



# DECISION NOTICE


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

### Response to Consultation and Decision

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## 1 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 quality of service (QoS) standards related to: (i) the time permitted for delivery of postal articles; and (ii) the regularity and reliability of the universal postal service.

MaltaPost Plc (hereafter referred to as 'MaltaPost') is the only postal operator designated to provide the universal postal service in Malta and is subject to the relevant obligations. These include meeting the reasonable needs of postal service users throughout Malta by offering an affordable, high-quality and reliable universal postal service.

In line with the law, the Malta Communications Authority (MCA) sets QoS standards relating to the universal postal service provided by MaltaPost as part of its Universal Service Obligation (USO). In setting such QoS standards the MCA is empowered to review them periodically in order to ensure that the universal postal service is adequately provided and reflects the reasonable needs of all postal service users, as well as the specific characteristics of the Maltese market.

In the MCA's Decision Notice "Providing Sustainable Universal Postal Services - MCA/D/23-5051" published on the 21<sup>st</sup> August 2023, the MCA noted that as part of the initiatives to support the sustainability of the universal postal service it would be consulting on revisions to the next-day QoS delivery targets for the local single-piece letter mail and bulk letter mail services. The assessment of the QoS performance targets (that were last reviewed in 2016) must be viewed within the context of the postal market evolution as well as that of the developments in the wider communications market.

In October 2023 the MCA published a consultation document entitled "Review of Quality of Service to be achieved by MaltaPost for the Universal Postal Service". The consultation focused primarily on the review of the QoS standards to be achieved by MaltaPost for the provision of the universal postal service for each financial year, as from the 1<sup>st</sup> October 2023. The MCA received one response, from MaltaPost, to this consultation.

After giving due consideration to the response it received, the MCA is now publishing its final Decision (referred to as the '2024 QoS Decision') on the issues consulted upon. Through this Decision the MCA has reviewed the current QoS standards which have been in effect since October 2016.

The revised QoS standards are effective as from 1<sup>st</sup> October 2023. The MCA will be monitoring market developments and reviewing MaltaPost's QoS obligations as necessary. The QoS standards set out in this Decision will remain applicable unless any emerging developments necessitate a re-assessment.

## 2 Background and Introduction

The MCA is responsible to ensure that users enjoy the right to a universal postal service involving the permanent provision of postal services of specified quality, whilst promoting a universal service that is sustainable. The universal service provision evolves in response to the technical, economic and social environment, and to the reasonable needs of users.

The MCA is responsible for setting the QoS standards of the universal postal service in Malta. The MCA monitors the QoS in order to guarantee a postal service of good quality. QoS standards focus, in particular, on transit times and on the regularity and reliability of services. 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 are presented to the MCA and published on a regular basis.

In June 2005 the MCA published its first Decision on the QoS requirements to be achieved by MaltaPost for the universal postal service. This Decision 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 introduced a 'Collective Compensation Scheme' in case of failure, on the part of the USP, to achieve its annual QoS targets. The 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 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.

In November 2010 the MCA published its third Decision 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 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 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 also updated the information and reporting requirements with respect to QoS performance monitoring and complaints handling.

In December 2016 the published its fifth Decision on the QoS standards to be achieved by MaltaPost. Through this Decision the MCA decided in favour of retaining the current QoS standards which had been in effect since October 2013. This Decision also updated the

information and reporting requirements with respect to QoS performance monitoring and complaints handling.

In October 2017 the MCA approved a request from MaltaPost for all test mail postal articles exchanged for QoS measurement purpose to include the applicable postcode and associated postal address. This in view of the increase in the use of postcodes by consumers. In addition, the use of postcodes is a useful tool for facilitating the sorting and distribution of postal articles and in assisting the postal operator in reducing the potential of mis-delivered mail and other delivery related errors.

In December 2018 the MCA issued a decision whereby it authorised changes to the postal latest collection times: Monday to Friday 17:15 hrs. (instead of 1900 hrs.), Saturday 12:30 hrs. (instead of 15:00 hrs.). As an exception any mail posted at MaltaPost's Qormi Head Office branch during opening times, even if it is after 17:15 hrs, will be processed for the next working day delivery.

In July 2023, following discussions between MaltaPost and the General Workers Union (GWU) on the threats to the health, safety, and overall well-being of postal delivery persons, particular during the summer months, the MCA informed MaltaPost that for the period between 1<sup>st</sup> July and 30<sup>th</sup> September (i.e., the fourth quarter of MaltaPost's financial year) the QoS performance will be assessed based on the percentage of mail delivered within two working days. This will allow MaltaPost the necessary flexibility to better manage the delivery of mail during the hot summer months. The period between 1<sup>st</sup> October and 30<sup>th</sup> June (i.e., the first three quarters of MaltaPost's financial year) will continue to be assessed based on items delivered on the next working day. The changes came into effect as from MaltaPost's financial year October 2022 - September 2023.

In August 2023 in order to facilitate the sustainability of the universal postal service and the changing needs of consumers, the MCA authorised changes in the latest collection times from the access points. The latest letterbox clearance time is set at 7:00 a.m., with a later cut-off time of 12:30 pm at the nearest retail counters (post offices and sub-post offices) every working day. The cut-off time for bulk mail consignment has been set at 10 am every working day.<sup>1</sup>

In the MCA's Decision Notice "[Providing Sustainable Universal Postal Services - MCA/D/23-5051](#)" published on the 21<sup>st</sup> August 2023, the MCA noted that as part of the initiatives to support the sustainability of the universal postal service it will be consulting on revisions to the next-day delivery targets for the single-piece and bulk mail services.

**Appendix A** depicts the QoS standards and performance achieved by MaltaPost for domestic mail over the past four (4) years.

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<sup>1</sup> MCA 2023 Decision issued on the 21<sup>st</sup> August 2023 'Providing Sustainable Universal Postal Services ([MCA/D/23-5051](#))

This document presents the MCA's 2024 QoS Decision on the annual QoS standards to be achieved by MaltaPost for each financial year, as from the 1<sup>st</sup> of October 2023, for the following universal postal services:

<b>Domestic mail:</b>	Ordinary mail (i.e., single piece letter-post mail), bulk letter-post mail, registered letter-post mail and parcel post
<b>Cross-border mail:</b>	Ordinary mail, registered letter-post mail and parcel post

In addition to the setting of the QoS standards for the above-mentioned universal postal services, the MCA is also updating: (i) the Collective Compensation Scheme;<sup>2</sup> and (ii) the information and reporting requirements. Such updates are required as a result of the recent changes made to the QoS standards for domestic mail pertaining to the fourth quarter of MaltaPost's financial year (i.e., 1<sup>st</sup> July to 30<sup>th</sup> September). For the period between 1st July and 30<sup>th</sup> September (i.e., the fourth quarter of MaltaPost's financial year) the QoS performance will be assessed based on the percentage of mail delivered within two working days.

