

**Decision on the objectives concerning the density of the postal network  
and minimum services provided, presented by CTT under paragraph 5 of Base XV  
of the Universal Postal Service Concession**

**CONTENTS**

<b>1. INTRODUCTION .....</b>	<b>2</b>
<b>2. REGULATORY FRAMEWORK.....</b>	<b>3</b>
<b>3. ANALYSIS OF CTT'S REVISED PROPOSAL.....</b>	<b>5</b>
3.1. Duration of objectives	5
3.2. Objectives presented by CTT	5
3.2.1. Density of postal establishments	6
3.2.2. Density of letterboxes	24
3.2.3. Indicators on minimum services provided	34
3.3. Reporting to ICP-ANACOM	41
<b>4. DISSEMINATION OF INFORMATION ON POSTAL ESTABLISHMENTS .....</b>	<b>43</b>
<b>5. DETERMINATION .....</b>	<b>43</b>
<b>ANNEX - Objectives on the density of the postal network and minimum services provided .....</b>	<b>46</b>

## 1. INTRODUCTION

On 31.01.2014<sup>1</sup>, CTT – Correios de Portugal, S.A. (CTT) submitted to ICP - Autoridade Nacional das Comunicações a proposal for indicators and respective quantification to be considered in the definition of objectives concerning i) density of postal establishments and other points of access to the postal network allocated to the concession and ii) minimum services provided, including rules on minimum operating periods of postal establishments, according to Base XV of the bases of the concession of the universal postal service (Bases of Concession), approved by Decree-Law No. 448/99, republished in annex to Decree-Law No. 160/2013, of 19 November.

By determination of 10.04.2014, ICP-ANACOM considered that objectives and rules concerning the density of the postal network and minimum services provided, presented by CTT, failed to meet user needs under the current legal framework, having further determined that:

- CTT should undertake the revision of such objectives and rules, under paragraph 5 of base XV of the Bases of Concession, within 30 working days, taking into account views taken by this Authority thereon and respective reasoning;
- The revised proposal submitted by CTT should attach detailed reasoning based on factors indicated in paragraph 3 of base XV of the Concession, as well as the indication, where appropriate, of values currently practised in its postal network corresponding to indicators and objectives proposed, explaining the reasons for differences between current values and proposed ones.

In this respect, by letter dated 29.05.2014<sup>2</sup>, received at this Authority on the same date, CTT presented a revised proposal of indicators and respective quantification, for the 2014-2016 period.

By determination of 26.06.2014, ICP-ANACOM's Management Board approved a Draft Decision on the objectives concerning the density of the postal network and minimum services provided (DD), notified by CTT (on 29.05.2014) under paragraph 5 of base XV of

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<sup>1</sup> Reference No. 50718.

<sup>2</sup> Reference No. 52536.

the Bases of Concession. Having been deemed that objectives and rules concerning the density of the postal network and minimum services provided presented by CTT in its revised proposal of 29.05.2014 still failed to meet user needs under the current legal framework, ICP-ANACOM decided to establish objectives and rules on density of the postal network and minimum services provided, which were submitted to the prior hearing of CTT (pursuant to paragraph 6 of base XV of the Concession and articles 100 and 101 of the Administrative Procedure Code) and consultation of users (under the referred paragraph 6 of base XV of the Concession), both procedures having run for a period of twenty working days.

Contributions received were analysed in the scope of the “Report of the prior hearing of CTT and consultation of users on the Draft Decision on the objectives concerning the density of the postal network and minimum services provided, presented by CTT under paragraph 5 of Base XV of the universal postal service concession”.

## **2. REGULATORY FRAMEWORK**

Base XV of the Bases of Concession lays down as follows:

- The concessionaire (CTT) must communicate to ICP-ANACOM [paragraph 1 of base XV]:
  - a) Density objectives for postal establishments and other points of access to the postal network allocated to the concession;
  - b) Objectives as regards the minimum services provided, including rules on minimum operating periods of postal establishments;
- Objectives and rules are set for three-year periods, and may be revised prior to the expiry of each period, where required by the exceptional circumstances of the case [paragraph 2 of base XV];
- The concessionaire must take specifically account of the following factors [paragraph 3 of base XV]:
  - a) Distribution of the population on national territory;
  - b) Distance between access points;

- c) Urban or rural nature of areas covered;
- d) Evolution of traffic and demand;
- The establishment of objectives concerning the density of the postal network and minimum services provided must take into due account the principles laid down in Law No. 17/2012, of 26 April (Postal Law), namely those set out in paragraph 2 a) and b) of article 2 thereof, so as to ensure the existence, availability, accessibility and quality of the universal service provision, as well as the economic and financial sustainability and viability of the universal service provision [paragraph 8 of base XV];
- In case ICP-ANACOM considers that objectives and rules presented by the concessionaire fail to meet the needs of users, the Authority must notify the concessionaire, stating its reasons, within 60 working days, setting out the referred objectives and rules, based on factors indicated in paragraph 3 [paragraph 6 of base XV];
- Where ICP-ANACOM deems, further to the communication from the concessionaire referred to in paragraph 1 or to the revised proposal mentioned in the preceding paragraph, that objectives and rules presented by the concessionaire meet the needs of users, it must issue a decision approving the referred objectives, having heard users, within 50 working days [paragraph 7 of base XV].

Until objectives concerning the density of the postal network and minimum services provided for in base XV of the Bases of Concession have been defined, the concessionaire undertakes to maintain, at the very least, the density levels of the postal network and service provision practised by 31 December 2013 [paragraph 3 of article 5 of Decree-Law No. 160/2013, of 19 November].

