



Review of Quality of Service Standards to be achieved by MaltaPost for the Universal Postal Service

Consultation Document

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EXECUTIVE SUMMARY

Postal service users, both residential and commercial, are entitled to an affordable high-quality universal postal service that meets their reasonable needs. This includes QoS standards related to (1) the time permitted for delivery and (2) the regularity and reliability of the universal postal service.

A high-quality, reliable and predictable universal postal service which builds and maintains consumer confidence is vitally important in a scenario where traditional letter mail is declining and packets and parcels are increasing due to significant growth in e-commerce.

In line with legislation the Malta Communications Authority (MCA) sets Quality of Service (QoS) standards relating to the universal postal service provided by MaltaPost Plc (hereinafter referred to as MaltaPost), the sole designated Universal Service Provider (USP) in Malta. In setting such standards the MCA reserves the right to review them periodically in order to ensure that the universal postal service is adequately provided and reflects the reasonable needs of all postal users as well as the specific characteristics of the Maltese market.

The MCA recognises that MaltaPost puts great effort into improving its postal services and meeting its QoS obligations. As evidenced by the MCA's own research with respect to postal services customer satisfaction is quite high, indicating that MaltaPost's performance does indeed fulfil its QoS obligations.

The purpose of this consultation document is to determine the annual QoS standards to be achieved by MaltaPost for the provision of the universal postal service as from 1st October 2016. The set QoS standards will remain in force until further notice by the MCA.

Consultation Process

By way of this consultation the MCA is seeking views from interested parties on the annual QoS standards to be achieved by MaltaPost for the provision of the universal postal service as from 1st October 2016. The consultation will run from **5th July 2016** to the **8th August 2016**. Please refer to **Section 4** of this Consultation for further details about the submission of comments.

Next Steps

Once the responses to the above consultation have been analysed and given due consideration, the MCA will make its decision with respect to the annual QoS standards to be achieved by MaltaPost as from 1st October 2016. The MCA will publish its decision which will include a summary of the responses received.

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LEGAL DISCLAIMER

This consultation paper is not a binding legal document and does not contain legal, commercial, financial, technical, or other advice. The MCA is not bound by it, nor does it necessarily set out the MCA’s final or definitive position on particular matters. To the extent that there might be any inconsistency between the contents of this document and the due exercise by it of its functions and powers, and the carrying out by it of its duties and the achievement of relevant objectives under law, such contents are without prejudice to the legal position of the MCA. Inappropriate reliance ought not therefore to be placed on the contents of this document.

None of the material in this document should be taken to reflect the views of the Ministry for Competitiveness and Digital, Maritime and Services Economy or to represent official Government policy, unless it is explicitly stated otherwise. This document is without prejudice to the legal position or rights and duties of the MCA to regulate the market generally.

1. INTRODUCTION

As regulator for postal matters the MCA is responsible for setting the QoS standards of the universal postal service in Malta. As the designated Universal Service Provider (USP) MaltaPost must adhere to its obligations at law and ensure that its performance is in line with the set QoS standards. The results must be presented to the MCA and published, both on a regular basis.

In June 2005 the MCA published its first decision notice on the QoS requirements in order to start a process to secure improvements in the quality of the universal postal service. This decision notice established the QoS standards, with respect to transit time objectives, to be achieved by MaltaPost for the delivery of domestic and cross-border mail covering the period October 2004 - 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. This decision 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 on the QoS standards to be achieved by MaltaPost, whereby the QoS targets were revised for a further three-year period covering the period October 2007 - September 2010. This decision also established, as a separate requirement, the measurement and monitoring of the domestic bulk mail service provided by MaltaPost as part of its Universal Service Obligation (USO).

In November 2010 the MCA published its third decision notice on the QoS standards to be achieved by MaltaPost, whereby the QoS targets were once again revised for a further three-year period covering the period October 2010 - 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 also introduced revisions to MaltaPost's code of practice with respect to the classification of complaints and enquiries.