The MCA's 2024 QoS Decision does not extend to the methodology for measuring and monitoring the actual performance against the set QoS targets. The methodology reflected in the MCA's 2016 QoS Decision (also reflected in **Appendix B**) will continue to apply.

In addition, the consultation does not extend to other aspects of QoS, and monitoring systems established in the MCA's 2005 QoS Decision<sup>3</sup> related to: the complaint handling mechanism; and the compensation schemes for loss, damage or delayed delivery of a postal article.

## 2.1 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.<sup>4</sup> These include standards for the QoS measurement regarding the reliability of postal services and the treatment of problems of loss, theft and damage.

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<sup>2</sup> The 'Collective Compensation Scheme' was established in the MCA's 2005 Decision whereby such compensation – should MaltaPost fail to achieve its annual QoS performance targets – is collected by the MCA and factored into Government's consolidated fund.

<sup>3</sup> Refer to [MCA's 2005 QoS Decision](#).

<sup>4</sup> The European Standardization 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>).

MaltaPost, as the designated USP, must meet the reasonable 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**.

## 2.2 Quality of Service standards

MaltaPost must ensure that there is at least one collection and one delivery on every working day provided to the home or premises of every person in Malta; and that a number of universal postal services are provided.

The QoS 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 'date of collection' of a postal article and 'n' represents the number of working days between D and the delivery date, including the delivery date.

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

- D+1 measuring the percentage of mail delivered on the working day after injection into the system (regularity);
- D+2 measuring the percentage of mail delivered within two working days after injection into the system (reliability);
- D+3 measuring the percentage of mail delivered within three working days after injection into the system (reliability).

The QoS for domestic mail relates to the transmission by MaltaPost of any postal article, from when it is deposited at one of MaltaPost's access points to when it is delivered. The QoS standards are based on postal articles deposited at access points before the published 'Latest Time of Posting'. Postal articles that are deposited at access points after the published 'Latest Time of Posting' are deemed to have been posted on the next working day. The scheduling, timing and organisation of deliveries made on each working day is an operational decision for MaltaPost.

The QoS standards for domestic mail must be compatible with those laid down for intra-Community cross-border services reflected in Annex II to of the First Postal Directive 97/67/EC

of the European Parliament and of the Council of 15 December 1997 as amended by the Third Postal Directive.

The QoS objectives for transit times concerning the fastest standard category of intra-Community cross-border mail services are set at 85% of mail to be delivered within D+3 (regularity) and 97% within D+5 (reliability). These intra-Community cross-border mail standards are not only for the entirety of intra-Community traffic but also for each of the bilateral mail flows between two Member States.

The QoS transit time objective for cross-border mail to all other foreign addresses is set by the MCA at D+9 (i.e., up to nine days).

## 2.3 Document Format

**Section 3** sets out the MCA's decision with respect to the annual QoS standards to be achieved by MaltaPost for domestic and cross-border mail as from October 2023 onwards. It also depicts the change to the 'Collective Compensation Scheme' which comes into play should MaltaPost fail to achieve its QoS performance targets.

**Section 4** sets out the reporting procedures with respect to QoS performance monitoring and complaints handling.



## 3 Quality of Service targets

As the provider of the universal postal service in Malta, MaltaPost is required to achieve QoS performance targets in the delivery of particular postal services in each financial year. The objective of MaltaPost's QoS performance targets is to ensure that consumers receive an adequate level of service that meets their reasonable needs.

This section sets out the QoS performance targets to be achieved for the domestic and cross-border universal postal services provided by MaltaPost, as the designated USP. It further provides the MCA's analysis of the response received to the consultation and outlines its decision with respect to the issues consulted upon.

### 3.1 Consultation issues - Domestic mail services

The following domestic mail services forming part of the universal postal service are subject to QoS 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.
- **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 single or in large quantities. Parcels are distinct from letter-post items and transportation freight respectively in consideration to weight and size limits.
- **Registered mail service** provides a flat rate guarantee against risk of loss, theft or damage, and supplies the sender with, where appropriate and upon request, proof of 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 an option at an additional fee, parcels include registration as part of the service.

The postal market continues to experience significant declines in traditional letter mail volumes year on year as consumers move away from traditional letter mail (i.e., items of correspondence) and shift towards digital means of communication, placing great strains on the sustainability of the universal postal service. In addition, the surge in online shopping, both domestically and cross-border, has resulted in increases and unforeseen spikes in the delivery of letter packets and parcels. User needs and preferences are changing accordingly, and many postal users are already digital citizens and digitised businesses and administrations at

the same time. It is also evident that most urgent letter mail communication is being replaced, or has been replaced, by digital channels.

There is however still a need to ensure that universal postal services are reliably provided, even if users are not sending or receiving postal items as often as they once did. In a context of declining traditional letter mail and increasing letter packets and parcels, it is still in the interest of users (both the senders and receivers) to ensure a minimum level of universal postal services of a specified quality. There is however a trend towards reliability in the delivery of universal postal services as opposed to fast delivery on the level of transit time targets.

The next day delivery targets for the universal postal services are set below 100% in recognition of the fact that events may affect QoS performance which are beyond the USP's reasonable control. Such events may include exceptional inclement weather, exceptional staff absence, unforeseeable variations in volumes (also in view of the significant growth in e-Commerce) and human error resulting from a mainly manual sorting process. Setting a D+2 and D+3 target in addition to D+1 ensures the reliability of the universal postal services so that mail that fails next day delivery is delivered on the second and/or third working day.

There exists a wide range of QoS delivery targets for local mail across the EU Member States reflecting different national considerations and, as such, comparisons between Member States cannot be drawn. The '[ERGP \(22\) Report on QOS, consumer protection and complaint handling](#)' reports an average D+1 target of 88.92% for ordinary mail. The report notes that whilst some EU Member States have difficulties reaching the set transit time target, however in these Member States only the standard for the fastest transit time (D+1) is not met while all other standards relating to reliability (i.e., for D+2 and D+3) are normally met.