### **3. ANALYSIS OF CTT'S REVISED PROPOSAL**

#### **3.1. Duration of objectives**

As in its initial proposal, CTT proposes for objectives and rules to apply in the course of the 2014/2016 period, that is, for a three-year period, which may be revised prior to the expiry of this period, where required by the exceptional circumstances of the case.

ICP-ANACOM agrees with the three-year period, which corresponds to the period provided for in paragraph 2 of base XV of the Bases of Concession.

Taking into account the period of time which elapsed in the meantime in the course of 2014 up to ICP-ANACOM's final decision, it is deemed that objectives must take effect as from 01.10.2014, until 30.09.2017.

#### **3.2. Objectives presented by CTT**

Objectives presented by CTT are broken down according to:

- Objectives concerning the network density as far as postal establishments are concerned, that is, as regards locations where concessionary postal services are provided, namely post stations and post offices;
- Objectives concerning the density of letterboxes ("*marcos de correio*" and "*caixas de correio*"), that is, infrastructures provided for the public, where postal items may be deposited with the postal network by users;
- Objectives on minimum services provided, which concerns services provided at postal establishments, including objectives concerning minimum operating periods of postal establishments.

In addition, as requested by ICP-ANACOM in the referred determination of 10.04.2014, CTT presented a proposal for the regular reporting of values achieved for objectives that are defined.

### 3.2.1. Density of postal establishments

#### CTT's (revised) proposal

In the scope of density objectives concerning postal establishments, CTT presents as criteria for the distribution of postal establishments:

- a) density of postal establishments (defined as the number of inhabitants per postal establishments) and coverage of postal establishments (measured by the number of square kilometres covered by postal establishments);
- b) maximum distance for access to the service, expressed in meters travelled by the residing population to reach the nearest postal establishment.

Compared to the initial proposal, CTT:

- a) Adds three new indicators, concerning:
  - i. Maximum area (measured in Km<sup>2</sup>) covered on average by each postal establishment, at national level;
  - ii. Maximum number of inhabitants served on average by each postal establishment, at national level;
  - iii. Postal establishments providing a full range of concessionary services, in parishes with more than 20 000 inhabitants;
- b) Propose new objective levels for the (three) indicators on the distance of the population to the nearest postal establishment.

CTT proposes the following indicators:

- At national level, the concessionaire must guarantee that the number of inhabitants per postal establishment is lower than or equal to 4 600 inhabitants;

According to CTT, the value for this indicator by the end of 2013 was 4 323 inhabitants per postal establishment.

- At national level, the concessionaire must guarantee that the number of Km<sup>2</sup> covered by postal establishment is lower than or equal to 40 Km<sup>2</sup>.

According to CTT, the value for this indicator by the end of 2013 was 38 Km<sup>2</sup> per postal establishment.

- At national level, the concessionaire must guarantee a point of access within the maximum distance of 6 000 meters from the place of residence for 95% of the population.

According to CTT, by the end of 2013 a point of access is ensured within the maximum distance of 6 000 meters for 96.7% of the population.

- At the level of urban areas, which include predominantly and moderately urban areas, the concessionaire must guarantee a point of access within the maximum distance of 4 000 meters from the place of residence for 95% of the population.

According to CTT, by the end of 2013 a point of access is ensured within the maximum distance of 4 000 meters for 96.4% of the population.

- At the level of rural areas, which include predominantly rural areas<sup>3</sup>, the concessionaire must guarantee a point of access within the maximum distance of 11 000 meters from the place of residence for 95% of the population.

According to CTT, by the end of 2013 a point of access is ensured within the maximum distance of 11 000 meters for 96.1% of the population.

- In parishes with more than 20 000 inhabitants, the concessionaire must guarantee at least one postal establishment providing all concessionary services and an additional postal establishment, providing the same services, for each additional 20 000 inhabitants.

According to CTT, the situation of this indicator by the end of 2013 was 94.7% of parishes with more than 20 000 inhabitants, in a range of 113 parishes with more than 20 000 inhabitants.

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<sup>3</sup> According to the typology of urban areas defined by INE (Determination No. 2717/2009, DR 188, II Series of 28.09.2009 – 8<sup>th</sup> (2008), taken by the *Secção Permanente de Coordenação Estatística* on the typology of urban areas), adjusted according to the 2013 administrative reorganisation of parishes, considering for the whole territory of the new parish the typology assigned in 2009 to the current town hall.

In compliance with ICP-ANACOM's position laid down in its determination of 20.04.2014<sup>4</sup>, objectives presented by CTT take only into consideration postal establishments to which the general public has access, being excluded existing access points which are exclusive for contractual clients or companies.

The proposal presented by CTT is based on:

- a) Population distribution at national level;
- b) Urban or rural nature of residing areas, according to the typology of urban areas defined by INE (the National Statistics Institute) in 2009, adjusted according to the 2013 administrative reorganisation of parishes (2013 version of the Official Administrative Map of Portugal), considering for the whole territory of the new parish the typology assigned in 2009 to the current town hall;
- c) The implementation of the (current) network of post stations and offices;
- d) The closure, intended to be implemented in the course of 2014, of 132 post offices that present a very low level of activity and which are located within the area of influence of another postal establishment, and the creation of 15 new points of access (including one post station), in order to improve access to postal services. This entails, in 2014, the reduction by 117 postal establishments, to reach 2 326 postal establishments by the end of 2014.

The location of residing population is based on data from the 2011 general population census, at the statistical subsection level.

In order to define influence areas for each postal establishment, CTT used the national road network database of InfoPortugal (2009)<sup>5</sup>.

For the definition of postal establishments, CTT uses data provided by INE for the country's residing population, from the 2011 Census, thus using a figure on population.

