



An Coimisiún um
Rialáil Cumarsáide
Commission for
Communications Regulation

Review of the universal postal service specification

Response to further consultation on certain bulk mail services

Submissions to Consultation Document No.
18/100

Submissions to Consultation

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Commission for Communications Regulation

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Submissions Received from Respondents

Consultation:	18/100
Response to Consultation:	19/35

Content

Section

1: An Post

2: Tico Mail Works

1: An Post

**REVIEW OF
UNIVERSAL POSTAL SERVICE SPECIFICATION**

**ComReg response to consultation 18/66 and further
consultation on certain bulk mail services**

COMREG DOCUMENT 18/100

**AN POST RESPONSE
7 January 2019**

Non-Confidential Version

1. Introductory Statement

An Post welcomes ComReg's proposal in its Response to consultation 18/66 and its further consultation 18/100 of 26 November 2018, in which ComReg outlines its proposal to revise the scope of the universal postal service specification as follows:

- 1.1 Retention of certain bulk mail services within the specification of the universal postal service;
- 1.2 Amendment of the specification of the universal postal service to include certain prescribed minimum requirements to avail of these bulk mail services ;
- 1.3 Retention of International Bulk Mail Service (IBMS).

An Post would like to reiterate its contention that there is currently no other operator in the Irish market which provides bulk universal postal services or has the potential to do so in the short to medium term in the same manner. Therefore, while An Post would prefer to limit the scope of any regulation which limits its ability to operate commercially, we accept there is a valid basis to continue to designate at least some forms of bulk mail as part of the universal postal service specification. Ultimately the more detailed specification will provide greater certainty for customers and may well help to ensure continued use of mail as a communication medium.

An Post supports the proposed amended specification of the Universal Postal Service but also proposes a number of changes to the proposed draft Statutory Instrument which are designed to further clarify the requirements, and thereby ensure they can be adapted to changing market conditions in a timely manner. These proposals include the following points, detailed below:

- Clarification of availability of discounts by payment method
- Delivery office locations
- Definition of postal packets deposited in bulk
- Clarification of the revised specification for bulk mail within the universal postal service

These points are detailed in sections 2-5 below.

2. Payment method and volume discounts

It is important to clarify that although the specified USO bulk discounts will be made available to customers using the Ceadunas and Meter payment methods, these services will not be made available to customers using stamps. This is in line with current access conditions but should be made clear during this consultation.

Although the Ceadunas service is generally limited to mailings over 2,000 items, customers using the discount services specified in this consultation will be allowed access those services, i.e. for volumes greater than 200 items. It should also be noted that tariffs for bulk mail services at 200 items and 2,000 items will differ, this is also in line with An Post's current pricing structure.

3. Delivery Office Locations

An Post submits that listing the delivery offices acceptance locations in a Statutory Instrument is unduly and unnecessarily restrictive. We understand that customers need the certainty afforded by publication of the locations and the knowledge that prior agreement by ComReg and due notice to users will be required if the list of delivery offices for acceptance locations were to change.

We propose an alternative publication approach to ensure An Post and ComReg can react in a timely manner to changes in demand for bulk mail delivery office acceptance locations and/or changes to the An Post network, such as the recent move from the Cardiff Lane site to the Ravensdale site. For example, An Post delivery office acceptance locations could be published in a manner approved by ComReg rather than by Statutory Instrument. In addition, if for example, ComReg was of the view that the list of delivery office acceptance locations so published were inadequate, it could specify additional required access locations, also to be published in the same prescribed manner.

Alternatively, ComReg could consider issuing a Direction to An Post on Bulk Mail access points. This method was used by ComReg in 2007, see ComReg document 06/53.

4. Definition of postal packets deposited in bulk

An Post suggests that the definition of "postal packets deposited in bulk" should be amended.

S.I. No. 280/2012 - Communications Regulation (Universal Postal Service) Regulations 2012 contains the following definition in Regulation 2(1):

“postal packets deposited in bulk” means a substantial number of similar postal packets deposited with a universal postal service provider at the same place and time, to be transported and distributed to the addressees as marked on each of the postal packets;”

ComReg proposes to amend the definition of “postal packets deposited in bulk” contained in Regulation of 2(1) to read as follows:

“postal packets deposited in bulk” means a minimum number of 200 letters, large envelopes, or packets up to 1kg in weight, capable of being processed, though not necessarily auto-sorted, by automated equipment, deposited with a universal postal service provider at the same place and time, to be transported and distributed to the addressees as marked on each of the postal packets;”

This should be amended to clarify that a mix of formats and weights will not suffice to meet the required threshold and we would suggest it should read as follows instead:

“postal packets deposited in bulk” means a minimum number of 200 letters, large envelopes, or packets up to 1kg in weight, but not a mix of these formats, all having a thickness of 20 millimetres or less or all having a thickness of more than 20 millimetres, capable of being processed, though not necessarily auto-sorted, by automated equipment, deposited with a universal postal service provider at the same place and time, to be transported and distributed to the addressees as marked on each of the postal packets;”

Our reasoning is that there is no efficiency associated with handling a mixture of formats and as such, these should not attract a bulk rate.