MaltaPost has argued that the current D+1 QoS performance target of 95% for ordinary mail and bulk mail (last reviewed in 2016) no longer provides an optimal threshold that could be realistically achieved by MaltaPost at a reasonable cost. This also taking into consideration the need for MaltaPost to adapt its postal network to the changing volume mix resulting from the ongoing decline in traditional mail volumes and the significant growth in e-commerce (i.e., resulting in an increase in letter packets and parcels).

A postal perception survey, conducted in 2021, amongst Maltese households reflected that 48% of respondents report two days to be an acceptable lead-time for the delivery of letter mail.<sup>5</sup> A survey on perceptions of businesses using MaltaPost's bulk mail service conducted in 2021 reflected that 55% of respondents report two days to be an acceptable lead-time for delivery of letter mail.<sup>6</sup> A postal perception survey amongst businesses conducted in 2023 reflected that 42% of respondents report two days to be an acceptable lead-time for delivery of letter mail.<sup>7</sup>

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<sup>5</sup> <https://www.mca.org.mt/articles/postal-services-%E2%80%93-household-survey-2021>

<sup>6</sup> <https://www.mca.org.mt/articles/postal-perception-survey-2021-bulk-mail#>

<sup>7</sup> <https://www.mca.org.mt/articles/2023-mca-business-perception-survey-postal-services>

In July 2023, following discussions between MaltaPost and the GWU, the MCA informed MaltaPost that for the period between 1<sup>st</sup> July and 30<sup>th</sup> September (i.e., the fourth quarter of MaltaPost’s financial year) the QoS performance will be assessed based on the percentage of mail delivered within two working days after injection into the system (i.e., D+2). This will allow MaltaPost the necessary flexibility to better manage the delivery of mail during the hot summer months. The period between 1<sup>st</sup> October and 30<sup>th</sup> June (i.e., the first three quarters of MaltaPost’s financial year) will continue to be assessed based on items delivered on the next working day (D+1) after injection into the system. These changes came into effect as from MaltaPost’s financial year October 2022 to September 2023 and without prejudice to the performance measurement for earlier years.

A D+1 performance target of 88% (reduced from the current 95%) for domestic ordinary mail and bulk mail, as proposed by MaltaPost, would continue to reflect users’ reasonable needs. Reducing the D+1 performance target to 88% would also assist MaltaPost in adapting its postal network to the changing volume mix resulting from the ongoing decline in traditional mail volumes and the increase in letter packets and parcels.

A D+1 performance target of 95% (reduced from 98%) for registered mail and parcel post would continue to reflect user expectations. As registered mail and parcel post are measured by means of a track and trace system, this enables a postal article to be monitored and its location established at any time, the QoS standards are set higher than those established for ordinary mail and bulk mail products. An effective tracking mechanism make postal deliveries more transparent for users and helps MaltaPost monitor compliance with routing time requirements.

In order to ensure the reliability of the universal postal services, any such mail which fails the next day delivery service should be delivered by the second and/or third working day. However, it is recognised that there may be some minor factors which could constrain this. Therefore, an allowance of a further 1% is made which, in effect, means that 99% of mail should be delivered within the third working day.

### Proposed QoS Performance Targets for Domestic Mail

In its consultation, the MCA proposed QoS annual performance targets to be achieved by MaltaPost for the processing and delivery of domestic mail (i.e., clearance, sorting, transport and distribution of postal articles) in each financial year (as from 1<sup>st</sup> October 2023) as depicted in **Table 1** below:

Table 1: Domestic Mail QoS Targets for each financial year			
	D+1	D+2	D+3
<b>Ordinary mail</b>	88% (currently 95%)	95% (currently 98%)	99%
<b>Bulk mail</b>	88% (currently 95%)	95% (currently 98%)	99%
<b>Registered mail</b>	95% (currently 98%)	98% (currently 99%)	99%
<b>Parcel Post</b>	95% (currently 98%)	98% (currently 99%)	99%

The QoS standards reflected in **Table 1** above will continue to ensure that postal service users, both residential and commercial, have access to simple and reliable universal postal services that meet their reasonable needs. The proposed QoS standards will continue to serve the reasonable needs of users whilst contributing to making the universal postal service more sustainable. The MCA also considers that maintaining such QoS standards should play a part in ensuring that users continue to trust the postal service in light of strong competition in the broader communications sector (particularly in the form of e-substitution).

People must be able to rely on their post arriving in good time. MaltaPost's performance is measured against the above mentioned QoS targets. Compliance with QoS standards by the USP is monitored by the MCA. When QoS targets are not met, the MCA is required to take corrective action. Thus, the 'Collective Compensation Scheme' comes into effect if MaltaPost fails to meet the set QoS performance targets.

In line with the current Collective Compensation Scheme, should MaltaPost fail to achieve its annual next day delivery (D+1) target for local mail and outbound cross-border mail from dispatch to destination (i.e. loading on airline in Malta) for the ordinary mail, parcel post and registered mail products, MaltaPost is liable to pay as compensation (within the context of the above mentioned collective compensation scheme) 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. The maximum level of compensation is set at 5% of the yearly turnover multiplied by a factor of 0.25 of any one product.

As the QoS performance for the fourth quarter of the financial year is now being assessed on the percentage of mail delivered within two (2) working days after injection into the system (i.e., D+2), whilst the first three quarters of the financial year continue to be assessed on the items delivered on the next working day (i.e., D+1), the MCA consulted on a revision to the Collective Compensation Scheme as follows:

- Should MaltaPost fail to achieve the set D+1 performance target for the first nine (9) months of the financial year (1<sup>st</sup> October - 30<sup>th</sup> June) for domestic mail (i.e., ordinary mail, bulk mail, parcel post and registered mail), MaltaPost will be liable to pay as compensation a percentage of the turnover of the product concerned (i.e., the difference between the QoS target achieved for the first nine months of the financial year of the particular product and the set QoS performance target) multiplied by a factor of 0.25. The maximum level of compensation that will be paid is 5% of turnover multiplied by a factor of 0.25 of any one product. For example, if MaltaPost miss the D+1 performance target for local ordinary mail by 1.1% over the first nine months of the financial year, then MaltaPost will pay as compensation 1.1% of the turnover of that product multiplied by a factor of 0.25.
- Should MaltaPost fail to achieve the set D+2 performance target for the last three months of financial year (1<sup>st</sup> July - 30<sup>th</sup> September) for domestic mail (i.e., ordinary mail, bulk mail, parcel post and registered mail), MaltaPost will be liable to pay as a compensation a percentage of the turnover of the product concerned (i.e., the difference between the QoS target achieved for the last quarter of the financial year for the particular product and the set QoS performance target) multiplied by a factor of 0.25. The maximum level of

compensation that will be paid is 5% of turnover multiplied by a factor of 0.25 of any one product. For example, if MaltaPost miss the D+2 performance target for local ordinary mail by 1% over the last three months of the financial year, then MaltaPost will pay as compensation 1% of the turnover of that product multiplied by a factor of 0.25.

