

## **Review of MaltaPost's tariff adjustment proposals on Domestic Letter Mail, Registration of Domestic Articles, and Foreign Outbound Parcels Requests**

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### **Consultation and Proposed Decision**

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## 1. Executive Summary

The Malta Communications Authority (hereafter "MCA") last reviewed a request from MaltaPost plc (hereafter "MaltaPost") for a change in its domestic mail tariffs in 2006. At that time, the Authority had already identified the need to move towards a more pro-competitive and forward looking price control framework. In this regard, the MCA had identified the milestones listed hereunder:

1. Review of MaltaPost's cost accounting system.
2. Building a price control model.
3. Consultation on the technical parameters that are to act as building blocks for the price control framework.

In 2009, MaltaPost submitted a number of tariff requests to the attention of the MCA, covering domestic letter mail, registration of domestic postal articles and foreign outbound parcels.

The MCA was amenable to evaluate these tariff requests, given that work related to milestones 1 and 2 above, which were deemed as essential pre-requisites for such a tariff review were at advanced stages. This is because the completion of work related to these milestones would give the Authority the required level of comfort that the underlying information used for the tariff evaluation process would be robust and fit for purpose.

Although the price control mechanism is not finalised, and hence the ultimate level of the required price adjustments is not known at the moment, the MCA has evaluated the requests at face value. The tariff requests were evaluated separately and where it was deemed that a request is fully justified and there is no risk of jeopardising the future price mechanism, the MCA is proposing that such an adjustment is granted.

Following the evaluation process explained in this document, the MCA is proposing to grant an increase of 1 euro cent on single piece domestic mail for the 0-50g weight step

as well as various adjustments in foreign outbound parcels (see section 4.2.3 for more details).

The MCA is also proposing to consider the other requests made by Maltapost for registration of articles, higher weight-steps (>50g) of domestic mail and bulk mail, as well as any other additional adjustments in the USO area, within the context of the future price control mechanism.

This framework is required in light of the market liberalisation of the Maltese postal market scheduled for January 2013<sup>1</sup> which calls for a more flexible price control approach able to deliver the right price signalling conducive to efficient market entry. In addition, the Universal Postal Union<sup>2</sup> (UPU) inter-operator charging regime for the handling of cross-border mail, known also as terminal dues, is also scheduled to change. The combined effects of both these developments require action to safeguard the sustainability of the universal postal service.

Accordingly, following the conclusion of this tariff evaluation exercise the MCA will continue with its work on the price control framework with the aim of consulting on the major characteristics and technical parameters underlying the future price control framework.

The consultation period for this proposed decision will run until 12:00 noon on Thursday, 7 July 2011

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<sup>1</sup> In line with the requirements of Directive 2008/6/EC regarding the full accomplishment of the internal market of Community postal services.

<sup>2</sup> The Universal Postal Union (UPU) is the international organization that coordinates postal policies among member nations, in addition to the worldwide postal system.

## **2. Introduction: Background and Context**

In accordance with national and European Union (EU) legislation, the MCA is the entity responsible for the regulation of universal postal services in Malta. Universal postal services can be defined as distinct postal services (or products) which a user is entitled to access no matter where she or he lives.

As early as 2006, when the MCA last reviewed MaltaPost's request for a change in domestic mail tariffs, the Authority had already identified the need to move towards a more pro-competitive and forward looking price control framework.

Such price control mechanism would give MaltaPost more flexibility in pricing, offer more regulatory certainty to all stakeholders including consumers, as well as safeguarding the affordability of the postal services falling within the Universal Service area.

To be able to put such a mechanism in place, a number of intermediate milestones were to be achieved in order to obtain an adequate level of detailed cost and revenue information able to support this framework. The milestones identified by the MCA in this regard are listed hereunder:

1. Review of MaltaPost's cost accounting system. The scope of this work stream is to ensure that the data extracted from this system is sufficiently robust and built according to best practice.
2. Building a price control model. The scope of this work stream is to be able to simulate the effect of changes in price, costs of inputs and other exogenous variables such as volumes.
3. Consultation on the technical parameters that are to act as building blocks for the price control framework. This would include, amongst others, the rate of return applicable to the services that would be falling under the regulatory coverage.

A more detailed account on the status of the work streams related to the above milestones can be found in section 3 of this document.

