

Maltapost plc - Quality of Service Requirements **Decision Notice**

8th June 2005

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Executive Summary

A key building block in postal services regulation, and probably the one that enjoys the highest profile in the public eye, is the establishment and monitoring of the Universal Service Provider (USP)'s quality of service (QoS) obligations mainly with respect to its efficiency in end-to-end service. This aspect is a source of periodic debate and friction between users of the service and Maltapost plc (hereinafter referred to as 'Maltapost'), as evidenced mainly by letters appearing in the press. A letter or package delayed can mean disappointment and possibly worse, to either sender or receiver, occasionally to both.

The key role played by QoS in postal sector regulation is therefore the reason why the MCA has deemed it necessary to take the time necessary to consult as widely as possible and gather the required background information in order to be able to arrive at an informed decision.

As regards postal QoS standards, which are essentially those established for routing times from the moment the sender posts a letter to the moment the postman delivers it to the receiver, the fundamental issue is where to set the efficiency bar. If the standards are set too low the USP will have no motivation for improvement and the service may even suffer. If the bar is set too high it can pose exceedingly high costs on the USP in terms of additional resources required to either achieve the required standards or for the provision of redress in case of lack of achievement.

Public expectations on the local front as well as international standards requirements play a part in the bar-setting exercise. Both aspects have been taken into consideration in the establishment of the standards that are listed in this decision. Another aspect that has been taken into account is the actual measurement that has been carried out within Maltapost on an ongoing basis over the past two years.

It has been decided that there should be one overall standard set for the whole year. This translates into simpler measurement and a better understanding of the results. It also means that the USP has more leeway over the management of the desired outcome given the sole twelve-month average.

The gradual run-up to a significantly high standard of first-day service over a three-year period (including the current Maltapost financial year) is a satisfactory approach that should ensure a visibly high level of customer service as well as sustainability on the part of the USP. As for the measurement mechanism, the current Maltapost measurements will be used as the basis for the accounting year ending September 2005, with third-party performance measurement kicking in for the subsequent year. Any remedies resulting from failure to achieve desired standards will come into effect at the end of September 2006.

The establishment of a standard implies the need for objective measurement. First and foremost such measurement has to form the basis on which to judge the performance of the USP and tailor remedies for shortfalls accordingly. Users of the universal service have a right to know how it is faring, and beyond this basic right, they also have a right to just redress, whether on an individual (where feasible) or collective basis, in cases where service is below standard.

The element of objectivity dispels doubts and impressions on all sides as to the actual efficiency of the service. For these reasons the establishment of realistic standards must be accompanied by a concomitant robust measurement mechanism that underpins the credibility of any such system. Objectivity in measurement is provided for via the conformity to the relevant standard (EN 13850 has now been established as the mandatory standard) as well as the manifest arm's length of the measuring organisation vis-à-vis the measured one. Both these aspects are provided for in this decision as well.

The measurement issue becomes all the more delicate given the introduction of remedies on the basis of such measures. This is a further argument, if any was required, for the need for an objective measurement mechanism based on established measurement standards. As far as remedies are concerned these constitute another lynchpin of the whole exercise, in that these are at the same time the spur to the USP to maintain established standards, as well as the means to satisfy users for shortfalls whether on an individual or a collective basis.

The question of remedies has been a matter of substantial discussion with Maltapost. It is encouraging to note that Maltapost accepts the extension of the principle of compensation to local ordinary mail, as well as with respect to failure to achieve established next-day delivery standards in the span of a year.

The discussion over modes of redress has resulted in an evolution of the measures contemplated in the consultation document. Equity and simplicity in execution are two essential elements in the success of such schemes. It is felt that the solutions that have been resorted to make for more effective, more equitable and - above all - more manageable remedies.

The issue of sustainability has been another key factor in the discussion over redress mechanisms. Redress, whether on an individual or a collective basis has to be proportionate not only with respect to the hardship sustained by the claimant but also in terms of what the USP can and should realistically pay. This is another factor that has had a bearing on the final equation.

As regards complaints handling the main issue so far has been the approach to the operation of this function on the part of Maltapost. The USP is now giving this matter a profile that is commensurate with its importance. Other discussion has dwelt on the categorisation of complaints for reporting purposes as well as with the issue of payment, on the part of the complainant, for the submission of a complaint. In both cases it is deemed that the final decision represents an acceptable proposition to operator and service user alike.

This decision represents a significant step in the rationalisation of postal QoS standards, measurements and redress mechanisms that should, in the end translate into an improved service to the user. The MCA will be monitoring the situation on a constant basis in order to verify the robustness of this decision and may make periodic adjustments as necessary should circumstances warrant.

1 Purpose

This document presents the MCA's decision on the Quality of Service (QoS) requirements that are to be implemented by Maltapost plc in light of its role as Universal Service Provider (USP).

The MCA's decision follows an analysis of Maltapost's proposal and subsequent discussions between the two parties. It also takes into account public consultation which took place earlier on this year as well as two consumer surveys which were undertaken in November 2004.

2 Background

2.1 Legislative Backdrop

The Malta Communications Authority (MCA) is the National Regulatory Authority responsible for the regulation of universal postal services in Malta as stipulated in the Malta Communications Authority Act (Cap 418), and the Postal Services Act (Cap 254).

The latter came into force on the 1st June 2003 and transposes EU Postal Directive 97/67/EC as amended by 2002/39/EC (hereinafter referred to as 'the Postal Directive'). The Postal Services Act mirrors the obligations set by the Postal Directive on Member States to guarantee the provisions of a high quality universal service.

In May 2004, the Ministry of Competitiveness and Communications (MCMP) designated Maltapost as the USP with the obligation to provide all the universal services required by or under the Postal Services Act.

In December 2004, the Government modified the Maltapost licence¹ in order to bring it in line with the provisions of Postal Services Act. Amongst others, the modified licence stipulated that within three months of the grant of the (modified) licence, Maltapost was required to submit to the MCA, for its approval, a schedule of the minimum QoS standards that it shall achieve for each of the products set out in Schedule A of the licence as well as a schedule setting out arrangements for compensating customers affected by any failure to meet the standards of service required.

2.2 Public Consultation

In accordance with its obligation to take into account the views of interested parties, in January 2005 the MCA launched a public consultation on the QoS standards to be achieved by Maltapost in order to establish related standards, targets and monitoring mechanisms as required by the Postal Services Act.

The process involved the publication of a consultation paper² which looked at the issues under the following key headings:

- routing times and regularity and reliability of services for the delivery of local and overseas mail;
- complaints handling and compensation; and
- reporting and performance monitoring requirements.

¹ Published in the Government Gazette on the 10th December 2004 (Legal Notice 500/2004 - Maltapost plc. Licence (Modification) Regulations, 2004). The modified licence may be viewed on <http://www.mca.org.mt/library/show.asp?id=538&lc=2>.

² The Consultation Paper entitled 'Maltapost plc – Quality of Service Requirements' may be viewed on the MCA website <http://www.mca.org.mt/library/show.asp?id=552&lc=2>.

The responses received to the consultation paper³ coupled with the results of a postal customer perception survey,⁴ commissioned by the MCA for the same purpose, served to shape the MCA's perceptions as to what would constitute a reasonable proposal on the part of Maltapost. At the same time the responses also served to provide direction to Maltapost in the compilation of their proposal to the MCA on the QoS standards to be adopted.

2.3 Maltapost's Proposal

On the 18th March 2005 Maltapost submitted to the MCA its proposal on the QoS standards and related targets that it intends to achieve (refer to **Appendix A** and **Appendix B**). The proposal put forward by Maltapost was examined in detail by the MCA and was subsequently the subject of discussion between the two parties.

With respect to the routing times and the regularity and reliability of the services for local (inland) ordinary mail, Maltapost proposed separate and significantly lower QoS targets for the month of December. The MCA recognises that increased traffic can be expected at particular times of the year, especially during the month of December. However, the MCA contends that provision should be made for peak periods and therefore the targets submitted by Maltapost for the month of December were considered to be exceedingly low even if one were to take into account efficiency loss due to increased traffic.