The Collective Compensation Scheme - should MaltaPost fail to achieve its QoS performance targets - is collected by the MCA and factored into Government's consolidated fund.

### 3.1.1 Respondent's Views

In this section the MCA puts forward the main arguments raised by MaltaPost with regard to the QoS performance targets for domestic mail and the revised 'Collective Compensation Scheme'.

#### *QoS performance targets for local mail*

In its response to the consultation MaltaPost acknowledged the importance of its role in the provision of the universal postal service as the designated USP. MaltaPost recognises that it must comply with such an USO, ensuring that its performance aligns with established QoS standards. While MaltaPost is generally amenable to the proposed review of the QoS performance targets, it expressed some reservations.

Regarding the proposed revisions to QoS standards MaltaPost expressed agreement, stating that the adjustments align with its current stance. MaltaPost believes that the revised QoS targets strike a balance, providing a satisfactory level of service for users while promoting the financial sustainability of universal postal services.

#### *Use of postcodes*

MaltaPost argued that to date there has been no formal decision to enforce that all addresses must include the Postcode. MaltaPost is of the opinion that enough time has elapsed to allow bulk mailers to update their address databases. MaltaPost iterated that the enforcement of the Postcode as an integral part of the address has become more important following the large number of third country nationals who are seeking employment in the postal industry. These third country nationals may not be familiar with the Maltese language. MaltaPost highlighted that enforcing the use of postcodes would significantly contribute to addressing this issue, which directly impacts the quality of service provided.

MaltaPost also highlighted the need for more stringent enforcement by relevant Government authorities during door re-numbering exercises. It notes instances where residents neglect to update their door numbers, retain both old and new numbers, or fail to display any number at all. MaltaPost underscores the importance of addressing this issue to enhance the overall efficiency of postal operations and improve the quality of service.

#### *Collective Compensation Scheme*

MaltaPost disagrees with the 'Collective Compensation Scheme' and expressed its reservation with the proposed adjusted methodology for its computation. MaltaPost also argued against basing financial computations on revenue, advocating instead for a focus on margins, especially given the existing financial challenges with certain services subject to a Universal Service Obligation (USO). MaltaPost is of the view that the proposed maximum level of compensation, calculated as 5% of yearly turnover multiplied by a factor of 0.25 for any product, is unreasonably high.

MaltaPost disagrees with the MCA's proposal to calculate compensation due separately for the first three quarters and for the fourth quarter of the financial year against different standards. MaltaPost argued that this approach would be administratively burdensome and therefore recommends a calculation over the entire financial year against the on-time result. MaltaPost suggests that the on-time QoS result should be determined by the summation of the number of test letters received on D+1 for the first 9 months and on D+1 and D+2 for the remaining 3 months of the same financial year, divided by the total number of test letters sent during the entire year.

MaltaPost clarified that in line with the TS 14773 standard on the measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test letters, a letter which arrives after D+7 is considered substantially delayed and items never received are classified as lost.

### **3.1.2 MCA's Comments and Decision**

This section delineates the MCA's remarks concerning MaltaPost's submission to the consultation, encompassing both the MCA's comments and its ultimate decision.

#### *QoS performance targets for local mail*

The MCA underscores the importance of achieving a delicate balance in the review of QoS performance targets. The revised QoS performance targets are designed to maintain equilibrium, guaranteeing a satisfactory service level for users while fostering the financial sustainability of universal postal services. They also take into consideration MaltaPost's 'one-delivery' initiative for last-mile delivery.

#### *Use of postcodes*

Regarding the use of postcodes, the MCA has always recognised the importance of postcodes in facilitating the sorting and distribution of postal articles and in assisting the postal operator in reducing the potential of mis-delivered mail and other delivery related errors. This was also highlighted in the MCA's 2016 QoS Decision where the MCA noted that the adoption of postcodes as an integral part of the address should assist MaltaPost in achieving an even higher QoS for the delivery of mail.

In May 2018, the MCA published a Decision on "[Postcodes as an Integral Part of a Postal Address](#)" in order to ensure a reasonable transition for sub-regulation (1) and (2) of regulation 15 (Postcodes) of the 'Postal Services (General) Regulations' (SL 254.01) to be applicable.

Sub-regulation (1) of regulation 15 states that all locally addressed postal articles shall include a postcode written immediately after the town or village of the address. Locally addressed postal articles which do not include a postcode must however still be delivered. A postal operator shall however not incur any liability for compensation to any person whether by reason of delay or of mis-delivery of any postal article in the course of transmission which is caused by a missing or erroneous postcode. Sub-regulation (2) of regulation 15 notes that the provisions of sub-regulation (1) shall only apply once the MCA determines the conditions to be adhered to by USP in relation to the effective implementation of the aforesaid sub-regulation, and the MCA subsequently is satisfied that the universal service provider is complying with all such conditions. This provided that the MCA may from time to time vary such conditions. Sub-regulation (1) and (2) of regulation 15 is subject to a number of conditions that have to be met by MaltaPost, as the USP, and that the MCA is satisfied that MaltaPost is complying with all such conditions. One of the conditions relates to an extensive information programme to be undertaken by MaltaPost to inform the general public. This could include, and not limited to, various media (online, social media, television, radio, newspapers etc.), conspicuous printed matter in all the MaltaPost branches (including sub-post offices), flyers posted in all letterboxes, and also personalised post-code information to all residences and businesses.

The MCA acknowledges MaltaPost's efforts in disseminating information through social media, its website, articles, posters in post offices, and various other channels to engage the general public and bulk mailers. While these initiatives demonstrate a proactive approach, the MCA is concerned that the information program might not be comprehensive enough to effectively boost the adoption of postcodes. Recognising the importance of postcodes, the MCA encourages MaltaPost to implement a more comprehensive campaign explicitly designed to promote widespread postcode usage, emphasizing its potential to significantly enhance public awareness and participation. Despite this recommendation, the MCA recognises MaltaPost's compliance with other essential conditions. This includes providing an easily accessible postcode finder on its website, designed with a user-friendly interface for smartphone users. Furthermore, the MCA acknowledges that third parties, especially bulk mail senders, are granted free access to the full postcode database. The MCA also affirms its support for the current postcode format, stipulating that any changes or updates must receive prior approval and be justified by extraordinary circumstances. In summary, while MaltaPost meets certain criteria, the MCA urges a more robust information campaign to promote postcode usage, believing it would further enhance the overall effectiveness of MaltaPost's initiatives in this regard.