These work streams acquire more relevance in view of the developments expected to occur in the postal market in the near future. Indeed, the market liberalisation of the Maltese postal market scheduled for January 2013<sup>3</sup> calls for a more flexible price control approach able to deliver the right price signalling conducive to efficient market entry. In addition, the Universal Postal Union<sup>4</sup> (UPU) inter-operator charging regime for the handling of cross-border mail, known also as terminal dues, is also scheduled to change. These changes are from both an inflow (what MaltaPost charges foreign operators to handle foreign inbound mail) and an outflow (what MaltaPost is charged to have its outbound mail handled in their destination countries) perspective.

In 2009, MaltaPost submitted a number of tariff requests for the Authority's consideration, ranging from domestic mail to outbound parcels (see section 4.2 for details on MaltaPost's tariff proposals). Given this development, although the MCA had identified the need for the development of a new price control framework, the Authority was also sensitive to the need for safeguarding the continued sustainability of services forming part of the universal service provided by MaltaPost.

For this reason the MCA was amenable to consider these tariff requests, provided however that the Authority is afforded the required level of comfort that the information it will be using in the tariff evaluation process is fit for purpose. In this respect, milestones 1 and 2 identified above were deemed as necessary precursors to the tariff evolution process. This is reinforced by the fact that at the time that MaltaPost submitted its requests, there were already a number of outstanding issues with the regulatory accounts of the Company. The MCA had highlighted various inconsistencies in the results presented in the regulatory accounts and at the time did not consider the information available to be sufficiently robust to use in the evaluation of the tariff proposals by MaltaPost and more importantly to form the basis of the new price control regime.

The scope of this consultation paper is therefore to give a status report on the work streams related to the 3 milestones, as well as to put to consultation the MCA's proposed

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<sup>3</sup> In line with the requirements of Directive 2008/6/EC regarding the full accomplishment of the internal market of Community postal services.

<sup>4</sup> The Universal Postal Union (UPU) is the international organization that coordinates postal policies among member nations, in addition to the worldwide postal system.

decisions on MaltaPost tariff requests, which in turn represents the main focus of this consultation document.

The status report is found in section 3, followed by the MCA's methodology and proposed decisions on the mentioned tariff proposals in section 4.

## **3. Status Report on Identified Milestones**

### **3.1. Milestone 1 – Review of the Cost Accounting System**

The MCA carried out a detailed review of the cost accounting system employed by MaltaPost. Regulatory accounts are also prepared by Maltapost through the cost accounting system by disaggregating the balances which have been recorded in the general ledger of the company. A cost accounting system is therefore a set of rules to ensure a fair attribution and allocation of revenues and costs (and underlying capital employed in certain instances) to individual products and services.

The main purpose of Maltapost's regulatory accounts is to give a true and fair picture of the costs incurred and revenues earned from different postal services, as well as serve as a valuable tool to assess the cost orientation of the tariffs currently deployed in the market. In March 2010, the MCA finalised the detailed review of MaltaPost's cost accounting system. As explained earlier this was done to ensure that the system meets all the regulatory requirements, and thus increase the level of confidence in the reliability of the results presented in the regulatory accounts - which in turn represent the basis of all the underlying information required to make inference on price-control mechanisms and individual tariff reviews. This required an understanding of whether best-practice and transparent criteria were being applied by MaltaPost in allocating costs to products/services. The work done in this regard included:

- Meetings with MaltaPost personnel to obtain understanding of the cost accounting system;
- Obtaining and understanding of documentation related to the use of the system;
- Physical observation of the cost accounting system including walk through of the system and tests of transactions;
- Understanding of the assumptions used to allocate revenues and costs between the different segments, products and cost centres as well as understanding of the key drivers and the sources of information supporting those drivers; and,
- Verification of consistency and reliability of input data and other statistics.

Following this review, a number of issues were identified and a directive was issued to MaltaPost. The directive identified those matters which needed to be addressed and



provided directions on how they were to be rectified. Some of these directions had a significant effect on the costs allocated to a number of products, whilst others required MaltaPost to design new data extraction procedures to be able to provide the information required in the directive.

## **3.2. Milestone II - Development of Price Control Model**

Following the issue of the directive, the MCA proceeded to the next milestone, namely the development a control model of the regulatory accounts of MaltaPost. The objective of the model was to form the basis for both a transparent analysis of the tariff requests by MaltaPost as well as the price control framework.

