

**QUALITY OF SERVICE REQUIREMENTS AND
TARGETS TO BE ACHIEVED BY MALTAPOST FOR
THE UNIVERSAL POSTAL SERVICE**

Response to Consultation and Decision Notice

Final Decision

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EXECUTIVE SUMMARY

Reliability of the universal postal service essentially entails a delivery time which meets the reasonable needs of postal service users and the avoidance of substantial delay, loss or damage to mail. The Malta Communications Authority (MCA) has to ensure that users have access to a set of specific universal postal services at a specified quality and at affordable prices. The MCA is required to set and publish quality of service (QoS) standards in relation to the universal postal service, paying particular attention to routing times and to the regularity and reliability of these services.

MaltaPost Plc, hereinafter referred to as MaltaPost, is the only postal operator designated to provide a set of universal service obligations. MaltaPost, as the designated universal service provider (USP), must meet the reasonable needs of postal service users throughout Malta, by offering a good quality and reliable universal postal service.

A consultation process was initiated in September 2013, whereby the MCA consulted on the QoS measurements and related performance targets to be achieved by MaltaPost for the universal postal service covering the period October 2013 to September 2016. In addition to the setting of revised QoS targets, the MCA reviewed and consulted on the information and reporting requirements with respect to QoS performance monitoring and complaints handling. Only MaltaPost responded to the consultation document.

After taking into consideration MaltaPost's response, the MCA is now issuing its Decision Notice (referred to as the '2014 QoS Decision') on the issues consulted upon. Through this 2014 QoS Decision:

- MaltaPost is required to continue to measure and monitor the QoS performance of the universal postal service - for both inland and cross-border mail - in line with the QoS standards as directed by the MCA.
- The next day delivery (D+1) QoS target for the inland ordinary mail and bulk mail products for the financial year October 2013 - September 2014 will remain at 94% but will increase by one percentage point to 95% for the following two years. The D+1 QoS target for registered letter-post mail and parcel post for the period October 2013 to September 2016 will remain at 98%. The D+3 QoS target for all inland mail products will remain at 99%.
- The end-to-end transit time objective for European Union (EU) intra-community cross-border mail is set at D+3 and will continue to be monitored and measured by MaltaPost in line with the QoS targets specified in the EU Postal Directive - 85% of mail to be delivered within D+3 (speed) and 97% within D+5 (reliability). In addition, MaltaPost is required to monitor the quality of cross-border mail services to all other foreign addresses in line with an end-to-end transit time objective of D+9 (up to 9 days).

- All incoming cross-border mail arriving at MaltaPost's office of exchange are to be processed on the same working day, and delivered within the QoS targets established for the inland mail products.
- The D+1 outgoing cross border mail QoS targets (loading on airline in Malta) with respect to ordinary mail, bulk mail and registered mail for EU countries, Switzerland, Australia, Canada and the United States of America (USA) will remain at 94% for the financial year October 2013 to September 2014 but will increase by one percentage point to 95% for the following two years. The D+3 outgoing cross border mail QoS targets (loading on airline in Malta) with respect to ordinary mail, bulk mail and registered mail for EU countries and all other countries will remain at 99%.
- The D+1 outgoing cross border mail QoS targets (loading on airline in Malta) with respect to parcel post for EU countries, Switzerland, Australia, Canada and the USA will remain at 94% for the financial year October 2013 to September 2014 but will increase by one percentage point to 95% for the following two years. The D+3 outgoing cross border mail QoS target (loading on airline in Malta) with respect to parcel post for EU countries, Switzerland, Australia, Canada and the USA will remain at 99%. The D+3 outgoing cross border mail QoS target (loading on airline in Malta) with respect to parcel post for all other countries will remain at 96%.
- MaltaPost is required to continue to publish and submit to the MCA information relating to QoS performance standards and related targets, performance achievements and complaints as directed by the MCA.

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1. INTRODUCTION

The MCA must ensure that users have access to a set of specific universal postal services at a specified quality and at affordable prices. The MCA is required to set and publish quality of service (QoS) standards in relation to the universal postal service, paying particular attention to routing times and to the regularity and reliability of these services.¹

The universal postal service is currently ensured by MaltaPost as the only postal operator designated to provide a set of universal service obligations. MaltaPost, as the designated USP, must meet the reasonable needs of postal service users throughout Malta, by offering a good quality and reliable universal postal service. MaltaPost is therefore subject to a number of QoS measurement requirements and performance targets for the provision of the universal postal service.

In June 2005, the MCA published its first decision notice (referred to as the '2005 QoS Decision')² on the QoS requirements to be achieved by MaltaPost in order to secure improvements in the quality of the universal postal service. This decision established the QoS measurements and targets, in respect of transit time objectives, to be achieved by MaltaPost for the delivery of inland and cross-border mail covering the period October 2004 to September 2007. This decision notice introduced a collective compensation scheme in case of failure, on the part of the USP, to achieve its annual QoS targets. In addition, this decision notice also set the direction for the improvement of MaltaPost's complaints handling and compensation mechanisms and established the information and reporting requirements for performance monitoring and complaints handling.

In December 2007, the MCA published its second decision notice (referred to as the '2007 QoS Decision')³ on the QoS measurement and targets to be achieved by MaltaPost, whereby the QoS targets were revised for a further three year period covering the period October 2007 to September 2010. This decision notice also established, as a separate requirement, the measurement and monitoring of the inland bulk mail service provided by MaltaPost as part of its universal service obligation.

In November 2010, the MCA published its third decision notice (referred to as the '2010 QoS Decision')⁴ on the QoS measurements and targets to be achieved by MaltaPost for the universal postal service, whereby the QoS targets were once again revised for a further three year period

¹ End-to-end routing is measured from the access point to the network to the point of delivery to the addressee i.e. from the point mail is placed into the collection / acceptance system under the responsibility of the collecting postal operator to the final delivery point under the responsibility of the delivering postal operator.

² Refer to the MCA's 2005 QoS Decision:

<http://www.mca.org.mt/service-providers/decisions/maltapost-plc-quality-service-requirements>

³ Refer to the MCA's 2007 QoS Decision:

<http://www.mca.org.mt/service-providers/decisions/quality-service-targets-be-achieved-maltapost-decision-december-2007>

⁴ Refer to the MCA's 2010 QoS Decision:

<http://www.mca.org.mt/service-providers/decisions/review-qos-targets-and-requirements-be-achieved-maltapost-plc>

covering the period October 2010 to September 2013. This decision notice established, as a separate requirement, the measurement and monitoring of loss and/or substantial delay of mail. In addition, this decision notice also introduced revisions to MaltaPost's code of practice with respect to the classification of complaints and enquiries.

This document presents the MCA's decision notice (referred to as the '2014 QoS Decision') on the QoS measurements and performance targets to be achieved by MaltaPost, covering a three (3) year period from October 2013 to September 2016, for the following universal postal services⁵:

- **Inland mail:** ordinary mail (i.e. single piece priority letter-post mail), bulk letter-post mail, registered letter-post mail and parcel post.
- **Cross-border mail:** ordinary mail, bulk letter-post mail, registered letter-post mail and parcel post.

In addition to the setting of the QoS measurements and related targets, this 2014 QoS Decision also updates the information and reporting requirements with respect to performance monitoring and complaints handling.

This 2014 QoS Decision does not extend to other aspects of QoS standards and monitoring systems to be achieved by MaltaPost that relate to:

- complaint handling mechanisms;
- compensation schemes for loss, damage or delay; and
- collective compensation scheme.

These above-mentioned QoS standards and monitoring systems have been established in the 2005 QoS Decision and will continue to apply. It is also noted that this 2014 QoS decision does not extend to the universal service obligations imposed on MaltaPost with regard to access to the universal postal service (i.e. access to letterboxes and basic counter services, and daily delivery).⁶

1.1 QUALITY OF SERVICE MEASUREMENT

The quality of service standards for mail are established in relation to the time limit for routing measured from end-to-end for postal items according to the formula $D+n$, where D represents the 'day of posting' of a postal article and ' n ' represents the number of working days after the 'day of posting' after which the postal article will be delivered to the addressee in due course of post.