In line with the MCA's 2018, Decision on "[Postcodes as an Integral Part of a Postal Address](#)", the MCA will issue a public notice on the applicability of sub-regulations (1) and (2) of regulation 15 of the 'Postal Services (General) Regulations' (SL 254.01) when it is satisfied that MaltaPost is complying with all such conditions.

### *Collective Compensation Scheme*

Regulation is only effective when regulated entities comply with their regulatory obligations, and are deterred from contravening their obligations. The MCA has powers to take enforcement action against MaltaPost in relation to its compliance with the QoS performance targets.

MaltaPost's role as the USP carries considerable responsibility, and customers value reliability and consistency of the postal services. By not achieving the QoS performance targets MaltaPost is letting consumers down. The MCA takes compliance with QoS performance targets very seriously and that is why a 'Collective Compensation Scheme' has been in place since 2005.

The MCA considers that the 'Collective Compensation Scheme' is appropriate and proportionate to the seriousness of non-compliance with the set QoS performance targets. In addition, it encourages MaltaPost to not only meet but exceed the set QoS performance targets. It also serves to incentivise MaltaPost to improve its QoS performance in order to provide customers with the service they have paid for and that they can rely on.

It is noted that the MCA considers if there were any exceptional events – beyond the company's reasonable control - that may have explained why it missed its QoS performance targets. Such as during the Covid-19 pandemic which impacted the company's service levels. For example, due to the continued lingering effects of the pandemic the QoS measurement target achieved by MaltaPost between May to Sep 2022 was temporarily reduced to 85%. This was also noted by MaltaPost in its response to consultation.

The MCA notes that for the period between 1st July and 30th September (i.e., the fourth quarter of MaltaPost's financial year) the QoS performance will be assessed based on the percentage of mail delivered within two working days (D+2). The period between 1st October and 30th June (i.e., the first three quarters of MaltaPost's financial year) will be assessed based on items delivered on the next working day (D+1). Taking into account the fact that the performance of the fourth quarter is based on the D+2, the MCA maintains its view that this quarter should be measured separately from the first three quarters of the financial year.

Taking into consideration the recent changes in the latest clearance time<sup>8</sup>, the fact that the target has been significantly reduced from 95% to 88% for D+1, and the performance is measured based on D+2 during the summer months the MCA does not envisage that MaltaPost will not be in a position to meet or exceed the set QoS performance targets.

The Collective Compensation Scheme, tied on revenue rather than profitability ensures that MaltaPost, as the USP, is held accountable, regardless of the profitability of the universal service. The Collective Compensation Scheme linked to revenue of the particular service

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<sup>8</sup> The latest letterbox clearance time is set at 7:00 a.m., with a later cut-off time of 12:30 pm at the nearest retail counters (post offices and sub-post offices) every working day. The cut-off time for bulk mail consignment has been set at 10 am every working day.



emphasizes the importance of customer satisfaction, and hence, motivates MaltaPost to prioritise the quality of their services, leading to an overall improvement in the customer experience. This creates a proactive approach to maintaining and enhancing service quality. In conclusion, a Collective Compensation Scheme based on revenue encourages MaltaPost to consistently deliver high-quality services, ultimately benefiting both consumers and the overall market.

The MCA dismisses concerns about an administrative burden, underscoring the need for MaltaPost to view the set QoS performance targets as a minimum and strive for higher standards. In addition, taking into consideration that the D+1 QoS targets have been significantly revised downwards, the performance for the summer months is now based on D+2 (95% down from 98%), failing to meet these reasonable QoS performance targets would be a serious cause for concern and would mean considerable harm to customers of the postal service.

The quarterly measurements coupled with complaints handling would allow MaltaPost to take the necessary steps to try a prevent failure to achieve the set QoS targets. In addition, MaltaPost should see the set QoS performance target as the floor and should aim to achieve a better target than the minimum set. The MCA therefore is retaining its proposed updates to the Collective Compensation Scheme for domestic mail.

The MCA considers that this Decision represents a significant step in rationalising postal QoS standards and redress mechanisms, ensuring the provision of a consistently high level of service to all citizens and for all sectors of the economy, bearing in mind the long-term sustainability on the part of the USP. The MCA commits to ongoing monitoring, with the potential for periodic adjustments based on evolving circumstances.

### **Decision A - QoS Performance Targets for Domestic Mail**

The QoS annual performance targets to be achieved by MaltaPost as from 1<sup>st</sup> October 2023 for the processing and delivery of domestic mail are set as depicted below:

<b>Domestic Mail QoS Targets for each financial year applicable from 1<sup>st</sup> October 2023</b>			
	<b>D+1</b>	<b>D+2</b>	<b>D+3</b>
<b>Ordinary mail</b>	88%	95%	99%
<b>Bulk mail</b>	88%	95%	99%
<b>Registered mail</b>	95%	98%	99%
<b>Parcel Post</b>	95%	98%	99%

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

### **Decision B - Collective Compensation Scheme for Domestic Mail**

Should MaltaPost fail to achieve the set D+1 performance target for the first nine (9) months of financial year (1<sup>st</sup> October - 30<sup>th</sup> June) for domestic mail (i.e., ordinary mail, bulk mail, parcel post and registered mail), MaltaPost will be liable to pay as compensation a percentage of the turnover of the product concerned (i.e., the difference between the QoS achieved for the first nine months of the financial year of the particular product and the set QoS performance target) multiplied by a factor of 0.25.

Should MaltaPost fail to achieve the set D+2 performance target for the last three months of financial year (1<sup>st</sup> July - 30<sup>th</sup> September) for domestic mail (i.e., ordinary mail, bulk mail, parcel post and registered mail), MaltaPost will be liable to pay as a compensation a percentage of the turnover of the product concerned (i.e., the difference between the QoS achieved for the last quarter of the financial year for the particular product and the set QoS performance target) multiplied by a factor of 0.25. The maximum level of compensation that will be paid is 5% of turnover multiplied by a factor of 0.25 of any one product.