In January 2014 the MCA published its fourth decision notice on the QoS standards to be achieved by MaltaPost, whereby the QoS targets were once again revised for a further three-year period covering the period October 2013 - September 2016. The revised QoS targets established in this decision reflected the expected performance of an efficient, high quality universal postal service in Malta. This decision notice also updated the information and reporting requirements with respect to QoS performance monitoring and complaints handling.

The results achieved by MaltaPost over the past years have shown a constant improvement in the quality of the universal postal service whereby MaltaPost has regularly exceeded the established QoS targets. Furthermore, a recent customer perception survey indicated that consumers are generally satisfied with MaltaPost overall QoS performance.¹

¹ Refer to 2014 postal perception surveys: <http://www.mca.org.mt/surveys>

Appendix A depicts the QoS targets and performance achieved by MaltaPost for domestic and cross-border mail over the past years.

The purpose of this Consultation is to review and establish the annual QoS standards to be achieved by MaltaPost as from 1st October 2016 for the following universal postal services:

Domestic 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 standards for the above-mentioned universal postal services, this consultation also updates the reporting requirements with respect to performance monitoring.

The consultation does not extend to the methodology for measuring and monitoring the actual performance against the set QoS standards. The methodology as reflected in **Decision 1** and **Decision 2** of the MCA's 2014 QoS Decision (refer to **Appendix B**) will continue to apply.

In addition, this consultation does not extend to other aspects of QoS standards and monitoring systems established in the MCA's 2005 QoS Decision related to:

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

The above QoS measurement and monitoring systems have been effective in ensuring a high quality universal postal service in Malta and will continue to apply. Although changes to these requirements are not currently deemed necessary the MCA reserves the right to review these requirements at a later stage.

1.1 LEGAL BASIS

The MCA is required to set and publish QoS 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.

The European Commission emphasises the importance of standards required for the provision of an appropriate level of postal service to users.² These include standards for the QoS measurement regarding the reliability of postal services and the treatment of problems of loss, theft and damage.

MaltaPost, as the designated USP, must meet the needs of postal service users throughout Malta by offering high-quality and reliable universal postal services. The MCA monitors MaltaPost's performance against the set QoS standards. Further to this MaltaPost must report on the results of the monitoring exercise on a regular basis. The MCA ensures that corrective action is taken in cases where the QoS standards have not been achieved.

MaltaPost must also 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. Such procedures enable disputes to be settled fairly, promptly and in an inexpensive manner. Furthermore, MaltaPost is obliged to publish information on the number of complaints received. This must be done at least once every calendar year and should go into detail regarding the nature of the complaints received and how they were dealt with.

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

1.2 QUALITY OF SERVICE STANDARDS

The QoS standard for domestic mail is set in the form of a transit time objective of:

- D+1³ measuring the percentage of mail delivered on the working day after introduction into the system (regularity); and
- D+3⁴ measuring the percentage of mail delivered within three working days after injection into the system (reliability).

In the case of intra-Community cross-border mail services, QoS standards are set by the European Parliament and the Council. The EU Postal Directive⁵ has set QoS objectives for transit times concerning the fastest standard category of intra-Community cross-border mail services at 85% of mail to be delivered within D+3 (speed) and 97% within D+5 (reliability). These intra-Community cross-border mail standards should be achieved not only for the entirety of intra-Community traffic

² 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>).

³ The quality standards for mail are established in relation to the time limit for routing measured from end-to-end for postal items of the fastest standard category 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.

⁴ 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 postal articles which have not been delivered on the next working day.

⁵ European Postal Directive:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008L0006&from=en>

but also for each of the bilateral mail flows between two Member States. QoS standards set for national mail must be compatible with those established for intra-Community cross-border services. The transit time objective for cross-border mail to all other foreign addresses is set by the MCA at D+9 (i.e. up to nine days).

2. REVIEW OF QUALITY OF SERVICE STANDARDS

This section sets out the MCA's proposals on the annual (October - September) QoS standards to be achieved by MaltaPost for the universal postal service. The QoS standards shall apply from 1st October 2016 and shall remain in force until further notice by the MCA.