The QoS measurement for inland mail is set in the form of a transit time objective of:

⁵ The minimum range of services of specified quality to be provided at an affordable price for the benefit of all users, irrespective of geographical location.

⁶ Refer to the MCA's 2008 Decision - MaltaPost Universal Service Obligations – Accessibility, Daily Delivery, Provision of Information:

<http://www.mca.org.mt/sites/default/files/attachments/decisions/2012/postal-uso-decision-final-sep-08.pdf>

- D+1⁷ measuring the percentage of mail delivered on the working day after injection into the system (regularity); and
- D+3⁸ measuring the percentage of mail delivered within three working days after injection into the system (reliability).

The QoS transit time objective for the provision of end-to-end EU intra-community cross-border mail services is set at D+3. The EU Postal Directive has set QoS standards concerning the fastest standard category of intra-Community cross-border mail services at 85 percent of mail to be delivered within D+3 (speed) and 97 percent within D+5 (reliability). These intra-Community cross-border mail standards must be achieved not only for the entirety of intra-Community traffic but also for each of the bilateral mail flows between two Member States. The QoS transit time objective for cross-border mail to all other foreign addresses is set at D+9 (i.e. up to nine days).

1.2 LEGAL BASIS

The postal regulatory framework emphasises the importance of standards in the provision of an appropriate level of service to users, including the reliability of services and the treatment of problems of delay, loss, theft or damage.⁹

The MCA is required to set and publish quality of service standards in relation to the universal postal service, within the framework set out in European and National legislation, paying attention in particular to routing times and to the regularity and reliability of services.

MaltaPost, as the designated USP, must meet the reasonable needs of postal service users throughout Malta, by offering good quality and reliable universal postal services. The MCA monitors MaltaPost's performance against the QoS targets set and must from time to time report on the results of the monitoring exercise. The MCA ensures that corrective action is taken in those cases where the QoS targets have not been achieved.

In addition, MaltaPost must ensure that transparent, simple and inexpensive procedures are in place to deal with complaints by users, particularly in cases involving non-compliance with service quality standards. These procedures enable disputes to be settled fairly and promptly and in an inexpensive manner. MaltaPost must at least once every calendar year publish information on the number of complaints received, detailing what they were about and how they were dealt with.

A more comprehensive statement of the legal provisions can be found in **Appendix A**.

1.3 DOCUMENT FORMAT

The MCA's decision on each of the aspects consulted upon are presented in the following three sections:

⁷ D+1 represents one (1) working day from the date of deposit to delivery to the addressee. A D+1 mail universal postal service is referred to as a priority mail service or the fastest standard category service.

⁸ D+3 represents three (3) working days from the date of deposit to delivery to the addressee. Whatever target is set it is necessary to address what happens to those letters that are not delivered the next working day.

⁹ The European Standardisation Committee (CEN) has been entrusted with developing European measurement methods (standards) for a number of aspects concerning the quality of postal services (refer to <http://www.cen.eu>).

Section 2 depicts the MCA's decision with respect to the measurement and monitoring of the transit time of inland mail and cross border mail in line with the European standards for the measurement of the quality of postal services.

Section 3 depicts the MCA's decision on the QoS targets to be achieved by MaltaPost, for the three year period from October 2013 to September 2016, in the various categories of mail being measured and monitored.

Section 4 depicts the MCA's decision on the reporting procedures and requirements with respect to performance monitoring and complaints handling.

2. QUALITY OF SERVICE MEASUREMENT AND MONITORING

This section sets out the QoS measurement and monitoring requirements for inland mail and cross-border mail universal postal services provided by MaltaPost, as the designated USP, considers the response received to the consultation and outlines the MCA's decision.

2.1 CONSULTATION ISSUES

Inland Mail - Ordinary Mail

Single piece letter-post mail (also referred to as ordinary mail) is the ordinary day-to-day correspondence posted by individuals and businesses (other than bulk letter-post mail), at street letterboxes or over the counter at postal outlets. The ordinary mail product offered by MaltaPost, as part of its universal service obligation, equates to the next day delivery of priority single piece letter-post mail.

MaltaPost's ongoing performance of its inland ordinary mail product is measured in conformity with the CEN standard EN 13850 on the measurement of the transit time of end-to-end postal services for single piece priority mail and first class mail.

Inland Mail - Bulk Mail

Bulk letter-post mail (also referred to as bulk mail) consists of a substantial number of similar letter-post items deposited with MaltaPost at the same place and time, to be transported and distributed to the addressees indicated on each of the postal articles. The bulk mail product offered by MaltaPost, as part of its universal service obligation, equates to the next day delivery of bulk mail.

MaltaPost's ongoing performance measurement of its bulk mail product is measured in conformity with the CEN standard EN 14534 on the measurement of the transit time of end-to-end services for bulk mail.

The ongoing performance measurement of MaltaPost's bulk mail product forming part of the universal postal service is important for the following key reasons:

- Although there has been a downward trend in the number of letters posted in bulk over the past years (mainly due to, amongst others, e-substitution) a high-quality universal postal service bulk mail product remains essential for the effective functioning of government, business and commerce in Malta.¹⁰
- Bulk mail constitutes a larger portion of inland letter-post items - approximately 68% of all inland letter-post items in terms of volumes and revenues are posted in bulk.

¹⁰ Large business mailers need to be able to send mail such as statements, advertising mail and bills to all their customers, regardless of where in the country they live. Access to an efficient bulk mail service is also imperative for smaller businesses, facilitating contact with their customer base.

- MaltaPost is currently the only provider providing bulk mail services in Malta.¹¹

In addition, the MCA notes that the QoS measurement of bulk mail is not only important to bulk mailers, but is also of interest to the postal operator, as other means of communications, which can reach customers in an integrated and measurable way, become more and more accessible.

Inland Mail - Loss and Substantial Delay of Ordinary Mail and Bulk Mail

Postal services provide vital infrastructural support to the economy and society in general. Customers need to have assurance that the mail they entrust to a postal operator will arrive at its destination in time and is not lost or substantially delayed in transit - for example due to mis-delivery being the key cause of lost or delayed mail.

MaltaPost's QoS performance related to the loss and substantial delay of single piece priority letter mail items (ordinary mail) is measured in conformity with TS 14773. A mail item is considered as lost, or substantially delayed, if the item has not been received by the recipient within seven (7) days after which it has been posted (i.e. D+7).

Reporting on the QoS performance measurement of ordinary mail (EN 13850) and bulk mail (EN 14534) is expressed as a percentage of postal items delivered within the defined service standard by: (a) excluding postal items not delivered up to D+30 from the calculation; and by (b) including postal items not delivered by D+30 in the calculations (i.e. lost or substantially delayed postal items).¹²

The collective compensation scheme for failure by MaltaPost to achieve its annual next day delivery (D+1) target, for the ordinary mail and bulk mail product, is calculated on the performance achieved by MaltaPost taking into consideration the inclusion of the postal items not delivered by D+30 in the calculations. This provides a more balanced picture of the actual QoS performance achieved by MaltaPost and encourages MaltaPost to continuously address any problems related to the loss or substantial delay of postal items.

MaltaPost strives to reduce the number of mail items lost or substantially delayed by, amongst other things, the strengthening of mail integrity procedures (such as the ongoing training given to employees responsible for the sorting and delivery of postal articles to reduce as far as possible lost or significantly delayed mail e.g. due to mis-deliveries) and by the ongoing monitoring of complaints.

Since the introduction of the performance measurement of loss and substantial delay of ordinary mail and bulk mail, there has been a notable drop in the total number of complaints registered with MaltaPost (refer to **Table 1** below).