In practice such a tool is a pre-requisite to be able to simulate, on a forward looking basis, the impact of changes of certain key exogenous variables such as prices and volumes on MaltaPost's profitability both on a service by service level as well as any potential tariff baskets that might feature in the price control mechanism. The relevance of such a tool is reinforced within the context of a postal operator which typically features a significant amount of joint and common costs. These characteristics generally result in costs being shifted amongst different individual services making use of the USP resources and hence the ability to be able to have a holistic view of all the USO set of services emerges as a crucial asset in price-control and tariff approval related fields.

With MaltaPost's cooperation, the first version of the model incorporating the minimum requirement for the above pre-requisites was finalised in April 2011. The MCA, with the help of its consultants, intends to develop further the model in order to enhance its forward looking capabilities to be able to support the price-control regime that will be proposed in the future.

## **3.3. Milestone III – Consultation on the technical parameters of a new price control framework**

The MCA has already completed a preliminary assessment of the various price control regimes featured throughout Europe in order to identify and evaluate the advantages and disadvantages of each price control alternative.

The next step in this process is for the MCA to consult on its preferred price-control regime as well as treating the major characteristics and technical parameters underlying the preferred framework. Amongst others the following are expected to be covered during this upcoming consultation:

- Establishing a rate of return for the regulated services;
- Regulatory process by which MaltaPost interacts with the MCA with respect to periodical information needed in the process;
- Regulatory coverage in terms of the service regulated and in what form (individual, use of price caps and sub-caps, etc);
- Time horizon of the regulatory period in the price control; and,
- Safeguards if any for deviations from expected scenarios.

## **4. MaltaPost's Tariff Requests**

### **4.1. MCA's rationale and tariff evaluation approach**

#### **4.1.1. General Note on MCA's approach**

Given that milestones 1 and 2 referred to in Section 2 were finalised in so far as a tariff evaluation exercise is concerned, the MCA was in a position to consider the tariff requests as proposed by MaltaPost.

However since the price control mechanism is not finalised, and hence the ultimate level of the required price adjustments is not known at the moment, the MCA's approach limited itself to evaluate the requests at face value. In other words the MCA did not propose any price changes apart from those requested from MaltaPost. The tariffs were evaluated separately and where it was deemed that a request was justified and there was no risk of jeopardising the future price mechanism, the MCA is proposing that such an adjustment is granted. Where such risks were deemed to exist, the MCA is proposing that the adjustment needed, if any, will be taken in the context of the future price control framework. This stance was taken in order to limit the risks of granting an increase that would potentially have to be reversed when the mentioned new price control framework kicks in. Hence, in summary, these proposed tariff adjustment are to be seen as partial adjustment and a precursor to any required changes resulting from the future price control framework

In taking this approach, a number of important policy considerations were also kept at the fore by the Authority such as:

1. Overall Profits within the Universal Service remaining healthy even after taking into account any predictable or expected future changes in cost and revenues faced by MaltaPost.
2. Ensuring that the postal services in question remain affordable to users.
3. Current and future prices changes need to be conducive of adequate signalling and incentives for efficient market entry post liberalisation.

Section 4.2 lays down the underlying rationale of the MCA's proposed decision on each individual tariff request made by MaltaPost from a technical point of view, without taking into consideration the criteria for affordability and sustainability. These are in turn dealt with in section 4.3 hereunder, which after taking into consideration these additional criteria, confirm or amend the preliminary conclusions presented in section 4.2.

## 4.2. Individual Tariff Requests

### 4.2.1. Domestic Letter Mail

In its tariff proposals, MaltaPost requested an increase of 1 cent in the tariff of a local letter weighing less than 50g, which at present is 19 cents; and an increase of 2 cents in the tariff of a local letter weighing in the range of 50-100g, which at present is 26 cents. The tariff for a letter weighing more than 100g is equal to the tariff of a letter in the range of 50-100g plus 9 cents for each additional 50g. Effectively, this means that the requested increase of 2 cents for letters in the 50-100g weight-category would apply to all letters weighing more than 50g.

The table hereunder summarises the proposed revisions to the rates as requested by MaltaPost.