2.1 DOMESTIC MAIL SERVICES

MaltaPost is required to provide a universal postal service in which domestic mail (also referred to as Inland Mail) that is posted before the established latest time of posting is delivered on the next working day. The following domestic mail services are subject to the next-day delivery and quality of service standards:

- Single piece letter-post mail (also referred to as ordinary mail) is the domestic mail posted by individuals and businesses, big and small (other than bulk mail), at street letterboxes or over the counter at postal outlets (such as post offices or sub-post offices).
- Bulk letter-post 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.

A high-quality bulk mail service is essential for the effective functioning of government, business and commerce in Malta as it provides a valuable means of communication between such entities and their respective audiences. 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.

- Parcel post service - also referred to as ordinary parcel service - is the service that provides for the transmission of packages (other than a letter, large envelope or packet) deposited over the counter, either singly or in large quantities. Parcels are distinct from letter-post items and transportation freight respectively in consideration to weight and size limits.
- A registered mail service provides a flat-rate guarantee against risks of loss, theft or damage, and supplies the sender with, where appropriate and upon request, proof of the handing in of the postal article and/or of its distribution to the addressee. Whilst registration of single piece letter-post items and bulk letter mail (including advice of receipt) is optional at an additional fee, parcels include registration as part of the service.

2.1.1 Next Day Delivery QoS Standards

The set QoS standards for domestic mail must be consistent with the objective of providing next day delivery, barring exceptional factors that could hinder MaltaPost's attempts to provide a 100% next day delivery service.

The exceptional factors that could legitimately be taken into account in setting a QoS standard against which to measure MaltaPost's performance mainly include: human errors resulting from an entirely manual mail sorting process and unforeseeable variations in volumes.

It is recognised that the main problems encountered in maintaining a high QoS standard for next day delivery of mail in Malta arise from human error. The ongoing training of postal employees responsible for the sorting and delivery of postal articles ensures that human error is kept to a minimum. 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 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 current next day delivery QoS standard of 95% for ordinary mail and bulk mail allows for a reasonable 5% (i.e. 5 letters out of 100 posted could be delivered after D+1) to cater for exceptional factors. As registered mail and parcel post are measured by means of a track and trace system, that enables a postal article to be monitored and its locations established at any time, the QoS standards of 98% are set higher than those established for ordinary mail and bulk mail products.

Together with the QoS standard for next-day delivery (regularity) the MCA sets a standard of 99% for delivery of ordinary mail within three days of posting and for parcel / registered mail within two days. This applies to mail which is not delivered on the next working day by MaltaPost and thus relates to the reliability of the service. Any such mail which failed next day delivery service because of exceptional factors mentioned above should be delivered by the second working day for parcels and registered mail and the third working day for ordinary mail. However, there may be some further minor factors which could constrain this. The MCA makes allowance of a further 1% which in effect means that 99% of parcel / registered mail and ordinary mail should be delivered within the second and third working day respectively.

2.1.2 QoS Standards - Current Scenario

The latest customer perception survey indicated that households, small businesses and large bulk mailers are generally satisfied with the overall quality of postal services provided by MaltaPost (89% of households, 83% of businesses and 83% of large bulk mailers were satisfied with the overall quality of services provided by MaltaPost).⁶ The current QoS standards achieved by MaltaPost for domestic mail reflect the expectations of the users of postal services.

At 95% Malta's current D+1 standard for ordinary mail is above the European average and is among the highest QoS standards in a number of EU Member States (see **Table 1** below).