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<sup>4</sup> Point 11 of chapter 3.3.1

<sup>5</sup> CTT refer that the company is currently considering the possibility of updating this database, a date for the referred update not being yet foreseen.



For the definition of coverage of postal establishments, CTT uses the area of Portugal (in Km<sup>2</sup>) according to data from *Direção Geral do Território* (DGT - the Directorate General for the Territory, November 2013).

According to CTT, in terms of international comparison the density and coverage of the network of postal establishments will remain above the average Community level, respectively of 4 967 inhabitants and 43 Km<sup>2</sup>.

### **Analysis and understanding of ICP-ANACOM**

#### a) Indicators on area and population served by each postal establishment

Two of the new indicators proposed by CTT correspond, as referred, to the area and number of inhabitants served on average by each postal establishment, at national level.

CTT propose that, at national level, the number of inhabitants per postal establishment is lower than or equal to 4 600 inhabitants.

This is a constant value over the period of time concerned, given that a constant population value is used, corresponding to values from 2011 Census.

By the end of 2013, the value for this indicator was 4 323 inhabitants per postal establishment, taking into account that 2 443 postal establishments existed.

Compared to the situation for the end of 2013 - vide Figure 1 - CTT's proposal enables, over the three-year period, an accumulated reduction by 6% of the number of postal establishments, corresponding to a maximum total reduction of 147 postal establishments during that period of time. That is, it follows from the indicator proposed by CTT that in the course of the period during which objectives are to be complied with, there must be at least 2 296 operating postal establishments<sup>6</sup>.

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<sup>6</sup> As referred above, CTT expect still in the course of 2014 to implement the reduction by 117 postal establishments, that is, 79.6% of the total allowed reduction, in case CTT's proposal is accepted.

**Figure 1 - Evolution in the number of postal establishments (1996-2013) and minimum value underlying CTT's proposal (2014-2016)**

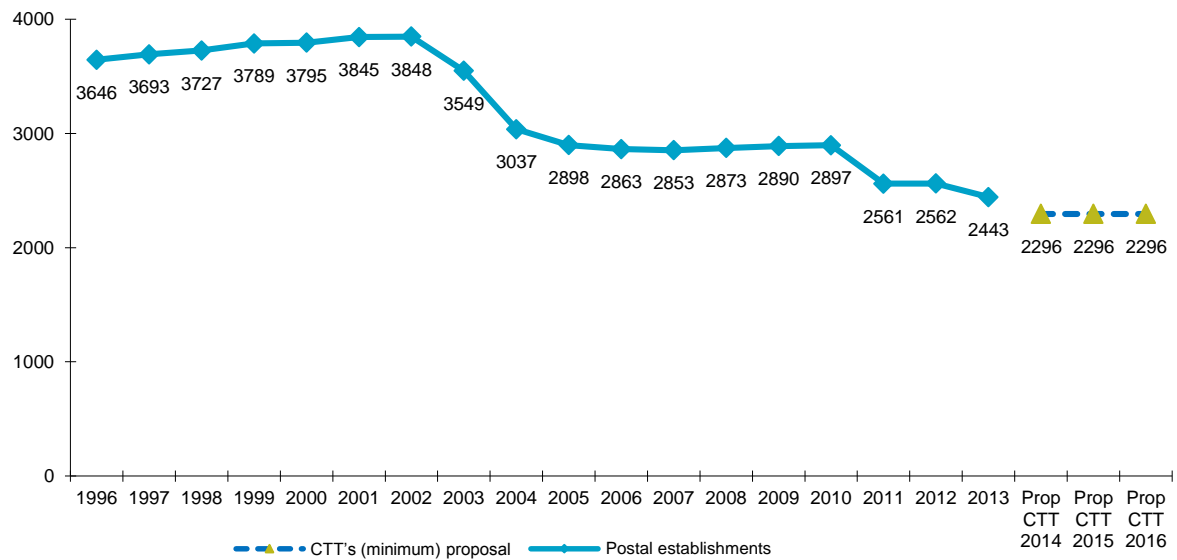
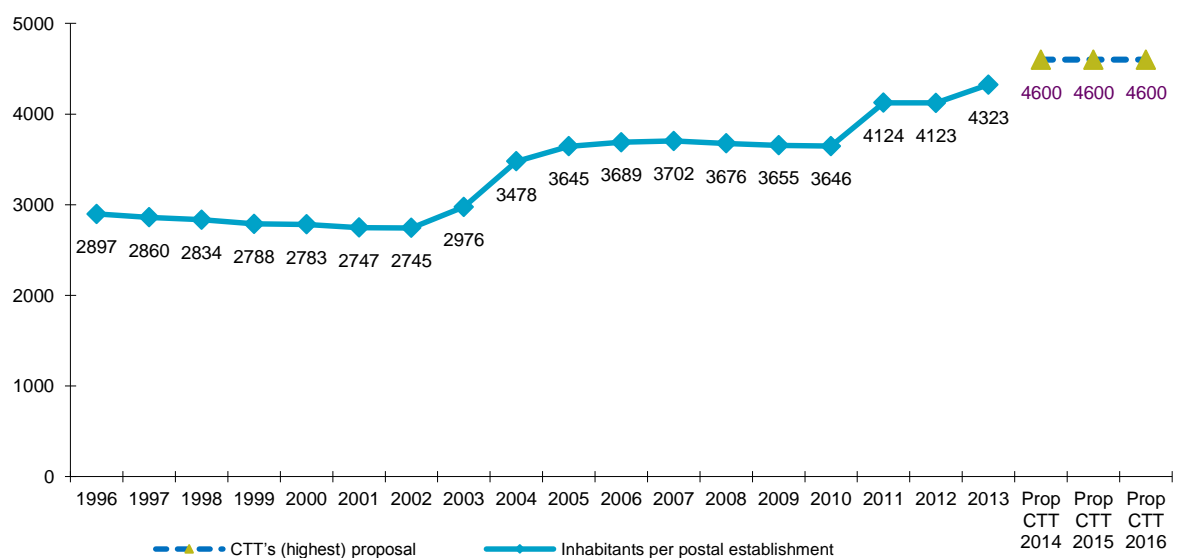


Figure 2 presents the evolution verified in the average number of inhabitants served per each postal establishment, between 1996 and 2013, including a value that results from CTT's proposal for the 2014-2016 period.