	<b>Current</b> €	<b>Maltapost Proposed</b> €
Up to 50g	0.19	0.20
50g - 100g	0.26	0.28
100g - 150g	0.35	0.37
For each additional 50g	+0.09	+0.09

The proposals by MaltaPost did not distinguish between single piece letter mail and bulk mail. However in evaluating the tariff requests, the MCA is of the opinion that these should be considered separately.

As defined in the MCA's decision on "MaltaPost's Quality of Service (QoS) Targets to be achieved by MaltaPost" (December 2007), bulk mail comprises of a substantial number of similar postal articles which are deposited with the postal service provider, at the

same place and time, to be conveyed and delivered to the addressees indicated on the items. In line with MaltaPost's Bulk Posting Scheme, postal articles consisting of fifty (50) or more items of identical format, size and of the same weight step may be handed over at MaltaPost branches and at the Bulk Post Office during their respective opening hours, to be delivered by MaltaPost to the addressees indicated on the postal articles themselves.

Unlike bulk mail, single piece letter mail is deposited at different access points (public letter boxes and all retail counters) throughout Malta and Gozo, and is then collected by MaltaPost. This and other inherent differences in the processing of bulk mail and single piece letter mail were mirrored in the MCA's control model. Effectively this reflected in the cost base of these products.

In the decision notice published by the MCA in March 2011 entitled "Regulatory Direction on Specific Aspects of the Universal Postal Service", Decision 2 had established that the tariffs for the bulk mail product must, amongst others, comply with the principles stated in Article 21 of the Postal Services Act. Accordingly, tariffs for single piece and bulk mail should reflect the inherent differences in cost.

With respect to bulk mail, results emanating from the MCA's control model indicate that current tariff levels are contributing towards MaltaPost's profits.

**To this effect, the MCA concluded that the tariffs for bulk mail are at the moment around their cost-oriented level and hence no immediate adjustment as requested by MaltaPost is warranted. This notwithstanding, such a stance will be revisited in the context of the forthcoming price control parameters.**

As to single piece letter mail, the MCA's analysis revealed that MaltaPost is providing the service at a loss. An in-depth analysis of the different weight steps revealed that the root of this loss lies in the tariff of the 0-50g category. Tariffs for letters weighing more than 50g were recovering costs sufficiently. This indicates that weight is not always the major driver of the incremental costs involved in providing postal services.

**For the above reasons, the MCA is proposing that the requested price increase of 1 cent for single piece letter mail in the 0-50g weight category is warranted, as opposed to the higher-weight-step categories.**

### **Technical Tariff Assessment 1**

The MCA considers technically justified from a cost-orientation perspective an increase in 0-50g weight-step of 1 cent for single piece letter mail only. Other tariffs including those for other weight-steps and bulk mail services are to remain at their current level. Any future application for tariff changes of domestic mail should be evaluated in the context of the forthcoming price control parameters.

## **4.2.2. Registration of Domestic Postal Articles**

Registration of articles is the service offered by MaltaPost providing a flat-rate guarantee against risks of loss, theft or damage, and supplying the sender, where appropriate and upon request, with proof of the handing in of the postal article and/or of its distribution to the addressee.

Presently, MaltaPost provides this service in the case of inland mail (postal articles posted and delivered in Malta) at an additional charge (registration fee) of 49 cents. The pending tariff revision requests from MaltaPost include a proposal to increase this registration fee to 80 cents. MaltaPost had supported its claim for this increase with costing information stemming from the September 2008 regulatory accounts.

As outlined earlier in this document, in the process of arriving at its conclusions on the tariff reviews, the MCA undertook various work streams aimed at improving the cost allocation methodologies employed by MaltaPost. Consequent to this work, the various directions issued to MaltaPost were intended to improve the fairness and transparency of the criteria applied in the attribution of costs to products. These required changes affected directly the cost base of the service in question. To this effect, the MCA conducted its analysis using the data reflecting the aforementioned changes in the cost accounting system of MaltaPost.

The cost information resulting from the MCA's workings varied significantly from that underlying the proposal submitted by MaltaPost. The changes implemented in the cost accounting system translated into product costs which are substantially lower than those on which MaltaPost had originally based its claim for the proposed increase in the tariff

for registration of domestic postal articles. This means that the request from MaltaPost to increase the registration fee to 80 cents may result in abnormal returns being earned on this product. This is not desirable as it would transmit wrong pricing signals to the market as well as distort the effective operation of the forthcoming price control.