⁶ Refer to the postal perception surveys carried in 2014: <http://www.mca.org.mt/surveys>

Table 1: D+1 QoS Standards for Single Piece Letter Mail (Ordinary Mail) in 2014 (94% and above)⁷

Switzerland	97%
Austria	95%
The Netherlands	95%
Slovenia	95%
Malta	95% (as from 2015)
Portugal	94.5%
Ireland	94%

The current D+1 standard for bulk mail (95%), registered mail and parcel post (98%) also fall within the range of the top performers amongst the EU Member States that measure the performance of such services.⁸

2.1.3 QoS Standards - Analysis

The cumulative measures gradually mandated over the past years have allowed MaltaPost to meet and exceed the envisaged maximum next day delivery target of 95% for ordinary mail as considered by the MCA in its first consultation document on QoS standards published in 2005.

The MCA is of the opinion that there are no reasons why the current QoS performance targets to be achieved by MaltaPost for domestic mail need to be further increased as from 1st October 2016 as Malta already enjoys one of the highest QoS standards among the EU.

Jurisdictions having characteristics such as remote areas requiring airlines to fulfil the set QoS obligations have seen the reduction of the QoS standards as a possible source of cost-efficiency. A low QoS standard for domestic mail to allow for the longer time needed for the delivery of mail to remote areas, as is the case in some larger countries, is not considered reasonable for Malta.

Reducing the QoS standard for next day delivery of postal articles in the face of significant growth in e-commerce and declines in letter mail volumes could be detrimental to postal services. It may impact the trust placed in postal services and further accelerate the decline in letter mail volumes, and could also impact MaltaPost's parcel post business.

⁷ Refer to ERGP 2015 Report on QoS, consumer protection and complaint handling:
http://ec.europa.eu/growth/sectors/postal-services/ergp/index_en.htm

⁸ Ibid.

Malta's demographic factors (small size, high population density, predominantly urban, good road network, efficient address management) all point towards maintaining a high next-day delivery QoS standard.

The MCA considers it reasonable to maintain the current annual QoS standards (refer to **Table 2** below) which have been in effect over the past two years. The MCA will nevertheless keep the matter under observation and review again, if or as required, at a future date.

Table 2 - Domestic Mail QoS Annual Performance Targets⁹ applicable from 1st October 2016:

	D+1	D+2	D+3
Ordinary Mail	95%	98%	99%
Bulk Mail¹⁰	95%	98%	99%
Registered Mail and Parcel Post¹¹	98%	99%	99%

Maintaining the current QoS standards would benefit all postal service users in Malta who are entitled to an affordable high quality universal postal service which meets their reasonable needs.

The MCA is of the opinion that the current QoS standards for the universal postal services continue to reflect customer expectations, MaltaPost's overall performance, efficiency gains during the past years and efficiency gains envisaged for the coming years.

The MCA also considers that maintaining a high QoS standard should play a part in ensuring that users of postal services continue to trust the postal service in light of the increased use of e-substitution.

Q1. Do you consider it appropriate to maintain the current QoS targets to be achieved by MaltaPost for domestic mail from October 2016 onwards? If you disagree, please state why.

2.2 CROSS-BORDER MAIL SERVICES

Although digital technology has become increasingly indispensable postal services remain highly relevant, most especially due to the growth in cross-border e-commerce. The EU Postal Directive

⁹ The QoS performance targets are based on the average to be achieved over MaltaPost's financial year between October and September as a whole.

¹⁰ 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.

¹¹ 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.

defines cross-border mail as ‘mail from or to another Member State or from or to a third country’¹² i.e. an end-to-end postal service from one country to another.

MaltaPost is required to monitor and measure the QoS for 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 targets specified in the EU Postal Directive (85% of mail to be delivered within a D+3 window and 97% within a D+5 window).¹³ 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).¹⁴

All inbound cross-border mail services (i.e. ordinary mail, registered mail and parcel post) arriving at MaltaPost’s office of exchange¹⁵ before 7pm between Monday to Friday and 5.30pm on Saturdays is required to be processed on the same working day and delivered with the same performance targets as those of domestic mail products identified in Table 2 above.

MaltaPost is also 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.

With respect to a universal cross-border mail service the sending operator has control only until its mail leaves its borders; upon reaching the destination country the mail becomes the responsibility of that country’s postal operator. In practice this means that MaltaPost is responsible for the local leg and part of the transit.