**Figure 2 – Average number of inhabitants per postal establishment \***



\* Considering a constant value of the 2011 population (Source: INE, Census).

CTT also propose that, at national level, the number of Km<sup>2</sup> covered by postal establishment is lower than or equal to 40 Km<sup>2</sup>. The value for this indicator by the end of 2013 was 38 Km<sup>2</sup> per postal establishment.

The objective level that CTT propose for the indicator on the number of inhabitants per postal establishment, 4 600 inhabitants per postal establishment, corresponds to an average area per postal establishment of around 40 Km<sup>2</sup>.

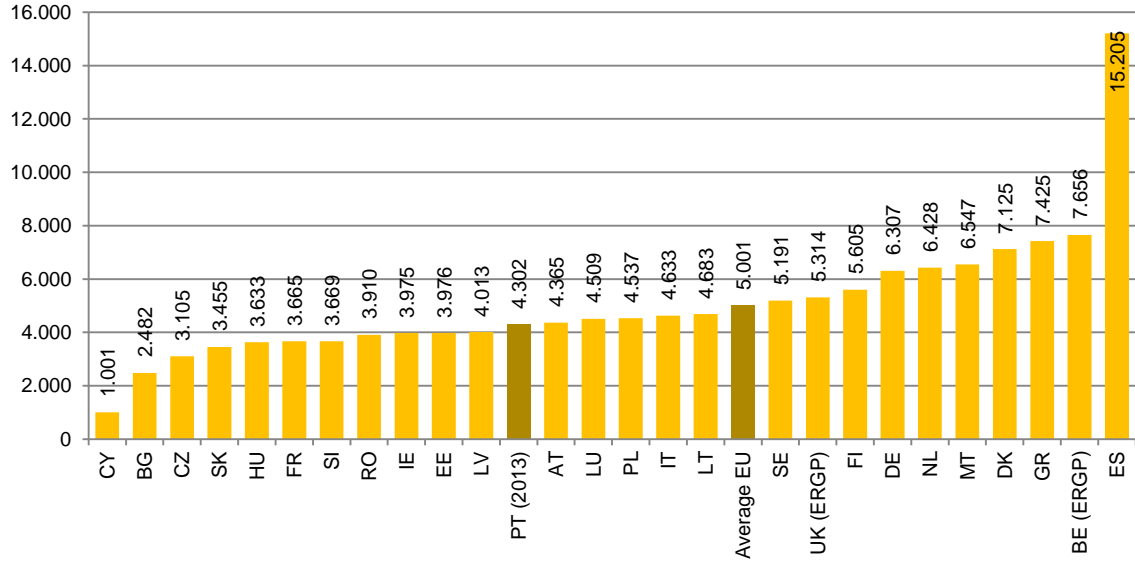
According to available data, for 2012, values proposed by CTT for the average number of inhabitants served per postal establishment and for the average area served per postal establishment compare favourably to the corresponding average value of the group of 27 European Union Member States (EU without Croatia), respectively, around 5 000 inhabitants and 43 Km<sup>2</sup> per postal establishment - vide Figures 3 and 4.

This conclusion remains true in case the trend for a slight reduction in the number o postal establishments continues<sup>7</sup>.

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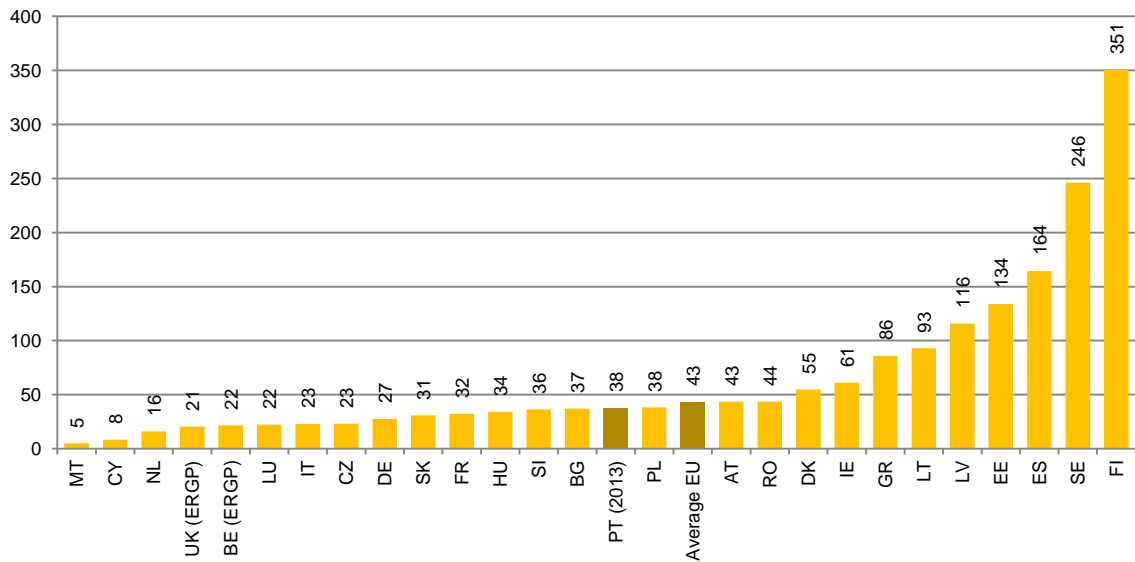
<sup>7</sup> According to the same source, UPU, between 2011 and 2012, the total number of postal establishments in the European Union, without Portugal, decreased by 1.2%.

