



Office of the Director of
**Telecommunications
Regulation**

CONSULTATION PAPER

**Regulation of Postal Services - Universal
Service Obligation, Tariff Principles and
miscellaneous issues**

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Foreword

The key responsibility of the ODTR in respect of the postal sector is to ensure the availability of an affordable high quality Universal Postal Service. This paper discusses a number of very important issues concerning the rights of the consumer, such as access to the services, the guarantee of daily delivery, the publication of information of what is on offer, and complaints procedures. The paper also raises the very interesting question of why Ireland is only one of two countries in the EU without a proper Postcode system.

Access to the Postal Service

The first subject that this consultation paper deals with is the consumer's right of access to the postal services. In this sector I am attempting to codify the existing level of service – so if there is a late evening or weekend collection in your locality An Post will be required to continue providing it. Consumers will be able to post letters for next day delivery nationwide up to 5.30pm in all towns (except those where the latest collection time is currently earlier). I am proposing to give An Post some latitude in relation to the distance between post boxes - but no one would have to travel more than 1km within a town area to post a letter, exactly the same standard as applies in Germany.

In rural areas the existing arrangements requiring postmen on delivery to also collect mail from customers on their route must be maintained.

There are concerns about the ability of An Post to adequately meet the needs of business customers wanting to post Bulk Mail outside of Dublin. I would propose to intervene on a case by case basis if the customers concerned and An Post cannot reach an amicable agreement.

Guarantee of Daily Deliveries

There is now a specific legal obligation on An Post to deliver mail to the home or premises of every natural or legal person in the state every working day and not less than 5 days a week. I am required to monitor An Post's compliance. I am setting out how I propose to interpret the terms "home or premises" and "delivery". If there is mutual agreement between An Post and its customers I will accept that as fulfilling the statutory obligation. Existing arrangements will be deemed acceptable, but the onus will be on An Post to agree with the developers of new houses and business premises where mail will be delivered, in the same way as the provision of services by the ESB, Water, Telecommunications and Cable TV companies is agreed. Also if An Post and its existing customers agree on alternative arrangements that will be acceptable.

This is very important as I am advised that of the order of one in three housing completions in Ireland, is taking place in the open countryside. This will place an unsustainable cost on the rural postal delivery network unless An Post can continue its programme of persuading rural residents to use roadside letter boxes.

Postcodes

Apart from Greece, Ireland is the only European member state that does not use a postal coding system. The use of a unique Postcode can help to reduce such confusion and also speed up the sorting process. The Universal Postal Union describes the Postcode as the fundamental, essential element of an address.

While An Post do not currently see the need for such a system there are many other players in the Postal Sector and wider who say they would like to see Ireland using the same system as most other countries. I am therefore seeking the views of interested parties, including financial institutions, utility companies, consumer groups, An Post and other delivery organisations, about the advantages and disadvantages, and costs, of introducing Postcodes in Ireland and what would be the most appropriate organisation to allocate them.

Tariff Principles

Further legislation is necessary to clarify the tariff principles that Universal Service Providers must follow in setting its tariffs for all its services. This document sets out how I propose to deal with some of the more immediate issues in the interim.

Information to be provided by An Post and Complaints Procedures

It is vitally important that consumers know what services are available, and the price and conditions pertaining to them so that they can make an informed choice. Similarly if they have a complaint there is a need to know who to send it to and that it will be resolved within a reasonable time. Again this consultation puts forward some detailed proposals and seeks the views of all interested parties.

Conclusion

This paper addresses the rights of consumers and is a key element of the framework devised initially at EU level with the participation of Irish representatives and transposed into Irish law. I am seeking the views of all interested parties, but especially consumers, on the proposals in this paper.

I look forward to receiving responses to this consultation so that the service standards can be calibrated correctly to what customers need and in full understanding of the technical and financial issues involved.

Etain Doyle,

Director of Telecommunications Regulation.

1. INTRODUCTION

1.1 SCOPE OF CONSULTATION

The Director of Telecommunications Regulation (“the Director”) and her Office (“the ODTR”) are responsible for the regulation of Universal Postal Services in Ireland in accordance with National and EC legislation. The Director is the National Regulatory Authority (“NRA”) for the purposes of that legislation. In carrying out her functions under the legislation, the Director is obliged to take into account the views of interested parties.

The Director is now undertaking a consultation on the Universal Service Obligation, Tariff Principles and other issues governing the provision of the Universal Postal Service in Ireland. A summary of the main legislation concerning these topics is set out in Appendix A.

In some instances the proposals merely codify existing practice, in others there is now a legal requirement to set more specific obligations for bodies charged with providing the Universal Postal Service guaranteed under the European “Postal Directive”¹.

The Director welcomes comments from interested parties in relation to any of the questions raised in this consultation paper. In view of the nature of many of the issues the closing date for this consultation is extended to 3 January 2003. Please see section 8 for full details about submitting comments.

1.2 DEFINITION OF TERMS

In attempting to codify the obligations of service providers there is a practical problem of defining some commonly used terms such as City, Town, Rural, Public Road, as well as the different types of mail. The following are the definitions that the Director proposes to use in this consultation and in any Decision she makes following the consultation.

1.2.1. *Town and Rural Areas*

The terms “town” and “rural” are used quite frequently but they can mean different things to different people. The Director proposes therefore to use the definitions used by the Central Statistics Office (CSO) for the purposes of the 1996 Census of Population².

For all Census between 1966 and 1996 the population in the Aggregate **Town** Area of the state has been defined as ***“those persons living in population clusters of 1,500 or more inhabitants”***.

¹ 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

² Volume 1 of the 2002 Census of Population [Population Classified by Area] is not expected to be published until next year.

"The population residing in all areas outside clusters of 1,500 or more inhabitants" is classified as belonging to the Aggregate **Rural Area**.

The CSO uses the actual boundaries of towns as they have been built rather than the area controlled by the Local Authority. Indeed many towns defined by the CSO such as Mitchelstown (Co. Cork), Skerries (Fingal) or Donegal do not have any official status for local government purposes³.

1.2.2. *City*

There are five City Councils - Dublin, Cork, Limerick, Galway and Waterford – and as for towns the CSO amends the boundaries according to the growth in population, to include the suburbs or environs.

1.2.3. *Public Road*

Section 2 of the Roads Act, 1993 (no. 14 of 1993) defines "public road" as:

"a road over which a public right of way exists and the responsibility for the maintenance of which lies on a road authority;"

1.2.4. *"Single piece" mail*

This is correspondence, documents, publications or goods other than "Bulk Mail" originating from an individual residential or business customer (the sender) and deposited directly with An Post, or any other service provider, for conveyance by post and delivery to the addressee. It falls into two different categories.

- standard envelopes

This comprises correspondence in standard envelopes, ie envelopes no larger than C4 and weighing no more than 100g, which do not require special facilities at either the collection or delivery stage. This makes up about 80% of total mail volumes and will be within the area reserved to An Post until at least 2006 under current EU Directives.

- packets, parcels and registered items

This comprises correspondence in larger envelopes or packages, or documents and goods weighing up to 20 kg per item, or which requires specific services such as Registration in addition to normal postage. Because of the size of the item or the service required the item must be handed to an authorised representative of the Universal Service Provider and/or be delivered personally to someone at the address on the item (or if that is not possible, to be made available for collection from the premises of the Universal Service Provider).

1.2.5. *Bulk Mail*

This comprises correspondence, documents or publications consisting of a substantial number of similar items which are deposited with An Post, or any

³ except as part of the County Council

other service provider, at the same place and at the same time to be conveyed and delivered to the addressees indicated on the items themselves or on their wrapping.

There are specific issues in relation to the ability of An Post to accept this mail other than in Dublin which are discussed at section 2.5 below.

1.2.6. *Direct Mail*

Direct Mail is a particular form of Bulk Mail. The Regulations define it as:

*"a communication consisting solely of advertising, marketing or publicity material and comprising an identical message, except for the addressee's name, address and identifying number as well as other modifications which do not alter the nature of the message, which is sent to **a significant number of addressees**, to be conveyed and delivered at the address indicated by the sender on the item itself or on its wrapping and includes cross-border as well as domestic mail. Bills, invoices, financial statements or other non-identical messages and communications combining direct mail with other items within the same wrapping shall not be included as direct mail."*

Regulation 5(1) requires the Director to interpret the term significant number of addressees and to publish an appropriate definition from time to time, and this is addressed in Section 2.5.2.

2. ACCESS TO THE POSTAL SERVICE

2.1 INTRODUCTION

The obligations imposed on the Director by the Regulations are described in Appendix A. In essence the Director must issue Directions to the Universal Service Provider(s) to ensure that the density of access points takes account of the needs of users. This involves codifying the present arrangements and reviewing whether these meet the needs of users. In doing this there are three issues that must be considered - location, frequency and timing. Facilities for the pre-payment of postage must also be taken into account. Different arrangements are needed in respect of the different types of mail defined in section 1.2.