A second issue that required a decision was whether there should be two separate targets for December and the remaining eleven months respectively. The Maltapost submission proposed the establishment of separate targets. From a practical perspective the MCA is of the opinion that it is more feasible to have one annual performance target.

Based on the targets achieved by other member states, the responses received to the consultation, Maltapost's overall performance during 2004, the efficiency gains envisaged for the coming years and in full appreciation of the technical and financial issues involved, the MCA was of the opinion that the targets to be achieved by Maltapost should be higher than those that were initially proposed by Maltapost.

Following discussions between the MCA and Maltapost, a revised proposal for QoS annual targets to be achieved was forwarded by the latter to the MCA on the 22nd April 2005 (refer to **Appendix C**). The revised proposed targets were deemed to be more realistic and in line with the MCA's expectations.

It is to be noted that the proposals forwarded to the MCA by Maltapost only covered the minimum obligations outlined in their licence and in particular did not provide detail on matters related to compensation. However, the matter was discussed at some length between the two parties during discussions in between the two submissions.

³ The responses received to the Consultation Paper may be viewed on the <http://www.mca.org.mt/library/show.asp?id=573&lc=2>.

⁴ The postal customer perception survey examined the attitudes of residential consumers and small businesses towards the local postal services. The results were published in February 2005 and may be viewed on <http://www.mca.org.mt/library/channel.asp?lc=2&ch=79&t=0>.

3 End-to-End Measurement

3.1 The MCA's Analysis and Position

In line with Article 24 of the Postal Services Act, the MCA has the specific responsibility for setting a target for QoS to be achieved by Maltapost within the framework set out in European and national legislation. QoS standards and related targets shall focus, in particular, on routing times and on the regularity and reliability of services.

Furthermore, the MCA has to monitor Maltapost's performance against the targets set and shall from time to time make a report on the results of the monitoring exercise. Where the MCA is of the opinion that QoS targets have not been met, the MCA shall ensure that corrective action is taken where necessary.

The European Union emphasises the importance of standards in providing an appropriate level of service to users.⁵ With respect to end-to-end⁶ measurement, performance monitoring must be in conformity with the CEN standard EN 13850 on measurement for the transit time of end-to-end service for single piece priority mail and first class mail. This standard has been developed to ensure that the transit time for single piece priority mail is monitored on a standardised basis, and its use is mandatory in respect of such services provided by USP(s) throughout the EU.⁷ Currently, this is the only mandatory standard applicable for Member States.

Local Ordinary Mail Service

At present Maltapost undertakes its own QoS performance measurement for end-to-end measurement of the local ordinary mail product. The Postal Directive and the Postal Services Act lay down the requirement for independent performance measurement. The Postal Directive states that independent performance monitoring shall be carried out at least once a year by external bodies having no links with the USP(s) under standardised conditions and shall be the subject of reports published at least once a year. Article 24 of the Postal Services Act places the responsibility of monitoring compliance by the USP on the MCA.

The local ordinary mail product offered by Maltapost equates to single piece priority mail⁸ and first class mail in terms of the CEN standard EN 13850. Currently, Maltapost provides a local ordinary mail product that does not, from a QoS

⁵ 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. These CEN standards for postal services have been developed by a dedicated Technical Committee within CEN/TC331 (refer to <http://www.nen.nl/cen331/>).

⁶ End-to-end routing is measured from the access point to the network to the point of delivery to the addressee.

⁷ The EN 13850 standard was made mandatory on all member states for domestic mail from January 2004 and for cross-border mail from January 2005. An exercise is currently being undertaken by a project team within TC 331 on the adaptation of the standard to cater for those countries with relatively small mail flows. The results are expected towards mid 2006 and the Commission will take into account the fact in its assessment of the application of the standards by the new member states.

⁸ Single piece mail is the ordinary day-to-day correspondence posted by individuals and businesses, big and small (other than bulk mail).

measurement or a cost/price standpoint, differentiate between single piece priority mail and bulk mail.⁹

The CEN standard EN 14534 for the measurement of the transit time of end-to-end services for bulk mail emphasises the differences between single piece priority mail and bulk mail standards. Should Maltapost start to offer different tariffs (on the basis of different processes and related costs) and/or better standards for bulk mailers, the MCA will consider the benefits of setting and implementing separate targets and measurement system for bulk mailers.

As far as the physical measurement is concerned, the consultation paper identified two possible options that comply with the obligation incumbent on both Maltapost and the MCA with respect to performance monitoring and measurement of local ordinary mail:

Option 1

The MCA appoints an independent company to carry out QoS performance measurement on an ongoing basis. The measurement exercise would be carried out on a quarterly basis.

Option 2

Maltapost appoints an independent company to carry out QoS performance measurement, and the MCA appoints a company to audit the methodology used by the company doing the monitoring.

Taking into consideration the submissions received in response to the consultation paper and on the basis of discussions held with Maltapost, the MCA is of the opinion that the second option is the most feasible and cost effective option.

Decision 1

Independent measurement and monitoring of Maltapost's performance with respect to local ordinary mail will be organised by Maltapost in conformity with the European Standard EN 13850, taking into consideration the proposed extensions to the said Standard intended to cover countries with relatively small mail flows.

Maltapost will formally enter into a contract (for the ongoing measurement and monitoring of its performance in conformity with the above-mentioned standard) with a competent, experienced and reputable independent organisation having no links with Maltapost, in sufficient time to enable such independent performance measurement to commence by 1st October 2005.

The MCA will, as necessary, audit the measurement methods used by the independent organisation appointed by Maltapost to conduct the performance monitoring.

⁹ Bulk mail means correspondence, documents or publications consisting of a substantial number of similar items which are deposited with Maltapost, at the same place and at the same time to be conveyed and delivered to the addressees indicated on the items themselves or on their wrapping. Currently, Maltapost does not provide special tariffs to bulk mailers and the same QoS is offered for single piece priority mail and bulk mail. It is noted that the larger bulk mailers are, in practice, subject to a contract.

Registered Mail and Parcel Post Services

It is recognised that the best method of measuring performance and increasing customer satisfaction with respect to registered mail is via the introduction of a 'track and trace' system.¹⁰ Furthermore, the transit time can be measured by using the track and trace technology.

Maltapost has recently implemented a system to track and trace registered mail. A similar track and trace system is planned to be introduced for parcel post. Such systems provide accurate information and enable clients to use the Internet or the telephone to monitor the progress towards delivery of a particular item.

It is recognised that, at present, technical problems could arise with cross-border registered mail and parcel post because the respective national USPs apply different tracking and tracing technologies.

Decision 2

Measurement and monitoring of Maltapost's performance with respect to registered mail and parcel post will be organised by Maltapost by means of the 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 service using a track and trace system.¹¹

Maltapost will also take into consideration the CEN/TC331 standards under development with respect to track and trace systems, including the standard being developed for the measurement of the transit time of end-to-end services for parcels by the use of a track and trace system.¹²

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

¹⁰ A track and trace system is a system that enables the progress (travelled distance) of an item to be monitored and its location to be established at any time.

¹¹ The EN 14137 specifies methods for measuring the level of loss and substantial delay for domestic and cross-border registered mail for service providers which have a track and trace system in place. It can also be used to measure the level of loss for other postal services which have a suitable track and trace system in operation.

¹² It is noted that this standard is being widened as far as possible in order to be able to measure other postal services where a monitoring system is in use, too. Refer to <http://www.cenorm.be> for a full list of the CEN/TC 331 standards (including Technical Specifications, Technical Reports and Guides) under development.

Local Mail Services - Quality of Service Targets

When assessing Maltapost's final proposal with respect to QoS targets to be achieved, the MCA took into consideration the targets achieved by other Member States, the responses received to the consultation, Maltapost's overall performance during 2004 and the efficiency gains envisaged for the coming years. The assessment was made in full appreciation of the technical and financial issues involved.