The collective compensation scheme - should MaltaPost fail to achieve its QoS performance targets - is collected by the MCA and factored into Government's consolidated fund.

## 3.2 Consultation issues - Cross border mail services

The EU Postal Directive defines cross-border mail as ‘mail from or to another Member State or from or to a third country’<sup>9</sup> 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 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). 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).

MaltaPost monitors the performance of cross-border mail flows by means of the International Post Corporation (IPC) UNEX<sup>10</sup> programme. MaltaPost also monitors the performance of inbound cross-border mail flows by means of the Universal Postal Union (UPU’s) Global Monitoring System (GMS).<sup>11</sup> These systems monitor the QoS of the fastest standard category of cross-border letter-post mail from time of posting to when they are delivered. The performance of cross-border mail flows for registered mail and parcel post are monitored by MaltaPost via its track and trace system.

All inbound cross-border mail services (i.e., ordinary mail, registered mail and parcel post) arriving at MaltaPost’s office of exchange<sup>12</sup> before 1900 hrs between Monday and Friday and 17:30 hours on Saturday are processed on the same working day and delivered with the same QoS performance targets as those of domestic mail products. MaltaPost separately monitors the performance of outgoing cross-border letter-post mail, registered mail and parcel post from time of posting until dispatch to destination (i.e., handing over to the airline in Malta) against set QoS performance targets.

The MCA recognises that there may be difficulties when measuring the end-to-end QoS performance of the outgoing cross-border ordinary mail to non-European countries and destinations with low mail volumes. However, the set transit times serve as an indication of the performance to be achieved by MaltaPost for these mail flows. MaltaPost has a good grasp of the indicative timeframes for delivery to these destinations and therefore keeps the public

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<sup>9</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:31997L0067&from=EN>

<sup>10</sup> The 2022 results of the IPC UNEX measurement system showed that on average international priority letter mail in Europe was delivered in 3.7 days in 2022 compared to 4.1 days in 2021. The 2022 results show that posts continue to recover from the disruption caused by the Covid-19 pandemic, with better scores than in 2021, having delivered 63.6% of the mail in three days (speed indicator) and 85.3% in five days (reliability indicator).

[https://www.ipc.be/~media/documents/public/unex/full%20year%20results/unex\\_leaflet\\_2014\\_en.pdf](https://www.ipc.be/~media/documents/public/unex/full%20year%20results/unex_leaflet_2014_en.pdf)

<sup>11</sup> The GMS is a system for measuring the quality of service. The information can be used to determine UPU terminal dues remuneration, according to a performance bonus system established within the UPU, and to contribute to the informed decisions on operational and quality improvement.

<sup>12</sup> An ‘office of exchange’ is the place where MaltaPost accepts cross-border mail from a postal operator of another country.

informed of the lead times to expect for the end-to-end delivery of letter-mail items to these countries.

There are no changes envisaged to MaltaPost’s QoS performance targets for outgoing cross-border mail. However, the changes to the QoS performance targets for domestic mail products (refer to **Table 1** in Section 3.1) will result in changes to the QoS standards of incoming cross-border mail.

### Proposed QoS Performance Targets for Cross-border Mail

In its consultation the QoS annual performance targets to be achieved by MaltaPost, applicable from 1<sup>st</sup> October 2023, for the processing and delivery of cross-border mail were as depicted in **Table 2** below.

<b>Table 2: Cross-border Mail QoS Performance Targets for the financial year (October to September)</b>		
<b>(a) End-to-End Cross Border Mail</b>		
EU intra-community cross-border mail is measured and monitored by MaltaPost in line with the end-to-end QoS targets specified in the EU Postal Directive – 85% of items to be delivered within D+3 (speed) and 97% within D+5 (reliability).		
<b>(b) Outgoing Cross-border Mail</b>		
The QoS performance targets to be achieved by MaltaPost for the delivery of outgoing cross-border mail (i.e., ordinary mail, registered mail and parcel post) from dispatch to destination (i.e., handing over to airline in Malta) are listed below:		
	<b>D+1</b>	<b>D+3</b>
<b>Ordinary Mail</b>		
EU Member States, UK, Switzerland, Australia, Canada and USA	95%	99%
All other countries	-	99%
<b>Registered Mail</b>		
EU Member States, UK, Switzerland, Australia, Canada and USA	95%	99%
All other countries	-	99%
<b>Parcel Post</b>		
EU Member States, UK, Switzerland, Australia, Canada and USA	95%	99%
All other countries	-	96%
<b>(c) Incoming Cross-border Mail</b>		
All incoming cross-border mail arriving at MaltaPost’s office of exchange before 19:00 hrs between Monday and Friday and 17:30 hrs on Saturday is processed on the same working day and delivered within the QoS performance targets of the domestic mail products.		

No changes are required to the Collective Compensation Scheme for failure to achieve the annual QoS performance targets for outbound cross-border mail products from dispatch to destination (ordinary mail, parcel post and registered mail).

In the event that MaltaPost fails to achieve its annual next day delivery (D+1) target for outbound cross-border mail from dispatch to destination (i.e., handing over to airline in Malta) for the ordinary mail, parcel post and registered mail products, MaltaPost will be liable to pay as compensation (within the context of the above mentioned collective compensation scheme) 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. 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.

### 3.2.1 Respondent's Views

With regard to the QoS performance targets for cross-border mail, MaltaPost made a number of proposals and comments.

MaltaPost proposed a change in the cut-off time for accepting cross-border mail at the Office of Exchange to be processed on the same working day and delivered within the QoS performance targets of the domestic mail products. MaltaPost proposed a change in the cut-off time from 1900hrs to 1500hrs between Monday and Saturday. MaltaPost noted that in previous QoS Decision Notices, the 1900hrs cut-off time also applied for domestic mail, with a slightly earlier cut-off time for Saturday.

MaltaPost noted that as the cut-off times for the domestic Single-Piece and Bulk Mail products have been shifted to the morning. Thus, moving the inbound mail cut-off time to 1500hrs (Monday to Saturday) would achieve:

- a) *Timely Processing:* By moving the international inbound mail's latest arrival time to 1500hrs, the postal service can ensure that international shipments are processed and sorted earlier in the day. This enables timely and efficient handling of the mail before the end of the working day, preventing delays in processing, and distribution.
- b) *Improved Coordination and Processing Efficiency:* Aligning the international inbound mail arrival time closer to the domestic cut-off times in the morning creates a more synchronized workflow. This streamlines the entire mail processing system, allowing for better coordination between the various workstations involved in sorting and both domestic and international conveyance. Bringing forward the cut-off times allows for more efficient and lean processing in the mail room. Mail room staff can better manage their workload, reduce congestion, and improve productivity, resulting in faster and more accurate mail handling.
- c) *Capacity Management and Reduced Overtime Costs:* Shifting the mail processing to the hours of the 'normal working day' optimizes staff schedules.

