

The information is also available in Anacom's Internet website in:

<http://www.anacom.pt/template31.jsp?categoryId=275842>

Determination of 20.2.2008

Evaluation of measures taken by CTT in 2007 to compensate users in general for failure to comply with indicators of quality of services in 2006

I. Framework

1. The Universal Postal Service Quality Convention (Quality Convention)¹ entered into on 21 April 2006 by ICP – Autoridade Nacional de Comunicações (ICP-ANACOM) and CTT – Correios de Portugal, S.A. (CTT), under clause 12 of the Universal Postal Service Concession Agreement, dated 1 September 2002², and paragraph 5 of article 8 of Law no. 102/99 of 26 July³, sets out and publishes parameters and minimum levels of quality of services associated to the provision of the universal postal service, incumbent on CTT during 2006.
2. As provided for in the Quality Convention (article 10, paragraph 1), it falls upon ICP-ANACOM to monitor values achieved by CTT, concerning the evolution of quality of service indicators (QSI).
3. The Quality Convention provides (article 5, paragraph 1) that failure to comply with the referred levels of quality of service affects variations of prices defined for reserved services provided for in the Universal Postal Service Price Convention (Price Convention)⁴, under the terms and percentages stated in paragraph 2 of the Annex to the Quality Convention, taking effect solely and exclusively on the year subsequent to that in which the failure to comply has taken place. Situations of non-compliance are to be monitored by ICP-ANACOM, having heard the CTT (article 5, paragraph 2).
4. In 2006 CTT was deemed to have failed to comply with some QSI to which it was committed, and in view of the need to apply the provisions of the Quality Convention⁵, the Board of Directors of ANACOM, by determination of 5 September⁶, did not oppose to the implementation of the deductions proposed by CTT in order to compensate users in general for the shortfall in quality of service

¹ <http://www.anacom.pt/template12.jsp?categoryId=191422>.

² Concluded according to and pursuant to Decree-Law no. 448/99 of 4 November (<http://www.anacom.pt/template20.jsp?categoryId=5855&contentId=17286>) as amended by Decree-Law no. 116/2003 of 12 June (<http://www.anacom.pt/template20.jsp?categoryId=5829&contentId=111985>).

³ <http://www.anacom.pt/template20.jsp?categoryId=5829&contentId=17279>, as amended by Decree-Law no. 116/2003 of 12 June (<http://www.anacom.pt/template20.jsp?categoryId=5829&contentId=111985>).

⁴ <http://www.anacom.pt/template12.jsp?categoryId=191402>.

⁵ See determination of ICP-ANACOM dated 18 July 2007, at <http://www.anacom.pt/template31.jsp?categoryId=248362>

⁶ <http://www.anacom.pt/template31.jsp?categoryId=252302>.

- achieved that year. Nevertheless, it was incumbent upon CTT to meet a set of conditions aiming to implement the necessary mechanisms to assess the true impact of proposed measures.
5. These conditions established specifically that:
 - a) CTT should submit to ICP-ANACOM by November results of the control performed up to the end of October 2007, and in case forecast measures had not developed as expected, a proposal of additional measures to be rendered concrete up to the end of 2007, which should aim to fully meet the objectives that the first measures proposed by CTT intended to achieve;
 - b) Acknowledging that the type of measures proposed by CTT made it difficult to establish correct forecasts for the intended impact, ICP-ANACOM considered that the objective of measures would be achieved where the effective value of benefits for users was equal to or higher than 95% of the value that corresponded to 1% of revenues of reserved services (covered by the Price Convention) which would be achieved in 2007 if no deduction was applied, that is €2,706 thousand (which corresponds to 95% of €2,848.3 thousand);
 - c) Overall measures implemented (measures provided for at first and any additional measures) should ensure respect for the initial relative importance, in terms of decrease of revenues, of measures to be implemented which are intended for contractual customers (the weight of which was forecasted by CTT at **[Start Confidential Information]**⁷ **[End Confidential Information]**⁸% in terms of decrease of revenues) and for other types of customers (the weight of which was forecasted by CTT at **[SCI]** **[ECI]**% in terms of decrease of revenues).
 6. By letter no. 51133 of 30/11/2007, CTT submitted a report to ICP-ANACOM, setting out control results of measures implemented up to October 2007, as well as achievement estimates of such measures up to the end of 2007, which would not meet the objectives provided for at first.
 7. Consequently, CTT presented in the same letter additional measures to be implemented in December 2007, in order to meet the objectives provided for at first by the end of 2007.
 8. Subsequently, the Board of Directors of ICP-ANACOM, by determination of 13 December 2007⁹ decided:

⁷ Hereinafter **[SCI]**.