The outcome of the customer perception survey was another important component that was given due importance. The survey indicated that consumers are generally not satisfied with the time taken to deliver mail and with Maltapost's overall performance.¹³ The targets have therefore been set to reflect customer expectations as well as to provide Maltapost with the necessary incentive to improve the regularity and reliability of their services over the envisaged timeframes.

The MCA has also taken into consideration the factors that tend to reduce the achievement of the theoretical 100% performance target. It is inevitable that unforeseeable circumstances (e.g. unforeseeable variations in mail volumes, human error, exceptional staff absence) will occasionally arise and will militate against Maltapost achieving a 100% target.

As indicated in Maltapost's proposal the factors that would not apply to the performance measurement include stoppage of service because of industrial action, force majeure and interruption of the normal services between Malta and Gozo. The performance measurement of local ordinary mail will therefore take into account such eventualities.

The MCA consultation paper proposed a target in the region of 90% - 95% for next day delivery as the one that should be adopted for local ordinary mail. Maltapost has proposed a next day delivery target of 89% for the current financial year, that is, 2004/05, 90% for 2005/06 and 92% for 2006/07 (refer to **Appendix C**). The MCA believes that the proposed gradual run-up to a significantly high standard of first-day service over a three-year period should secure improvements in QoS and ensure a high level of customer service as well as sustainability on the part of the USP.

In line with the proposals put forward in the consultation paper and the responses received, it is agreed that QoS performance relative to registered mail and parcel post should be measured separately and the related targets should be set higher than those established for ordinary mail.

¹³ It is noted that the customer perception survey was carried out at the beginning of November 2004 and in this study participants were asked whether the postal services had improved over the past twelve months (i.e. between November 2003 and November 2004). This period included the problematic Christmas 2003 period. It is noted that Maltapost has made significant QoS improvements during the Christmas 2004 period and the first quarter of 2005.

Decision 3

QoS targets will be the average to be achieved over Maltapost's financial year as a whole. The QoS targets to be achieved by Maltapost for delivery of local mail are being set as depicted below:

Local Mail QoS Targets			
Financial Year (FY)	D ¹⁴ +1 ¹⁵	D+2	D+3 ¹⁶
Ordinary Mail			
FY 2004/05	89%	95%	97%
FY 2005/06	90%	96%	98%
FY 2006/07	92%	97%	99%
Registered Mail and Parcel Post			
FY 2004/05	95%	96%	99%
FY 2005/06	96%	97%	99%
FY 2006/07	97%	98%	99%

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

Cross-border Mail Services

In the case of intra-Community cross-border services, QoS standards are set by the European Parliament and the Council. The Postal Directive has set QoS objectives for transit times concerning the fastest standard category of intra-Community cross-border mail services at 85 per cent of mail to be delivered within D+3 (speed) and 97 per cent within D+5 (reliability).¹⁷ These standards must be achieved not only for the entirety of intra-Community traffic but also for each of the bilateral flows between two Member States.

Maltapost measures cross-border mail flows by means of the International Post Corporation (IPC) UNEX programme which monitors the quality of service for airmail letters from time of posting to when they are delivered.¹⁸

¹⁴ The date of deposit D or J (Jour, for Day) to be taken into account shall be the same date as that on which the postal item is deposited, provided that deposit occurs before the latest collection time notified from the access point to the network in question (i.e. 19.00 hrs from Monday to Friday and 15.00 hrs for a Saturday). When deposit takes place after this time limit, the date of deposit to be taken into consideration will be that of the collection on the following working day.

¹⁵ D+1 measures the percentage of mail delivered on the working day after injection into the system (Regularity).

¹⁶ D+3 measures the percentage of mail delivered within three working days of injection into the system (Reliability).

¹⁷ The (+3) and (+5) express the number of days before final delivery during which time collection, sorting, national and international transport, and delivery take place.

¹⁸ 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.

It is to be clarified that, in the case of outbound 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 USP.

It is further noted that extra complications, such as the lack of daily available direct flights, are incurred by Maltapost with respect to those destinations having low volumes, but extra effort should be devoted to minimising the effects of these complications.

As from January 2006 Maltapost will extend the IPC UNEX measurement system to cover additional countries such as United States, Australia and Canada. Maltapost will therefore be in a better position to publish the performance for letters from time of posting to when they are delivered for these non-EU destinations. It is premised that Maltapost already has a good grasp of the indicative timeframes for delivery for those destinations and should therefore inform the public of the lead times to expect for end-to-end delivery.

In the meantime, Maltapost has submitted a proposal for outbound cross-border mail for both EU and non-EU destinations from time of posting until dispatch to destination (i.e. loading on airline in Malta). Maltapost has also proposed that inbound cross-border mail arriving at Maltapost's office of exchange¹⁹ before 18:00 hrs between Monday to Friday and 15:00 hrs on Saturdays' will be processed on the same day and delivered within the standards and exceptions as those identified under local ordinary mail (refer to **Appendix C**).

Decision 4

The MCA will ensure that Maltapost monitors the performance of inter-Community cross-border mail (via the IPC UNEX system) and that the results are published against the targets set by the European Commission. The standards specified in the Postal Directive for cross-border mail within the EU are currently set at 85% for D+3 and 97% for D+5 delivery.

The MCA will ensure that, as from January 2006, Maltapost monitors the performance of cross-border mail for non-EU destinations where mail flows are significant (via the IPC UNEX system) and that the results are published.

The MCA will ensure that Maltapost monitors the performance of outbound cross-border mail for dispatch to destination (i.e. loading on airline in Malta) and the results are published against the targets set for delivery.

The targets to be achieved by Maltapost for delivery of outbound cross-border mail for dispatch to destination (i.e. loading on airline in Malta) for the next three financial years are being set as depicted overleaf:

¹⁹ An Office of Exchange is the place where Maltapost accepts cross-border mail from a postal operator of another country.

Decision 4 cont.

Outbound Cross-border Mail (Loading on Airline in Malta) QoS Targets			
Ordinary Mail and Registered Mail			
EU countries, Australia, Canada, and USA:	D+1	89%	FY 2004/05
	D+1	90%	FY 2005/06
	D+1	92%	FY 2006/07
All other countries:	D+3	99%	FY 2004/05
	D+3	99%	FY 2005/06
	D+3	99%	FY 2006/07
Parcel Post			
EU countries, Australia, Canada, and USA:	D+1	89%	FY 2004/05
	D+1	90%	FY 2005/06
	D+1	92%	FY 2006/07
All other countries:	D+3	90%	FY 2004/05
	D+3	93%	FY 2005/06
	D+3	95%	FY 2006/07

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

3.2 Reporting Procedures and Requirements

The publication of QoS objectives and performance informs customers about the level of services provided by the USP and additionally provides an important incentive for the USP to ensure a high quality of postal services. Article 19 of the Postal Services Act, requires the USP to provide users with features of the universal service, with special reference to the general conditions of access to the service, as well as to prices and quality standard levels.

This information needs to be published at least annually by the USP in a manner that is to the satisfaction of the MCA. As a result, the MCA has to determine how Maltapost should provide users with regular, detailed and up-to-date information about the quality targets and the performance achievement of those targets (refer to **Appendix D**).

The postal customer perception survey commissioned by the MCA indicated that there exists significant room for improvement in the dissemination of information on Maltapost's services. It is recognised that the best way of safeguarding the universal service is if customers know exactly what they have a right to expect in terms of price, quality, service standards, and the conditions relating to particular services.

One of the key issues is to ensure transparency between the universal service that Maltapost is required to provide, and the 'value added' services that it provides in the

competitive market. The universal service needs to be promoted also. Maltapost has the responsibility to adequately communicate QoS standards to its clients.

Decision 5

Maltapost will make available QoS standards and targets, as well as the performance achievement of those targets as set out in **Appendix D**.