¹¹ MaltaPost is classified as having Significant Market Power (SMP) in the ordinary mail and bulk mail markets and therefore is subject to a number of specific obligations. SMP means the ability to unilaterally restrict output, raise prices, reduce quality or otherwise act, to a significant extent, independently of competitive market forces.

¹² During the financial year October 2011 - September 2012, 15 out of 1562 (0.96%) of ordinary mail test letters and 11 out of 1247 (0.88%) of test letters posted in bulk were classified as lost or substantially delayed. During the financial year October 2012 - September 2013, 13 out of 1550 (0.84%) of ordinary mail test letters and 14 out of 1221 (1.15%) of test letters posted in bulk were classified as lost or substantially delayed.

Table 1 - Complaints received by MaltaPost¹³

	Lost Mail	Mis-Delivery	Total Complaints
Oct 2008 – Sep 2009	444 (11%)	1051 (26%)	4006
Oct 2009 – Sep 2010	225 (8%)	736 (27%)	2686
Oct 2010 – Sep 2011	47 (3%)	404 (28%)	1468
Oct 2011 – Sep 2012	69 (5%)	341 (25%)	1347
Oct 2012 – Sep 2013	73 (5%)	377 (26%)	1424

In addition, the results of market research carried out by the MCA between 2011 and 2012 amongst households (2011), macro businesses (2011) and large bulk mailers (2012) shows that the number of complaints made with MaltaPost has gone down. Nevertheless, the main complaint registered by end-users remains that related to the loss and mis-delivery of postal items.¹⁴

The ongoing measurement and monitoring of delayed and lost mail items remains an important component to ensure the provision of a quality universal postal service. This measurement will continue to provide MaltaPost with a more precise measure than that which can be obtained solely from the measurement of complaints. In addition, this would ensure that MaltaPost continues to take all the necessary action to reduce, as far as possible, the amount of mail mis-delivered, lost or substantially delayed.

The measurement of loss and substantial delay of mail also provides information on whether there are issues related to the integrity of mail. In line with the minimum standards on the protection of the integrity of mail the MCA may carry out, or request MaltaPost to carry out, an audit to ensure compliance with the established minimum standards focusing on the areas related to collection, sorting and delivery processes.

Inland Mail - Registered Mail and Parcel Post Services

The registered letter-post mail service (also referred to as registered mail) refers to a service providing a flat-rate guarantee against risks of loss, theft or damage and supplying the sender, where appropriate upon request, with proof of the handing in of the postal article or of its delivery to the addressee. Parcel post comprises of the transmission by post of packages weighing up to 20 kg per item which require specific services such as registration in addition to normal postage. Because of the size of the item or the type of service required the postal item must be handed to an authorised

¹³ Refer to complaints registered with MaltaPost: <http://www.maltapost.com/record-of-processed-complaints>

¹⁴ Out of the total number of households who made some form of complaint to MaltaPost (7%), 42% remarked about the loss or delay of postal items and 42% remarked about mis-delivery. Out of the total number of micro businesses who made some form of complaint to MaltaPost (7%), 34% remarked about the loss or delay of postal items and 28% remarked about mis-delivery. Out of the total number of bulk mailers who made some form of complaint to MaltaPost (33%), 54% remarked about the loss or delay of postal items and 8% remarked about mis-delivery.

Refer to: <http://www.mca.org.mt/surveys>

representative of the postal operator 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 postal operator).

The best method of measuring performance and increasing customer satisfaction with respect to registered mail and parcel post is via a 'track and trace' system. Measurement and monitoring of MaltaPost's performance with respect to registered mail and parcel post is organised by MaltaPost by means of a track and trace system that enables the travelled distance of a postal article to be monitored and its location to be established at any time.¹⁵ Such a system also provides accurate information and enables clients to use the Internet or the telephone to monitor the progress towards the delivery of a particular item.

MaltaPost measures and monitors the QoS of its registered mail and parcel post products in line with the EN 14137 standard for the measurement of the loss of registered mail and other types of postal services using a track and trace system. MaltaPost is also required to take into consideration the CEN technical report TR 15472 for the measurement of transit times for parcels by the use of a track and trace system.

Inland Mail - Performance Measurements Audit

The performance measurement of the inland ordinary mail and bulk mail products is carried out by an independent organisation appointed by MaltaPost. The MCA carries out an annual audit of the methodology employed by the organisation commissioned by MaltaPost responsible for carrying out the performance monitoring in line with the above-mentioned standards.

In addition the MCA, as necessary, carries out audits on the measurement methods used to monitor the quality of service in terms of delivery of registered mail and parcel post via MaltaPost's track and trace system.

Cross-Border Mail Services

From a European perspective the single market can only function with good communications and distribution channels. Efficient and cost effective postal services have an essential part to play in providing these channels to ensure free movement of goods and services, and the EU intra-Community cross-border mail services play an important role here.

A cross-border mail service refers to an end-to-end postal service from one country to another. A cross-border postal service refers to a situation whereby a sender of a postal article is buying an end-to-end service. The postal operator in country A is supplying the collection portion of an end-to-end

¹⁵ MaltaPost's registered mail and parcel post D+1 delivery standard implies that registered mail and parcel post posted at retail counters before 12.30 p.m. (Malta) and 12.00 p.m. (Gozo) on the day is to be delivered the following working day. Since registered mail and parcel post requires a signature on delivery as a proof of delivery, if the addressee is absent a notification notice is issued after the first delivery attempt.

service supplied 'into country B' and the postal operator in country B is providing the delivery portion of the same end-to-end service.¹⁶

MaltaPost monitors the performance of cross-border mail flows by means of the International Post Corporation (IPC) UNEX programme¹⁷ (UNMS) and the Universal Postal Union (UPU's) Global Monitoring System (GMS).¹⁸ These systems monitor the quality of service of the fastest standard category of cross-border letter-post mail from time of posting to when they are delivered. It is noted that the UNEX programme is limited to the measurement of European participants and GMS is based on incoming international cross-border mail.¹⁹ The performance of cross-border mail flows for registered mail and parcel post are monitored by MaltaPost via its track and trace system.

In the case of cross-border mail, despite effecting the required end-to-end measurement, MaltaPost only has control over the local leg and part of the transit. The inland leg of the destination country is the responsibility of that country's postal operator. It is noted that extra complications, such as the lack of daily available direct flights, are incurred by MaltaPost with respect to those destinations having low mail volumes. Nevertheless, MaltaPost should continue to endeavour, as far as reasonably possible, to minimise the effects of these complications.

The MCA ensures that MaltaPost monitors the performance of end-to-end EU intra-Community cross-border mail and that the results are published against the transit time objective and targets set by the European Commission. The MCA also ensures that MaltaPost monitors the performance of end-to-end cross-border mail to other foreign destinations against the set transit time objective.

MaltaPost is required to separately monitor and measure the performance of outgoing cross-border letter-post mail, registered mail and parcel post from time of posting until dispatch to destination (i.e. loading on airline in Malta) and the delivery of incoming cross-border mail (arriving at MaltaPost's office of exchange²⁰) until delivery to the addressee. The results are published against the established transit time objectives and set QoS targets.

¹⁶ Refer to 'Study on the External Dimension of the EU Postal Acquis', November 2010 carried out by Wik Consult and JCampbell:

http://ec.europa.eu/internal_market/post/doc/studies/2010-wik-external-dimension_en.pdf

¹⁷ Quality of service for European cross border traffic is measured by the IPC's UNEX end-to-end monitoring system. The UNEX system complies with the CEN EN 13850 standard. Conformance to this standard is mandatory for the EU Member States and those of Iceland, Norway and Switzerland.

<http://www.ipc.be/en/Operational-services/Quality%20excellence/UNEX>

¹⁸ The objective of the GMS is to provide for the UPU designated postal operator, precise diagnostic quality of service performance results for **incoming international mail** that are linked to terminal dues remuneration (these refer to payments effected between countries for handling international mail). These measurements consider the time required by the designated postal operator of destination from the arrival of test items, to their final delivery.