The MCA recognises that there may be difficulties when measuring the end-to-end QoS performance of the outgoing cross-border ordinary mail and bulk mail items to non-European countries and destinations with low mail volumes.¹⁶ Given MaltaPost’s universal service obligations, the QoS performance targets for these countries should, however, remain. The set transit time 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 of the lead times to expect for the end-to-end delivery of

¹² <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:31997L0067&from=EN>

¹³ The 2014 results of the IPC UNEX measurement system showed that on average the time for a letter to be delivered in Europe amounts to 2.4 days. 90.6% of letters were delivered within three days of posting and 97.8% within five days.

https://www.ipc.be/~media/documents/public/unex/full%20year%20results/unex_leaflet_2014_en.pdf

¹⁴ The UPU maintains the global quality of standard at D+5 (the fifth working day after the day of posting) for 80% of international mail.

¹⁵ An ‘office of exchange’ is the place where MaltaPost accepts cross-border mail from a postal operator of another country.

¹⁶ In line with the CEN EN 13850:2012 standard, participants may opt to refrain from sending outbound test mail to countries with mail flows of less than 11,500 mail pieces per year (Category 4: Very small size flows) subject to agreement with the National Regulatory Authority (NRA).

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.

The MCA is of the opinion that the current cross-border delivery standards continue to reflect the reasonable needs of postal service users in Malta. No changes are envisaged to MaltaPost's current QoS requirements with respect to cross-border mail and should continue to apply as from 1st October 2016 (refer to **Table 3** below). The MCA will keep the matter under observation and review again, if or as required, at a future date.

Table 3 - Cross-border Mail Annual QoS Performance Targets applicable from 1st October 2016

(a) Outgoing Cross-border Mail (Loading on Airline in Malta)

	D+1	D+3
Ordinary Mail / Bulk Mail		
EU Member States, Switzerland, Australia, Canada and USA	95%	99%
All other countries	-	99%
Registered Mail		
EU Member States, Switzerland, Australia, Canada and USA	95%	99%
All other countries	-	99%
Parcel Post		
EU Member States, Switzerland, Australia, Canada and USA	95%	99%
All other countries	-	96%

(b) Incoming Cross-border Mail

All incoming cross-border mail arriving at MaltaPost's office of exchange before 7pm between Monday to Friday and 5:30 pm Saturdays is to be processed on the same day and delivered within the QoS performance targets of the domestic mail products.

Q2. Do you consider it appropriate to maintain the current QoS targets to be achieved by MaltaPost for cross-border mail from October 2016 onwards? If you disagree, please state why.

3. INFORMATION AND REPORTING REQUIREMENTS

It is important for the MCA to monitor MaltaPost's QoS requirements throughout the year and therefore it is necessary for MaltaPost to submit appropriate reports on its QoS measurement and results achieved against the established transit time objectives and set targets.

Such reports enable the MCA to identify any issues with the quality of the universal postal service which may need to be addressed.

Information Requirements

MaltaPost is required to continue conveying information about the universal postal service with respect to QoS standards and related targets, performance achievements and complaint measurement and redress procedures through, as a minimum, a variety of media¹⁷:

- 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 make the following information available:

All posting points	<ul style="list-style-type: none">■ The days when mail is collected;■ Last collection time;■ Freephone customer care helpline:<ul style="list-style-type: none">● to enquire or lodge a complaint;● to report any irregularities, such as apparent interference with a letterbox; and● to ask questions regarding whether or not a collection has been made.■ The code of a particular street letterbox;
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¹⁷ 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>

	<ul style="list-style-type: none"> ■ Advice to the public that postal articles containing valuables must be sent by registered mail.
MaltaPost’s website	<ul style="list-style-type: none"> ■ The time of last collection from access points to secure next day delivery; ■ Comprehensive information with respect to QoS targets for all aspects of the universal service.
All offices owned and/or controlled by MaltaPost providing the universal service	<ul style="list-style-type: none"> ■ The time of last collection from access points to secure next day delivery; ■ Comprehensive information with respect to QoS targets for all aspects of the universal service.