The Universal Postal Service in Ireland can trace its roots back to the 17th Century. Since then a comprehensive network of access (posting) points has been established, so that for most people access to the basic postal service has not been an issue. The one exception may be in newly developed areas where there is a time lag between the first houses in a new estate being occupied and the completion of sufficient new houses to warrant the provision of facilities.

2.2 AN POST'S CURRENT POLICY

An Post's current policy guidelines with regard to the provision of new pillar / wall boxes for posting standard envelopes, or the removal / re-siting of existing boxes, is as follows:

Volume threshold:

Town: at least 50 items per day

Rural: at least 20 items per day

Distance between pillar/wall boxes:

Town: half a mile

Rural: three miles

These guidelines ensure that Ireland has a generous provision of posting points compared to many countries. In addition in rural areas postmen delivering mail will also collect mail from customers on their route.

2.3 POLICY IN OTHER COUNTRIES

2.3.1. *Britain*

Schedule 2 Condition 3 of the Licence granted by Postcomm (the National Regulatory Authority in Britain) to Consignia (the Universal Service Provider) provides:

“2. *The Licensee shall be regarded as having met its obligations under paragraph 1 if –*

(a) in each Postcode area where the delivery point density is not less than 200 delivery points per square kilometre not less than 99% of users or potential users of postal services are within 500 metres of a post office letter box, and

(b) the distribution of access points capable of receiving the largest relevant postal packets and registered mail is such that –

(i) in the authorised area as a whole the premises of not less than 95% of users or potential users of postal services are within 5 kilometres of such an access point, and

(ii) in all Postcode areas the premises of not less than 95% of users or potential users of postal services are within 10 kilometres of such an access point, and

such access points are available to the public in accordance with conveniently published schedules.”

2.3.2. *Germany*

Section 2 of the Postal Universal Service Ordinance (PUDLV) of 15 December 1999 provides:

“Quality Standards for Letter Conveyance

The following quality standards shall apply to universal service in respect of letter services:

1. Across the country there must be a minimum of 12,000 fixed-location facilities in which contracts on letter conveyance services within the meaning of Section 1 (1) subpara 1 can be entered into and performed. The requirement according to sentence 1 shall be reviewed by 31 December 2005, taking demand into account. A minimum of 5,000 fixed-location facilities shall be operated with the company’s own staff until 31 December 2002. In every community of more than 4,000 inhabitants there shall be at least one fixed-location facility; as a rule, this also applies to communities that have the function of a central location under regional planning provisions. In principle it shall be guaranteed that in urban areas, customers are not farther than 2,000 metres from their nearest fixed-location facility. In the event of changes to these outlets, consultations are to be initiated with the competent local authority at an early stage, at least 10 weeks prior to the measure. All other locations shall be serviced by a mobile facility. The facilities shall be operational on working days, in line with demand.

2. There shall be sufficient letter boxes that customers in urban areas will not need, as a rule, to travel more than 1,000 metres to reach one. Letter boxes shall be emptied every working day and, depending on

requirements, on Sundays and bank holidays, as frequently as is needed to comply with the quality standards cited in subpara 3. Letter box clearances shall be based on the dictates of business life; clearance times are to be indicated on the letter boxes. Letter boxes within the meaning of sentences 1 and 2 above may be other receptacles that are suitable for posting letters.”

2.4 PROPOSED DIRECTION TO AN POST

In issuing Directions to the Universal Service Provider(s) to ensure that the density of access points takes account of the needs of users, the Director must balance the needs of consumers with the cost of providing the facilities. In this context the Director is conscious that while overall the volume of mail posted each year is increasing, the proportion of mail posted by residential customers is declining.

The Director recognises that in addition to the specific legal obligations in respect of the density (location) of access points, the frequency and timing of the collections from them has just as much impact on the quality of service that the customer receives. Issues relating to the payment of postage need also to be considered.

2.4.1. Location of Access Points

"Single Piece" Mail in Standard Envelopes can be posted in a normal pillar / wall letterbox provided by the Universal Service Provider, either inside or outside a post office or at the side of a public road.

Larger items such as packets, parcels, Insured and Registered items have to be brought to the local Post Office, or handed to an authorised official of the service provider, eg the existing requirement that postmen in rural areas will accept such items from customers on their delivery route.

Bulk Mail, including Direct Mail, is dealt with separately in Section 2.5.

2.4.2. Frequency of Collections

The Regulations provide that there should be at least one collection a day on five days a week, ie they guarantee a minimum frequency. This level of service is the minimum generally provided by An Post. In urban areas two or more collections are frequently provided as well as collections on Saturday and/or Sunday (ie 7 days a week) in some instances.

2.4.3. Timing of Collections

Generally in town centres and industrial estates collections appear to be needed at the end of the business day, ie no earlier than 5.30 pm, while in the larger cities a later collection at around 7.30pm is made to provide a next day service for local letters.

2.4.4. *Inter-relationship of Location, Frequency and Timing*

All three issues - location, frequency and timing - are inter-related. All have an impact on costs and quality. Too many collection points not only results in an increase in unit costs, but also impacts quality. This is because the time taken between the removal of items from the first collection point cleared and the delivery of these items to the sorting centre is increased. Similarly while a late collection may prima-facie appear attractive there will be no benefit if the time available for sorting the mail collected is reduced, and as a result cannot be processed in time to secure next day delivery.

2.4.5. *Payment of Postage*

There is no point in having an intensive network of posting points if it is not possible to purchase a stamp so that the postage can be pre-paid. An Post no longer insists that postage stamps can only be bought from post offices and makes them available through a wide range of retail outlets in addition to Post Offices.

2.4.6. *Proposals for inclusion in Direction*

The Director would welcome the views of all interested parties as to the MINIMUM standard of service that An Post, as the designated Universal Service Provider, should be directed to provide.

Bearing in mind the existing guidelines used by An Post and the above points the following proposition is put forward as the basis for this consultation:

- (a) There should be a posting point as near to the commercial centre of each town as practical from which a collection is made on five days a week (ie Monday to Friday, excluding public holidays) no earlier than 5.30 pm to secure next day delivery nationwide.⁴
- (b) Additional posting points for single piece mail in standard envelopes should be provided so that no one has to travel more than 1km within the town area to post a letter, subject to the same requirements as regards frequency and timing.
- (c) Additional posting points for single piece mail in standard envelopes should be provided in rural areas so that no one has to travel more than 3km to post a letter, subject to the same requirements as regards frequency. The existing arrangements requiring postmen on delivery in rural areas to also collect mail from customers on their route must be maintained.
- (d) In those cities and towns where collections are currently made on Saturdays, Sundays or Bank Holidays, or where there is currently a clearance after 6pm on Monday to Friday to secure next day delivery locally, this standard of service should continue to be provided from a

⁴ In towns where the latest collection time is currently earlier than 5.30pm because of geographic location it is intended that current arrangements should be maintained.

restricted number of posting points so that no one in these towns has to travel more than 3km to post a letter on these days / times.

- (e) There should be a facility to buy postage stamps, appropriate to the rates for mail in standard envelopes, at a retail outlet in the vicinity of every pillar / wall box in town areas. In this context vicinity can be defined as within 100 metres of the nearest retail outlet which need not be a post-office and may be automated. [The Director has no function or powers in relation to the location or number of retail post offices.] Existing arrangements whereby postmen in rural areas sell stamps should be retained.

Q. 1. Do you agree that as a minimum standard no one should have to travel more than 1km within a town area, or 3km within rural area, to post a letter in a standard envelope? If you think some alternative criteria should apply please state your reasons.

Q. 2. Do you agree that as a minimum standard there should be a posting point for all mail as near to the commercial centre of each town as practical from which a collection is made no earlier than 5.30 pm to secure next day delivery nationwide? If you think some alternative criteria should apply please state your reasons.

Q. 3. Do you agree that existing arrangements for mail posted after 5.30 pm and on Saturdays, Sundays and Bank Holidays should be maintained? If you think some alternative criteria should apply please state your reasons.

Q. 4. Do you agree with the proposals in respect of rural/less populated areas?

2.5 BULK MAIL & DIRECT MAIL

Special considerations apply in respect of such mail. While it would not normally be possible for such mail to be posted in normal pillar boxes, it is important that customers have access to the appropriate postal services at locations convenient to them. The obligations in respect of the Universal Service discussed in this paper extend to Bulk Mail customers also.

In principle it is to be expected that, in accordance with normal commercial practice, such customers will negotiate arrangements that meet their specific requirements directly with a Universal Service Provider. But where the customer is required by law⁵ to use the services of An Post this could affect the customer's bargaining power. The Director therefore proposes only to intervene on a case

⁵ For example because the services are "reserved" to An Post.

by case basis at the invitation of a specific customer when it can be shown that the normal process of commercial negotiation is not working properly.