MaltaPost noted that a later deadline requires extended work hours, which are costly, not family friendly and can easily lead to employee fatigue thus increasing employee turnover and loss of knowledge. A 15:00hrs cut-off time allows for a more regular work schedule. This way the postal service can better manage its operating capacity and resources, ensuring that the mail processing facilities are not overwhelmed in the evening and contributes towards the efficient process all incoming and outgoing mail. In addition, MaltaPost argues that shifting the latest arrival time of international inbound mail to 15:00hrs would enhance efficiency. This adjustment aligns the workflow with the normal workday schedule, making it more manageable for staff and ensuring that mail and parcels are processed concurrently and delivered in a timely and reliable manner.

MaltaPost noted that the UPU's Global Monitoring System is an inbound-based measurement which does not measure the end-to-end transit time.

MaltaPost reiterated its disagreement with a 'Collective Compensation Scheme'. MaltaPost argued that financial computation for not achieving the QoS performance targets should not be based on revenue but on margins made (if any), especially since, to date, a good number of USO services continue to be loss making as the tariffs approved by the MCA (to date) do not reflect the true cost of providing such services. MaltaPost also noted that the maximum level of compensation as established at 5% of the yearly turnover multiplied by a factor of 0.25 of any one product is too high and unfair.

### **3.2.2 MCA's Comments and Decision**

This section delineates the MCA's remarks concerning MaltaPost's submission to the consultation, encompassing both the MCA's comments and its ultimate decision.

In its response to consultation MaltaPost proposed a change in the cut-off time for accepting incoming cross-border mail at the Office of Exchange. MaltaPost proposed a change in the cut-off time for the acceptance of cross-border mail at the Office of Exchange from 1900hrs to 1500hrs between Monday and Saturday. The MCA accepts this proposal which would enable MaltaPost to improve efficiency and reduce costs whilst maintaining a reasonable QoS for the delivery of inbound cross-border post.

The MCA notes that in the case of outbound cross-border mail there has been no change to the 'Collective Compensation Scheme' established in the MCA's 2005 Decision. In the case of outbound cross-border mail the Collective Compensation Scheme as reflected in its 2005 Decision continues to apply (i.e., based on the performance of D+1 for the whole financial year).

### Decision C - QoS Performance Targets for Cross-border Mail

The QoS annual performance targets to be achieved by MaltaPost, applicable from 1<sup>st</sup> October 2023, for the processing and delivery of cross-border mail are set as depicted below:

Cross-border Mail QoS Performance Targets for the financial year (October to September)		
<b>a. End-to-End Cross Border Mail</b>		
EU intra-community cross-border mail is measured and monitored by MaltaPost in line with the end-to-end QoS targets specified in the EU Postal Directive - 85% of items to be delivered within D+3 (speed) and 97% within D+5 (reliability).		
<b>b. Outgoing Cross-border Mail</b>		
The QoS performance targets to be achieved by MaltaPost for the delivery of outgoing cross-border mail (i.e., ordinary mail, registered mail and parcel post) from dispatch to destination (i.e., handing over to airline in Malta) are listed below:		
	<b>D+1</b>	<b>D+3</b>
<b>Ordinary Mail</b>		
EU Member States, UK, Switzerland, Australia, Canada and USA	95%	99%
All other countries	-	99%
<b>Registered Mail</b>		
EU Member States, UK, Switzerland, Australia, Canada and USA	95%	99%
All other countries	-	99%
<b>Parcel Post</b>		
EU Member States, UK, Switzerland, Australia, Canada and USA	95%	99%
All other countries	-	96%
<b>c. Incoming Cross-border Mail</b>		
All incoming cross-border mail arriving at MaltaPost's office of exchange before 15:00 hrs (3 pm) between Monday and Saturday is processed on the same working day and delivered within the QoS performance targets of the domestic mail products.		

### Decision D – Collective Compensation Scheme for Outbound Cross-border Mail

In the event that MaltaPost fails to achieve its annual next day delivery (D+1) target for outbound cross-border mail from dispatch to destination (i.e., handing over to airline in Malta) for the ordinary mail, parcel post and registered mail products, MaltaPost will be liable to pay as compensation (within the context of the above mentioned Collective Compensation Scheme) a percentage of the yearly turnover of the product concerned (i.e., the difference between the annual QoS service achieved and the set QoS target) multiplied by a factor of 0.25. 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.

The Collective Compensation Scheme - should MaltaPost fail to achieve its QoS performance targets - is collected by the MCA and factored into Government's consolidated fund.

## 4 Information and Reporting Requirements

The MCA monitors 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 both MaltaPost and the MCA to identify any issues with the quality of the universal postal service which may need to be addressed.

In addition, publishing QoS performance results is essential for MaltaPost to maintain trust in the universal postal services. It benefits both MaltaPost and their customers by fostering transparency, encouraging improvements, and ensuring compliance with regulatory requirements.

### Information Requirements

MaltaPost conveys 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 media:

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

With regard to information on the time of collection (i.e., the latest collection time) to secure delivery, MaltaPost makes the following information available:

<b>All posting points</b>	<ul style="list-style-type: none"><li>• The days when mail is collected.</li><li>• The 'Latest collection time' at the posting point.</li><li>• The customer care helpline:<ul style="list-style-type: none"><li>- to enquire or lodge a complaint;</li><li>- to report any irregularities, such as apparent interference with a letterbox; and</li><li>- to ask questions regarding whether or not a collection has been made.</li></ul></li><li>• The code of a particular street letterbox.</li><li>• Advice to the public that postal articles containing valuables must be sent by registered mail.</li></ul>
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<p><b>MaltaPost’s website</b></p>	<ul style="list-style-type: none"> <li>• The 'Latest collection time' from the respective access points.</li> <li>• Information with respect to QoS targets</li> <li>• The quarterly and annual QoS performance achieved for each service.</li> </ul>
<p><b>Offices owned and/or controlled by MaltaPost providing the universal service</b></p>	<ul style="list-style-type: none"> <li>• The 'Latest collection time' from the respective access points</li> <li>• Information with respect to QoS targets and performance achieved for each service</li> </ul>

### Reporting Requirements

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

- Domestic ordinary mail and bulk mail on a quarterly basis and not later than thirty-five working days after the end of each quarter.
- Domestic registered mail and parcel post on a quarterly basis and not later than thirty-five working days after the end of each quarter.
- 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, at its discretion, grant an extension of a further fifteen working days.