4 Complaints Handling and Compensation

4.1 The MCA's Analysis and Position

Complaints Handling

The above-mentioned end-to-end measurement standard considers only the measurement of transit time (expressed as the percentage of mail delivered within D+n days end-to-end) and does not cater for other qualitative aspects of service performance.²⁰ Therefore, simple, transparent and low-cost complaint handling mechanisms become important channels via which service users can express dissatisfaction with existing services without being deterred from doing so. Complaints facilitate the identification and effective resolution of routine problems thereby making it easier for Maltapost to focus on improving core business processes that make for better service quality and heightened customer satisfaction.

Article 27 of the Postal Services Act stipulates that the MCA shall ensure that transparent, simple and inexpensive procedures are drawn up for dealing with users' complaints, particularly in cases involving loss, theft, damage or non-compliance with QoS standards. Article 27 imposes an obligation on the USP to publish at least once a year information on the number of complaints received, detailing what they were about and how they were dealt with.

It is premised that the utilisation of Information Technology (IT) based solutions is critical in complaint handling systems. The MCA thus welcomes the introduction of a management information system, on the part of Maltapost, to track and monitor complaints (refer to **Appendix B**). Maltapost must be in a position to keep records of all customer contacts, and their responses to complaints and/or enquiries. This is a key management tool for Maltapost to be able to monitor frequency of issues and establish patterns, with a view to implementing effective remedies, thereby improving QoS, customer satisfaction and reducing costs.

Maltapost's current code of practice for dealing with consumer complaints and redress procedures is reflected in a booklet entitled 'Committed to Customer Care'. The guidelines published in this booklet are considered reasonable and have been produced independently of any regulatory requirement. Maltapost should retain the commitments stated in this booklet and extend their scope to include complaints other than those that deal with loss, damage or delay (refer to **Appendix E**). In line with the consultation paper, Maltapost should strive to adopt an additional target - 100% of telephone contacts are answered within three (3) rings / five (5) seconds during the hours available to the public.

Maltapost should ensure that the customer care booklet is kept updated, effectively publicised²¹ and reflects the provisions of the EN 14012 standard on measurement of complaints and redress procedures. The EN 14012 standard requires that anyone

²⁰ For example, the date of deposit is defined by the last collection of the day but the standard does not measure whether the timing of the last collection of the day meets customers' requirement. Similarly EN 13850 considers the date of delivery but does not take into account the time of day when the item was delivered, the condition of items when delivered, access to customer service information or the post office counter service waiting times, etc.

²¹ The customer perception survey indicated that very few consumers are conversant with the complaints handling procedures in place at Maltapost.

who wants to make a complaint can do so easily and that all complaints are counted. To ensure that it is easy for people to lodge their complaint, simple instructions must be available and all personnel in contact with users must be able to explain how someone can make a complaint. The mentioned standard defines the main complaint categories, such that these can be tracked more accurately and describes precisely when a complaint about delay becomes a complaint about loss.

With respect to the current charges for complaint handling, Maltapost claim that there are no charges for complaint handling and charges are only related to enquiries made by customers that have not used an advice of receipt/delivery for registered mail or have enquired about a postal item prior to the timeframe indicated. Nevertheless, it is noted that Maltapost's customer care booklet does not clearly distinguish between what is a complaint and what is an enquiry. The customer care booklet should be updated so that it is clear that all complaints are free of charge and that the rights and obligations of the customers are easily and clearly understandable. The MCA accepts that an enquiry regarding a postal item made prior to the established timeframe specified for formally submitting a complaint could possibly incur a charge. This is not so in case of requests occurring after this grace period.

Decision 6

Complaints handling will be generally in conformity with the EN 14012 standard on the measurement of complaints and redress procedures.

Maltapost will retain the commitments in the booklet entitled 'Committed to Customer Care' and extend their scope to include complaints other than those that deal with loss, damage or delay.

Maltapost will submit, for approval by the MCA, a formal Code of Practice (an update to their current booklet entitled 'Committed to Customer Care') within three months from publication of this Decision Notice. Maltapost will ensure that the Code of Practice adheres to the guidelines described in **Appendix E**.

The Code of Practice will be kept up-to-date and may require an annual review. The Code of Practice will be published and made available for viewing by all its customers as indicated in **Appendix D**.

Compensation

The MCA is of the opinion that there is room for improvement to Maltapost's current compensation system. Furthermore, the customer perception survey commissioned by the MCA indicated that a high percentage of those interviewed expect to be compensated by Maltapost when posted items get lost, damaged or are not delivered in accordance with agreed delivery standards.

It is noted with satisfaction that Maltapost is willing to introduce a compensation scheme for loss or delay on the local ordinary mail product (refer to **Appendix B**). Compensation for local and overseas registered mail and parcel post as proposed by Maltapost and in line with the booklet entitled 'Committed to Customer Care' is deemed adequate by the MCA.

The MCA recognises that any compensation scheme for local ordinary mail would encounter the problem of balancing the right of customers to claim redress for loss or delay and the need for the service provider to limit its exposure to fraud. There is no simple 'right answer' to this and any scheme should be based on the specific requirements of customers in Malta.

In principle the MCA agrees with the compensation scheme proposed by Maltapost for instances of delay or non-delivery of an ordinary mail item. However, following an analysis of Maltapost's proposal, on the basis of similar compensation schemes provided by other foreign postal operators and after discussions with Maltapost, the MCA requests Maltapost to make the following adjustments:

- The MCA sees no justification in having 'Exclusion Periods' for clients eligible to compensation. The facility for compensation should be available to clients throughout the whole year.
- Delay is taken to mean an interval of four or more working days after the sender has mailed the postal article.
- As proposed by Maltapost, in cases where compensation for instances where lost mail contained something of value, the market price will be paid (subject to proof being submitted) up to a maximum of Lm17. The same will apply for instances where items are damaged.
- Maltapost indicated that a client would be eligible for compensation provided that the claimant supplies proof of posting. The MCA agrees that a form of proof of posting would be required by the sender in order to be in position to claim compensation. Proof of posting for ordinary mail requires a 'Certificate of Posting' at an additional charge of 11c. The MCA considers this fee as being excessive and could therefore defeat the objective of introducing a compensation scheme for local ordinary mail. The MCA directs Maltapost to reduce this fee to a more reasonable level of not more than 5c per certificate. Proof of posting need not be limited to these official Maltapost certificates. It is noted, for example, that mail posted in volume (i.e. bulk mail customers presenting 100 items or more) is already subject to a proof of postage as the sender is issued with a receipt/invoice.
- The consultation document excluded payment to bulk mail clients by way of compensation for individual incidents. Following discussions with Maltapost it has been decided that the individual compensation scheme will be open to all claims.
- As Maltapost currently does not differentiate between local ordinary mail and bulk mail clients, the MCA, following discussions with Maltapost, deems that Maltapost should pay compensation on the basis of 12 x stamp value of an individual postal item but restrict the compensation to a maximum amount of Lm 1,000 per each receipt/invoice for items that are delayed.
- At the same time minimum compensation amounting to Lm 2 per individual claim is deemed equitable by way of compensation for each single piece mail item that is delayed.
- Compensation is usually paid to the sender, however, as is the case with compensation for registered mail and parcel post, the sender should be in a position to waive this right in favour of the addressee. An addressee will receive

the same amount of compensation as would have been paid to the sender if the senders had made the claim themselves.

- The fact that compensation for delays in ordinary mail is subject to proof of posting should not detract from Maltapost's discretion in paying compensation in those cases where, despite formal proof of posting not being available, a complaint is deemed by Maltapost as being genuine.
- Consumers should be clearly informed on the best post mail product to use for items considered as being valuable, fragile, perishable or high risk and options available for insuring mail items. Consumers should also be provided with appropriate advice and information on packaging and posting (e.g. clear addressing, delivery exceptions, wrapping and packaging, etc).