Q. 5. Do you agree that the density of access points for Bulk Mail / Direct Mail should be agreed individually between An Post and each company presenting such mail, and that the Director should only issue specific Directions to An Post if such agreements cannot be reached?

2.5.1. *Definition of Bulk Mail - significant number of addressees*

The Director is required to interpret the term *significant number of addressees* and to publish an appropriate definition from time to time⁶. The Director notes that An Post generally applies a minimum size of 2000 items for access to Direct Mail services, but is concerned that this number is relatively large for many businesses / not for profit organisations operating in rural areas who may wish to use Direct Mail. While the Director is minded to decide that 2000 shall be the *“significant number of addressees”* for the purposes of Regulation 5(1) she would particular wish to hear from businesses and not for profit organisations who would benefit from a lower figure.

Q. 6. Do you agree that 2000 should be the “significant number of addressees” for the purposes of Regulation 5(1)? If you disagree, please suggest a different quantity and give your reasons.

⁶ Regulation 5(1)

3. GUARANTEE OF DAILY DELIVERY

3.1 INTRODUCTION

An Post aims to deliver mail to the home or premises of every natural or legal person in the state every working day and not less than 5 days a week⁷.

This is now a specific legal obligation and the Director is required to monitor An Post's compliance with it, although the Director is allowed to grant a derogation in certain circumstances. Some countries (eg Britain) have not defined what is meant by delivery and are therefore proposing to allow significant derogations⁸, whereas others (eg the Netherlands) have defined what is meant by delivery and avoided the need for significant derogations⁹. The Director intends to follow the latter approach.

As a first step what constitutes "home or premises", and what constitutes "delivery", for the purposes of satisfying the universal service obligation must be defined. Consideration also needs to be given to what should be done if An Post, through no fault of its own, is unable to effect delivery.

3.2 DEFINITION OF HOME OR PREMISES

3.2.1. *Existing arrangements*

In urban areas the concept of "delivery to the home or premises" of the addressee might be described in terms of the postman approaching the main entrance door of the premises and "posting" the letters through a letterplate in the door provided specifically for that purpose. But this is by no means a ubiquitous practice. For example, in modern apartment developments a nest of letterboxes is often positioned at the entrance to each block of apartments, and frequently modern houses on substantial plots have electronically controlled gates to prevent access with a letterbox provided adjacent to the gate.

The reality is that over the years a number of alternative delivery arrangements have been made by mutual agreement between An Post and its customers, either on a long term or short term basis. For example, during the Foot and Mouth crisis in 2001 postmen moving from farm to farm could easily have spread the disease. Undoubtedly some of the temporary arrangements made then have continued because they were convenient for both An Post and the addressee.

⁷ 9 Islands off the South and West coasts only receive mail on 2-4 days a week. The population affected (801 -1966 Census) represents less than 0.02% of the State's population.

⁸ See in particular the Consultation Paper published by Postcomm (the British NRA) on 9 July 2002 "Exceptions to the Universal Service Obligation".

⁹ Section 9 of the Dutch Postal Act 1988, as amended, provide.

1. *To facilitate the delivery of postal items to addressees, Our Minister shall lay down regulations concerning the location, dimensions and other characteristics of letterboxes intended for such delivery.*

2. *Postal items qualifying for delivery in a letterbox within the meaning of subsection 1, on the basis of their nature and size, may be considered undeliverable if, at the address stated, there is no letterbox complying with the regulations laid pursuant to subsection 1.*

3.2.2. *Recent trends in rural areas*

Society is changing and this necessitates a reappraisal of many things that have been taken for granted in the past. Arising from an undertaking given in the National Development Plan 2000-2006, the Department of the Environment and Local Government is preparing a National Spatial Strategy to provide a framework for future balanced Regional Development in Ireland. Over 20 Research Reports were commissioned during Stage 2 of the preparation of the National Spatial Strategy. A conclusion in the report on “Rural and Urban Roles”¹⁰ is very relevant to the provision of postal services in rural areas:

“The overall finding that of the order of one in three housing completions in Ireland, is taking place in the open countryside, presents profound challenges in terms of arriving at a settlement structure that is sustainable, serviceable and in terms of resolving appropriate settlement roles for areas both urban and rural.”

The Report explained this phenomenon in the following terms:

“Rising affluence, increased mobility and a desire for rural environments with the benefits of proximity to urban facilities were amongst the factors that gave rise to the phenomenon of “urban generated” housing in rural areas from the 1970’s onwards. The market created for this type of housing in turn created an opportunity for rural land-owners to sell building plots for a return many multiples of what was achievable from traditional agricultural activity. In recent years, with increasing house prices and weakness in farm produce prices, rural landowners seek to avail of the buoyant demand and enhance their income.”

The implications for this for the provision of the Universal Postal Service are significant. If these trends continue, and if An Post were to attempt to provide these new houses with the standard of service it provides in urban areas the overall cost of providing the postal service could rise significantly and this might put the existing level of service in rural areas at risk.

3.2.3. *Director’s Proposals*

The Director is therefore minded to take the view that delivery arrangements currently in place will meet the new statutory obligation.

With regard to new housing and other new buildings the Director is minded to take the view that the onus should be on An Post to agree with the developers, at the planning stage, what should be the most appropriate delivery arrangements. In this context there must be some restraint on what either party can ask of the other. The following criteria are suggested:

- (1) No fee or charge should be payable to An Post in respect of the agreed alternative.

¹⁰ National Spatial Strategy. Irish Spatial Perspectives – Paper 13 “Rural and Urban Roles” www.irishspatialstrategy.ie.

- (2) The arrangements must be accessible to all other providers of postal services - any arrangements which require the delivery postman to use keys or codes to gain access are not acceptable unless all other service providers have access to the keys and codes if necessary.
- (3) There must be no discrimination between addressees in terms of arrangements that are acceptable to An Post.
- (4) The home or premises must have either a letterplate in an exterior door of the premises or a letterbox if An Post is to be obliged to deliver mail to the premises. There is an Irish Standard¹¹ that specifies the size and position of a letterplate that should be provided in a door. A new European Standard¹² has recently been adopted which specifies the dimensions for a letterplate or a letterbox - details are set out at Appendix B.
- (5) There should be some limit to the distance from the nearest public road that the postman should be required to travel to access the letterplate / letterbox, or in "duplex" developments, the number of steps that the postman needs to climb. Unfortunately neither the Irish Standard, nor the European Standard, referred to above deal with the issue of location in relation to the boundary of the property. In these circumstances the Director will be guided by the views of interested parties, and in particular of representative bodies, as to what distance is reasonable.
- (6) It is not always possible for the postmen to access the home or premises directly from the public road. For example it is the practice for some residential developments not to be taken in charge by local authorities and for access to be controlled by electronic gates¹³. Where there is no direct access from the public road it seems reasonable that delivery should be effected by delivery to a roadside letterbox, complying with the Irish/European standards, at an agreed location accessible from the public road.

An Post has a programme to persuade rural residents to use roadside letterboxes and this programme will need to be continued if the cost of the rural postal delivery network is not to become unsustainable. There will be other instances where either An Post or their customers find existing arrangements unacceptable for one reason or another. The Director is minded in these circumstances to require that the criteria set out above should apply in the event that any change to existing arrangements is sought, subject to the overriding consideration that there must be mutual agreement.

¹¹ I.S. 195:1976 - compiled by the Institute for Industrial Research and Standards (IIRS)

¹² EN 13724 Apertures

¹³ This example must be distinguished from the case where a new estate is being built and it is intended that the new roads would become public roads once the development is completed.

- Q. 7.** Do you agree that, in the cases of existing residential buildings and commercial premises, the Director should regard the currently agreed delivery point as complying with the statutory obligation? If you disagree, please state why.
- Q. 8.** Do you agree that, in the case of new housing and other new buildings, the onus should be on An Post to agree with the developers, at the planning stage, what should be the most appropriate delivery arrangements? If you disagree, please state why.
- Q. 9.** Do you agree that An Post should continue its programme to *persuade* rural residents to use roadside letterboxes by mutual agreement?
- Q. 10.** (a) Are the criteria set out at section 3.2.3 against which the Director will judge whether there is mutual agreement on delivery arrangements reasonable? If not what alterations would you suggest?
- (b) What distance should a postman be required to cross private property from the public road to access the letterplate / letterbox? Please give your reasons.

3.3 DEFINITION OF DELIVERY

There are some items of mail, eg packets, parcels and registered items, where the item must be delivered personally either because they are too large to fit through the aperture of the letterplate / letterbox or because proof of delivery is required by the person sending the item. Also there are some items of mail that cannot be delivered because the size of the letterplate / letterbox is smaller than that set out in the Irish/European Standard.

