



20th September 2001

Substantial rise in next day delivery needed - An Post to prepare cost effective plan over next 6 months.

Etain Doyle, Regulator for the Postal Sector in Ireland today (Thursday 20th September 2001) announced the issue of two papers concerning Quality of Service and Accounting Separation with respect to An Post.

- **Regulation of Universal Postal Services - Quality of Service Standards to be achieved by An Post ODTR 01/73**
- **Regulation of Universal Postal Services – Accounting Separation & Costing Methodology – proposed direction to An Post ODTR 01/74**

Following consultation on the issues, the Quality of Service standard for An Post is being set for the first time by an independent body. The Regulator notes that customers of An Post want a much improved standard of next day delivery, and that An Post did not meet its own target of 90% at present for all mails. She has set an interim target for 2002 of 92% nationally for all mail and 94% for all local mail (defined as within a county, or for Dublin, within the Greater Dublin area). An Post is required to provide a plan by 2nd April 2002 to include detailed costed proposals to achieve a target of 97% for first class letters from 1 January 2003.

According to the Regulator “it appears that if An Post is to achieve this target it will be necessary to consider new options such as giving business and other customers who post large quantities of mail at the same time the choice between a first class

letter post service offering next day delivery and a number of cheaper options which do not involve sortation during the evening peak”.

Market Research conducted by Irish Marketing Surveys, and published in The Irish Communications Market Quarterly Review [ODTR 01/72], showed that 73% of Irish businesses believed that ‘*all businesses*’ should have a choice between a first class letter post service offering next day delivery and a cheaper second class service with delivery within three days. The report on consultation outlines some issues in relation to discount services for bulk mail which will be subject to further review.

In the second paper (Regulation of Universal Postal Services – Accounting Separation & Costing Methodology – proposed direction to An Post ODTR 01/74) the Regulator has issued a detailed Direction to An Post about the accounting system it must put in place to meet the requirements of the EU’s “Postal Directive”.

This Direction requires An Post to keep accounting and financial records to enable each business segment to prepare separated accounts to the same standard as if each of the separate businesses was carried on by a separate company incorporated under the Companies Acts. The Direction also requires that payments / charges between each business segment should be calculated on an arm’s length basis, and in a transparent and non-discriminatory manner.

According to the Regulator “in providing the Universal Postal service An Post’s Letter Post Division buys/sells services from/to other business segments, e.g. the “Post Offices” segment or the SDS (Parcels) segment. It is essential that the transactions are clearly separated so that the competition and pricing issues can be clearly understood and dealt with appropriately.

Both Decision Notices and Report on Consultation papers are available on the ODTR website – www.odtr.ie

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ENDS

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