It is to be clarified that the introduction of such a compensation scheme would not detract from Maltapost's prerogative to dismiss any claims that are deemed to be unreasonable or dishonest. Should there be any abuse of the system, the likelihood is that complainants would resort to repeated representations in order to get any mileage. A robust complaints handling mechanism would easily weed out such individuals and would provide Maltapost with the necessary proof that the relative complaints are not in good faith and, as a result, not eligible for compensation. The opening up of the compensation measure to include local ordinary mail would serve to provide Maltapost with a better picture of the 'weak spots' in its service delivery and direct management to those areas which need attention.

In the consultation paper, the MCA had recommended that compensation for bulk mailers would be based on the difference between the annual service level achieved and the target set. If Maltapost were to fail to reach this target the client would be compensated by an equivalent percentage of the yearly spend of its annual postal turnover with Maltapost. After further analysis by the MCA and discussions with Maltapost, the MCA has decided that it would be quite futile to impose this scheme on Maltapost as, at most, only a few relatively large organisations would benefit from it. Under these circumstances, the introduction of such a scheme is likely give rise to issues of equitability.

The MCA therefore deems that the introduction of a collective compensation scheme that is collected by the MCA and injected into the Government's consolidated fund is a more equitable and administratively viable scheme - should Maltapost fail to achieve its annual service target.

In this collective compensation scheme, should Maltapost fail to achieve its annual next day delivery (D+1) target for local mail and outbound cross-border mail for dispatch to destination (i.e. loading on airline in Malta) for the ordinary mail, parcel post and registered mail products, Maltapost will be liable to pay the MCA a percentage of the yearly turnover of the product concerned (i.e. the difference between the annual service target achieved and the set standard) multiplied by a factor of 0.25. For example, if Maltapost miss a service target for local ordinary mail by 1.1%, the MCA will receive compensation of 1.1% of the annual turnover of that product multiplied by a factor of 0.25.²² The maximum level of compensation that will be paid is 5% of the yearly turnover multiplied by a factor of 0.25 of any one product.

²² Similarly should Maltapost miss a service target by, for example, 0.9%, the MCA will receive compensation of 0.9% of their annual turnover of that product multiplied by a factor of 0.25. For example if the turnover for local ordinary mail amounts to Lm 2.8M and Maltapost miss their target by 1.1% the amount of compensation would be (Lm2.8M x 1.1% x 0.25) = Lm 7,700.

The MCA will review the established factor and the maximum level of compensation on a yearly basis. The MCA may also consider extending this collective compensation scheme to include the targets set for D+2 and D+3 of the products concerned should Maltapost regularly fail to achieve these established targets.

Decision 7

A compensation scheme for local ordinary mail will be introduced as proposed by Maltapost, however it will be revised to include the additional requirements and changes identified above and will come into force as from the start of the next financial year - October 2005.

The collective compensation scheme for failure to achieve the annual QoS targets for local mail products and outbound cross-border mail products for dispatch to destination (ordinary mail, parcel post and registered mail) will come into force as from the start of the next financial year - October 2005.

Should Maltapost fail to reach established targets by the end of September 2006 and be required to make compensation, this will accrue within twenty (20) working days of the publication of the official QoS reports (refer to **Appendix D**) for the year in question.

The above-mentioned Code of Practice will include details on compensation for local ordinary mail and on the collective compensation scheme. Maltapost will ensure that the Code of Practice adheres to the guidelines described in **Appendix E**.

4.2 Reporting Procedures and Requirements

It is important for the MCA to monitor Maltapost's QoS requirements throughout the year and it will therefore be necessary for Maltapost to submit quarterly reports on QoS and complaint data for each complaint category (refer to **Appendix E**) to the MCA as set out in **Appendix D**.

As indicated earlier on in this document, Article 27 of the Postal Services Act states that the USP will publish, together with the annual report on the monitoring of their performance, information on the number of complaints and the manner in which they have been dealt with.

As for the means of communication available to Maltapost in transmitting the information to their clients (refer to **Appendix D**), this aspect has been referred to in the section dealing with end-to-end measurement and applies equally in this case as well.

Decision 8

Maltapost will make available the information on complaints measurement and redress for each complaint category as set out in **Appendix D**.

5 Conclusion

In setting the above-mentioned QoS targets and standards to be achieved by Maltapost, the MCA consulted as widely as possible and took into consideration the viewpoints of both Maltapost and the customers in order to arrive at an informed decision.

This decision represents a significant step in the rationalisation of postal QoS standards, measurements and redress mechanisms that should, in the end translate in the provision of a consistently high level of service to all citizens and for all sectors of the economy, bearing in mind sustainability on the part of the USP.

The MCA will be monitoring the situation on a constant basis in order to verify the robustness of this decision and may make periodic adjustments as necessary should circumstances warrant.

Appendix A – Maltapost's Proposal - QoS Targets

Minimum Standards of Service

Inland Mail

- Letters, Postcards, Printed Papers, Direct Mail, Locally Registered Newspapers including Articles for the Blind

The last collection time for ALL Malta and Gozo urban and rural public street letterboxes is 19.00hr from Monday to Friday and 15hr for a Saturday. With this standard procedure mail posted on the day (J + 0) prior to the set last collection time is set to be delivered the following working day (J + 1).

Maltapost plc proposed targets for January to November

Year	J + 1	J + 2	J + 3
2005	90%	94%	97%
2006	92%	96%	98%
2007	94%	97%	99%

<i>Maltapost plc proposed targets for the month of <u>December</u></i>				
Year	J + 1	J + 2	J + 3	
2005	57%	87%	97%	
2006	60%	89%	98%	
2007	65%	90%	98%	

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta, non usage of the postcode, items is identified as a prohibited item to be transmitted by post and if no posting slot is available or the aperture of the posting slot does not permit delivery. In addition these standards would be adjusted by one additional day in those circumstances where the receiver request security screening services.

- Registered Letters including articles for the Blind

Registered mail may be posted at any Maltapost retail outlet. Maltapost registered mail J + 1 delivery standard implies that registered mail posted at retail counters before 12.30 (Malta) and 12.00 (Gozo) on the day is to be delivered the following working day. Since registered mail requires a signature on delivery as a proof of delivery, if addressee is absent a notification notice is issued after the first delivery attempt.

Maltapost plc proposed target

J + 1

Year 2005	95%
Year 2006	96%
Year 2007	97%

J + 1 target are based on the first delivery attempt and if client is absent on notification note.

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and non usage of the postcode. In addition these standards would be adjusted by one additional day in those circumstances where the receiver request security screening services.

- Parcels including articles for the Blind

Parcels may be posted at any Maltapost retail outlet. Maltapost parcel post J + 1 delivery standard implies that parcels posted at retail counters before 12.30 (Malta) and 12.00 (Gozo) on the day is to be delivered the following working day. Since parcels require a signature on delivery as a proof of delivery, if addressee is absent a notification notice is issued after the first delivery attempt.

Maltapost plc - Local Parcels proposed delivery target

	J+1
Year 2005	95%
Year 2006	96%
Year 2007	97%

J + 1 target is based on the first delivery attempt or if client is absent on notification note

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and non usage of the postcode. In addition these standards would be adjusted by one additional day in those circumstances where the receiver request security screening services.

- Withdrawal of postal articles

On receiving a request by the sender to withdraw a postal article which was posted, Maltapost would grant such a service within a maximum period of 24 working hours. This is subject that we confirm that the request is done by the real sender.

- Redirection of postal articles

On receiving a request in writing and the necessary documentation and verifications are completed, within a maximum period of ten (10) working days the required redirection instructions would be implemented.

The postal articles to be redirected would have the same standards and exceptions indicated in the particular service item with an additional day due to the transfer of postal articles from the original address to the new directed address or PO Box.

- Issue of a Certificate of Unregistered Postal Articles

On receiving a request to issue a Certificate of Unregistered Postal Article on any Maltapost plc retail outlet, the service is given immediately upon demand.