It is not always the case that there is someone at home when the postman calls, either because of working hours or holidays. In these cases it seems reasonable to expect An Post to make one attempt at delivery in person and that if delivery cannot be effected for a notice to be left stating that an attempt was made at delivery, and stating how the item can be obtained by the addressee.

As a minimum the addressee should be given the option of collecting the item from an office of An Post, within reasonable distance from the address, within a specified period and during specified hours. An Post might also wish to explore the option of providing, as a commercial cost-based service, a special delivery at a specified day/time. The Director would be interested in obtaining the views of interested parties as to what the specified period and specified hours might be. The views of organisations that are required to serve legal documents by registered post and who need to know that the document will be delivered to the addressee are especially invited.

- Q. 11. (a) How long should a Universal Service Provider such as An Post be required to make available for collection from a local office mail that cannot be delivered, and during what hours should it be made available for collection?**
- (b) Do you agree that An Post should only be required to make one attempt at delivery, on the basis that a note is left for the addressee, stating the alternative collection arrangements? If not please state your reasons. What other alternatives do you think should apply?**

3.4 TIME OF DELIVERY

While there is a specific statutory requirement to guarantee one delivery on five days each week, there is no specific statutory requirement as regards the time of that delivery.

While the option of specifying an earliest and latest time for delivery might be within the scope of regulation 6(1) it seems to the Director that the conflicting demands of different groups of customers makes it impossible to specify an acceptable delivery span that has to be achieved in all cases.

The pattern of living has changed significantly in recent years and in many households people have left for work before 7.30 am in the morning. It would be uneconomic for An Post to effect delivery to every address before such an early hour. To overcome this in some countries the provision of an evening delivery has been suggested. On the other hand businesses and especially home based businesses will continue to require an early morning delivery. In this regard the suggestion has been made that in Britain a small annual charge should be levied on those who want/need their post before 9.30am.

To achieve economies of scale it is essential that the delivery postman go "once over the ground" only. It seems reasonable therefore that An Post should be free to organise its daily deliveries in such a way as best meets the requirements of a majority of its customers in the most economical way. In general this will mean that An Post should continue to effect deliveries in business districts first, and deliver to residential districts and rural areas during the course of the day.

- Q. 12. Do you agree that that An Post should be free to organise its daily deliveries in such a way as best meets the requirements of a majority of its customers in the most economical way?**
- If you disagree, please state how conflicting demands of customers could be met while achieving the economies of scale inherent in a "once over the ground" delivery network.**

4. POSTCODES

Another issue that needs to be considered in the context of An Post's statutory obligation to guarantee one delivery on five days per week is that the letter must be correctly addressed.

This is important not only to ensure that the postal item can be delivered to the person for which it is intended, but also in terms of ensuring the quality of service in terms of timely delivery.

For example there are very many addresses that can easily be confused. For example:

- **Blackrock**, Co Louth with **Blackrock**, Co Dublin or **Blackrock**, Cork
- **Riverstown**, Co Sligo with **Riverstown**, Co Cork
- **Passage East** (Waterford) with **Passage West** (Cork)
- **Sandford Road, Dublin 6** with **Sandyford Road, Dublin 16**

The use of a unique Postcode can help to reduce such confusion and also speed up the sorting process. The UPU describes the Postcode as the fundamental, essential element of an address, and a unique, universal identifier, which unambiguously identifies the addressee's locality and assists in the transmission and sorting of mail items. At present, 105 UPU member countries use Postcodes as part of their addressing systems. Apart from Greece, Ireland is the only European member state that does not use a postal coding system.

Many of the An Post customers who post bulk mail have indicated in response to earlier consultations that they believe that efficiencies can be gained through the use of an agreed Postcode system, and the introduction of bar-coding. They suggest that it would be possible for the company preparing the mail to pre-code the mail for machine sorting before it is presented to An Post.

Utility and emergency services have also suggested that the introduction of a Postcode system would be of particular assistance in rural locations. The identity and location of the caller is crucial in an emergency, eg if overhead electricity transmission lines had fallen in a storm, and if the caller was able to give a Postcode for the precise location of the incident this would reduce the possibility of delay in getting to the site.

Also in many countries the Postcode is used in a variety of customer relationship management systems and for credit scoring by financial institutions.

It appears that there is a significant case for the introduction of Postcodes in Ireland. The Director would appreciate the views of interested parties, including financial institutions, utility companies, consumer groups, An Post and other delivery organisations, about the advantages and disadvantages, and costs, of

introducing Postcodes in Ireland and what would be the most appropriate organisation to allocate them.

Q. 13. What do you see as the advantages and disadvantages of introducing Postcodes in Ireland? Which would be the most appropriate organisation to allocate them, and how should it be funded?

5. TARIFF PRINCIPLES & TERMINAL DUES PRINCIPLES

5.1 TARIFF PRINCIPLES

In May 2001 the Director published a consultation paper entitled “Regulation of Postal Services – Approach to Monitoring Compliance with Universal Service Tariff Principles” ODTR 01/35.

The objective of the Consultation Paper was to provide clarity in respect of the tariff principles set out in Regulation 10(1) and summarised in Appendix A. The Director wishes to express her thanks to the six organisations¹⁴ that contributed to the responses received.

However while the responses were cogently argued there was no consensus as to how crucial terms such as “*affordable to all*” and “*geared to cost*” should be defined, and there is now a new Postal Directive, to be transposed into Irish law, and there may be publication of guidance by the European Commission. The Director will publish a further consultation paper on this subject after publication of the legislation transposing the amending Postal Directive, recently approved by the European Council and European Parliament¹⁵.

5.2 THE “AFFORDABILITY” PRINCIPLE

Consultation paper ODTR 01/35 suggested that the main economic rationale for the “affordability” principle is concerned with imposing external constraints on prices and on An Post’s costs and efficiencies. The Director said she believed that the existence of transparent criteria would enhance the stability and predictability of the regulatory regime.

A price cap based on the “Consumer Price Index –X factor” model was suggested as an appropriate measure of affordability in the consultation paper. The report of the study into the cost accounting systems of Universal Service Providers for the European Commission¹⁶ also recommended the use of an “inflation minus X-factor” price-cap.

5.2.1. *Views of Respondents*

The majority of respondents agreed with setting transparent criteria, but the comments and detailed responses highlighted the differences in opinion as to how to measure “*affordability*” in a transparent and consistent way from period to period.

¹⁴ The six organisations that submitted written responses to consultation ODTR 01/35 were An Post, Communications Workers’ Union, Irish Direct Marketing Association, Irish Association of International Express Carriers, Pitney Bowes (Ireland) Ltd and Bank of Ireland.

¹⁵ Directive 2002/39/EC of the European Parliament and of the Council of 10 June 2002 amending Directive 97/67/EC with regard to the further opening to competition of Community postal services

¹⁶ Study on the cost accounting systems of providers of the universal postal service”, CTcon, Düsseldorf, July 2001, Contract No ETD/2000/B5-3001/D/61

One respondent implicitly accepted the Director's analysis in addition to pointing to the need to ensure that *"efficiency savings in the operation should also be used to determine the amount of value to be shared with the customers helping to create those efficiencies."*

Another organisation explicitly rejected the proposed approach and suggested that *"affordable prices are prices where it is more attractive to use post over other media to get a message from the business to its customer."*

An Post suggested that *"while there is no economic definition of affordability, a common sense interpretation of affordability relates to the ability of customers to pay, matched against the necessity for them to have access to a particular service at its associated quality standard."* An Post therefore argued that *"the criteria for measuring affordability suggested in the consultation paper is seriously flawed."* and that affordability should be measured by reference to factors external to An Post such as the movement in the Average Industrial Wage.

5.2.2. *Position of the Director*

The report for the European Commission on accounting systems of Universal Service Providers addressed the lack of clarity in the Directive about the definition of affordability in this way: *"...From a theoretic standpoint every price level could be affordable"*.

The principles set out in the Postal Directive have been clarified in legislation in some Member States. For example Germany legislation provides that: *"costs of an efficient provider shall be deemed to be affordable"*¹⁷.

With regard to the proposed "price cap" detailed investigation into An Post's costs suggests that it will be sometime before the basic requirement, that existing prices are appropriately calculated, can be met. It is now our understanding that An Post's weight based price structure does not adequately reflect how costs actually are incurred, which is more a function of format (ie whether it is a conventional envelope or a bulky packet) than of weight. See for example consultation paper ODTR 02/94 on the application by An Post to increase the price of International Outbound reserved Postal Services. In view of these uncertainties more work needs to be done before a price cap can be put in place¹⁸. However the Director remains of the view that a price cap is the most effective mechanism of ensuring that postal prices are "affordable".