<http://www.upu.int/en/activities/global-monitoring-system/gms-description.html>

¹⁹ The Malta GMS design is based on the incoming weights as received over a calendar year from each country, with the top most 7 countries forming the Permanent Link Pool. The next two countries in the list from Pool 1, while a country from each continent makes up Pool 2. The countries in Pool 2 are randomly selected, with the sending countries from both Pool 1 and 2 remaining anonymous to the receiving country.

²⁰ 'Office of Exchange' has the meaning assigned to it by Article 169 of the Letter Post regulations adopted by the Universal Postal Union (UPU). An 'office of exchange' is the place where MaltaPost accepts cross-border mail from a postal operator of another country.

The MCA recognises that there may be difficulties to measure the QoS performance of outgoing cross border ordinary mail and bulk mail items to non-European countries due to the fact that the UNEX system only measures European cross-border mail and the GMS system is only based on incoming international mail. Nevertheless, the transit time objective should serve as an indication of the performance that should be achieved by the USP for these mail flows. MaltaPost should keep the public informed on the transit times to expect for end-to-end delivery of mail items to these countries.

The QoS performance monitoring problems referred to above relate only to the measurement for cross-border ordinary mail and bulk mail. MaltaPost's QoS performance of the registered and parcel outgoing cross border mail is based on the results available via its track and trace system.

2.2 RESPONDENT'S VIEWS

MaltaPost did not question the QoS measurement and monitoring requirements for inland mail and cross-border mail services currently in place. MaltaPost however noted that it is the only postal operator obliged to meet QoS requirements, contending that other postal operators are allowed to provide a level of service which is inferior to the service provided by MaltaPost.

MaltaPost noted, as an example, that "this deficiency is evident in the delivery of articles by express mail, where even though customers are undeniably charged higher rates for an 'express' service, they are nonetheless provided with a 'next day' delivery service." MaltaPost also claim that postal articles "are being falsely marketed as courier services, with a level of service usually inferior to that of standard parcel post, thus meaning that the value-added features of this service are not being satisfied."

MaltaPost also stated that "a number of operators (of unaddressed mail) clandestinely deliver 'addressed' letter mail." MaltaPost claims that these operators are not licensed to provide postal services and as a result have no obligations to comply with any requirements including QoS.

2.3 MCA POSITION AND DECISION

As the designated USP, MaltaPost is required to guarantee an affordable universal postal service of good quality that meets the reasonable needs of postal service users. MaltaPost is therefore required to monitor and measure the QoS provided for the universal postal services against established performance targets, paying particular attention to routing times and to the regularity and reliability of these services.

MaltaPost is only subject to detailed regulatory control with regard to QoS measurements against established transit time objectives and performance targets in relation to the provision of postal services forming part of its universal service obligation. MaltaPost has appropriate commercial flexibility to diversify its postal services by providing different service quality to that required as part of its universal service obligation - such as with regard to the provision of postal services with different routing time standards.

The MCA notes that all postal operators licensed to provide services within the scope of the universal postal service²¹ have an obligation to collect, convey, and deliver postal articles according to QoS standards, as defined by the licensee or as agreed upon with individual customers. All authorised postal operators (including express mail service providers) are required to put in place procedures with respect to the handling of complaints by users, particularly in cases involving loss, theft, damage or non-compliance with quality of service standards. In addition, all authorised postal operators must establish and apply adequate mail integrity procedures so that the potential for mail to be subject to loss, theft, damage or interference can be minimised.

The MCA monitors the market to ensure that operators providing postal service are appropriately authorised. In addition, the MCA takes appropriate action in those cases where it has reason to believe that an operator is not appropriately authorised to carry out a particular postal service. Appropriate action is also taken in those cases where the MCA has reason to believe that a postal operator is not complying with the terms and conditions of its authorisation.

The current QoS measurement and monitoring requirements imposed on MaltaPost have been effective in ensuring a high quality universal postal service. **Decision 1** and **Decision 2** of the MCA's 2010 QoS Decision on the QoS measurement and monitoring requirements will continue to apply as reproduced overleaf.

²¹ Services within the scope of the universal postal service refer to those postal services whose provision is ensured by the Postal Services Act (Cap. 254) and other postal services which could reasonably be said to be inter-changeable from a user's perspective.

Decision 1 - QoS Measurement and Monitoring of Inland Mail

Inland mail - Ordinary Mail and Bulk Mail

The measurement and monitoring of single piece priority letter-post mail (ordinary mail) and bulk letter-post mail (bulk mail) will continue to be organised by MaltaPost in conformity with the:

- CEN standard EN 13850 on the measurement of the transit time of end-to-end postal services for single piece priority mail and first class mail; and
- CEN standard EN 14534 on the measurement of the transit time of end-to-end services for bulk mail.

This QoS measurement and monitoring is to continue to be carried out by an independent organisation appointed by MaltaPost.

The MCA will, as necessary, audit the measurement methods used by the independent organisation appointed by MaltaPost to conduct the performance monitoring for inland ordinary mail and bulk mail.

Inland mail - Loss and Substantial Delay of Ordinary Mail and Bulk Mail

Measurement of loss and substantial delay of single piece priority letter-post mail (ordinary mail) will continue to be organised by MaltaPost in conformity with TS 14773. A mail item shall be considered as lost, or substantially delayed, if the item has not been received by the recipient within seven (7) days after which it has been posted (i.e. D+7).

The TS 14773 measurement methods are compatible with the requirements of EN 13850 for the measurement of the transit time of end-to-end services for single piece priority and first class mail. Thus the same survey will continue to be used to measure loss and substantial delay of ordinary mail in line with TS 14773.

Reporting on the QoS performance measurement of ordinary mail (EN 13850) and bulk mail (EN 14534) is to continue to be expressed as a percentage of postal items delivered within the defined service standard by: (a) excluding postal items not delivered up to D+30 from the calculation; and by (b) including postal items not delivered by D+30 in the calculations (i.e. lost or substantially delayed postal items).

The collective compensation scheme established by the MCA in its 2005 QoS Decision for failure by MaltaPost to achieve its annual next day delivery (D+1) target will be calculated based on the performance achieved by MaltaPost taking into consideration the inclusion of the postal items not delivered by D+30 in the calculations (i.e. postal items lost or substantially delayed).

Inland mail - Registered Mail and Parcel Post

Measurement and monitoring of MaltaPost's performance with respect to registered mail and parcel post will continue to be organised by MaltaPost by means of track and trace technology.

Measurement and monitoring of MaltaPost's performance with respect to registered mail and parcel post will be generally in conformity with the EN 14137 standard for the measurement of the loss of registered mail and other types of postal services using a track and trace system. MaltaPost is also required to take into consideration the CEN technical report TR 15472 for the measurement of transit times for parcels by the use of a track and trace system.

The MCA will, as necessary, audit the measurement methods used by MaltaPost to monitor the quality of service in terms of delivery of registered mail and parcel post via a track and trace system.

Decision 2 - QoS Measurement and Monitoring - Cross Border Mail

MaltaPost is required to continue to monitor and measure the performance of cross-border mail (letter-post mail, registered mail and parcel post) in line with the set transit time objectives for:

- end-to-end EU intra-Community cross-border mail;
- end-to-end cross-border mail for non-EU destinations where mail flows are significant;
- outgoing cross-border mail from time of posting until dispatch to destination (i.e. loading on airline in Malta); and
- incoming cross-border mail arriving at MaltaPost's office of exchange until delivery to the addressee.

3. QUALITY OF SERVICE TARGETS

This section sets out the MCA's proposals on the QoS performance targets to be achieved by MaltaPost, considers the response received to the consultation and outlines the MCA's decision.