- Business Reply Service

The postal articles posted through the licensed Business Reply Service would have the same standards and exceptions indicated in the particular service item with an additional day due to the counting and invoicing element related to this service.

- Advice of Delivery of a Registered Letter (AR Card)

Upon the signature of the receiver of a registered letter (addressee), or if the registered letter cannot be delivered after four attempts on four different consecutive working days,

- Issue of Certificate of a Loss or Damage

On receiving a request to issue a Certificate of a Loss or Damage in any Maltapost plc retail outlet, the service is given immediately upon demand and confirmation.

- PO Box Deliveries

Deliveries to PO Box have the same kind of level of service and exceptions as indicated in the particular service item with an additional day.

Inbound Cross-Border Mail

Maltapost is suggesting the following standard regarding incoming mail. Postal Articles arriving before the LAT Time - 16.30 (plane touch down time) is processed on the same day, and delivered with the

same standards and exceptions as indicated in the particular service item listed under Inland Mail. In addition, postal articles whose delivery would depend on the clearance of customs, censorship and/or any other regulatory government department or entity are also excluded from this standard.

Outbound Cross-Border Mail

- Letters, Postcards, Printed Papers and Small Packets and Locally Registered Periodicals

The last collection time for ALL Malta and Gozo urban and rural public street letterboxes is 19.00hr from Monday to Friday and 15hr for a Saturday. With this standard procedure mail posted on the day (J + 0) prior to the set last collection time is set to be dispatched to destination (loading on airline) accordingly:

	January to November			December
EU countries, Australia, Canada, and USA:	J+1	90%	2005	57%
	J+1	93%	2006	60%
	J+1	95%	2007	65%
All other countries:	J+3	90%	2005	57%
	J+3	93%	2006	60%
	J+3	95%	2007	65%

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and if any item is identified as a prohibited item to be transmitted by post.

- Parcel Air Mail

Air Mail Parcels posted at any Maltapost plc retail outlet before 1230 (Malta) and 1200 (Gozo) on a particular day is dispatched to destination (loading on airline) accordingly:

	January to November			December
EU countries, Australia, Canada, and USA:	2005	J+1	90%	57%
	2006	J+1	93%	60%
	2007	J+1	95%	65%
All other countries:	2005	J+3	90%	57%
	2006	J+3	93%	60%

2007 J+3 95% 65%

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and if any item is identified as a prohibited item to be transmitted by post.

- Parcels By Surface Air Lifted (Non Priority)

Surface Air Lifted Parcels (Non-Priority) posted at any Maltapost plc retail outlet before 1230 (Malta) and 1200 (Gozo) on a particular day is dispatched to its destination (loading on airline) within the next five working days (J+5).

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and if any item is identified as a prohibited item to be transmitted by post.

Appendix B – Maltapost's Proposal for Complaints and Compensation

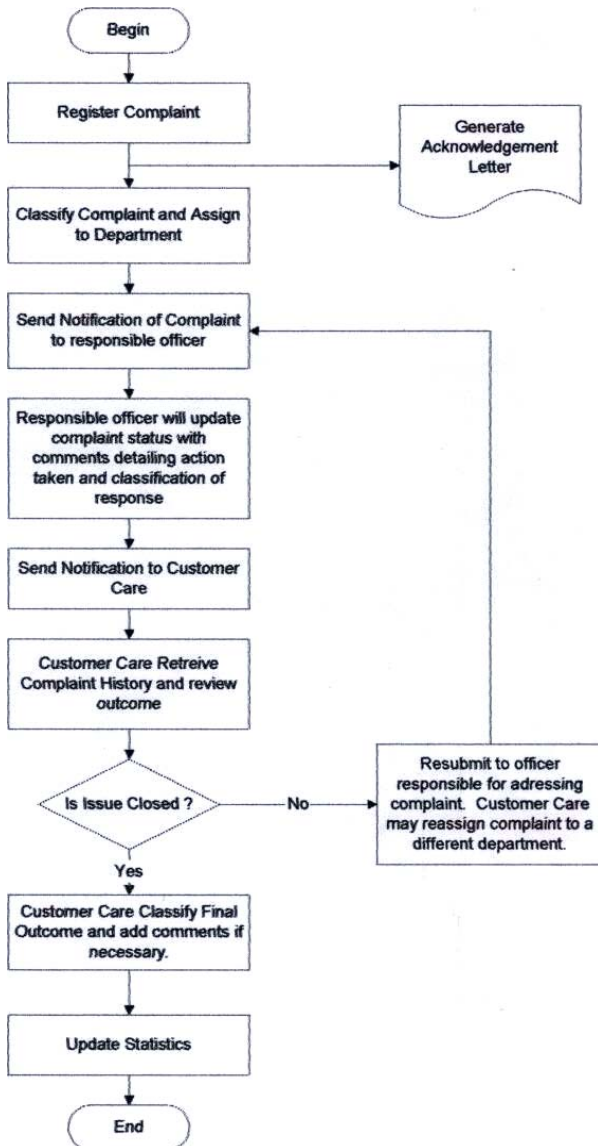
COMPLAINT HANDLING PROCEDURES

Compilation Of Customer Care Statistics

In order to provide for the generation of statistics in line with data required by the Malta Communications Authority on a quarterly basis, the Customer Care division at Maltapost is in the process of installing a system which will keep track of the times when each stage of a complaint is processed. Additionally, all complaints and their outcomes will be classified. However, Maltapost will not be restricted to applying the same classifications that are suggested or required by the MCA. The system will provide for the maintenance of a map between Maltapost's internal classifications and those required by the MCA. This measure will ensure that enough information is being collected to enable the future implementation of any reporting facilities as requested by the MCA.

Complaints Tracking Module

The complaints tracking module will handle the tracking of complaints from their initial registration to final resolution/closure. The system will implement the workflow procedure described below.



This system will process complaints by registering events that are raised when processing a complaint. An event is any point in the complaint handling process at which anything happens related to a particular complaint. Each event will be time stamped and where necessary classified to enable collection of appropriate statistics showing the performance and outcome of the tracking process.

The initiation of a complaint starts when a customer contacts Maltapost's Customer Care desk via e-mail/letter/telephone regarding an issue. A Customer Care user will register the complaint by capturing the following information :: complaint reference number / complaint date / user taking complaint / complaint address / name, surname, telephone number, mobile number, e-mail address, address / mail item / complaint classification / name of postal operator / department / priority / remarks.

Upon completion of the complaint, the user will be given the option to generate an acknowledgement letter to the customer. This letter will be displayed or the user may print it / e-mail it as a pdf document to the users. The wording of the acknowledgement letter will be maintainable by an appropriately authorised system administrator.

Should the customer wish to lodge multiple complaints, the system will provide a function to duplicate the complaint details to create a new complaint. The new complaint reference number will be the same as the original complaint, but with an incremented sub-complaint number. Both complaints will be handled independently.

The process selecting a department will imply the assignment of handling of the complaint to the department manager. Upon submission of a complaint the system will automatically notify the relevant department manager via e-mail that a new complaint has been lodged. The manager will be able to click on a URL embedded in the e-mail to access the details of the complaint. The manager will also have a facility to display all pending complaints relating to his department.

Upon processing of a complaint, the department manager to whom the complaint is assigned will update the complaint with the following details :: Resolution Method / Remarks / Status (pending/done) / Time Stamp. The system will then automatically notify Customer Care that the relevant manager has updated the complaint.

Customer Care will then review the action taken by the department manager relating to the complaint. Should the Customer Care representative deem it necessary, he/she can resubmit the complaint to the same department or a different department. If Customer Care deems the complaint closed, the system will provide a function where the representative closing the complaint will be able to submit remarks describing how the complaint was resolved and select a classification identifying the final outcome of the complaint.