As noted above, there is likely to be further clarification and in the meantime the Director intends to monitor compliance with the "affordability" principle on a case by case basis. In particular she will be guided by the submissions of interested parties, and in particular An Post's customers, as to whether An Post's prices are affordable or not. This approach will be adopted whenever An Post seek approval for price increases in the reserved area under Section 70 of the

¹⁷ PEntgV - *"explicitly consider the relationship between the initial price level and the cost of efficient service provision"*

¹⁸ Postcomm, the Postal Regulator in Britain, envisages that it will be April 2003 before a similar price cap proposal can be implemented.

1983 Act, as amended, and when the ODTR undertakes a Price Investigation to ensure compliance with the Tariff Principles.

5.3 THE “GEARED TO COST” PRINCIPLE

The Consultation Paper suggested that the requirement that prices be “geared to costs” should establish a link between the prices charged by An Post and the actual costs reported by An Post’s cost accounting. The main economic rationale for the “geared to costs” principle is to ensure that tariffs are not excessive and to prevent unfair cross subsidies.

The main issue with this principle is the lack of clarity as to the basis of measuring cost. At one extreme it could be argued that it is the fully distributed cost incurred by An Post or other service provider - whatever the level of efficiency. On the other hand it could be argued that it should be the long run marginal cost of an efficient service provider.

In the case of a fully competitive market it is competitive forces that keep prices down. One purpose of the “geared to cost” principle is to ensure that services are not priced “below cost” to keep potential competitors out of the market, or to force existing competitors to review their position.

In addition where significant or dominant market power exists, either de jure (because of a “reserved area”) or de facto (lack of effective competition), the “geared to cost” formula has a role to play in ensuring that customers do not have to pay an excessive price.

5.3.1. *Views of Respondents*

With the exception of one, all of the respondents agreed with the proposed approach to a routine examination of whether prices are ‘geared to costs’ as follows:

“We agree with the principle that prices should be geared to costs. We encourage the Director to investigate the fully allocated costs of service provision bearing in mind the ability of postal intermediaries and certain customers to provide more efficient methods of mail preparation and revenue management through the use of technology”.

“We agree in principle but are concerned that there is a possibility that capital and other costs which An Post currently incur, as well as future increases in these costs, will be taken as a basis for the fully allocated cost incurred in providing a Universal Service”.

An Post does not agree with the proposed approach on three grounds:

- (1) There is a lack of clarity about which costs will be considered.*
- (2) The approach proposed is too rigid, for example, it would not allow for price pointing.*
- (3) It is not clear what is meant by “routine” examination.*

5.3.2. *Position of the Director*

The debate about the definition of “affordability” and the pace at which effective competition emerges in the postal sector can have an important bearing on how compliance with this principle needs to be monitored.

With changes in technology and management practices, the potential for efficiency in all utilities, including postal services is increasing all the time. It is critical from the point of view of competitiveness of the Irish economy generally and for sustainable job creation particularly in the areas where the marginal costs of utility services are highest (low density, more remote areas) that there is a commitment to ever increasing efficiency on a comparable scale to the best of Ireland’s competitors.

The Director’s view is that where there is limited or no competition, either because of a “reserved area” or due to the lack of effective competition, the need to ensure efficient costs becomes imperative. The Director notes the views expressed by An Post’s customers in response to that consultation. The issue of excessive pricing, if it arises, cannot and will not be ignored.

In assessing compliance with the “geared to costs” principle the Director proposes an initial assessment of effective prices against average unit cost at the national level for each Universal Service.

The Director hopes that the current debate throughout Europe will result in a consensus as to how these important principles should be defined. In the meantime the “geared to cost” principle will be monitored on the basis of the USP’s fully distributed costs, including depreciation. This kind of cost plus approach, would on its own be inadequate to ensure the affordability of services in a broad national or regional sense as noted above. The issue of efficiency, as it arises, will be addressed either as part of the assessment of “affordability” or by way of an adjustment to the fully distributed cost.

5.4 THE “UNIFORM TARIFF” PRINCIPLE

There is currently no legal obligation on An Post to apply geographically uniform prices, although it seems likely that An Post might wish to retain them for commercial reasons¹⁹. Some countries, notably Germany, Finland, France, Austria and Italy, extend the concept of Uniform prices to most (or all) of Europe, in line with an EC Commission recommendation in 1979²⁰.

¹⁹ An Post might in particular value the relative administrative simplicity, and ease of customer information, that are afforded by uniform prices. The net costs of uniform tariffs against which these benefits are set may not be great: in a study for the European Commission, NERA has estimated the cost of the Universal Service Obligations on An Post as 5.4% of turnover on a fully allocated basis, and 0.3% on a net avoidable cost basis. “*Costing And Financing Of Universal Service Obligations In The Postal Sector In The European Union*” Final Report For EC DG XIII November 1998 [Table 5.2]

²⁰ EC recommendation in 1979 was that inland tariffs should apply to intra-community letters at least up to the first weight step.

5.4.1. *Views of Respondents*

With the exception of one, all of the respondents were in favour of the Director assessing compliance with the “geared to costs” principle at a national level.

One respondent commented that *“we would be pleased if such a uniform tariff could be extended to include the whole of the EU, both from a social cohesion point of view and an ease of use and transparency of the postal system by all users”*.

An Post’s view was that *“for as long as a uniform tariff is in place for national services, the “geared to costs” principle should be assessed at a national level in respect of these services”*. An Post stated, however, that it *“can envisage scenarios where a uniform tariff for services within the USO would no longer be appropriate. In such circumstances, and without prejudice to the necessary approvals required in such a scenario, assessment of the “geared to costs” principle at national level would no longer be appropriate”*.

5.4.2. *Position of the Director*

The Director will examine any proposals on the merits of the case. For the immediate future she intends to assess compliance with the “geared to costs” principle at the national level. The Director has the power, subject to the Minister’s consent, to decide that a uniform tariff be applied throughout the state, should An Post submit proposals to abandon the geographical “Uniform Tariff” principal.

5.5 THE “TRANSPARENT AND NON-DISCRIMINATORY” PRINCIPLE

Regulation 12(7) and 18(2) require that tariffs be transparent and non-discriminatory. The Director intends to verify compliance with this principle on an ongoing basis. Much of this work will be undertaken as part of the review of An Post’s separated accounts. In accordance with paragraph 3(1) of the Direction business segments as defined by the International Accounting Standards (IAS) 14 should be regarded as “subsidiaries”. In this regard payments / charges should be calculated on an arm’s length basis and in a transparent and non-discriminatory manner.

5.5.1. *Views of Respondents*

The majority of respondents agreed that the “transparent and non-discriminatory” principle should be monitored as part of An Post’s separated accounts as follows:

One respondent *“agrees that compliance with the transparent and non-discriminatory principle should be monitored as part of the review of An Post’s separated accounts. The organisation would also request that the Director publishes a report every six or twelve months, on her findings in regard to verifying compliance with this, and indeed the other requirements being monitored”*.

One interested party agrees “that tariffs must be non-discriminatory” and states that “we further believe that tariffs should be transparent to ensure that no cross subsidisation occurs between the divisions in An Post”.

An Post referred to their position outlined in June 2001 in response to ODTR 01/29²¹ “An Post’s policy is that inter company transactions should be on the same basis of charging as would be offered to any customer in respect of a similar transaction. The Director can satisfy herself that this policy is adhered to by comparing the basis of charges made to subsidiaries and associated companies against the basis of charges made to other customers and against published prices, and that they are charged on a transparent and non discriminatory basis”.

5.5.2. *Position of the Director*

The Director notes that there is a broad consensus on this subject. Compliance with the “transparent and non-discriminatory” principle should be monitored as part of the review of An Post’s separated accounts.

5.5.3. *Overall Conclusion*

There is a need for the European Commission and / or National governments to define terms such as “geared to costs” and “affordable”.

In the absence of legislative clarity, and a postal tariff structure more closely aligned to cost, it is not possible to produce a long-term framework for ensuring that An Post comply with the Tariff Principles.

In the short term the Director will measure on a case by case basis the application of the principles.

5.6 **TERMINAL DUES PRINCIPLES**

As set out in Appendix A Regulation 11(1) requires An Post to arrange that in their agreements with other Universal Service Providers Terminal Dues²² should be fixed in relation to the costs of processing and delivering incoming cross-border mail.

According to the separated accounts for 2001 submitted by An Post its inbound international letters business reported a loss of €19.3m. This loss is largely a function of the multilateral agreement which An Post has entered into with other European post offices²³ which governs the reimbursement of cross border mail flows. This agreement is known as the REIMS II agreement. It is the opinion of the Director that this agreement is inappropriate for An Post and is a significant

²¹ ODTR 01/29 Regulation of Universal Postal Services - Accounting Separation and Costing Methodology. Proposed Direction to An Post

²² “Terminal Dues” arrangements govern how much An Post pay postal services in other countries and how much they receive from them.

