

Decision on the calculation of the annual value of indicators of quality of service for 2016

1. Pursuant to article 13, paragraph 3, of Law No. 17/2012, of 26 April¹ (Postal Law), in force as from 27.04.2012, “*Universal service providers shall implement a system for measuring levels of quality of service actually provided, which shall comply with rules that apply to the measurement of the universal service quality, namely intra-Community cross-border services, this performance monitoring being carried out at least once a year by independent external bodies*”.
2. Having found non-compliance with paragraph 3 of article 13 of the Postal Law, the Management Board of Autoridade Nacional de Comunicações (ANACOM), by determination of 17.12.2015, ordered CTT - Correios de Portugal, S.A. (CTT), the body designated to provide the universal postal service²:
 - a. To correct the referred non-compliance by 30.09.2016, on pain of application of a periodic penalty payment, set, pursuant to article 52 of the Postal Law, at an amount of € 5,000.00 a day, up to a maximum amount of € 150,000.00, for a maximum of 30 days;
 - b. To convey to ANACOM, by the 5th day of each month, and until 30.09.2016, detailed information on the status of the procedure leading to the referred correction;
 - c. To convey to ANACOM, by 30.09.2016, the confirmation that the non-compliance under consideration has been corrected, the measurement of quality of service levels being carried out by an external body selected for the purpose, as from 01.10.2016 at the latest, otherwise the referred periodic penalty payment starts to be applied as from that date.
3. By letter dated 30.09.2016, CTT informed that as from 01.10.2016 the measurement of indicators of quality of service (IQS) would be carried out by an external body.
4. Meanwhile, ANACOM, through letter ANACOM-S049191/2016, of 26.07.2016:
 - a. considering that, after an independent external body started the measurement of quality of service levels, it would be extremely interesting to obtain comparative information between values of quality levels obtained under both systems (the

¹ As amended by Decree-Law No. 160/2013, of 19 November, and by Law No. 16/2014, of 4 April.

² Under paragraph 1 of article 57 of the Postal Law.

one formerly used by CTT, hereinafter referred to as “CTT system”, and the new system used by the independent external body, hereinafter referred to as “independent system”), suggested CTT that for an initial period of at least a quarter, it maintained in parallel both IQS measurement systems, submitting to this Authority values of quality of service levels obtained under each one;

and

- b. requested CTT that the company presented a substantiated proposal for calculation of the annual value for 2016 of each IQS, that took into account, on the one hand, values obtained with the CTT system (since the beginning of the year and up to the date when the measurement with the independent system started) and, on the other, values obtained with the independent system (from the date when the measurement with the independent system started, up to the end of the year).
5. CTT replied by letter dated 17.08.2016, informing that both systems would be maintained until 31.12.2016³ and that the results for each system would be submitted to ANACOM. In the same letter, the company presented its opinion on the calculation for 2016 of the annual value for each IQS, which is analysed in the following points.
 6. Through letter ANACOM-S059449, of 16.09.2016, ANACOM informed CTT, in the meantime, that the Authority agreed that the CTT system should be maintained until 31.12.2016, requesting that the company reported the values obtained under each system for the period between 01.10.2016 and 31.12.2016.
 7. As regards the calculation of annual values for 2016 of **IQS 1, 2, 3, 6, 9, 10 and 11**⁴, CTT believes that the calculation must take into account the weighing of results obtained by the CTT system and the independent system, the annual value of each

³ Bearing in mind that, on that date, CTT already envisaged the date of 01.10.2016 as the date for the start of the measurement of levels of quality of service by an independent external body.

⁴ IQS 1 - Transit time for standard mail (D+3);
IQS 2 - Transit time for priority mail (D+1) – Mainland;
IQS 3 - Transit time for priority mail (D+2) – MAM;
IQS 6 - Transit time for newspapers and periodicals (D+3);
IQS 9 - Transit time for standard parcels (D+3);
IQS 10 - Waiting time at post establishments (up to 10 minutes);
IQS 11 - Transit time for registered mail (D+1).

IQS corresponding to the weighted average of the value for the first three quarters of 2016⁵ and the value of the last quarter of the year⁶, the $\frac{9}{12}$ and $\frac{3}{12}$ weighting factors.

8. Notwithstanding, CTT further propose that the value of the last quarter of the year is based on the weighing of values obtained under the CTT system and also under the independent system, in order to counteract the effects of any constraints in the initial operation of the independent system.
9. As such, as far as the referred IQS are concerned, CTT propose the following formula for the calculation of the annual value for 2016:

$$IQS^{2016} = IQS_{CTT}^{9M} * \frac{9}{12} + (IQS_{CTT}^{4T} * 0,5 + IQS_{eei}^{4T} * 0,5) * \frac{3}{12}$$

where:

IQS^{2016} - annual value of the IQS for 2016;

IQS_{CTT}^{9M} - value of the IQS for the first three quarters of 2016, measured under the CTT system;

IQS_{CTT}^{4T} - value of the IQS for the fourth quarter of 2016, measured under the CTT system;

IQS_{eei}^{4T} - value of the IQS for the fourth quarter of 2016, measured under the independent system.

10. As far as **IQS 4 and IQS 5**⁷ are concerned, CTT propose that the annual value for 2016 is calculated taking into account all annual items, without applying a weighing to each of the different periods covered by different measurement systems, as the company believed that:

- a. The calculation of these indicators is carried out at *promille* level, which implies that the size of the sample is of particular importance in its calculation;
- b. The independent system is based on a sample which is smaller in size than the measurement carried out directly by CTT;

⁵ Period during which the measurement was carried out exclusively by CTT itself.