In light of this, the MCA considers the pending request to increase the registration fee to 80 cents to be unjustified at the moment. Any future application for changes in the registration fee for inland mail will be evaluated in the context of the forthcoming price control parameters.

#### **Technical Tariff Assessment 2**

The MCA considers the request to increase the registration fee to 80 cents to be technically unwarranted from a cost-orientation perspective. Any future application for changes in the registration fee for inland mail should be evaluated in the context of the forthcoming price control parameters.

### **4.2.3. Foreign Outbound Parcels**

MaltaPost also submitted proposals to revise tariffs for foreign outbound parcels to a number of destination countries, namely; France, Germany, Italy, Netherlands, Spain and the United Kingdom.

Tariffs for foreign outbound parcels are calculated as a fixed rate for the 1<sup>st</sup> kg plus a variable rate for each additional ½ kg. The current and proposed rates for the destinations under consideration are represented in the table hereunder.

	<b>Current</b>		<b>Maltapost Proposed</b>	
	For 1 <sup>st</sup> kg	For additional ½ kg	For 1 <sup>st</sup> kg	For additional ½ kg
France	€15.37	€1.00	€20.37	€1.29
Germany	€12.39	€1.07	€23.38	€0.94
Italy	€15.65	€0.51	€19.47	€1.46
Netherlands	€10.13	€0.91	€18.50	€1.40

Spain	€11.90	€1.09	€18.88	€1.34
United Kingdom - Priority	€12.51	€1.09	€23.04	€1.85
United Kingdom - SAL	€10.65	€1.75	€22.44	€3.10

The MCA took into consideration that the last revision of the tariffs for foreign outbound parcels took effect in 1997 and MaltaPost claims that since then, its costs have increased significantly such that current tariffs paid by customers for these destinations are not aligned with the cost it incurs to process the parcels.

In evaluating these tariff requests by MaltaPost, the MCA sought to obtain a detailed understanding of the make-up of the costs incurred by MaltaPost in processing foreign outbound parcels. At a high level, conveyance and distribution costs of foreign outbound parcels can be grouped under two categories, those representing external costs and those reflecting their internal counterparts.

External costs are direct costs upon which MaltaPost has limited control since they are charged by third parties and hence being exogenous to MaltaPost's cost base. These comprise:

- Inward Land Rates – Fees charged by foreign administrations (3<sup>rd</sup> party postal operators) for delivery of parcels in the destination country;
- Conveyance Costs – Costs of international transport (normally by airfreight) of the parcels to the respective destination countries;
- Security Screening Costs – Costs for security screening performed at the Malta International Airport prior to dispatching.

The MCA audited each component of external costs to corroborate the claims made by MaltaPost in its requests. Varying with the weight of the parcel, external costs account for circa 54% to 84% of total costs. The MCA noted also that with the current tariffs, there were instances where external costs alone were higher than the retail tariff presently charged by MaltaPost.

On the other hand, internal costs consist of internal handling costs to collect and process parcels for dispatch, as well as a share of corporate overheads. The MCA reviewed the allocation of these costs to products as part of the work done on the review of the cost



accounting system of MaltaPost and is of the opinion that the costs stemming out from its control model allocate a fair and reasonable share of these costs to foreign outbound parcels.

Having obtained the required assurance on the make-up of costs, the MCA proceeded to compare the current tariffs with the respective cost base. The resulting conclusions confirmed the claim by MaltaPost that tariffs for the destinations in question were substantially below costs. In addition to the burden placed on MaltaPost, having tariffs which are significantly below costs is very likely to detract the interest of competition in the sector.

Consequently, the MCA assessed the reasonableness of the proposed tariffs and concluded that these are reflective of cost. **On these grounds, the MCA considers the requests from MaltaPost to increase the tariffs for foreign outbound parcels to France, Germany, Italy, Netherlands, Spain and the United Kingdom as justified.**

#### **Technical Tariff Assessment 3**

The MCA concluded that the proposed tariffs requests from MaltaPost to increase the tariffs for foreign outbound parcels to France, Germany, Italy, Netherlands, Spain and the United Kingdom as justified from a cost-orientation perspective

### **4.3. Affordability and USO sustainability considerations and conclusions**

In line with its mandate to safeguard the affordability of the postal products falling under the universal services area, the MCA took into consideration the impact of the proposed price increases on the general public.