²³ In the case of TPG Post in the Netherlands where the arrangements are on the basis of the provisions of the UPU (Universal Postal Union) convention.

contributor to some of the financial challenges that it faces. An exploration of alternative arrangements is underway, and a Consultation paper on compliance with the Terminal Dues Principles will be published shortly.

6. INFORMATION TO BE PROVIDED BY AN POST

6.1 INTRODUCTION

Universal Service Providers are required to provide users with regular, detailed and up to date information about the Universal Service, in a manner determined by the Director. [see Appendix A]

There are two issues addressed in this section:

What Information should be provided?

What Media should be used?

6.1.1. What Information Should Be Provided?

The information which should be published can be considered under four headings:

- Prices
- Quality
- Service Standards
- Conditions relating to particular Services

6.1.2. What Media Should Be Used?

There are a variety of ways in which the information can be conveyed and for convenience these are summarised under the following headings:

- (a) Information to be available at the point of posting
- (b) Information to be available by way of notice at all post offices
- (c) Information to be available in written form at all post offices for subsequent reference at home or business premises
- (d) Information to be available in written form at selected post offices, or on request by post, for subsequent reference at home or business premises
- (e) Information to be made available over the internet
- (f) Information to be made available through advertising media.
- (g) Information to be made available in the Company's Annual Report

6.2 PRICES

There is a need for transparent information to be made available in respect of the prices, fees and charges for all parts of the Universal Service, and the associated

conditions. The following suggestions are put forward by the Director for the purpose of this consultation:

- (a) Comprehensive information in this regard should be made available by way of notice prominently displayed in all offices owned or controlled by An Post and used for the provision of the Universal Service.
- (b) The same information should be made available over the Internet.
- (c) A booklet setting out the current prices and associated conditions should also be available for subsequent reference at home or business premises from all post offices.
- (d) Copies of the booklet referred to above should be sent to all business customers whenever tariffs are adjusted, and advertisements placed in appropriate national advertising media.

The notices, booklets and advertisements should only contain information about the Universal Service. Information about services outside the scope of the Universal Service should be published in separate documents to ensure complete transparency between the two groups of services.

Q. 14. Do you agree that detailed information about prices and associated conditions for all aspects of the Universal Postal Service should be published by An Post within the framework set out in paragraph 6.2 of this Consultation Paper? If you disagree, please state why.

6.3 QUALITY

It appears to the Director that the information that customers may reasonably expect to know is what is the expected time that it will take to deliver the letter or parcel tendered for delivery, and in what proportion of cases are these targets met.

The following suggestions are put forward by the Director for the purpose of this consultation:

- (a) Comprehensive information in respect of targets for all aspects of the Universal Service should be made available by way of notice prominently displayed in all offices owned or controlled by An Post and used for the provision of the Universal Service.
- (b) The same information should be made available over the Internet.
- (c) A booklet setting out the targets should also be available for subsequent reference at home or business premises from larger post offices, or on request by post.
- (d) The target and the achievement against target for single piece priority mail calculated in accordance with European Standard EN 13850 should also be published for the latest quarter and the latest calendar year by way of notice

displayed prominently in all post offices and on the Internet after the 1st quarter of 2003 (quarterly results) and from early 2004 (annual results).

- (e) From mid 2004 the latest annual results should also be displayed prominently at all posting points.

Q. 15. Do you agree that detailed information about quality targets and achievements should be published by An Post within the framework set out in paragraph 6.3 of this Consultation Paper? If you disagree, please state why.

6.4 SERVICE STANDARDS

It appears to the Director that the information that customers may reasonably expect to know is what is the time of the last collection to secure next day delivery for both local and national delivery and whether that collection has been made.

The following suggestions are put forward by the Director for the purpose of this consultation:

- (a) The time of the last collection to secure next day delivery for both local and national delivery should be made available by way of notice prominently displayed in all offices owned or controlled by An Post and used for the provision of the Universal Service.
- (b) The same information should be made available over the Internet.
- (c) The time of the last collection to secure next day delivery for both local and national delivery should be prominently displayed at all posting points together with an indicator showing whether that collection has been made from that particular point. Additional information concerning the location of posting points where a later collection is provided and a telephone number to report any irregularities (eg apparent interference with the pillar box or questions about whether a collection has or has not been made) should also be provided.

Q. 16. Do you agree that information about the time of the last collection to secure next day delivery for both local and national delivery and whether that collection has been made should be published by An Post within the framework set out in paragraph 6.4 of this Consultation Paper? If you disagree, please state why.

6.5 CONDITIONS RELATING TO PARTICULAR SERVICES.

Some of the services provided by An Post have special conditions attached to them, eg a minimum number of items must be posted, a particular format of envelope must be used, or the address must be printed in a particular way.

It appears to the Director that all these conditions must be available to customers before they make a decision as to which service to use.

The suggestion put forward by the Director for the purpose of this consultation is that these conditions should be published in a booklet available for subsequent reference at home or business premises from larger post offices, or on request by post and also over the Internet. Where the subject matter is covered by a European Standard there should be a reference to the European Standard and where it can be studied.

Q. 17. Do you agree that detailed information about the conditions relating to particular services should be published by An Post within the framework set out in paragraph 6.5 of this Consultation Paper? If you disagree, please state why.

6.6 OTHER INFORMATION

The Director would be interested to receive the views of interested parties as to whether An Post should be required to publish any other information about the Universal Service

Q. 18. Is there any other information that An Post should be required to publish in respect of the Universal Service? Please give your reasons.

6.7 SECTION 70 OF THE POSTAL AND TELECOMMUNICATIONS SERVICE ACT, 1983

This section provides that An Post may make, as respects any of the postal services provided by it, a scheme providing for—

- (a) either or both of the following—
 - (i) all charges which (save in so far as may otherwise be agreed between the company and a person availing himself of any such service) are to be made by it,
 - (ii) the other terms and conditions which (save as aforesaid) are to be applicable to those services,
- (b) the prohibition of transmission of objectionable matter.

Nothing in this paper is intended to change this particular statutory provision.

7. COMPLAINTS AND REDRESS

7.1 STATUTORY REQUIREMENTS

7.1.1. *Irish context – Current Regulations*

The Director is required to lay down guidelines for the complaints procedures to be established by Universal Service Providers. Regulation 16 (1) requires that transparent, simple and inexpensive procedures for dealing with users' complaints, particularly in cases involving loss, theft, damage or non-compliance with service quality standards, shall be drawn up by Universal Service Providers. These procedures shall make provision, where warranted, for a system of reimbursement and/or compensation.

The amending Postal Directive²⁴ due to be transposed into Irish Law by 31 December 2002 extends the requirement to all service providers, not just the Universal Service Provider. This is especially important now that other USP's, in particular the United States Postal Service, are using a company other than An Post to deliver postal parcels, and customers are experiencing difficulty in getting complaints redressed. Similar issues are likely to arise with the opening up of the outbound Cross-Border Mail market in other countries.

7.1.2. *European context*

A draft European Standard, prepared by CEN/TC 331 in collaboration with the Universal Postal Union, prEN 14012, "*Postal Services – Quality of service - Measurement of complaint and redress procedures*", has been submitted for formal vote to all CEN members. Should the draft become a European Standard, CEN members are bound to comply with CEN/CENELEC Internal Regulations which stipulate the conditions for giving this European Standard the status of a national standard without any alteration.

7.2 AN POST CURRENT POSITION

7.2.1. *Customer Relationship Management*

An Post is currently developing a major initiative in the area of Customer Services. This involves the implementation of a Customer Relationship Management (CRM) system which, when fully rolled out, will enable An Post to co-ordinate and capture data relating to all complaints received. This system will apply to all complaints/inquiries received at the Customer Service Centre and to 100 major Delivery Offices from which almost all mail is delivered.

7.2.2. *Points of Access*

Currently verbal complaints concerning An Post's Letter Post services are received at a number of points, ranging from post persons out on delivery to Post Offices and Delivery Offices. Where such complaints are of a minor and local

²⁴ Directive 2002/39/EC of the European Parliament and of the Council of 10 June 2002 amending Directive 97/67/EC with regard to the further opening to competition of Community postal services

nature, they are resolved locally. However, more serious complaints, including all written complaints, are handled in a dedicated Customer Service Section in the GPO, Dublin.

An Post has a designated customer service CallSave telephone number installed whereby all customers can lodge complaints. The CallSave number, 1850 57 58 59, is linked to the Customer Service Branch of An Post.

7.2.3. *Records of complaints and Response times*

Within the Customer Service Section there is a Call Centre which handles all incoming telephone inquiries and complaints. An Post's policy is to channel all customer complaints directly through this Call Centre. All calls to the Call Centre are logged; call waiting and response times and failure rates are monitored and used as a benchmark for improvement.

An Post's internal standard is to guarantee to deal with all Letter Post service complaints with regard to clearance within 7 days of receipt. All complaints are acknowledged immediately upon receipt.