Compilation Of Statistics For Compliance With MCA Reporting Requirements

In order to provide for generation of statistics required by the Malta Communications Authority, the system will keep track of the times when each stage of the complaint is processed. Additionally, all complaints and their outcomes will be classified. Maltapost is not being restricted to applying the same classifications that are being suggested and/or required by the MCA. The system will provide for the maintenance of a map between Maltapost's internal classifications and those required by the MCA. This measure will ensure that enough information is being collected to enable the future implementation of any reporting facilities as requested by the MCA.

Additionally, department managers will be provided with an enquiry screen where they can monitor and update the list of complaints that they need to action. By default, the system will

only show pending actions but the managers will be provided with an enquiry screen where they can search their complaints history and action taken.

Customer Care will be provided with a facility to monitor all pending complaints. The system will be able to list pending complaints and provide functionality for filtering the complaints by date, age of complaint, department, postal operator and Customer Care representative. Additionally, each representative will have the ability to monitor his or her own complaints.

Furthermore, whenever the system is waiting for feedback from a user, it will send a daily reminder e-mail message listing all the pending issues that the user has to deal with.

The following maintenance functions are also being provided :: List of MCA complaint classifications, list of MCA complaint resolution classifications, Maltapost complaint classifications, Maltapost complaint resolution classifications, and Departments.

Conclusion

The software for this new process will be installed and fully operational by the end of April 2005 at the very latest. The first quarterly report as per MCA requirements will therefore cover the period 1 May to 31 July 2005, and will be made available to the MCA by the end of the following month, i.e. end August.

Compensation

Compensation awarded, in all instances does not cover the cost of contents of any item, and is only meant to compensate for any inconvenience.

Inland and Incoming Cross-Border Mail

- Letters, Postcards, Printed Papers, Direct Mail, Locally Registered Newspapers including Articles for the Blind

A compensation scheme for ordinary mail should have certain Exclusion Periods like Christmas and Election time, to name the more obvious ones. This would mean that between dates stipulated in advance for these periods, senders of ordinary mail normally eligible for compensation would not benefit. During these exceptionally busy periods, mail should only be considered delayed if it exceeds a number of working days which should be considerably more than the number in otherwise normal circumstances (Refer to Quality Standards being suggested in another document).

With regard to local mail only, in instances of delay or non-delivery of an ordinary item Maltapost will compensate as follows:

- a) compensation will consist of twelve times the value of the postage stamps;
- b) in instances where something of value is included the market price will be paid (subject to proof being submitted) up to a maximum of Lm17;
- c) delayed mail could be compensated at twelve times the value of the postage incurred. This compensation will be doubled (24 times the value of the postage incurred) if the item has suffered substantial (more than ten working days) delay, and provided additional evidence or proof of delay is submitted.

The following exclusions will apply:

No compensation will be provided for delay if:

1. the item carried insufficient postage ;
2. the item was not correctly or clearly addressed;
3. the item was not posted correctly;
4. the reasons for the delay are outside the service provider's control, e.g. severe weather conditions, acts of terrorism or vandalism or acts of third parties with no

contractual obligation with the service provider or any other exception listed in the other document related to Quality of Service Standards;

5. delay due to an omission or act by sender or recipient, e.g. no suitable delivery point is available;

6. alternative delivery arrangements are in place. (P.O. Boxes or Poste Restante);

7. item forwarded from stated delivery address by third party, e.g. Redirected;

8. item sent via another carrier or postal operator;

9. no proof of posting is produced;

10. other possible extenuating circumstances.

- Registered Post and Parcel

Upon receipt of a registered item or a postal parcel, the customer is obliged to inspect the item in the presence of Maltapost personnel, failing which no liability will be accepted.

Maltapost may at its discretion replace the item in lieu of compensation. Furthermore, compensation is normally paid to the sender, who however, can waive this right to compensation in favour of the addressee.

If compensation for damage to a registered item or parcel has been paid in full, Maltapost reserves the right to dispose of the damaged item as it sees fit.

Compensation for loss of or damage to an item is payable up to the following limits:

LOCAL

	Maximum Compensation Limits
Registered Items	Lm16
Parcel Items	Lm20

FOREIGN

	Maximum Compensation Limits
Registered Items	30 SDRs (approx. Lm16)
Ordinary Parcel Items	40 SDRs per parcel, plus 4.5 SDRs per Kg (approx. Lm20 per parcel, plus Lm2 per Kg)

Exclusions in instances where compensation is not awarded:

*for any items not transmissible by post

*when an item is not adequately packaged (packaging and addressing, including all relevant Customs documents, are the responsibility of the sender, and acceptance of any item by Maltapost does not free the sender of that responsibility)

*when the item is unlawfully posted;

*when the item is seized by Customs or other law-enforcing agencies;

*when loss or damage is beyond the reasonable control of Maltapost;

*when loss results from incorrect addressing;

*when no proof of posting can be provided;

*when the item is sent to a country where Registered Mail is treated as normal mail or the item is confiscated;

*when the loss or damage occurs after delivery;

*when the loss or damage is not discovered in the presence of a postal employee;

*in instances where items were posted in breach of Post Office regulations;

*for consequential or indirect loss or damage (e.g. as a result of delay, damage or loss) or loss of profits in respect of any items sent for business purposes.

Appendix C – Maltapost's Revised Proposal - QoS Targets

Minimum Standards of Service – Updated as at 22nd April 2005

Inland Mail

- **Letters, Postcards, Printed Papers, Direct Mail, Locally Registered Newspapers including Articles for the Blind**

The last collection time for ALL Malta and Gozo urban and rural public street letterboxes is 19.00hr from Monday to Friday and 15.00hr for a Saturday. With this standard procedure mail posted on the day (J + 0) prior to the set last collection time is set to be delivered the following working day (J + 1). No collection is performed on Sundays and Public Holidays.

Maltapost plc proposed targets for October to September

Financial Year	J + 1	J + 2	J + 3
2005	89%	95%	97%
2006	90%	96%	98%
2007	92%	97%	99%

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta, non usage of the postcode, items is identified as a prohibited item to be transmitted by post and if no posting slot is available or the aperture of the posting slot does not permit delivery. In addition these standards would be adjusted by one additional day in those circumstances where the receiver request security screening services.

- **Registered Letters**

Registered mail may be posted at any Maltapost retail outlet. Maltapost registered mail J + 1 delivery standard implies that registered mail posted at retail counters before 12.30 (Malta) and 12.00 (Gozo) on the day is to be delivered the following working day. Since registered mail requires a signature on delivery as a proof of delivery, if addressee is absent a notification notice is issued after the first delivery attempt.

Maltapost plc proposed target for the three financial year ending 2007 would be similar to those of letters above.

J + ^N targets are based on the first delivery attempt and if client is absent on notification note.

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and non usage of the postcode. In addition these standards would be adjusted by one additional day in those circumstances where the receiver request security screening services.

- **Parcels**

Parcels may be posted at any Maltapost retail outlet. Maltapost parcel post J + 1 delivery standard implies that parcels posted at retail counters before 12.30 (Malta) and 12.00 (Gozo) on the day are to be delivered the following working day. Since parcels require a signature on delivery as a proof of delivery, if addressee is absent a notification notice is issued after the first delivery attempt. Parcel Post Office operates on a 5 working day – Monday to Friday.

Maltapost plc - Local Parcels proposed delivery targets:

	J + 1	J + 2	J + 3
Financial Year 2005	95%	96%	97%
Financial Year 2006	96%	97%	98%
Financial Year 2007	97%	98%	99%

J + ^N targets are based on the first delivery attempt or if client is absent on notification note

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and non usage of the postcode. In addition these standards would be adjusted by one additional day in those circumstances where the receiver request security screening services.

- Withdrawal of postal articles

On receiving a request by the sender to withdraw a postal article which was posted, Maltapost would grant such a service within a maximum period of 24 working hours. This is subject that we confirm that the request is done by the real sender.

- Redirection of postal articles

On receiving a request in writing and the necessary documentation and verifications are completed, within a maximum period of ten (10) working days the required redirection instructions would be implemented.

