Communications Regulation (hereafter "ComReg") in pursuance of Regulations 13 and 14 of the European Communities (Postal Services) Regulations 2000 (S.I. No. 310 of 2000), and having taken into account the views of interested parties following a public consultation, hereby gives the following notification regarding targets to be achieved by An Post for the delivery of domestic National and Local First Class letters during the calendar year 2003:

National Mail (D+1)	94%
Local Mail ⁵ (D+1)	94%
All Mail (D+3)	99.5%

The quality standards for domestic mail in the State are established in relation to the time limit for routing measured from end to end for postal items of the fastest standard category according to the formula $D+n$, where D represents the date of deposit and n the number of working days which elapse between that date and that of delivery to the addressee.

An Post is to provide, by 28 February at the latest, a programme showing the measures it is taking to reach this target, including information on milestones and resource deployment.

Commission for Communications Regulation

⁵ Local Mail is mail posted within the Greater Dublin Area or within any county council area for delivery within the same area.