An Post is also cognisant of the definitions and dimensions referred to in the Cross-border Parcel Delivery Services Regulation (EU 2018/644) where it is stated (in recital 16) that there is an assumption that postal items which are over 20 mm thick contain goods other than items of correspondence (and such Regulation applies only to parcels containing items other than correspondence). In recognition of the different handling requirements as well as of the differences acknowledged in EU legislation, it would seem logical to also clarify in the proposed revised definition of “postal packets deposited in bulk” that the required threshold of 200 items of bulk mail must either all have a thickness of 20 millimetres or less, or all have a thickness of more than 20 millimetres.

We intend to install a packet/parcel sorting machine this year. Postal packets/parcels which are now sorted by hand will become capable of being sorted by automated equipment. The automated equipment used, i.e. a letter sorting machine or a packet/parcel sorting machine will depend on the nature of the postal item. An Post’s packet/parcel strategy will enable automated sortation of packets/parcels in the future and service specifications will be amended to allow customers to benefit from this investment.

5. Clarification of the revised specification for bulk mail within the universal postal service

ComReg declare that in making certain modifications to the bulk mail services it is motivated by the wish to “ensure such services can be more readily availed of by SMEs. This course of action was a recommendation made by ComReg on foot of previous research conducted which noted that minimum volume and auto sort thresholds are barriers to mailers using bulk mail services in the universal postal service” (paragraph 15 of ComReg Consultation 18/100).

An Post wholeheartedly agrees in principle with this recommendation. It constantly endeavours to offer its bulk mail services in as user friendly manner as possible which is consistent with the demands of operational efficiency.

ComReg’s preliminary view is that the minimum requirements to avail of the two domestic bulk mail services in the universal postal service should be restated as follows:

Domestic bulk mail in universal postal services	Delivery	Minimum volume in single posting	Minimum Auto-sort	Presentation	What can be sent
Deferred Delivery	D+2	200	85% letters and large envelopes/ 0% packets	MCs and 39 DSU	Letters and large and letter envelopes 100g-500g, Packets 100g-1kg
Delivery only	D+1	200	85% letters and large envelopes/ 0% packets	MCs and 39 DSU	Letters and large and letter envelopes 100g-500g, Packets 100g-1kg

An Post considers that the following products will encompass its responsibility to provide a bulk mail service:

Domestic bulk mail in universal postal services	Delivery	Minimum volume in single posting	Minimum Auto-sort*	Presentation	What can be sent	New An Post products
Deferred Delivery	D+2	200 items	85% letters and large envelopes/ 0% packets	MCs and 39 DSU	letters and large envelopes 100g-500g, Packets 100g-1kg	
Delivery only	D+1	200 items	85% letters and large envelopes/ 0% packets	MCs and 39 DSU	letters and large envelopes 100g-500g, Packets 100g-1kg	> 200 for Delivery only

*Note: “Minimum Auto-sort” requirements refers to the read-rate of items passing through An Post automated equipment. The table above indicates 100% of Letter and Large envelope mail will be capable of passing through An Post automated equipment, i.e. mail is machineable. This is in line with current An Post brochures for bulk mail discount services and the definition of “Auto-sort” included in these brochures.

An Post response to ComReg's questions

- Q. 1 Do you agree with the proposal to keep the international bulk mail service as is in the universal postal service specification? Please explain your response. 12

Yes.

An Post fully endorses ComReg's proposal that this IBMS service should be retained within the universal postal service subject to the qualifications that (i) the introduction of a new threshold of 200 items to replace the existing thresholds, (ii) a strict requirement that this volume threshold must be met for each format of mail presented and (iii) retention of the current IBMS presentation conditions, including sortation by destination country.

- Q. 2 Do you agree with the proposal to further detail the minimum requirements to avail of the certain domestic bulk mail services in the universal postal service? Please explain your response. 19

Yes. An Post agrees to the introduction of a new minimum volume in a single posting of 200, subject to the following qualifications:

- a. Thresholds should refer to minimum volume of mail per format (Letter/Large Envelope/Package), i.e. 100 letters + 50 Large Envelopes + 50 packets does **NOT** meet the minimum volume threshold of 200 items.
- b. The 200 item threshold for Meter mail should remain in place. Existing meter discount for 200+ items deferred will be supplemented by a delivery only Meter bulk discount

Ceadunas mail threshold should remain at 2,000 and services specified above shall still be considered USO mail. However, Ceadunas mailings greater than 200 items for the specified bulk mail discount services above will be accepted but tariffs will differ from those for volumes greater than 2,000 items.

- c. A 200 items threshold should apply to IBMS and replace the existing thresholds. Thresholds should refer to minimum volume of mail per format (Letter/Large Envelope/Package), i.e. 100 letters + 50 Large Envelopes+ 50 packets does **NOT** meet the minimum volume threshold of 200 items. IBMS items will continue to be presented pre-sorted by destination country.
- d. The specified Bulk mail discount services will not be available to customers using stamps.