**Figure 3 – Average number of inhabitants per postal establishment in EU27 MS in 2012**



Source: UPU; fixed postal establishments. For countries for which no 2012 data existed, available data from ERGP report for the same year were used. EU 27 without Portugal. PT (2013): Value for Portugal, by the end of 2013, mobile stations included.

**Figure 4 – Average area per postal establishment in EU27 MS in 2012**



Source: UPU; fixed postal establishments. For countries for which no 2012 data existed, available data from ERGP report for the same year were used. EU 27 without Portugal. PT (2013): Value for Portugal, by the end of 2013, mobile stations included

Just like CTT, Croatia and Poland define maximum levels for coverage and density of the network of postal establishments - vide Table 1. Comparatively with these two countries, the value proposed by CTT is more demanding.

Austria, Belgium, Germany, Malta, the Netherlands and Croatia define a value for the minimum number of operating establishments at national level - vide Table 1. The corresponding number in terms of population served on average per each postal establishment is less demanding in all cases than the value proposed by CTT. In terms of area of the territory served on average per each establishment, Belgium, Germany, the Netherlands and Malta show more demanding levels.

**Table 1 – European practises: objectives defined on the number of postal establishments (PE) and on density or coverage values\***

<b>Country</b>	<b>Minimum number of PE</b>	<b>Average area (Km<sup>2</sup>)</b>	<b>Average number of inhab</b>
Poland	6 386	<b>85 Km<sup>2</sup>, in rural areas</b>	<b>6 000 inhab</b>
Croatia	<b>700</b>	<b>80 Km<sup>2</sup></b>	<b>6 000 inhab</b>
Austria	<b>1650</b>	51	5 108
Belgium	<b>1300</b>	23	8 298
Germany	<b>12 000</b>	30	6 833
Malta	<b>59</b>	5	7 102
The Netherlands	<b>2000, 902 of which provide a full range of services</b>	21	8 357

\* Bold text – objective defined. Regular text: value that corresponds to the objective defined (ICP-ANACOM calculations).

Given the equivalence between the two indicators proposed by CTT<sup>8</sup>, the definition of only one of the indicators is deemed to be sufficient.

As such:

- This Authority accepts the definition of the indicator that establishes that the number of inhabitants per postal establishment, at national level, is lower than or equal to 4 600 inhabitants, and it is accepted also that its calculation is based on population data for 2011, as it is unlikely that in three-years time (the period of duration of objectives) significant changes occur at the level of population;
- This Authority does not accept the definition of the indicator that establishes that the number of Km<sup>2</sup> covered by postal establishment is lower than or equal to 40 km<sup>2</sup>, at national level, as it is considered to be redundant.

b) Indicators on the distance of the population to the nearest postal establishment

CTT propose, as in its initial proposal dated January 2014, three indicators concerning the distance of the residing population to access the nearest postal establishment. Such indicators are as follows:

- At national level, the concessionaire must guarantee a point of access within the maximum distance of 6 000 meters from the place of residence for 95% of the population.

According to CTT, by the end of 2013 a point of access is ensured within the maximum distance of 6 000 meters for 96.7% of the population. This value was calculated on the basis of the 2009 national road network database.

ICP-ANACOM used a distance calculation tool similar to the one used by CTT, but resorting to a more recent national road network database, dated 2014, having found that the percentage of population at a maximum distance of 6 000 meters from a postal establishment is 96.6%, a value which is very close to that calculated by CTT - vide Figure 5.

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<sup>8</sup> As indicated earlier, 4600 inhabitants per postal establishment corresponds to around 40 km<sup>2</sup> per postal establishment.

- At the level of urban areas, which include predominantly and moderately urban areas, the concessionaire must guarantee a point of access within the maximum distance of 4 000 meters from the place of residence for 95% of the population.

According to CTT, by the end of 2013 a point of access is ensured within the maximum distance of 4 000 meters for 96.6% of the population (on the basis of the 2009 national road network database).