⁶ Period during which the measurement was carried out exclusively under the new system (that is, by an independent external body).

⁷ IQS 4 - Standard mail not delivered within 15 working days (per one thousand letters);
IQS 5 - Priority mail not delivered within 10 working days (per one thousand letters).

- c. The lack of experience of the new panel increases the probability of human error in the start-up period of the system.
11. So as to counteract the effects of any constraints in the initial operation of the independent system (as already referred also for IQS 1, 2, 3, 6, 9, 10 and 11), CTT propose that the annual value for 2016 reflects not only annual results calculated according to the preceding paragraph, but also annual results obtained according to the system that CTT has implemented since the beginning of 2016 (CTT system), weighted equally.
12. As regards **IQS 7 and IQS 8**, which concern transit time for intra-community cross-border mail, given that there have been no changes in the respective measurement system, CTT refer that the current measurement system is retained.

Whereas:

- i) Pursuant to article 13, paragraph 3, of the Postal Law, "*Universal service providers shall implement a system for measuring levels of quality of service actually provided, which shall comply with rules that apply to the measurement of the universal service quality, namely intra-Community cross-border services, this performance monitoring being carried out at least once a year **by independent external bodies***";
- ii) By determination of 17.12.2015, ANACOM ordered CTT, *inter alia*, to correct a situation of non-compliance with paragraph 3 of article 13 of the Postal Law by 30.09.2016, so that the measurement of quality of service levels would be carried out by an external body selected for the purpose, as from 01.10.2016 at the latest;
- iii) By letter dated 30.09.2016, CTT informed that as from 01.10.2016 the measurement of indicators of quality of service (IQS) would be carried out by an external body;
- iv) In the light of the referred article 13, paragraph 3, of the Postal Law, once the independent system is in force, the results generated by that measurement system must be used exclusively, and as such the results of the CTT system may not be considered for the same period of time;
- v) It follows from the principle referred in the preceding point that ANACOM must reject IQS calculation formulas that take account, for the period of time during which the independent system is in force, calculation methods that consider values obtained with different measurement systems;

- vi) Bearing in mind, notwithstanding, the peculiarity of 2016, where the independent system is in force for only a part of the year, it is accepted that the annual value of IQS takes into account, in its calculation, the value obtained under the independent system, for the part of the year during which this system is in force, and the value obtained under the other system, in the part of the year during which the independent system was not in force. In this case, the IQS annual value must correspond to the weighted average of the referred values, each being weighted for the period of time to which they correspond;
- vii) In the light of the available information, the measurement in 2016 of IQS values for national mail (IQS 1, 2, 3, 4, 5, 6, 9 and 11) and waiting time (IQS 10) must be carried out on the basis of both systems, the CTT system, from the beginning of the year and up to 30.02.2016, and the independent system, from 01.10.2016 up to 31.12.2016;
- viii) The value for the fourth quarter of 2016 for each of the IQS referred in the preceding point must correspond exclusively to the value determined under the independent system;
- ix) As such, ANACOM rejects CTT's proposal submitted in letter of 17.08.2016, for the calculation of annual values of IQS 1, 2, 3, 4, 5, 6, 9, 10 and 11;
- x) In case the independent system does in fact present any serious constrains in its initial operation, that hinder the reliability of results obtained under that system for the period concerned, ANACOM is willing to analyse the specific situation, after a timely and duly substantiated communication is submitted by CTT;
- xi) By determination of 15.12.2016, ANACOM's Management Board approved a draft decision on the calculation of the annual value of indicators of quality of service for 2016, which was submitted to the prior hearing of CTT, under articles 121 and 122 of the Administrative Procedure Code;
- xii) CTT's comments, which were received within the deadline set for the purpose, the analysis of which is included in the "Report of the prior hearing on the draft decision on the calculation of the annual value of indicators of quality of service for 2016", are not such as to alter the draft decision,

ANACOM's Management Board:

- In the exercise of powers and duties conferred on ANACOM by paragraph 1 h) and i) of article 8 and paragraph 1 g), h) and n) of article 9, all of its Statutes,

approved by Decree-Law No. 39/2015, of 16 March, as well as by paragraph 1 of article 8 of the Postal Law (Law No. 17/2012, of 26 April, as amended by Decree-Law No. 160/2013, of 19 November and by Law No. 16/2014, of 4 April);

- In the exercise of competences conferred under paragraph 1 b) of article 26 of its Statutes; and
- In the light of paragraph 3 of article 13 of the Postal Law,

herein determines:

- a) To approve the “Report of the prior hearing on the draft decision on the calculation of the annual value of indicators of quality of service for 2016”, which is deemed to be an integral part of this decision;
- b) That the annual value for 2016 of each IQS concerning national mail (IQS 1, 2, 3, 4, 5, 6, 9 and 11) and waiting time (IQS 10) must correspond to the weighted average of the value for the first three quarters of 2016 (period during which the CTT system was in force) and the value of the last quarter of 2016 (period during which the independent system is in force), the first being weighted by the $\frac{9}{12}$ factor and the second by the $\frac{3}{12}$ factor, that is, the first being weighted by the period of time since the beginning of the year and up to the day preceding the date when the independent system started, and, the second being weighted by the period of time, up to the end of the year, during which the independent system was in force.