7.2.4. *Parcel Post*

All complaints regarding parcel delivery are received verbally or in writing to the SDS Headquarters, Naas Road, Dublin 22. The customer service telephone enquiry number is published in SDS brochures, on all vehicles and on the SDS website.

7.2.5. *Right of Redress*

At the moment should a customer feel that a complaint lodged with An Post is not adequately resolved, redress may be sought via the Office of the Ombudsman. A total of 56 complaints out of 2,500 received by the Office of the Ombudsman in 2001 related to An Post. This represented 2% of overall complaints lodged with the Ombudsman in 2001. The same number of complaints was received in the year 2000 regarding An Post. This represented a reduction of 17 complaints from the year 1999.

Of the postal related complaints which were sent to the Office of the Ombudsman in 2001 for redress, 1/3 were not upheld, 1/3 were resolved and the remaining 1/3 were provided with assistance.

7.2.6. *Compensation*

Mail sent by First Class Letter Post service (within Ireland), Priority and Economy service (outside Ireland) is not covered for compensation in the event of loss, damage or delay in transit. However, where an item of value is sent via registered post, the amount of compensation available is subject to the registration fee paid. There is a lower limit as to when compensation for registered items may be availed of, details of which are available at any Post Office or in '*An Post's Guide to Letter Post Services*'.

7.3 INTERNATIONAL MAIL

International standards for the clearance of service complaints with regard to letters and parcels are set out in the UPU Universal Postal Convention, Berne 1999, and the UPU Letter Post Regulations, Berne 2000 in which formal inquiry procedures were agreed. Standard forms must be completed by the postal administration of origin and/or a form of declaration must be completed by the intended postal administration concerning non-receipt or receipt of a postal item.

7.4 THE DIRECTOR'S POSITION

As noted above there is currently an obligation on An Post to put in place complaints and redress procedures and this will shortly be extended to all providers of postal services. The ODTR is required to provide guidelines which must be followed when putting a formal Code of Practice into place. When formally adopted as a European Standard, the draft Standard prEN 14012, "*Postal Services – Quality of service - Measurement of complaint and redress procedures*" will be specified as part of the guidelines.

While An Post currently has an internal policy for dealing with customer complaints and inquiries, the introduction of a formal Code of Practice in this area will send out a strong signal of its commitment to customer focus. The current policy in relation to customer complaints is considered less than satisfactory. The provision of high quality customer service is extremely important for all consumers and competition provides the strongest impulse to good quality service. In all circumstances, it is imperative that there is a Code of Practice

A published customer Code of Practice for dealing with complaints in relation to postal services will give customers the opportunity to have a clear understanding of the level of service which should be provided and the steps which should be taken by both the customer and An Post when problems need redress. Furthermore, such information, clearly expressed in a Code of Practice, places the customer in a better position to insist on his/her rights under the agreement entered into. The introduction of a standardised Code of Practice could help prevent the need of consumers to seek conflict resolution services from third parties.

Before deciding on any Direction that might be issued to postal service providers concerning procedures for dealing with user complaints, the Director wishes to consult with users, An Post, and interested parties so that she makes an informed decision.

The Director believes that the Code of Practice would apply to the treatment of verbal and written complaints with a complaint being any expression of dissatisfaction or grievance made to a postal service provider by a customer or member of the public but does not include a request for information.

The following elements are considered by the Director to be fundamental when drawing up a Code of Practice for dealing with customer complaints/disputes:

7.4.1. *Points of Contact*

Customers should have clear and up to date information on how to contact the service provider in the event of enquiries or complaints. The postal service provider should make available specific details of contact names (if appropriate) and addresses for contact in person or by post; an e-mail address for contact by e-mail; and hours of opening (if public office), telephone number (hours of manual operation, hours when recording facility will be in place) and fax numbers.

In an effort to minimise the cost to consumers of making a complaint, the Director believes operators should offer a low call or free phone telephone number or other alternatives for a low cost access such as e-mail, mailing address or Internet web page form.

7.4.2. *Records of complaints*

Under Regulation 16 (2), 'A Universal Service Provider shall publish, together with the annual report on the monitoring of its performance, information on the number of complaints and the manner in which they have been dealt with'.

In the event where a dispute arises it will be necessary that all relevant contacts between the customer and the postal service provider are recorded. This will be particularly important where the first point of contact by a customer will usually be by telephone. Customers should have confidence that any valid complaint will be addressed and receive follow-up attention.

The Director is considering issuing a Direction that postal service providers shall specify the means by which customers' complaints will be recorded and action logged. It is proposed that there should be a minimum time of retention of records of complaints following resolution of the dispute.

The Director is also minded to issue a Direction that postal service providers submit statistics of complaints on a frequent basis for publication in the ODTR Quarterly Review as well as publishing them annually in their Annual Report.

7.4.3. *Process of lodging complaints for resolution*

For the speedy and efficient processing of complaints postal service providers should set out the steps in which the customer should follow when lodging a complaint. This information should also stipulate the steps in which the postal service provider will adhere to in resolving the complaint/dispute. The steps to be used by either party should be flexible and easily understood. Good practice should result in customers being kept informed of the progress of their complaint when an immediate resolution is not possible. This could either be verbally or in writing, unless the complainant specifies one or other method.

The Director is considering issuing a Direction to the postal service provider stating that it shall clearly specify all the procedures which customers and providers of the postal services should follow in the event of a particular category of complaint.

7.4.4. *Response times*

Varying degrees of investigation may be required depending on the category of complaint under investigation. Some complaints may be resolved much quicker than others. The Director's view is that the postal service provider should specify a guaranteed response time for different categories of complaint. The Director is considering issuing maximum response times for each category of complaint. All views will be considered before deciding the extent of maximum limits.

7.4.5. *Category of complaints*

As stated above the Director proposes to set response times for different categories of customer complaint. As different categories require different response times it would be useful to distinguish the nature of complaints received. The Director proposes the following categories of customer complaints which is non-exhaustive.

Category of Complaint

Items loss or substantially delayed

Item damaged

Item arriving late (specifying no of days late)

Mail Delivery or Collection

- Time of delivery
- Failure to make daily Delivery to home or premises
- Collection times/collection failures

Mis-Delivery

Access to customer service information

Underpaid Mail

Tariffs for single piece mail /discount schemes & conditions

Registered items

Change of Address

Behaviour and competence of postal personnel

How complaints are treated

Other (not included in above)

In order to ensure that response times for specific categories of customer complaint are adhered to and also to give the postal service provider an opportunity to demonstrate its commitment to meeting those response times some Regulators have required Universal Service Providers to pay compensation. The Director is considering issuing a Direction to the postal service provider to undertake to provide financial compensation (refund or credit) to individual customers should response targets not be met.

The Director is aware that this is a complex matter and would like to receive views on the issue before considering it further.

7.4.6. *Right to seek independent advice*

Should a customer feel that the resolution concluded in any particular dispute with the postal service provider is not wholly satisfactory, then there should be an opportunity or right available to seek an alternative remedy or obtain independent advice. This right may involve referring the matter to the Office of the Ombudsman, Office of the Director of Consumer Affairs or it might be a right to enforce relevant legislation such as the Sale of Goods and Supply of Services Act 1980. The ODTR has no role currently in dealing with consumer affairs, but will advise consumers on how to handle their complaints on request, referring them to the relevant body

The Director is considering issuing a Direction that postal service providers shall clearly specify a customer's right to seek other forms of redress. Any Direction will provide that the right to seek other forms of redress or independent advice should only be allowed when the mechanics of the postal service provider's established Code of Practice have been exhausted.

7.4.7. *Submission of Code of Practice for Approval*

In her Response to the Consultation Paper and Decision Notice, the Director proposes to stipulate a time limit in which the postal service provider shall submit for approval a formal Code of Practice which incorporates the decisions of the Director. The Director is considering a time limit of 3 months for the postal service provider to submit a formal Code of Practice for approval.

7.4.8. *Publication of the Code of Practice*

A Code of Practice will only be of value to customers if they are aware of its contents and can rely on its provisions. The Director is considering issuing a direction that the postal service provider shall publish its Code of Practice and ensure that it is readily available for viewing by all its customers. It will be essential that the Code of Practice is kept up to date and therefore, may require review on an annual basis. The media used to publish the Code of Practice should be the same as those used to publish the terms and conditions relating to the Universal Postal Service – see section 6.5 above.

7.4.9. *International Standards for Quality Management Systems*

ISO 9000 is a set of standards for quality management systems that is accepted around the world. Currently more than 90 countries have adopted ISO 9000 as national standards. When you purchase a product or service from an organization that is registered to the appropriate ISO 9000 standard, you have important assurances that the quality of what you receive will be compliant with the ISO Standard. In addition, with the year 2000 revision of the standard, quality objectives, continual improvement and monitoring of customer satisfaction provide the customer with increased assurances that their needs and expectations will be met.