3.1 CONSULTATION ISSUES

QoS Targets - Inland Mail Services

The MCA is required to monitor MaltaPost's QoS performance in accordance with the quality of service standards and set targets for inland mail. In order to determine the level at which QoS performance targets for inland mail should be set, it is important that both the customer's viewpoint and the operator's viewpoint are taken into account.

If customers are happy with the current level of service then QoS targets should be set to reflect this. A recent customer perception survey indicated that households, small businesses and large bulk mailers are generally satisfied with the time taken to deliver mail and with MaltaPost's overall performance.²²

Another important benchmark in determining the level at which QoS performance targets for inland mail should be set is that provided by the respective EU Member States' established QoS targets for single piece priority mail. More than half of the EU Member States have D+1 transit time targets of 90% or more for single piece letter mail items.²³ The current target of 94% to be achieved by MaltaPost is above the European average but below the targets set in countries, such as, Latvia (97%), Slovakia (96%), Austria (95%), Luxembourg (95%), Netherlands (95%), Slovenia (95%) and Switzerland (97%).²⁴

MaltaPost's postal network has been designed to provide full next day delivery capability to all routes nationwide.²⁵ It is however inevitable that unforeseeable circumstances will arise and that there will be exceptional factors that will come in the way of MaltaPost in its attempt to provide a 100% next day delivery service. The established QoS performance targets therefore need to cater for these unforeseeable circumstances.²⁶ The factors that could legitimately be taken into account

²² The customer perception surveys carried out between 2011 and 2012 showed that 78% of households, 79% of micro businesses and 63% of large bulk mailers were satisfied with the time it takes MaltaPost to deliver letters: <http://www.mca.org.mt/surveys>

²³ Refer to the European Regulator Group for Postal Services (ERGP) report on QoS and end-user satisfaction: http://ec.europa.eu/internal_market/ergp/docs/documentation/2012/121130_ergp-12-30-quality-service-end-users-draft-report_en.pdf

²⁴ Refer to EU Sector Studies 2013 on the Main developments in the postal sector (2010-2013) (WIK Consult/Jim Campbell): http://ec.europa.eu/internal_market/post/doc/studies/2010-main-developments-country_en.pdf

²⁵ MaltaPost operates a single stream and its customers do not have to make a choice between priority (delivered by the next working day - D+1) service and economy service (delivered up to two days later D+3). The speed of delivery required would determine the price to be paid. The disadvantage of this is that it would involve introducing another process into the mail chain, i.e. segregation of priority mail from economy mail.

²⁶ For customers who demand a guaranteed service having as a delivery time a specific day and/or specific time MaltaPost and other authorised operators provide a number of 'day/time certain' services.

in setting a QoS performance target against which to measure MaltaPost's performance include, for example, unforeseeable variations in volumes,²⁷ exceptional staff absence and human errors resulting from an entirely manual mail sorting process.

In line with the CEN QoS measurement standards, the QoS measurement system must be continuous. Non-functioning of the postal operator and days of strike or industrial disputes must not be discounted from the QoS measurement. Only, in the case of 'force majeure' events, deductions in the corresponding period may be considered by the MCA. Moreover, these must be indicated in the reporting and be subject to audit. Any intended deduction must be reported to the MCA without delay. Agreement with the MCA on all planned deductions due to 'force majeure' is required prior to the calculation of the annual report.²⁸ In the past three years there were only three instances where MaltaPost requested a limited exemption from its QoS requirements due to exceptional weather conditions.²⁹ In the case of claimed severe weather conditions, MaltaPost is required to enclose with its request any warning communications emanating from the Civil Protection Department through the Department of Information. In the case of the Gozo Ferry suspension the MCA, on a case by case basis, considers authorizing MaltaPost to discount from the QoS measurement any mail which cannot be transferred from the Maltese mainland to a Gozo address and also vice-versa.

Over the past years MaltaPost has maintained and improved upon its QoS offered to its customers. The MCA remains of the opinion that MaltaPost can further improve the efficiency of the universal postal service by continuing to reduce as far as possible the number of mis-delivered mail items, which is one of the main causes of lost mail or substantially delayed mail.³⁰ MaltaPost could also raise awareness amongst users on what to do with mail that has been mis-delivered.

The MCA remains of the opinion that the bulk mail product can be further enhanced by promoting incentives, for example, for the pre-sorting of mail, the early presentation of mail, the inclusion of a deferred delivery service, and by allowing users themselves to stamp the appropriate postal markings or impressions to indicate payment of postage. Such incentives could speed up the

²⁷ It is noted that mail is manually sorted thus enabling MaltaPost to relatively easily adjust the system capacity to cope with day-to-day fluctuations in the volume of business.

²⁸ European Committee for Standardisation (December 2012), Postal Services – Quality of Service – Measurement of the transit time of end-to end-services for single piece priority mail and first class mail. *ibid.*, par. 5.2.2 Continuity of measurement, p.17.

For an event to qualify as "force majeure", the incident shall fulfill the following minimum requirements. It shall: not be caused by the operators involved in the distribution and/or its subcontractors; be unforeseeable and, be unavoidable by them. It shall: be a rare event, have a provable impact on several consecutive days of distribution.

²⁹ The limited exemption was granted in relation to difficulty in the collection and delivery of mail due to flooding in a number of streets in some localities effected by a storm, making MaltaPost unable to perform its obligations. Another limited exemption was granted in relation to the suspension of the Gozo Ferry service on a particular day due to exceptionally rough sea thus impacting the transfer of mail from the Maltese mainland to a Gozo address and also vice-versa.

³⁰ Refer to complaints registered with MaltaPost whereby, complaints related to lost and mis-delivered mail are by far the most common - <http://www.maltapost.com/record-of-processed-complaints>

processing of mail by freeing up resources to give priority to, for example, the sorting of single piece priority mail items and unsorted bulk mail items.³¹

As MaltaPost's operations are designed to provide full next day delivery for all inland mail products, similar QoS targets are applied for both the ordinary mail and bulk mail products. In its consultation the MCA proposed to maintain the current next day delivery target of 94% for the inland ordinary mail and bulk mail products for the financial year October 2013 to September 2014. The D+1 QoS target would be increased by one percentage point to 95% for the following two years. A next day delivery target of 95% would still mean that on average 5 letters out of 100 posted could be delivered after D+1.

As registered mail and parcel post are measured by means of a track and trace system the QoS performance targets for these products are set higher than those established for ordinary mail and bulk mail products. No changes are deemed required to the QoS targets for register mail and parcel post. The MCA therefore proposed to maintain the current next day delivery target of 98% for both inland registered mail and parcel post products for the period October 2013 to September 2016.

The MCA also proposed to maintain the QoS target of 99% of all inland mail delivered within three working days (D+3) making allowance for failures outside the control of MaltaPost.

QoS Targets - Cross-border Mail Services

MaltaPost is required to monitor and measure the QoS for EU intra-Community cross-border mail services (i.e. ordinary mail, bulk mail, registered mail and parcel post) from time of posting to when they are delivered in line with the QoS targets specified in the EU Postal Directive (85 per cent of mail to be delivered within D+3 - speed - and 97 per cent within D+5 - reliability).³² In addition, MaltaPost is required to monitor the quality of cross-border mail services to all other foreign addresses in line with an end-to-end transit time objective of D+9 (up to 9 days).³³

All incoming cross-border mail services (i.e. ordinary mail, registered mail and parcel post) arriving at MaltaPost's office of exchange before 19:00 hrs between Monday to Friday and 17:30 hrs on

³¹ Bulk postal articles are handed over to MaltaPost at least one hour before the time of closing of mail as they may be delayed if their dispatch interferes with the scheduled dispatch of other postal articles. The sender may avoid such delay by the prior sorting of these postal articles by localities and by placing them in such a way that the address sides face the same direction.