Reporting Requirements

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

MaltaPost is required to continue providing the MCA with the following reports on its QoS performance against the set targets in line with the format agreed with the MCA:

- Domestic ordinary mail and bulk mail on a quarterly basis and not later than **thirty-five working days** after the end of each quarter.

The timeframe for submitting QoS reports is being revised from twenty working days to not more than thirty-five working days. This allows for any test mail remaining unaccounted for within a 30 working day timeframe (i.e. substantially delayed or lost postal items) while allowing sufficient time for the measurement service provider to finalise the report thereafter.

- Domestic 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 **thirty-five working days** after the end of April and the end of October. The MCA may grant an extension of **fifteen working days**.

The timeframe for submitting QoS reports is being revised from twenty working days to not more than fifty working days to cater for any data verification exercise on cross-border mail that may be required by the measurement service provider.

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 expected lead times 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 monitoring 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 D**. 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 complaint categories (refer to **Appendix D**) 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.

4. REQUEST FOR COMMENTS AND NEXT STEPS

The MCA would like to seek the views and comments from interested parties on the proposed maintenance of the current QoS standards as set out in this consultation document.

Once the responses to the above consultation have been analysed and given due consideration the MCA will make its decision with respect to the QoS standards. The MCA will publish its decision which will include a summary of the responses received.

Respondents are kindly requested to refer their comments to the numbered consultative questions. When making their submissions respondents may also make comments on any aspect of the consultation by referring to the specific sections of this document.

The MCA appreciates that the issues raised in this paper may require respondents to provide confidential information. Respondents are requested to clearly identify confidential material and if possible include it in a separate annex to the response. Such information will be treated as strictly confidential if in line with MCA's confidential guidelines and procedures.¹⁸

All views and comments should be submitted in writing in electronic format (such as Microsoft Word or PDF Format). Respondents are required to include their personal or company particulars, correspondence address, contact number and email address in their submissions.

All responses to this consultation should be clearly marked "**Review of Quality of Service Standards to be achieved by MaltaPost for the Universal Postal Service**" and sent, by not later than **8th August 2016** to the:

Chief, Policy and Planning

Malta Communications Authority
Valletta Waterfront
Floriana FRN1913
Malta

Email: info@mca.org.mt

Tel: +356 21 336840

Fax: +356 21 336846

¹⁸ In accordance with the MCA's confidentiality guidelines and procedures:

http://www.mca.org.mt/sites/default/files/articles/confidentialityguidelinesFINAL_0.pdf

APPENDIX A: QUALITY OF SERVICE PERFORMANCE

QoS standards set and actual performance achieved for domestic mail are summarised in the table below:

Domestic Mail QoS Targets / Performance Achieved						
Financial Year (FY)	D+1		D+2		D+3	
Ordinary Mail						
	Target	Performance	Target	Performance	Target	Performance
FY 2004/05	89%	90.78%	95%	99.18%	97%	100%
FY 2005/06	90%	92.14%	96%	98.68%	98%	99.84%
FY 2006/07	92%	94.86%	97%	99.18%	99%	99.85%
FY 2007/08	92%	93.29%	97%	99.03%	99%	99.72%
FY 2008/09	93%	95.13%	97%	99.17%	99%	99.93%
FY 2009/10	93%	95.09%	98%	99.31%	99%	99.75%
FY 2010/11	93%	96.73%	98%	99.36%	99%	99.74%
FY 2011/12	94%	95.58%	98%	98.59%	99%	98.98%
FY 2012/13	94%	95.61%	98%	98.77%	99%	98.97%
FY 2013/14	94%	94.66%	98%	98.75%	99%	99.14%
FY 2014/15	95%	95.17%	98%	99.27%	99%	99.67%
FY 2015/16	95%	-	98%	-	99%	-
Bulk Mail						
FY 2007/08	92%	91.82%	97%	99.50%	99%	100%
FY 2008/09	93%	95.25%	97%	99.08%	99%	99.83%
FY 2009/10	93%	95.98%	98%	99.51%	99%	99.84%
FY 2010/11	93%	96.73%	98%	99.35%	99%	99.76%
FY 2011/12	94%	95.27%	98%	98.80%	99%	98.88%
FY 2012/13	94%	95.09%	98%	98.44%	99%	98.77%
FY 2013/14	94%	94.83%	98%	98.77%	99%	99.01%
FY 2014/15	95%	96.63%	98%	99.10%	99%	99.43%
FY 2015/16	95%	-	98%	-	99%	-
Registered Mail						
FY 2007/08	97%	98.28%	98%	99.47%	99%	99.67%