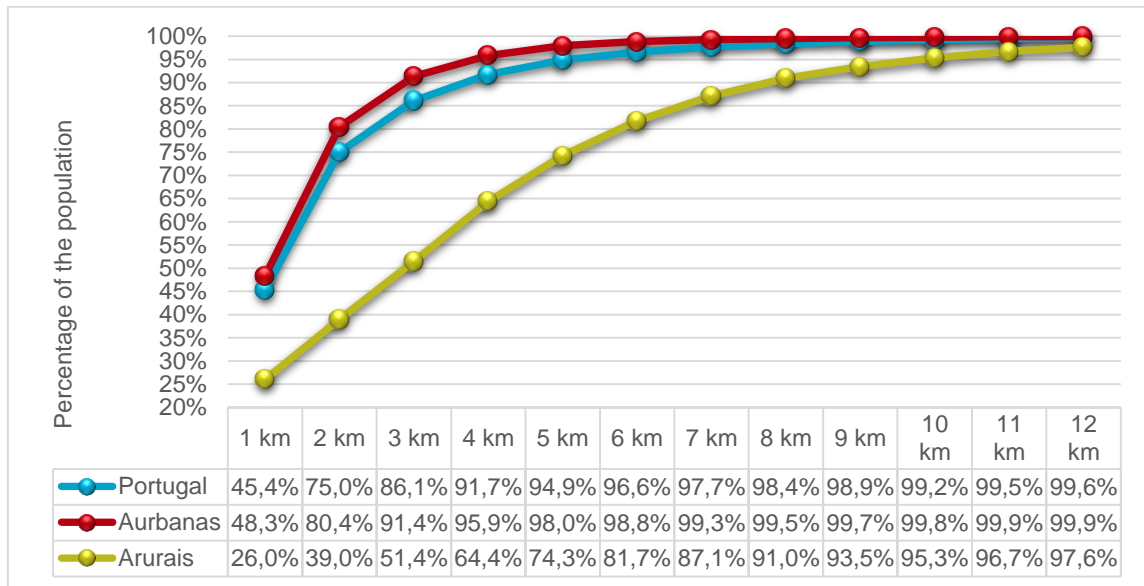
ICP-ANACOM reached the value (on the basis of the 2014 national road network database) of 95.9%, very close to that calculated by CTT - vide Figure 5.

- At the level of rural areas, which include predominantly rural areas, the concessionaire must guarantee a point of access within the maximum distance of 11 000 meters from the place of residence for 95% of the population.

According to CTT, by the end of 2013 a point of access is ensured within the maximum distance of 11 000 meters for 96.1% of the population (on the basis of the 2009 national road network database).

ICP-ANACOM reached the value (on the basis of the 2014 national road network database) of 96.7%, very close to that calculated by CTT - vide Figure 5.

**Figure 5 – Distance of the population to a postal establishment (end of 2013)**



Source: ICP-ANACOM. Calculations based on the network of postal establishments by the end of 2013.

The following restrictions were used in the calculation of distances: a) avoiding roads for authorities; b) avoiding toll roads; c) permission to drive in any traffic direction.

For any of these three indicators, compared to the preceding proposal and meeting ICP-ANACOM's indications in determination of 10.04.2014, CTT proposes higher reference values for the percentage of the population that is located at a certain maximum distance from a postal establishment. While in the previous proposal the proposed value was 90% of the residing population, in this proposal the value is 95% of the population.

Simultaneously, CTT propose a higher value for the distance concerned:

- At national level, the distance was 5 thousand meters in the previous proposal, and now it is 6 thousand meters;
- For urban areas, the distance was 3 500 meters in the previous proposal, and now it is 4 thousand meters;
- For rural areas, the distance was 8 500 meters in the previous proposal, and now it is 11 thousand meters.

Although for each of these three indicators, and as expected, CTT now propose a higher value for the distance to be considered between the postal establishment and the



population, CTT's proposal defines a maximum limit for that distance for a wider group of the residing population, which now is 95%, while before it was 90%.

Moreover, CTT proposes to define maximum distances of the residing population to points of access that provide a full range of concessionary services intended for the occasional segment<sup>9</sup>, proposing the following four indicators<sup>10</sup>:

- At national level: maximum distance of 8 500 meters for 97.5% of the population.

According to CTT, by the end of 2013 the value of this indicator, on the basis of the referred 2009 national road network database, is 97.6%. According to ICP-ANACOM, on the basis of the referred 2014 road network database, the value is also 97.6%.

- At the level of urban areas (which include predominantly and moderately urban areas): maximum distance of 5 500 meters for 97.7% of the population.

According to CTT, by the end of 2013 the value of this indicator, on the basis of the 2009 national road network database, is 97.7%. According to ICP-ANACOM, on the basis of the 2014 road network database, the value is 97.5% (a difference by 0.2 percentage points).

- At the level of rural areas: maximum distance of 15 000 meters for 97.5% of the population.

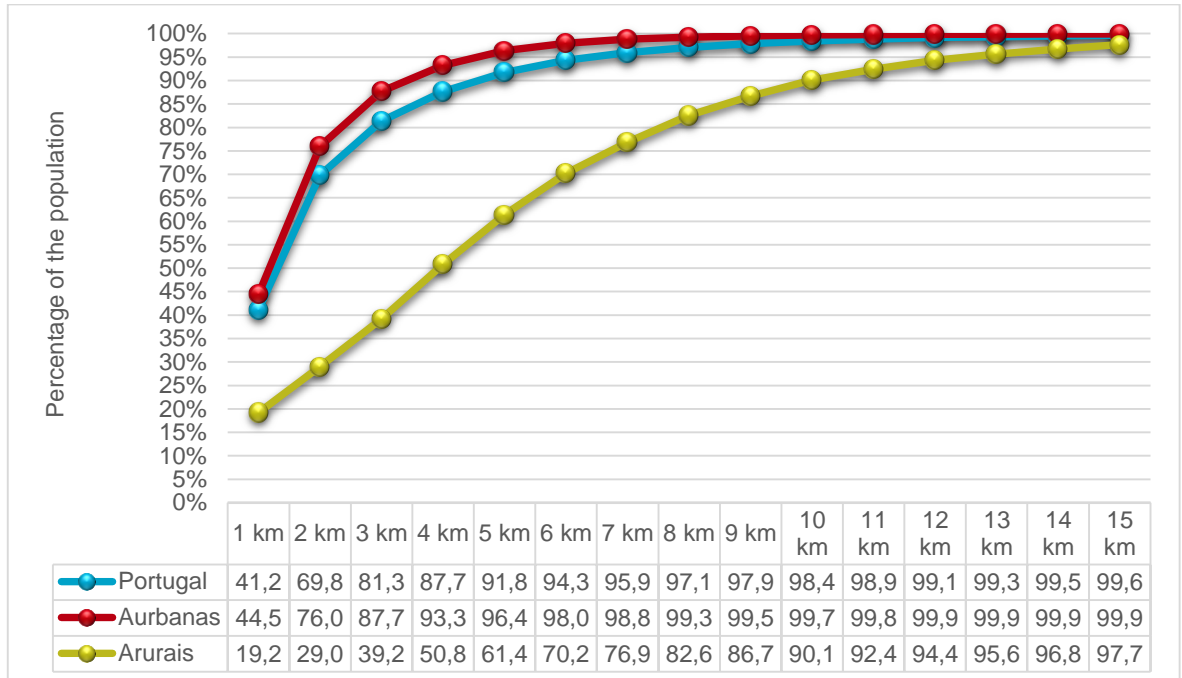
According to CTT, by the end of 2013 the value of this indicator, on the basis of the 2009 national road network database, is 97.4%. According to ICP-ANACOM, on the basis of the 2014 road network database, the value is 97.7% (a difference by 0.3 percentage points) - vide Figure 6.