³² The validity and independence of the statistics are guaranteed by the UNEX external monitoring contractor. Refer to the IPC website <http://www.ipc.be/> for additional information. The results for 2012 may be viewed via the following link:
http://www.ipc.be/~media/Documents/PUBLIC/UNEX/Full%20Year%20Results/UNEX%20Leaflet%202012_EN.pdf

The results for 2012 show that the European priority letter mail performance exceeded the European Union (EU) objectives. The IPC UNEX measurement system showed that 93.1% of letters were delivered within three days of posting and 98.4% within five days.

³³ The improvement of international postal service quality is a key objective of the UPU. The UPU quality of service programme for 2013 – 2016 maintains the global quality of standard at D+5 (the fifth working day after the day of posting) and the target for attainment of this standard at 85%, which should be achieved by 2016 by progressively raising the annual target. This standard and target should apply to the international priority letter post between those areas and/or cities that are most important in terms of international postal exchanges in each member country.

Saturdays is to be processed on the same day,³⁴ and delivered with the same QoS performance targets as that of the inland mail products identified above.

MaltaPost is required to separately monitor the performance of outgoing cross-border letter-post mail, registered mail and parcel post from time of posting until dispatch to destination (i.e. loading on airline in Malta) against set QOS performance targets.

As already mentioned in the document, the MCA recognises that there may be difficulties to measure the QoS performance of the outgoing cross border ordinary mail and bulk mail items to non-European countries against the set QoS targets. Given MaltaPost's universal service obligations, the QoS performance targets for these countries should remain. The set transit time objective and QoS targets should serve as an indication of the performance that should be achieved by MaltaPost for these mail flows. MaltaPost has a good grasp of the indicative timeframes for delivery to these destinations and should therefore keep the public informed on the lead times to expect for the end-to-end delivery of letter-mail items to these countries. MaltaPost should also make this information available to the MCA. The monitoring problems referred to, relate only to the measurement for cross-border ordinary mail and bulk mail. MaltaPost is still required to measure and publish the results achieved for outgoing cross-border registered mail and parcel to these countries, as performance measurement is carried out through its track and trace system.

3.2 RESPONDENT'S VIEWS

MaltaPost noted that, as stated by the MCA, customers are largely satisfied with its performance and therefore the relevant QoS targets should be reflective of this. MaltaPost noted that customer satisfaction is a key pillar in its operations and its service level has consistently exceeded the QoS performance targets established by the MCA. MaltaPost claim that "all this has been maintained notwithstanding the obstacles faced by MaltaPost, whether as a result of their competitors or increasing costs - which are not matched by fair corresponding increases in tariffs."

MaltaPost stated that it has no reservations with respect to the MCA's proposed QoS targets for outgoing cross-border mail from dispatch to destination (loading on airline in Malta) and incoming cross-border mail from MaltaPost's office of exchange to delivery as presented in the consultation document.

MaltaPost however stated that it fails to understand the MCA's proposal to increase the next day delivery QoS target from 94% to 95% with effect from October 2014, especially when its service level is above the European average. MaltaPost acknowledges that some of the D+1 QoS targets set in a number of countries exceed those imposed on MaltaPost, however these postal operators benefit from automated systems and operations which minimise human intervention and therefore human error.

MaltaPost noted that they only partially agree with the proposed QoS targets and that they specifically disagree with the MCA's proposal to increase the next day delivery QoS target for the inland ordinary mail product commencing from the financial year October 2014 by one percentage

³⁴ Refer to : <http://www.maltapost.com/quality-of-services>

point. MaltaPost refers to these revisions in QoS targets as being ‘severe’ and ‘exceedingly unjustified and unnecessary’.

3.3 MCA POSITION AND DECISION

The MCA sees the availability of an efficient, high quality universal postal service on a par with the best in Europe as crucial in building consumer confidence in postal services and one that is central to enabling business in Malta to operate efficiently.

The universal postal service plays a key role in meeting the social and economic needs of the country. Once a postal article is posted, there is a presumption in law that the postal article will be delivered to the addressee in the ordinary course of post. This means that, amongst other things, QoS standards must be consistently high. The high QoS standard set is necessary to ensure that postal service users get the appropriate first class (next day delivery) service they are paying for.

In its 2005 consultation document on the QoS targets to be achieved by MaltaPost,³⁵ the MCA had proposed a next day delivery target for inland ordinary mail in the region of between 90% - 95%. The cumulative measures gradually mandated over the past nine years have allowed MaltaPost to meet and exceed the envisaged maximum next day delivery target of 95% considered by the MCA in 2005).³⁶

The set QoS target for inland mail must be consistent with the objective of providing next day delivery except for exceptional factors that will come in the way of MaltaPost in its attempt to provide a 100% next day delivery service. A next day delivery QoS performance target of 95% for inland ordinary mail and bulk mail would still allow for a reasonable 5% (i.e. 5 letters out of 100 posted could be delivered after D+1) to cater for exceptional factors. These exceptional factors mainly relate to human error that may occur in the sorting and delivery of mail (e.g. a letter sorted by error to the wrong delivery post-person or delivered to the wrong address).³⁷ Nonetheless, the MCA would still expect that these errors would be rare and exceptional.

The ongoing training of postal employees responsible for the sorting and delivery of postal articles ensures that human error is kept to a minimum. In addition, MaltaPost could be doing more to encourage users to use the postcode as part of the postal address to assist in the sorting and transmission of postal articles. MaltaPost could also consider providing incentives for bulk mailers to present their mail pre-sorted by the postcode. Such incentives could speed up the processing of

³⁵ Refer to MCA's 2005 Consultation Document on the QoS Requirements to be achieved by MaltaPost:

<http://www.mca.org.mt/consultations/maltapost-plc-quality-service-requirement>

³⁶ Refer to Quality of Service next day delivery ‘D+1’ performance results achieved by MaltaPost for inland ordinary mail and bulk mail: <http://www.maltapost.com/official>

During the period October 2012 – September 2013 MaltaPost achieved a D+1 performance of 95.6% for inland ordinary mail and 95.1% for inland bulk mail. The D+1 performance results achieved by MaltaPost for inland ordinary mail and bulk mail take into account postal items not delivered by D+30 (i.e. lost or substantially delayed).

³⁷ Exceptional factors that relate to the difficulty in making daily deliveries due to dispersal of the country's population in regions that are isolated, with poor roads and transport services (as is the case in some other countries) do not apply in the case of Malta.

mail by freeing up resources to give priority to, for example, the sorting of single piece priority mail items and unsorted bulk mail items.

The MCA notes that contrary to what MaltaPost stated in its response to the consultation, the tariffs for universal postal services have, where justified, increased over the past years.³⁸ Furthermore, MaltaPost put forward no argument that the proposed additional percentage point in the QoS performance target for the next day delivery of ordinary mail and bulk mail (already being achieved by MaltaPost) would result in additional costs in the processing and delivery of mail.

The MCA is of the opinion that there is no reason why the bar for the next day delivery of inland ordinary mail and bulk mail should not be raised by one percentage point from 94% to 95% as from October 2014. This will ensure that the current QoS performance achieved by MaltaPost for these universal postal services is maintained and improved upon.

The set QoS targets for the universal postal services listed overleaf, to be achieved by MaltaPost covering the period October 2013 to September 2016, reflect reasonable expectations of customers, MaltaPost's overall performance, efficiency gains during the past years and efficiency gains envisaged for the coming years.

³⁸ Refer to the MCA's Decision dated 24th December 2013 entitled 'Price Control Mechanism for MaltaPost Plc and Revised Postal Tariffs for Financial Years 2014 and 2015.