The standard intended for quality management system assessment and registration is ISO 9001. The standards apply uniformly to organizations of any

size or description. In addition, a company's compliance with ISO 9001 insures that it has a sound quality management system and reflects good business on the company's part.

As a result of being registered, companies have had dramatic reductions in customer complaints, significant reductions in operating costs and increased demand for their products and services. Other benefits can include better working conditions, increased market share and increased profits.

ISO 9000 registration is rapidly becoming a must for any company that does business in Europe. Many industrial companies require registration by their own suppliers. There is a growing trend toward universal acceptance of ISO 9000 as an international standard.

- Q. 19.**
- (a) What in your view are the key important points that should be included in the scope and contents of the guidelines on complaints procedures which the Director is required to draw up? Please state your reasons.**

 - (b) What additions and deletions would you like to see in the subjects set out in Section 7.4 when the final guidelines are issued? Please state your reasons.**

8. SUBMITTING COMMENTS

All comments are welcome, but it would make the task of analysing responses easier if comments were referenced to the relevant question numbers from this document.

The consultation period will run from 6 November 2002 to 3 January 2003 during which the Director welcomes written comments on any of the issues raised in this paper. Having analysed and considered the comments received, the ODTR will review the quality standards to be set for the provision of the universal service obligation and a report will be published on the consultation which will, inter alia, summarise the responses to the consultation. In order to promote further openness and transparency the ODTR will publish the names of all respondents and make available for inspection responses to the consultation at her Offices.

The Director appreciates that many of the issues raised in this paper may require respondents to provide confidential information if their comments are to be meaningful. Respondents are requested to clearly identify confidential material and if possible to include it in a separate annex to the response. Such information will be treated as strictly confidential.

“All responses to this consultation should be clearly marked “Reference: Submission re ODTR 02/95” and sent by post, facsimile or e-mail to:

Ms. Elaine Kavanagh

Office of the Director of Telecommunications Regulation

Irish Life Centre

Abbey Street

FREEPOST

Dublin 1

Ireland

Ph: +353-1-8049600 Fax: +353-1-804 9680 Email: postreg@odtr.ie

to arrive on or before 5 p.m. 3 January 2003.

Office of the Director of Telecommunications Regulation

6 November, 2002

APPENDIX A – SUMMARY OF LEGISLATION

1. General

The EU “Postal Directive”²⁵ 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 in September 2000 by the European Communities (Postal Services) Regulations 2000 (SI No.310/2000 "the Regulations"). Under these Regulations the Director has been given responsibility for regulation of the postal sector.

2. Universal Service Obligation

The Regulations define a Universal Service Provider as the public or private entity providing a Universal Postal Service or parts thereof within the State, the identity of which has been notified to the Commission in accordance with Article 4 of the Directive.

Regulation 6 (3) has designated An Post as a Universal Service Provider and the Minister for Communications, Marine and Natural Resources may designate one or more additional postal service providers as a Universal Service Provider having an obligation to provide all or part of the Universal Service. In this paper any reference to An Post should be read as a reference to all bodies designated as a Universal Service Provider.

The Universal Postal Service is set out in terms of weight limits and contents in Regulation 6(5). The definition does not however specify which particular services are “universal services”. It could be interpreted as covering all services provided by An Post for items weighing less than 20kg. But the intention of the European Authorities was to set out “*at Community level a universal postal service encompassing a minimum range of services of specified quality to be provided in all Member States at an affordable price for the benefit of all users, irrespective of their geographical location in the Community*”²⁶ and that Member States should be free to specify, in accordance with national traditions and requirements, the type of postal service that MUST BE provided to every citizen in the State.²⁷

Specifying the minimum level of service guaranteed does not mean that other postal services will not be provided, or that a Universal Service Provider will not offer a better quality of service than the minimum prescribed. But these are matters for the commercial judgement of the designated Universal Service

²⁵ 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

²⁶ Recital 11 of the Postal Directive.

²⁷ Recital 10 of the Postal Directive provides “*Whereas, in accordance with the principle of subsidiarity, a set of general principles should be adopted at Community level, whilst the choice of the exact procedures should be a matter for the Member States, which should be free to choose the system best adapted to their own circumstances;*”

Provider(s) or, except where there are transitional restrictions on market entry, of any other service provider who wishes to enter the market.

The following paragraphs set out the specific obligations imposed on the Director in this regard, and this consultation paper seeks the views of interested parties about how the Director should deal with these issues.

3. Access to the Universal Service

The Director is required to issue Directions to a Universal Service Provider (currently only An Post):

- to ensure that the density of the points of contact and of access points take account of the needs of users [Regulation 6(2)],
- to ensure compliance with the requirement set out in Regulation 6(4)(a) to provide one collection on not less than 5 days a week [Regulation 6(4)(b)] and
- to specify the quality of the universal service which users have a right to receive [Regulation 6(1)(b)].

4. Guarantee of Daily Delivery

For the purposes of satisfying Regulation 6 (4) (a) (ii) a Universal Service Provider (currently only An Post) must guarantee as a minimum one delivery to the home or premises of every natural or legal person or, by way of derogation, subject to conditions at the discretion of the Director, one delivery to appropriate installations on every working day and not less than 5 days a week, save in circumstances or geographical conditions deemed exceptional by the Director.

5. Essential Requirements

The Director may issue Directions to a Universal Service Provider to ensure compliance with the requirements in Regulation 7 which include confidentiality of correspondence, security of the network, continuity of service and absence of discrimination between users.

6. Tariff Principles

The Director is also required to monitor compliance with the Tariff Principles set out in Regulation 10(1). This Regulation provides that the tariffs for each of the services which form part of the universal service shall comply with the following principles:

- (a) prices must be affordable and must be such that all users have access to the services provided;
- (b) prices must be geared to costs;

- (c) with the consent of the Minister, the Director may decide that a uniform tariff shall be applied throughout the State;
- (d) the application of a uniform tariff shall not exclude the right of An Post to conclude individual agreements on prices with customers; and
- (e) tariffs must be transparent and non-discriminatory.

7. Terminal Dues Principles

Regulation 11(1) requires Universal Service Providers to arrange that in their agreements on Terminal Dues²⁸, the following principles are respected:

- (a) Terminal Dues shall be fixed in relation to the costs of processing and delivering incoming cross-border mail,
- (b) levels of remuneration shall be related to the quality of service achieved,
- (c) terminal dues shall be transparent and non-discriminatory.

Regulation 11(2) allows the Director to issue Directions to ensure compliance with these principles.

8. Information

Universal Service Providers are required to provide users with regular, detailed and up to date information about the Universal Service.

Regulation 8 (a) states that the Universal Service Provider shall provide users with regular, detailed and up to date information on the particular features of the universal service, with special reference to the general conditions of access to the service, as well as to prices and quality standard levels.

Regulation 8 (b) states that the information shall be published at least annually by the Universal Service Provider concerned in a manner determined by the Director.

9. Complaints

Transparent, simple and inexpensive procedures for dealing with users' complaints, particularly in cases involving loss, theft, damage or non-compliance with service quality standards must be drawn up by Universal Service Providers. These procedures shall make provision, where warranted, for a system of reimbursement and/or compensation. Information about complaints must be published in the Annual Report [Regulation 16]. The Director is required to lay down guidelines for Universal Service Providers.

²⁸ Terminal Dues are the means of remunerating Universal Service Providers for the distribution of incoming cross-border mail comprising postal items from another Member State or from a third country;

10. Obligation on Director to Monitor Compliance

Regulation 18 (1) provides that the Director shall monitor compliance with Regulations 6 (2), 6 (4), 7 (1), 10(1) and 11(1).

APPENDIX B – SUMMARY OF EUROPEAN STANDARD FOR LETTER BOXES AND LETTERPLATES

There are a number of different types of apertures using different classification criteria:

Four types of Aperture:

- Type 1 apertures for outdoor use private letter box
- Type 2 apertures for indoor use private letter box
- Type 3 apertures of slide through box
- Type 4 apertures of letterplate (fixed to doors or side-panels)

Two sizes:

- Size 1 For widthwise posting
- Size 2. For lengthwise posting

Two grades of Corrosion

- Grade 3 Standard Corrosion resistance
- Grade 4 Extended Corrosion resistance

Two grades of Security

- Grade 1 Standard Prevention
- Grade 2 Improved Prevention

Dimensions of the Aperture

- | | | | | | |
|--------|------------|-----|-------|-----|-------|
| Size 1 | Short side | min | 30mm | max | 35mm* |
| | Long side | min | 325mm | max | 400mm |
| Size 2 | Short side | min | 30mm | max | 35mm* |
| | Long side | min | 230mm | max | 280mm |

* max 40mm allowed for Type 4 apertures if the distance between the bottom of the aperture and the top of a 40mm high pile of less post items is at least 640mm.