The postal articles to be redirected would have the same standards and exceptions indicated in the particular service item with an additional day due to the transfer of postal articles from the original address to the new directed address or PO Box.

- Issue of a Certificate of Unregistered Postal Articles

On receiving a request to issue a Certificate of Unregistered Postal Article on any Maltapost plc retail outlet, the service is given immediately upon demand.

- Business Reply Service

The postal articles posted through the licensed Business Reply Service would have the same standards and exceptions indicated in the particular service item with an additional day due to the counting and invoicing element related to this service.

- Advice of Delivery of a Registered Letter (AR Card)

Upon the signature of the receiver of a registered letter (addressee), or if the registered letter cannot be delivered after four attempts on four different consecutive working days,

- Issue of Certificate of a Loss or Damage

On receiving a request to issue a Certificate of a Loss or Damage in any Maltapost plc retail outlet, the service is given immediately upon demand and confirmation.

- PO Box Deliveries

Deliveries to PO Box have the same kind of level of service and exceptions as indicated in the particular service item with an additional day.

Inbound Cross-Border Mail

Maltapost is suggesting the following standard regarding incoming [cross border](#) mail. Postal Articles arriving at [Office of Exchange \(OE\) Marsa between Monday to Friday](#) and before the LAT Time - 16.30hr (plane touch down time) and [CET Time – 18.00hr \(Critical OE Entry time\)](#) is processed on the same day, and delivered with the same standards and exceptions as indicated in the particular service item listed under Inland Mail. In addition, postal articles whose delivery would depend on the clearance of customs, censorship and/or any other regulatory government department or entity are also excluded from this standard. [Saturdays' LAT and CET times are 13.30hr and 15.00hr respectively.](#)

Outbound Cross-Border Mail

- Letters, Postcards, Printed Papers and Small Packets and Locally Registered Periodicals

The last collection time for ALL Malta and Gozo urban and rural public street letterboxes is 19.00hr from Monday to Friday and 15hr for a Saturday. With this standard procedure mail posted on the day (J + 0) prior to the set last collection time is set to be dispatched to destination (loading on airline) accordingly:

October to September

EU countries, Australia, Canada, and USA:	J+1	89%	2005
	J+1	90%	2006
	J+1	92%	2007
All other countries:	J+3	99%	2005
	J+3	99%	2006
	J+3	99%	2007

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and if any item is identified as a prohibited item to be transmitted by post.

- Parcel Air Mail

Air Mail Parcels posted at any Maltapost plc retail outlet before 1230 (Malta) and 1200 (Gozo) on a particular day are dispatched to destination (loading on airline) accordingly:

October to September

EU countries, Australia, Canada, and USA:	FY 2005	J+1	89%
	FY 2006	J+1	90%
	FY 2007	J+1	92%
All other countries:	FY 2005	J+3	90%
	FY 2006	J+3	93%
	FY 2007	J+3	95%

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and if any item is identified as a prohibited item to be transmitted by post.

- Parcels By Surface Air Lifted (Non Priority)

Surface Air Lifted Parcels (Non-Priority) posted at any Maltapost plc retail outlet before 1230 (Malta) and 1200 (Gozo) on a particular day is dispatched to its destination (loading on airline) within the next five working days (J+5).

These indicated standards would not apply on stoppage of service because of industrial action, force majeure including heavy rainfall, interruption of the normal transport service between Gozo and Malta and if any item is identified as a prohibited item to be transmitted by post.

Updated 22nd April 2005

Appendix D – Information to be Provided by Maltapost

The media to be used by Maltapost to convey information about the universal postal service with respect to QoS standards and related targets, performance achievements and complaint measurement and redress procedures are several - as depicted below. This Appendix also details the channels to be used by Maltapost for the provision of specific information requirements together with the information and reporting requirements to be provided to the MCA.

Information should be made available at a number of locations and 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;
- in written form at selected post offices, or on request by post, for subsequent reference at home or business premises;
- over the internet;
- through advertising media; and
- in the Company's Annual Report.

The following information regarding QoS standards and related targets shall be made available:

- The time of the last collection 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 service. The same information should be made available over the Internet.
- The time of the last collection to secure next day delivery for both local and cross-border delivery should be prominently displayed at all posting points.
- A free phone number should also be provided to report any irregularities (e.g. apparent interference with the pillar box or questions about whether a collection has or has not been made).

With regard to QoS targets and the performance achievement of those targets, Maltapost will make the following information available:

- Comprehensive information in respect of targets for all aspects of the universal service should be made available by way of notice prominently displayed in all offices owned or controlled by Maltapost and used for the provision of the universal service. The same information should be made available over the Internet.
- A booklet setting out the targets should also be available for subsequent reference at home or business premises from larger post offices, or on request

by post. Advertisements should be placed in appropriate national advertising media.

- Maltapost will provide the MCA with QoS reports on a quarterly basis and not later than twenty (20) working days after the end of each quarter. The reports should distinguish between the various categories of service provided by Maltapost and show the variances from any established targets. Reports should distinguish between local mail and cross-border/overseas mail (including outbound cross border mail for dispatch to destination i.e. loading on airline in Malta), and be categorised by ordinary mail, parcel post and registered mail. The reports should also contain the measurements for the quarter together with the cumulative measurement for the year to date.
- Maltapost is to submit a first report by the end of July 2005 on its QoS standards for mail flows from postage to delivery to the customer. The first report should relate to the first three quarters of Maltapost's financial year and should be submitted on the understanding that Maltapost are currently measuring their own performance and that these measures are acceptable to the MCA up to the end of September 2005.
- From October 2005, the target and the achievement against the target for local ordinary mail will be calculated and published in accordance with European Standard EN13850.

With regard to complaint measurement and redress procedures, Maltapost will make the following information available:

- A Code of Practice for handling complaints and redress in line with guidelines mentioned in **Appendix E** and taking into consideration MCA's decisions is to be submitted to the MCA for approval within three months from publication of this Decision Notice.
- A booklet depicting the Code of Practice should be made available for subsequent reference at home or business premises from larger post offices, or on request by post. The same information should be made available over the Internet. Advertisements should be placed in appropriate national advertising media.
- Maltapost shall publish information on the number of complaints and the manner in which they had been dealt with in its Annual Report. The same information should be made available on a quarterly basis over the Internet.
- Reporting frequency will be by quarter, and the reporting with respect to each of the identified compliant categories (refer to **Appendix E**) should contain the following columns:
 - opening balance of unresolved complaints at start of period;
 - complaints received in quarter;
 - resolved in quarter; unresolved at end; and
 - total recompense paid out.

- The first report will cover the period from 1st June 2005 to 30th September 2005 and made available to the MCA by mid October 2005.
- Other reports are to be made available to the MCA on a quarterly basis and forwarded to the MCA not later than twenty (20) working days following the end of each quarter.

Appendix E – Complaints and Redress Guidelines

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 (if public office), telephone number (together with hours of manual operation, hours when recording facility will be in place) and fax numbers.

In an effort to minimise the cost to consumers of making a complaint, Maltapost should offer 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 submit statistics of complaints on a quarterly basis as described in **Appendix D** for publication in the MCA's market reviews as well as publishing them annually in their Annual Report.

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

As different categories require different response times it would be useful to distinguish the nature of complaints received. The MCA will monitor the following categories of customer complaints which are non-exhaustive.

- delay,
- loss or substantial delay,
- damage,
- change of address,
- mail delivery or collection,
- mis-delivery,
- access to customer service information,
- access to postal services,
- behaviour and competence of postal personnel,

- post office counter service waiting times,
- how complaints are treated, and
- other complaints (not included in above).

In order to ensure that response times for specific categories of customer complaint are adhered to and also to give the postal service provider an opportunity to demonstrate its commitment to meeting those response times, Maltapost should indicate the process for compensation and/or reimbursement in its formal 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 may involve seeking assistance from the Consumer and Competition Division or the MCA). 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

Postal service providers 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. The media used to publish the Code of Practice shall be those identified in **Appendix D** above.