Decision 3 – QoS Performance Targets for Inland Mail

The QoS performance targets to be achieved by MaltaPost, over the period October 2013 to September 2016, for the processing and delivery of inland mail are set as depicted below:

Inland Mail QoS Performance Targets:³⁹			
Financial Year (FY)	Target D+1	Target D+2	Target D+3
Ordinary Mail			
FY 2013/14	94%	98%	99%
FY 2014/15	95%	98%	99%
FY 2015/16	95%	98%	99%
Bulk Mail⁴⁰			
FY 2013/14	94%	98%	99%
FY 2014/15	95%	98%	99%
FY 2015/16	95%	98%	99%
Registered Mail and Parcel Post⁴¹			
FY 2013/14	98%	99%	99%
FY 2014/15	98%	99%	99%
FY 2015/16	98%	99%	99%

The MCA will review the above-mentioned schedule of inland mail QoS targets at least once a year and may propose modifications to the targets in consultation with MaltaPost or any third parties.

Decision 4 – QoS Performance Targets for Cross-border Mail

The QoS performance targets to be achieved by MaltaPost, over the period October 2013 to September 2016, for the processing and delivery of cross-border mail are set as depicted below:

(a) End-to-End Cross Border Mail

EU intra-community cross-border mail is to continue to be measured and monitored by MaltaPost in line with the end-to-end QoS targets specified in the EU Postal Directive – 85% of items to be delivered within D+3 (speed) and 97% within D+5 (reliability).

³⁹ The QoS performance targets are based on the average to be achieved over MaltaPost's financial year as a whole.

⁴⁰ This includes all types of addressed bulk mail including: letter mail, direct mail (which is a particular form of bulk mail as defined in the Postal Services Act), magazines and newspapers.

⁴¹ As registered mail and parcel post requires a signature on delivery as a proof of delivery, the QoS target refers to the first delivery attempt. If the addressee is absent a notification notice is issued by MaltaPost after the first delivery attempt.

(b) Outgoing Cross-border Mail

The QoS performance targets to be achieved by MaltaPost for delivery of outgoing cross-border mail (i.e. ordinary mail, bulk mail, registered mail and parcel post) from dispatch to destination (i.e. loading on airline in Malta)⁴² for the coming three (3) financial years are listed below:

Outgoing Cross-border Mail (Loading on Airline in Malta) QoS Performance Targets:			
Ordinary Mail / Bulk Mail			
		Target	Financial Year
EU countries, Switzerland, Australia, Canada, and USA:	D+1	94%	FY 2013/14
	D+1	95%	FY 2014/15
	D+1	95%	FY 2015/16
EU countries, Switzerland, Australia, Canada, USA and all other countries:	D+3	99%	FY 2013/14
	D+3	99%	FY 2014/15
	D+3	99%	FY 2015/16
Registered Mail			
EU countries, Switzerland, Australia, Canada, and USA:	D+1	94%	FY 2013/14
	D+1	95%	FY 2014/15
	D+1	95%	FY 2015/16
EU countries, Switzerland, Australia, Canada, USA and all other countries:	D+3	99%	FY 2013/14
	D+3	99%	FY 2014/15
	D+3	99%	FY 2015/16
Parcel Post			
EU countries, Switzerland, Australia, Canada, and USA:	D+1	94%	FY 2013/14
	D+1	95%	FY 2014/15
	D+1	95%	FY 2015/16

⁴² Cross-border mail that is posted before 19:00hrs between Monday and Friday and 15:00hrs on Saturday in the Maltese Islands is collected, processed and dispatched to destination (loading on airline) the following working day for any EU Member States, Switzerland, Australia, Canada, USA, Brazil, Israel, Japan, Ukraine, Iceland and New Zealand, and following three (3) working days for all other countries. Refer to: <http://www.maltapost.com/international-mail-deliver>

EU countries, Switzerland, Australia, Canada, and USA:	D+3	99%	FY 2013/14
	D+3	99%	FY 2014/15
	D+3	99%	FY 2015/16
All other countries:	D+3	96%	FY 2013/14
	D+3	96%	FY 2014/15
	D+3	96%	FY 2015/16

(c) Incoming Cross Border Mail

All incoming cross-border mail arriving at MaltaPost's office of exchange before 19:00 hrs between Monday to Friday and 15:00 hrs on Saturdays is to be processed on the same day, and delivered within the QoS performance targets of the inland mail products identified in **Decision 3** above.

The MCA will review the schedule of QoS targets depicted in (b) above at least once a year and may propose modifications to the targets in consultation with MaltaPost or any other third parties.

4. REPORTING PROCEDURES AND REQUIREMENTS

This section sets out the MCA's proposals on the reporting procedures and requirements with respect to performance monitoring and complaints handled by MaltaPost, considers the response received to the consultation and outlines the MCA's decision.

4.1 CONSULTATION ISSUES

In the consultation document the MCA noted the importance in the ongoing monitoring of MaltaPost's QoS performance with regard the provision of the universal postal service throughout the year. It is therefore necessary for MaltaPost to submit appropriate reports on a regular basis on its QoS measurement and results achieved against the established transit time objectives and set performance targets.

In addition, quarterly reports on the complaints received by MaltaPost constitute another important source of information that identifies existing problems which may not be captured through the measurement of end-to-end transit times. Such reports enable the MCA to identify any issues during the course of the year with the quality of the universal postal service which may need to be addressed.

MaltaPost is also required to convey appropriate information about the universal postal service with respect to QoS standards and related targets, performance achievements and complaint measurement and redress procedures through a variety of media.⁴³

4.2 RESPONDENT'S VIEWS

MaltaPost noted that it is largely in agreement with the MCA's proposals related to the reporting and publication of information requirements put forward by the MCA in its consultation document.

MaltaPost referred to the MCA's letter dated 12th May 2013 whereby the MCA confirmed that the frequency of QoS performance reports for inland registered mail, inland parcel post and cross-border mail will be revised from quarterly submissions to biannual submissions. In its response to the consultation MaltaPost requested that, on the same lines, the requirement for the submission of quarterly performance reports for inland ordinary mail and bulk mail should be revised to a biannual submission.

4.3 MCA'S POSITION AND DECISION

On the 1st of November 2012 MaltaPost proposed that the frequency of QoS reporting requirements for inland registered mail, inland parcel post and cross-border mail be reduced to half-yearly submissions instead of quarterly submissions. Following an evaluation of the proposal made by

⁴³ Also refer to MCA Decision 2008 – MaltaPost Universal Service Obligations – Accessibility, Daily Delivery, Provision of Information:

<http://www.mca.org.mt/sites/default/files/attachments/decisions/2012/postal-uso-decision-final-sep-08.pdf>

MaltaPost, in May 2013, the MCA accepted to reduce the frequency of the QoS performance reports for inland registered mail, inland parcel post and cross-border mail from quarterly to half-yearly submissions.

The performance of registered mail and parcel post is measured by means of a track and trace system and therefore MaltaPost is fully aware of any issues related to the performance of these services during the course of the year. In the case of cross border letter-post mail, QoS is measured and monitored by means of the IPC UNEX programme. MaltaPost is able to access measurement results and reports electronically through the IPC system. Half-yearly reporting of MaltaPost's QoS performance with regard to these services is at present deemed sufficient for the MCA to be in a position to monitor MaltaPost's QoS performance. MaltaPost is also in a position to take corrective action during the course of the year in cases where its QoS performance may be falling below the annual QoS performance target established by the MCA.

The MCA notes that inland ordinary mail and bulk mail products account for approximately 98% of all inland mail sent through MaltaPost's postal network. The QoS performance measurement for these products is carried out by an independent organisation appointed by MaltaPost. The MCA is of the opinion that quarterly QoS performance reports are essential for MaltaPost to be in a position to monitor the performance of inland ordinary mail and bulk mail and to take corrective action in cases where its performance may be falling below the set QoS performance target.

The MCA will continue to maintain the reporting and information requirements stated in the consultation document related to QoS performance standards and related targets, performance achievements and complaints.

Decision 5 - Information and Reporting Requirements

MaltaPost is required to continue to convey information about the universal postal service with respect to QoS standards and related targets, performance achievements and complaint measurement and redress procedures through a variety of media:

- at the point of posting;
- by way of notice at all post offices;
- in written form at all post offices for subsequent reference at home or business premises;
- on the Company's website;
- through advertising media; and
- in the Company's Annual Report.