⁸ Hereinafter **[ECI]**.

⁹ <http://www.anacom.pt/template31.jsp?categoryId=262682>.

- a) Not to oppose the proposal for additional measures to be implemented by CTT up to the end of 2007;
 - b) To reiterate the need to meet the established objectives and to send, by 31/01/2008, the report with overall results of measures implemented by CTT, to be reviewed and evaluated by ICP-ANACOM.
9. The report with overall results of measures implemented by CTT by the end of 2007 was submitted by this company to ICP-ANACOM by letter 50100 of 28/01/2008.

II. Evaluation of measures implemented by CTT

10. Measures accepted by ICP-ANACOM (initial and additional measures) summarized in **Table 1**, envisaged benefits for users amounting to €2.976.150,00, corresponding to slightly over 1% of the estimated net revenues from reserved services for 2007 (€2.848.300,00).

Table 1 – Measures implemented by CTT

Initial measures	Measure 1: Offer of postage costs in the acquisition of custom made stamps (“meuselo”) for use in normal national mail with a weight not exceeding 20g. Offer applied between 14/10/2007 and the end of 2007.
	Measure 2.1: Offer of national priority mail stamps to the <i>Comissão de Acompanhamento do Plano Nacional de Leitura - CAPNL</i> (National Reading Plan Supervision Committee) for use/distribution in specific measures (to be defined by the Committee) falling within the scope of academic records
	Measure 2.2: Offer of part of the school stamp issue of 2007, as well as the entire unsold 2006 issue, to CAPNL for use/distribution in specific measures (to be defined by the Committee) falling within the scope of academic records. Stamps to be used for items of normal national mail not exceeding 20g in weight.
	Measure 3: Offer of priority mail pre-stamped envelopes (DL format) to occasional customers who mail at any post office at least one postal item on all Tuesdays in October and November between 10am and 12am (or during the first two working hours where post offices are closed during that period). Offer of 1 envelope in October and 2 envelopes from the beginning of November.
Additional measures	Measure 4: Granting of an additional discount of 5% (to add to discount tables) in reserved services of normal national mail, national priority mail and national Direct Mail, to contractual customers who during the months of September and October register an increase in monthly traffic over the same period in the previous year.
	Measure A: General offer of a Christmas card (normal post) to be distributed in the letter boxes of private customers in all municipalities.
	Measure B: Offer of illustrated cards to the students of the schools of the Azores and Madeira.
	Measure C: Offer of priority mail cards in hospitals, prisons and Institutions of Social Solidarity (Instituições de Solidariedade Social).
	Measure D: Granting of a further 5% discount to customers who use postal franking

machines and open account system (“Pre-activo”) calculated on the consumption of normal national mail, priority mail and national Direct Mail during the months of October and November, to be applied in top-ups made in December.

11. These measures granted benefits to users amounting to €2.831.721,70 (see **Table 2**) which represents a 99,4% degree of achievement of the defined objective, thus meeting this objective.
12. It should be stressed that ICP-ANACOM, in the determination of 5 September 2007, considered that the objective of measures would be achieved where the effective value of benefits for users was equal to or higher than €2.706.000,00, which corresponds to 95% of 1% of revenues of reserved services (covered by the Price Convention) achieved in 2007, if no deduction was applied.

Table 2 – Level of achievement of measures implemented by CTT

[SCI] [ECI]

13. It follows also from measures taken by CTT that the weight of benefits granted to contractual customers was [SCI] [ECI] of total benefits, which does not correspond to the initial relative weight resulting from measures considered at first in determination of 5 September 2007, which was [SCI] [ECI], this difference being thus less than 10%.
14. In the light of the above, it is concluded that the general level of achievement of measures implemented by CTT, in terms of value of benefits for users, meets the established objectives.