- Q. 3 Do you have any comments on the draft amending Regulations to further detail the minimum requirements to avail of the certain domestic bulk mail services in the universal postal service? Please explain your response. 21

Yes.

In the interests of commercial flexibility An Post would prefer bulk mail acceptance points not to be specified in a statutory instrument. The intention is to facilitate changes where An Post moves to a new location near an existing designated acceptance office, or to permit closure of an access point for which it is demonstrated that there is low or no demand. An Post suggests instead that ComReg prescribes the manner in which the list of access points is scheduled and that ComReg may specify additional locations if it determines that the list of access points as published is insufficient.

It would be preferable that the clarity of the Statutory be improved. An Post has various practical concerns over the definition of "postal packets deposited in bulk" as outlined in Section 4 above.

As currently drafted, it is possible that the relevant draft definition could be interpreted to mean that 200 items comprising a mix of formats would meet the required threshold and clarity on this point is therefore required. The requirement for 100% machinability and greater than 85% Auto-sort should also be made clearer.

As a more general matter, An Post would submit that a more transparent and user friendly approach would be to issue a restated statutory instrument consolidating all the required changes rather than issuing further amendments to SI 280/2012.

- Q. 4 Do you have any comments on the draft RIA for this proposal to further detail the minimum requirements to avail of the certain domestic bulk mail services in the universal postal service? Please explain your response. 26

An Posts comments in response to questions 1 – 3 above are also relevant to this question 4.

ComReg's statement that *"the further detail of the minimum requirements matches current provision of bulk mail service (Bulk A and B) by An Post so cause no issues"* requires the following qualification:

The potential for increased volumes, including increased multiple mailings, from SMEs is welcomed by An Post. However, increased volumes for the Delivery Only D+1 service for 200-2,000 packets may cause potential problems of segregating these D+1 mailings from those for deferred delivery. This will need to be monitored by An Post over the implementation period to ensure full service can be provided.

2: Tico Mail Works



Tico Mail Works

RECEIVED

14 DEC 2018

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12 December 2018

Tico Mail Works Response to ComReg Document 18/100 - Further
Consultation on Bulk Mail Services

I refer to the further ComReg consultation in document 18/100 concerning bulk mail services in the Universal Service.

Tico Mail Works has reservations about the proposal now being made. The proposed regulatory specification of bulk mail services, prescribing only services with a minimum number of 200 items is not, we suggest, consistent with maintaining meaningful bulk mail services within the US.

The key to viable bulk mail services is having sufficient scale at a discount, to satisfy at least two criteria:

- the demands of the market and
- the statutory requirement to reflect the costs of providing services.

It seems to us that those existing bulk mail services, with a minimum of 2,000 items, represent about the right threshold to satisfy these criteria. We are not aware of any dissatisfaction, on the part of either customers or producers, with the existing position.

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We note that, in support of its proposal, ComReg has cited a report from Frontier Economics, which expresses concern about SMEs' ability to access bulk mail rates. But Frontier Economics state that 86% of SMEs have less than an average of 200 items in their bulk mailings. Accordingly, it seems 86% of SMEs (whom the new proposal is, apparently, aimed at) will not generally benefit from bulk mail rates, with a minimum threshold of 200 items.

We note in Section 16 of the ComReg Consultation Document that An Post can offer bulk mail services that have a volume / auto-sort requirement that is higher than the minimum, once the 200 item minimum requirement is offered and available. While acknowledging ComReg's clarification, the reality is that the only proposed mandatory regulatory requirement for the threshold of bulk mail services will be 200. If the proposed revised regulations have to specify minimum thresholds (and we are not convinced that this is necessary), then we believe the regulations should include universal bulk mail services with another minimum threshold of 2000. This would be reflective of the two criteria, concerning market demand and covering costs, outlined above.

Turning to the proposal to statutorily designate mail centres, we believe that An Post, with its long experience of managing its business and meeting its customers' needs at local level, should continue to have the freedom to decide which mail centres should be available to customers for the deposition of bulk mail.

Tico Mail Works remains somewhat perplexed by ComReg's two recent consultations on bulk mail services. It seems to us that there is a functioning bulk mail market, with a sufficiently flexible regulatory specification for those bulk mail services within the Universal Service to meet a variety of customer needs. We struggle to see any real benefit in making changes at this time and we remain concerned, as expressed in our reply to the earlier consultation, that there are risks to tinkering with the current, largely satisfactory, position. We note with interest that An Post has concerns too. In particular, its view that services "*offered in their current form or at their current prices*" could be at risk, is unsettling.

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Finally, I would like to acknowledge ComReg's taking account of Tico Mail Work's view that some bulk mail services should remain within the Universal Service. I would, however, respectfully suggest that the revised ComReg proposal is not in the best interests of either customers or producers, for the reasons I have outlined above. I remain convinced that no change should be made to the existing Communications Regulation (Universal Postal Service) Regulations, insofar as bulk mail is concerned. The issue can of course be kept under review in the light of future market developments.


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