With regard to information on the time of last collection to secure next day delivery, MaltaPost is required to continue to make the following information available:

- The time of the last collection from access points to secure next day delivery should be made available by way of notice prominently displayed in all offices owned or controlled by MaltaPost and used for the provision of the universal postal service. The same information should be made available on MaltaPost's website.
- The days when mail is collected and the last collection time, the free phone customer care helpline (to contact MaltaPost in the event of enquiries or complaints or to report any irregularities such as the apparent interference with the letter box or questions about whether a collection has or has not been made), the code number of that particular street letterbox, and advice to the public that postal articles containing valuables must be sent by registered mail, prominently displayed at all posting points.

With regard to QoS targets and the performance achievement of those targets, MaltaPost is required to continue to make the following information available:

- Comprehensive information in respect of QoS performance targets for all aspects of the universal postal service should be made available by way of notice prominently displayed in all offices owned or controlled by MaltaPost and used for the provision of the universal postal service. The same information should be made available on MaltaPost's website.
- MaltaPost is required to provide the MCA with the following reports on its QoS performance against the set targets in line with the format agreed with the MCA:
 - Inland ordinary mail and bulk mail on a quarterly basis and not later than twenty working days after the end of each quarter.
 - Inland registered mail and parcel post biannually and not later than twenty working days after the end of April and the end of October.
 - Cross-border mail biannually and not later than twenty working days after the end of April and the end of October.

- The reports should contain the QoS measurements for each quarter together with the cumulative measurement for the year to date.
- MaltaPost is required to keep the public informed on the lead times to expect for end-to-end delivery for all postal articles to both European destinations and other countries. MaltaPost should also make this information available to the MCA.

MaltaPost is required to continue monitor its complaints in conformity with the CEN standard EN 14012 on complaints handling principles and make the following information available:

- A Code of Practice (i.e. via MaltaPost's booklet entitled 'Committed to Customer Care') for handling complaints and redress in line with guidelines mentioned in **Appendix B**. The Code of Practice should be made available for subsequent reference at home or business premises from larger post offices. The same information should be made available on MaltaPost's website.
- MaltaPost is required to publish information on the number of complaints and enquiries received on a quarterly basis on its website and forwarded to the MCA by not later than twenty working days following the end of each quarter.
- MaltaPost is required to publish information on the number of complaints and enquiries received and the manner in which they had been dealt with in its Annual Report. The annual report should also include a narrative explaining emerging and recurring themes e.g. district / hub specific issues, personnel administrative issues etc., and actions taken to correct them and where applicable explanations of issues which have an impact on MaltaPost service. The scope of this narrative should be to monitor the ongoing nature of complaints and inquiries and take any corrective action as necessary.
- The reporting with respect to each of the identified compliant categories (refer to **Appendix B**) should contain the following columns:
 - opening balance of unresolved complaints at start of period;
 - complaints received in quarter;
 - complaints resolved in quarter;
 - complaints resolved at end of quarter; and
 - total recompense paid out.

APPENDICES

Appendix A - Legal Basis

The EU Postal Directive establishes a harmonised framework for postal services throughout the EU and for securing improvements in the QoS provided. The EU Postal Directive was transposed into national law under the Postal Services Act (Cap 254).

The MCA's obligations under the Postal Services Act in relation to QoS of the universal service are as follows:

- under Article 25(1) to prescribe quality standards for inland mail which standards shall be compatible with those for Intra-Community cross border mail as established by the European Parliament and Council;
- under Article 25(2) to monitor the performance of the universal service provider in accordance with the quality standards for inland mail; and
- under Article 76A(2) issue directives to a universal service provider in respect of the quality of postal services to be provided, including compliance with any quality standards that the MCA may establish and any corrective action as the MCA may consider necessary in this regard.

The MCA's obligations under the Postal Services (General) Regulations in relation to the QoS of the universal service are as follows:

- under Regulation 7H(1) postal operators are required to, in accordance with guidelines laid down by the MCA, draw up transparent, simple and inexpensive procedures to deal with complaints by users, particularly in cases involving loss, theft, damage or non-compliance with quality of service standards;
- under Regulation 7H(2) the universal service provider and where the MCA may consider appropriate, any operator providing services within the scope of the universal service, shall at least once every calendar year publish information on the number of complaints received, detailing what they were about and how they were dealt with;
- under Regulation 24A(1) quality of service standards in relation to the universal service, with regard to routing time and the regularity and reliability of services, shall be set and published from time to time by the MCA, having taken into account the views of interested parties as it may deem necessary;
- under Regulation 24A(2) the MCA may establish quality standards in respect of cross-border mail, provided that in respect of intra-Community cross-border mail, such standards shall be set in accordance with those set by the European Parliament and the Council;
- under Regulation 24A(3) compliance with quality of service standards by the USP shall be monitored by the MCA which shall from time to time make a report on the results of the monitoring exercise;

- under Regulation 24A(4) the MCA may, when establishing quality of service standards under this regulation, adopt those measures that it considers to be appropriate in respect of non-compliance with such standards by the universal service provider - such measures may include requiring the universal service provider to pay such administrative fines as the Authority may establish in accordance with its powers at law;
- under Regulation 24B(1) any universal service provider shall provide users and postal operators with regular, detailed and up to date information on the particular features of the universal service offered, with special reference to the general conditions of access to the service, as well as to prices and quality standard levels; and
- under Regulation 24B(2) information shall be published at least annually by the universal service provider in a manner that is to the satisfaction of the MCA.

Appendix B - Complaints Handling and Redress Procedures

Points of Contact

Customers should have clear and up to date information on how to contact MaltaPost in the event of enquiries or complaints. MaltaPost 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, telephone number (together with hours of manual operation, hours when recording facility will be in place) and fax numbers.

MaltaPost should provide a free phone number and other alternatives for low cost access such as e-mail, mailing address or Internet web page form.

Records of Complaints

MaltaPost shall publish statistics of complaints and enquiries on a quarterly basis in a format as described by the MCA.

Process of Lodging Complaints for Resolution

MaltaPost 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. The steps to be used by either party should be flexible and easily understandable. Good practice should result in customers being kept informed of the progress of their complaint when an immediate resolution is not possible.

Response times

MaltaPost shall specify a guaranteed response time for different categories of complaint, bearing in mind that different categories of complaints require different levels of investigation.

Category of complaints and enquiries

MaltaPost is required to monitor the following categories of customer complaints and enquiries which are non-exhaustive:

Complaint Category	Enquiry Category
- Delay	- Postage
- Substantial delay	- Incoming postal item (foreign)
- Loss	- Outgoing postal item (foreign)
- Damage	- Opening Times
- Change of address (re-direction)	- Delivery Time
- Mail delivery or collection	- Redirection
- Mis-delivery (to the wrong address)	- Temporary Mail Custody
- Access to customer service information	- Postcodes
- Access to postal services	- Notifications posted
- How complaints are treated	- Locally posted mail
- Other complaints	- Others
- Clients instructions	
- Registered mail	
- Behaviour and competence of postal personnel	
- Post office counter service waiting times	
- Mail left partially out of the letterbox	
- Mail not posted in letter box/posting slot	
- Postal officer did not knock (failure to attempt delivery for large mail items or those requiring a signature)	
- Wrong endorsement of registered postal item	

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, MaltaPost should indicate the process for compensation and/or reimbursement in its code of practice.

Right to seek other forms of Redress and/or Independent Advice

MaltaPost shall clearly specify a customer's right to seek other forms of redress or independent advice. This 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 without resolution of the complaint.

Publication of the Code of Practice

MaltaPost shall publish its Code of Practice and ensure that it is readily available for viewing by all its customers. The Code of Practice shall be kept up to date on an annual basis.