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<sup>9</sup> Includes: standard mail, priority mail, easy mail, registered mail, insured mail, books and parcels, postal orders (issue and payment) and collections.

<sup>10</sup> These indicators are proposed by CTT in the scope of objectives of minimum service offers, which are analysed further below. However, on account of their relevance and direct relation with objectives related to the density of postal establishments, these indicators are analysed in the scope also.

**Figure 6 – Distance of the population to a PE providing a full range of concessionary services intended for the occasional segment (end of 2013)**



Source: ICP-ANACOM. Calculations based on the network of postal establishments by the end of 2013 providing a full range of concessionary services intended for the occasional segment (N=1842).

The following restrictions were used in the calculation of distances: a) avoiding roads for authorities; b) avoiding toll roads; c) permission to drive in any traffic direction.

- *[Although postmen that do rural rounds also perform itinerant customer services, which include, specifically: sale of stamps and prepaid envelopes; acceptance of non-registered mail; acceptance of registered mail; home payment of postal orders] CTT proposes, that, in any case, that is, for 100% of the population, the maximum distance of the residing population must be 30 000 meters to a point of access providing a full range of concessionary services intended for the occasional segment.*

According to CTT, by the end of 2013 the value of this indicator, on the basis of the 2009 national road network database, is 30 700 meters. ICP-ANACOM, on the basis of the 2014 road network database, achieved the same result.

It follows from this last indicator that CTT is also indirectly defining a maximum distance to the nearest postal establishment, for the entire population, of 30 000 meters.

In its determination of 10.04.2014, ICP-ANACOM stressed that (initial) objectives/indicators proposed by CTT:

- did not include measures that aimed to guarantee maximum distances of (the whole) population to postal establishments, measures which are especially relevant in areas with lower rates of postal coverage (measured by the average area covered by each postal establishment), such as the case of rural areas and, specifically, the country's interior districts;
- in no case presented a relation between the distance of the population to postal establishments and the distance of the population to services effectively provided at establishments, and ultimately, the distance between the population and the access to a specific service could exceed the distance between the (same) population and the nearest postal establishments.

These seven indicators proposed by CTT thus meet ICP-ANACOM's indications, and CTT proposes objective values very close to those achieved by the end of 2013.

According to more recent information available on European practises, Hungary, France, United Kingdom, the Netherlands, Slovenia and Sweden define obligations on access to postal establishments, applicable at national level, which present some similarities to those proposed by CTT - vide Table 2.

Countries that define objective levels for 95% of the population, apparently define shorter distances than those proposed by CTT, as they define that 95% of the population must be at 5 000 meters (United Kingdom, Hungary and the Netherlands) or 4 500 meters (Slovenia). However, where the distance is measured in a straight line (for example, Hungary, the Netherlands and Slovenia), defined objectives are less ambitious than those proposed by CTT, given that, in a straight line, in Portugal:

- 98% of the population is at 5 000 meters, in a straight line, from at least one postal establishment;
- 95% of the population is between 3 500 and 4 000 meters of at least one postal establishment.

In Portugal, 99.9% of the population is 10 000 meters, in a straight line, from at least one postal establishment, which compares favourably to the 99.5% of the population defined in Hungary, for the same distance.

**Table 2 – European practises: access requirements based on the distance of the population to a postal establishment, at national level**

Country	Percentage (%)	Distance (meters)	Observations
Hungary	99.5	≤ 10 000	In a straight line
France	99	<10 000	
<b>Portugal (a)</b>	<b>95</b>	<b>≤ 6 000</b>	<b>Distance measured on the basis of the road network</b>
United Kingdom	95	≤ 5 000	
Hungary	95	≤ 5 000	In a straight line
The Netherlands	95	≤ 5 000	In radius, for establishments that provide a full range of services
Slovenia	95	≤ 4 500	In a straight line
Sweden	90	2 0 m	Walking or public transports

Source: ICP-ANACOM; (a) CTT proposal.

The Czech Republic and Austria set maximum distances of the population to a postal establishment that represent a third of CTT's proposal, in the case of the Czech Republic applicable to the whole of the population and in the case of Austria applicable only to locations where the population is equal to or lower than 10 000 inhabitants<sup>11</sup> - see Table 3.

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<sup>11</sup> In addition, for district capitals and locations where the population exceeds 10 000 inhabitants, Austria defines a maximum distance of the population to the postal establishment of 2 000m for 90% of the population.