To do this the MCA adopted a two pronged approach. One comprised an investigation on the share of postal related purchases as a share of total household expenditure, so as to gauge the impact of the proposed tariff changes on the overall expenditure level of the average household. This was followed by an impact assessment on the Maltese Retail Price Index (RPI).

In terms of household expenditure, based on the latest Household Budgetary Survey (HBS) published by the National Statistic Office (NSO), it transpired that the share of postal-related household expenditure per annum is quite low, standing at around €18, and down from the €26 registered in the previous 2000 HBS. This indicates that the impact of the tariff changes on household expenditure is expected to be minimal.

The same conclusion is arrived at when considering the impact on the RPI<sup>5</sup>, which was estimated to show a negligible effect on its overall level.

The MCA was also sensitive to the fact that the proposed price changes can affect the supply side stakeholders of the economy, particularly those of foreign outbound parcels. In this regard, the MCA noted that the proposed prices will still remain below those of other market players in the courier field, as well as Maltapost's own courier arm. This indicates that prices remain consistent with service variation. At the same time, the MCA noted also that for the lower weight categories (up to one Kg), the letter mail services can easily act as an indirect substitute; thus mitigating the effect of this price increase from the demand side of both residential and business clients.

Notwithstanding these high-level assessments, the MCA had very limited readily-available tools at its disposal to gauge empirically this impact, and hence the impact assessment on Maltese firms remains a matter that the MCA wishes to open to stakeholders. For this reason, the MCA is inviting constituted bodies as well as individual business to provide feedback on their views supported with comprehensive information on the expected impact of these proposed tariff changes on their business.

#### **Consultation Question 1**

##### **What is the expected impact of the proposed tariff changes on your business?**

Please submit comprehensive documentation reflective of actual cost to the business. Please submit also the actual proportion of the costs related to these tariff changes vis-a-vis the total cost base.

On the other hand, from a sustainable USO perspective, the MCA performed various simulations to gauge the expected impact on the overall profitability of MaltaPost's

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<sup>5</sup> The NSO was consulted in these estimations

regulated activity. This analysis concluded that the overall profits of the USO are expected to remain healthy and fair. This view is however without prejudice to any decisions the MCA might take on the MaltaPost's regulated rate of return as the designated Maltese USP during the course of work on the new price control framework.

Given the above analysis, and conditional on the feedback from Question 2, the MCA is of the opinion that the preliminary proposed decisions featured in Section 4.2 should be upheld and confirmed as shown hereunder.

**Proposed Decision 1**

The MCA proposes an increase in 0-50g weight-step of 1 cent for single piece letter mail only. Tariffs for other weight-steps and bulk mail services are to remain at their current level. Any future application for tariff changes of domestic mail will be evaluated in the context of the forthcoming price control parameters.

**Proposed Decision 2**

The MCA considers the request to increase the registration fee to 80 cents to be unwarranted. Any future application for changes in the registration fee for inland mail will be evaluated in the context of the forthcoming price control parameters.

**Proposed Decision 3**

The MCA concluded that the proposed tariffs are reflective of cost and considers the requests from MaltaPost to increase the tariffs for foreign outbound parcels to France, Germany, Italy, Netherlands, Spain and the United Kingdom as justified.

## **5. Way Forward**

Following the conclusion of the tariff evaluation exercise, the MCA will continue with its work on the price control framework with the aim of consulting on the major characteristics and technical parameters underlying the framework.

Work is also ongoing on the "Redirection of Mail" service. On finalisation of the updated Redirection of Mail Scheme by MaltaPost, the MCA will review the new tariffs to be proposed by MaltaPost for the service.

## 6. Consultation Framework

The MCA invites comments from interested parties regarding this Consultation and Proposed Decision. Comments which are not specifically dealt with in this Consultation but are directly related to the subject matter under this Review are also welcome.

Written representations will be made public by the MCA subject to the MCA's Internal Guidelines on Confidentiality published on 16 December 2004.

The consultation period will run until 12:00 noon on Thursday, 7 July 2011. Comments should be sent to:

**Ian Agius**  
**Chief of Operations**  
**Malta Communications Authority**  
**Valletta Waterfront**  
**Pinto Wharf**  
**Floriana FRN1913**

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