



Mail Redirection Services:

MaltaPost plc proposed changes in tariffs and service conditions

Decision

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MCA/D/20-3856



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1 Background

The Postal Redirection Service is part of the Universal Service offered by MaltaPost plc (hereafter 'MaltaPost') to its customers. The redirection service allows an addressee to redirect a postal article from the original postal address to the same addressee at a new postal address.

Given that the redirection service is part of the Universal Service, MaltaPost offers this service on a nationwide basis. The nature of the redirection service is intrinsically complex and is progressively becoming more challenging due to social, demographic and other developments. The current MaltaPost sorting process is manual and requires extensive human effort, thus creating a challenging situation for MaltaPost to provide the service at the current price.

MaltaPost reviewed the profitability of such a service and had written to the Malta Communications Authority (hereafter the 'MCA') requesting a revision of the local redirection tariffs, and also other changes to the service terms and conditions.

MaltaPost requested such revisions since it contended that the service is loss-making, is operationally taxing, and non-proper use is being made thereof (by allowing those not acting in good faith to conceal their real postal address). Furthermore, the redirection service is one of those services which is generating significant customer complaints as a result of misdeliveries. These misdeliveries are in part due to the further manual effort involved, compounded with incomplete or ambiguous addressing, and thus renders the service prone to mistakes. MaltaPost, therefore, argued that this service should be limited to a specific time to curb certain misuse cases and also to reduce the impact on operational efficiency due to the manual effort required.

The MCA had consulted at the end of 2018 on changes proposed by MaltaPost to the duration of redirection services and pricing structure. Following a decision issued in 2019 by the Information and Data Protection Commissioner (IDPC) that MaltaPost should not retain copies of ID cards when processing redirection applications, MaltaPost submitted new proposals on changes to the terms and conditions as well as on the pricing for such services.

The MCA reviewed MaltaPost's requests and made various considerations before setting the way-forward, as indicated in section 3.

1.1 Structure of the Document

The document is structured as follows:

- Section 1: A background on the mail redirection service;
- Section 2: An overview of MaltaPost's request;
- Section 3: The MCA's decision.



2 MaltaPost's Requests

MaltaPost requested revisions both in the tariffs as well as in the terms of providing the redirection service. These proposals were made for both individual and business customers.

2.1 Current Situation

MaltaPost maintains an Activity-Based Cost-accounting ("ABC") system and prepares separated accounts which are audited on an annual basis. From these financial statements, it is clear that redirection services continue incurring losses. The tariff currently charged per annum by MaltaPost for redirection services depends on whether a user is classified as 'Individual/NGO' or 'Business', and also depends on the number of years for which the service is prepaid. The following table reflects the currently applicable tariffs for local redirections:

General all mail	Individual /NGOs	Businesses
Year 1 (1 – 6 months)	Free	€10 pa
Year 1 (7 – 12 months)	€5 pa	
Year 2	€15 pa	€30 pa
Year 3 to 5	€25 - €65 pa	€40 - €65 pa

Table 1: Current MaltaPost Local Redirection tariffs

As per the MCA Decision dated June 2012, only tariffs for the local redirection service are subject to review by the MCA. Furthermore, the tariffs after the first term of the redirection services would continue to be unregulated as had already been established by the MCA Decision of 2012.

Similar to local redirections, MaltaPost provides the redirection service to foreign addresses; that is mail addressed by the sender to a local address which is then routed overseas. In the case of foreign redirections, apart from the tariffs being differentiated for individual and business, they are further differentiated by destination Zones. The table below reflects the current tariffs for foreign redirected mail;

Term	Individual/NGO	Business
Year 1	€16 - €22	€31 - €43
Year 2	€47 - €65	€94 - €129
Year 3	€78 - €108	€125 - €172
Year 4	€110 - €150	€190 - €260
3 Year Package (year 2 to year 4)	€200 - €280	€375 - €520

Table 2: Current MaltaPost Outbound Redirection Tariffs (Zone A1 & D)



2.2 MaltaPost's Proposed Tariffs for Redirection Service

MaltaPost submitted new tariffs taking into account the current loss-making situation of redirection services which is apparent from the audited separated accounts. Furthermore, MaltaPost submitted that the mail redirection service is not only loss-making, but it is raising numerous issues related to misuse and fraud. In a second request for changes, it also referred to a Decision issued recently by the Information and Data Protection Commissioner (hereafter "IDPC") that MaltaPost should not retain copies of ID cards when processing redirection applications, which means that MaltaPost needs to change its procedures at the application stage.