FY 2008/09	97%	98.22%	98%	99.65%	99%	99.76%
FY 2009/10	97%	99.65%	99%	99.86%	99%	99.90%
FY 2010/11	97%	99.75%	99%	99.91%	99%	99.95%
FY 2011/12	98%	99.59%	99%	99.91%	99%	99.95%
FY 2012/13	98%	99.01%	99%	99.89%	99%	99.95%
FY 2013/14	98%	99.27%	99%	99.90%	99%	99.96%
FY 2014/15	98%	99.17%	99%	99.87%	99%	99.92%
FY 2015/16	98%	-	99%	-	99%	-
Parcel Post						
FY 2007/08	97%	99.60%	98%	99.81%	99%	99.87%
FY 2008/09	97%	99.45%	98%	99.89%	99%	99.94%
FY 2009/10	97%	99.96%	99%	99.97%	99%	99.98%
FY 2010/11	97%	99.99%	99%	99.99%	99%	100%
FY 2011/12	98%	99.12%	99%	99.67%	99%	99.81%
FY 2012/13	98%	98.43%	99%	99.53%	99%	99.80%
FY 2013/14	98%	99.20%	99%	99.79%	99%	99.88%
FY 2014/15	98%	98.60%	99%	99.64%	99%	99.80%
FY 2015/16	98%	-	99%	-	99%	-

The QoS standards set and actual performance achieved by MaltaPost for delivery of intra-Community outbound cross-border mail, measured by means of the International Post Corporation (IPC) UNEX programme, from dispatch to destination (i.e. loading on airline in Malta) are summarised in the table below:

Outbound Cross-border Mail (Loading on Airline in Malta) QoS Targets / Performance Achieved		
Ordinary Mail	D+1 Target	Performance
FY 2007/08	92%	96.7%
FY 2008/09	93%	97.6%
FY 2009/10	93%	98.3%
FY 2010/11	93%	97.8%
FY 2011/12	94%	98.0%
FY 2012/13	94%	97.9%
FY 2013/14	94%	95.8%
FY 2014/15	95%	97.6%

The QoS standards set and actual performance achieved by MaltaPost for delivery of intra-Community inbound cross-border mail arriving at MaltaPost's office of exchange, measured by means of the International Post Corporation (IPC) UNEX programme, are summarised in the tables below:

Inbound Cross-Border Mail (arriving at MaltaPost's office of exchange) QoS Targets / Performance Achieved		
Ordinary Mail	D+1 Target	Performance
FY 2007/08	92%	93.2%
FY 2008/09	93%	95.2%
FY 2009/10	93%	96.7%
FY 2010/11	93%	92.9%
FY 2011/12	94%	95.1%
FY 2012/13	94%	95.4%
FY 2013/14	94%	94.8%
FY 2014/15	95%	92.7%

The QoS standards set and actual performance achieved by MaltaPost for delivery of inbound cross-border mail arriving at MaltaPost's office of exchange, measured by means of the UPU Global Monitoring System (GMS), are summarised in the tables below:

Inbound Cross-Border Mail (arriving at MaltaPost's office of exchange) QoS Targets / Performance Achieved		
Ordinary Mail	D+1 Target	Performance
FY 2007/08	92%	91.3%
FY 2008/09	93%	94.7%
FY 2009/10	93%	95.2%
FY 2010/11	93%	95.5%
FY 2011/12	94%	95.5%
FY 2012/13	94%	97.7%
FY 2013/14	94%	97.4%
FY 2014/15	95%	96.8%

APPENDIX B: QUALITY OF SERVICE MEASUREMENT AND MONITORING

This Appendix sets out the methodology for the measurement and monitoring of the performance achieved by MaltaPost against the QoS standards set for domestic and cross-border universal postal services as reflected in **Decision 1** and **Decision 2** of the MCA's 2014 QoS Decision.

DOMESTIC MAIL SERVICES

Ordinary Mail

MaltaPost's ongoing performance of its domestic 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.

Bulk Mail

MaltaPost's ongoing performance measurement of its domestic 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.

Loss and Substantial Delay of Ordinary Mail and Bulk Mail

In addition to the QoS measure of the transit time for ordinary and bulk mail MaltaPost is required to measure its QoS performance related to the loss and substantial delay of single piece priority letter mail items (ordinary mail) 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
- b. including postal items not delivered by D+30 in the calculations (i.e. including the lost or substantially delayed postal items).

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 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).

Registered Mail and Parcel Post Services

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.

Performance Measurements Audit

The performance measurement of the domestic 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 appropriate standards.

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

The MCA ensures that MaltaPost monitors the performance of end-to-end inter-Community cross-border letter-post mail in line with **EN13850** and that the results are published against the transit objectives and targets set by the European Commission.¹⁹

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. The performance of cross-border mail flows for registered mail and parcel post are monitored by MaltaPost via its track and trace system.

MaltaPost is required to separately monitor and measure the performance of outbound 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 inbound cross-border mail (arriving at MaltaPost's office of exchange) until delivery to the addressee. The results are published against the established transit time objectives and set QoS targets.

Until January 2016 the QoS standard for European cross-border traffic of letter mail was measured by IPC's UNEX end-to-end monitoring system. As from January 2016 the measurement of cross-border end-to-end services for single piece priority mail is being carried out by PwC. MaltaPost also monitors the performance of inbound cross-border mail flows by means of the Universal Postal Union (UPU's) Global Monitoring System (GMS).

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 measurement carried out by PwC is limited to the measurement of European participants and GMS is based on incoming international cross-border mail.

¹⁹ Conformance to this standard is mandatory for the EU Member States as well as Iceland, Norway and Switzerland.

FORCE MAJEURE

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. Deductions in the corresponding period may be considered by the MCA only in the case of ‘force majeure’ events. 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.²⁰ In the past three years there were no instances where an exemption from QoS requirements was granted due to ‘force majeure’.

In the case of claimed severe weather conditions, MaltaPost is required to enclose with its request any warning communications issued by the Civil Protection Department through the Department of Information. In the case of the Gozo Ferry’s suspension the MCA, on a case by case basis, considers authorising 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.

QOS MEASUREMENT AND MONITORING

Decision 1 and **Decision 2** of the MCA’s 2014 QoS Decision are being reproduced below for ease of reference:

Decision 1 - QoS Measurement and Monitoring of Domestic Mail

Domestic 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.

²⁰ 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: a) not be caused by the operators involved in the distribution and/or its subcontractors; b) be unforeseeable and, c) be unavoidable by them. It shall be a rare event and have a provable impact on several consecutive days of distribution.

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

Domestic 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).

Domestic 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.

APPENDIX C: 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 domestic 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 domestic mail; and
- under Article 76A(2) issue directives to a universal service provider with respect to 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 Regulations 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 D: 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, telephone number (together with hours of manual operation, hours when recording facility will be in place) and email addresses.

MaltaPost should provide a freephone 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 taken 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
- Access to postal services
- How complaints are treated
- Other complaints
- 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
- Postcodes
- Notifications posted
- Locally posted mail
- Others

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.