MaltaPost is required to publish on its website its quarterly QoS performance for the financial year against the set QoS targets for domestic ordinary mail, bulk mail, registered mail and parcels in line with the format agreed with the MCA.

MaltaPost is required to publish annually on its website its QoS performance for the financial year against the set targets for outbound ordinary mail, outbound registered mail, outbound parcels, inbound ordinary mail, inbound registered mail, and inbound parcels in line with the format agreed with the MCA.

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.

## Appendix A: Quality of Service Performance

The QoS standards and performance achieved by MaltaPost for domestic mail are summarised in the table below:

Domestic Mail QoS Targets / Performance Achieved						
Financial Year (FY)	D+1		D+2		D+3	
<b>Ordinary Mail</b>						
	Target	Performance	Target	Performance	Target	Performance
FY 2018/19	95%	93.21%	98%	98.11%	99%	98.44%
FY 2019/20 <sup>13</sup>	95%	-	98%	-	99%	-
FY 2020/21	95%	90.96%	98%	96.62%	99%	98.04%
FY 2021/22 <sup>14</sup>	95%	87.56%	98%	95.26%	99%	97.58%
<b>Bulk Mail</b>						
FY 2018/19	95%	95.32%	98%	98.51%	99%	98.89%
FY 2019/20 <sup>15</sup>	95%	-	98%	-	99%	-
FY 2020/21	95%	90.81%	98%	97.93%	99%	98.52%
FY 2021/22 <sup>16</sup>	95%	90.67%	98%	97.84%	99%	98.54%
<b>Registered Mail</b>						
FY 2018/19	98%	99.60%	99%	99.93%	99%	99.96%
FY 2019/20	98%	-	99%	-	99%	-
FY 2020/21	98%	99.07%	99%	99.76%	99%	99.89%
FY 2021/22	98%	98.02%	99%	99.85%	99%	99.94%
<b>Parcel Post</b>						
FY 2018/19	98%	99.09%	99%	99.86%	99%	99.91%
FY 2019/20 <sup>17</sup>	98%	-	99%	-	99%	-
FY 2020/21	98%	98.65%	99%	99.69%	99%	99.86%
FY 2021/22	98%	97.26%	99%	99.72%	99%	99.89%

<sup>13</sup> During the financial year 2019/20 measurement was suspended due to the onset of the COVID19 pandemic.

<sup>14</sup> Due to the continued lingering effects of the pandemic the QoS measurement target achieved by MaltaPost between May to Sep 2022 was temporarily reduced to 85%.

<sup>15</sup> Ibid.

<sup>16</sup> Due to the continued lingering effects of the pandemic the QoS measurement target achieved by MaltaPost between May to Sep 2022 was temporarily reduced to 85%.

<sup>17</sup> Ibid.

## Appendix B: Quality of Service Measurement and Monitoring

This Appendix reflects 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.

### QoS Measurement and Monitoring of Domestic Mail

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#### 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) is 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 carried out by an independent organisation appointed by MaltaPost. The results of the QoS monitoring are published in a report.

The MCA ensures that the results are justified and that corrective actions are taken if necessary. The MCA, as necessary, audits 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) is organised by MaltaPost in conformity with **TS 14773**.<sup>18</sup> A mail item is considered as 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). Items never received are classified as 'lost'.

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 is 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 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

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<sup>18</sup> CEN/TS 14773: Postal services - Quality of service - Measurement of loss and substantial delay in priority and first-class single piece mail using a survey of test letters.

by (b) including postal items not delivered by D+30 in the calculations (i.e., postal items deemed as lost or substantially delayed).

The Collective Compensation Scheme for failure by MaltaPost to achieve its delivery target is calculated on the performance achieved by MaltaPost taking into consideration the inclusion of the postal items not delivered by D+30 in the calculations (i.e., postal items deemed as 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 is organised by MaltaPost by means of its track and trace technology.

Measurement and monitoring of MaltaPost's performance with respect to registered mail and parcel post is 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 takes into consideration the CEN technical report **TR 15472** for the measurement of transit times for parcels collected, processed and delivered by postal service providers by the use of a track and trace system.

### **Domestic mail - 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 organisation appointed by MaltaPost manages the survey and produces the results independently of MaltaPost. Results are published on the MaltaPost's website and reported to the MCA.

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.

### **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.

## QoS Measurement and Monitoring – Cross-Border Mail Services

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

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 separately monitors and measures the performance of outbound cross-border letter-post mail, registered mail, and parcel post from time of posting until dispatch to destination (i.e., handing over to 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.

The measurement of cross-border end-to-end services for single piece priority mail is measured by the IPC's UNEX<sup>19</sup> end-to-end monitoring system. MaltaPost also monitors the performance of inbound cross-border mail flows by means of the Universal Postal Union (UPU's) Global Monitoring System (GMS)<sup>20</sup>.

MaltaPost monitors and measures 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., handing over to airline in Malta); and
- incoming cross-border mail arriving at MaltaPost's office of exchange until delivery to the addressee.

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<sup>19</sup> [Results | International Post Corporation \(ipc.be\)](#)

<sup>20</sup> The GMS is a system for measuring the quality of service. The information can be used to determine UPU terminal dues remuneration, according to a performance bonus system established within the UPU, and to contribute to the informed decisions on operational and quality improvement.

## Appendix C: Legal Basis

The MCA's obligations under the Postal Services Act (Cap. 254) in relation to QoS of the universal postal service are as follows:

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

The MCA's obligations under the Postal Services (General) Regulations (SL254.01) in relation to the QoS of the universal service are as follows:

- under regulation 7H (1) thereof postal operators are required, in accordance with guidelines laid down by the MCA, to draw up transparent, simple and inexpensive procedures to deal with complaints by users, particularly in cases involving loss, theft, damage or non-compliance with QoS standards;
- under regulation 7H (2) thereof the USP 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) thereof 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, taken into account the views of interested parties as it may deem necessary;
- under regulation 24A (2) thereof 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) thereof compliance with QoS 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) thereof 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 MCA may establish in accordance with its powers at law;

- under regulation 24B (1) thereof any USP 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) thereof information shall be published at least annually by the USP in a manner that is to the satisfaction of the MCA.



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