MaltaPost first proposed changes to the mail redirection service in 2018, and the Authority kept its decision on hold due to various other price increases being evaluated at the time. MaltaPost subsequently submitted new proposals, including several changes to terms and conditions that went beyond those necessary to address the IDPC decision. The following table shows the price increases requested by MaltaPost:

General: All Mail	Individual/NGOs	Business
First three months	€15	€150
Tariff after third month	€10 per month	n/a
Administration Fee	€15	€75

Table 3: MaltaPost's Proposed Redirection Tariffs

As part of the above tariffs, the main changes that MaltaPost proposed are the following:

- For individuals and business, no free months are offered.
- Customers would have to pay an administration fee when they apply for the service.
- In the case of Individuals/NGOs, for the first three months, the clients would have to pay a flat rate of €15 following which the customers have a €10 per month charge. In the case of business customers, they would have a charge of €150 for the first three months.

Apart from the above changes to prices, MaltaPost proposed that for individuals the service is provided for up to a maximum of one year following each application while in the case of business, the service is provided up to a maximum of three months. As a result, after the time period elapses, the customer addressee would no longer be able to request a redirection service, and subsequently, any mail not addressed to the new address would no longer be redirected to that address. Furthermore, MaltaPost proposed to no longer offer the outbound cross-border redirection service. MaltaPost also requested to centralise the service by providing only one outlet in Malta and one outlet in Gozo from which any redirection request be applied and this within certain times.



3 MCA's Decision

The MCA reviewed MaltaPost's proposal and took into account various aspects to evaluate the way-forward.

Terms and Conditions of Service

The MCA has sent its feedback directly to MaltaPost on the various changes in terms and conditions proposed by MaltaPost.

By way of summary relating to some of MaltaPost's salient requests:

- the MCA considers that MaltaPost's proposal for centralising the service (one outlet in Malta and one in Gozo) would render it less feasible, and hence the MCA believes that MaltaPost should at least provide such service from regional outlets across Malta and Gozo.
- With regard to service duration, redirections would not be capped for individual addressees, but it could become capped to one year for businesses.
- The MCA also does not agree with MaltaPost's proposal to immediately cease foreign outbound redirection services, and it considers that MaltaPost should continue offering such foreign outbound redirection service for periods of at least six months.

MaltaPost is also required to give public notice of at least one month before the new conditions become applicable, provided further that in the case of redirection instructions that are already in place there should be no earlier discontinuation of service than already committed with the client.

Pricing of Redirections Services

While the MCA took into consideration the fact that the redirection service is performing at a loss, it also factored in the latest financial year results which indicated an improvement of MaltaPost's financial performance, as well as the latest domestic single-piece and bulk mail price increases that were effective as from 1st January 2020. The tariffs proposed by MaltaPost are exponentially high and MaltaPost has not sufficiently substantiated the magnitude of those proposed price increases. The MCA, however, considers that the following limited increases are justifiable given the costs of providing the redirection service:

First-Year Price List:	MaltaPost Request	MCA Decision
Individuals/NGOs – Application Fee	Application Fee of €15	n/a
Individuals - Free months	The first 3 months: A flat fee of €15	First 6 months : Free
Individuals – Standard Fee	From the fourth month: € 10.00 /month	Second 6 months: A flat fee of €10



First-Year Price List:	MaltaPost Request	MCA Decision
Businesses – Application Fee	Application Fee of €75	n/a
Businesses - Free months	0 months free	0 months free
Businesses – Standard Fee	€ 150 for 3 months	€ 10 per month

The MCA notes that, as had been decided in the 2012 MCA Decision, the tariffs after the first term of redirection would continue to be unregulated. MaltaPost has also been requested to amend the terms and conditions in accordance with the feedback provided by the MCA at the same time as adopting the new pricing conditions. As in the conditions of service, MaltaPost was also required to give public notice of at least one month before the new tariffs become applicable, provided further that in the case of redirection instructions that are already in place there should be no increase in price than already paid by the client.