**Table 3 - European practises: maximum absolute distances to a postal establishment**

Country	Percentage (%)	Distance (meters)	Observations
Portugal (a)	100	≤ 30 000	<b>Distance measured on the basis of the road network, for establishments that provide services intended for the occasional segment</b>
Austria	100	≤ 10 000	In all locations which are not district capitals or where the population is equal to or lower than 10 000 inhabitants
Czech Republic	100	≤ 10 000	At national level

Source: ICP-ANACOM; (a) CTT's proposal.

Taking into account that indicators proposed by CTT, on the distance of the residing population to a postal establishment and on the distance of the population to a postal establishment providing a full range of concessionary services, intended for the occasional segment:

- Meet concerns showed by ICP-ANACOM, in its determination of 10.04.2014, on the need to ensure maximum distances of the population to postal establishments and services provided;
- Are based on objective values proposed by CTT which are very close to the situation verified by the end of 2013;
- Show objective values that are more ambitious that those in force in some European countries that have defined similar indicators,

ICP-ANACOM takes the view that they contribute to ensure the availability and access of services that integrate the universal postal service.

Without prejudice, so as to better ensure the existence, availability, access and quality of the universal service provision, ICP-ANACOM takes the view that, to complement such indicators, it should be ensured that, in rural areas, for the population residing at a distance between 10 000 and 30 000 meters to postal establishments, CTT must ensure that postmen also perform itinerant customer service operations, which specifically include: sale of stamps and prepaid envelopes; acceptance of non-registered mail; acceptance of registered mail; home payment of postal orders.

Additionally, to monitor compliance by CTT with indicators concerning the distance of the population to postal establishments, this Authority considers that its road network database should be used, which concerns 2014 and which is updated every year.

As such, without prejudice to the report by CTT of values verified by this type of indicators, the responsibility for the relevant calculation for the verification of the compliance with the corresponding objectives rests with ICP-ANACOM.

c) Indicator on more densely populated areas

In its determination of 10.04.2014, ICP-ANACOM referred that, although CTT's (initial) proposal bore in mind the rural or urban nature of areas covered, it still did not take appropriately into consideration the effective population residing in cities and urban areas with a higher degree of population.

CTT proposes a new indicator, according to which in parishes with more than 20 000 inhabitants the concessionaire must ensure at least one postal establishment providing the full range of concessionary services and an additional postal establishment, providing the same range of services, for each additional 20 000 inhabitants.

It is deemed that it follows from this indicator that:

- As regards parishes with less than 20 000 inhabitants, CTT are not required to ensure the existence of any postal establishment providing a full range of concessionary services<sup>12</sup>;

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<sup>12</sup> Which does not necessarily mean that a postal establishment providing a full range of concessionary services does not exist.

- As regards parishes between 20 001 and 40 000 inhabitants, CTT must ensure the existence of at least one postal establishment providing a full range of concessionary services;
- As regards parishes between 40 001 and 60 000 inhabitants, CTT must ensure the existence of at least two postal establishments providing a full range of concessionary services;
- As regards parishes between 60 001 and 80 000 inhabitants, CTT must ensure the existence of at least three postal establishments providing a full range of concessionary services.

By the end of 2013, of the 113 parishes with more than 20 000 inhabitants, 94.7% (107 parishes) comply with the indicator proposed by CTT.

According to information that was able to be collected - see Table 4 -, apparently CTT's proposal could be less demanding than others that have been defined in four countries of the European Union, although it is not possible to reach a conclusion.

**Table 4 - European practises: additional establishment according to residing population**

Country	Minimum requirement
Estonia	In cities, 1 PE per each 20 000 inhab.
	In parishes with more than 2 500 inhab., an additional PE must be created.
France	In locations with more than 10 000 inhab., 1 PE per 20 000 inhab.
Latvia	In cities: 1 PE per 20 000 inhab.;
	In rural areas: 1 PE per parish.
Slovakia	In cities with more than 20 000 hab., 1 PE per each 20 000 inhab.

Source: ICP-ANACOM.

Notwithstanding the fact that the objective proposed by CTT allows an improvement compared to the situation by the end of 2013, it is deemed that access of the residing population in parishes with residing population between 10 000 and 20 000 inhabitants is not duly guaranteed, given that of a total of 129, there are 11 where postal establishments fail to provide the full range of concessionary services.

As such, ICP-ANACOM takes the view that, in addition to the indicator proposed by CTT, which is accepted, it is deemed that an indicator that establishes that in parishes with residing population between 10 000 and 20 000 inhabitants, the concessionaire must ensure at least one postal establishment providing the full range of concessionary services, should be defined.

### **3.2.2. Density of letterboxes**

#### **CTT's (revised) proposal**

CTT proposes as criterion for distribution of letterboxes (*marcos do correio* and *caixas de correio*):

- The density of letterboxes (defined as the number of inhabitants per point of access to a letterbox, located in the public highway or in public access locations);
- Coverage of letterboxes (defined by the number of km<sup>2</sup> per point of access to a letterbox, located in the public highway or in public access locations).

Indicators proposed by CTT are as follows<sup>13</sup>:

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<sup>13</sup> In its initial proposal of January 2014, CTT had proposed only two indicators, concerning the area and the number of inhabitants served on average per letterbox, at national level. ICP-ANACOM took the view that this proposal did not correspond to the needs of users, as it did not guarantee access to the universal postal service, taking namely into account that the proposal failed to appropriately take into account the population distribution within the national territory, the urban or rural nature of covered areas and the distance between these points of access.



- At national level, the concessionaire must guarantee that the number of inhabitants per point of access to a letterbox is lower than or equal to 1 200 inhabitants.

According to CTT, by the end of 2013, each letterbox served on average 1 173 inhabitants;

- At national level, the concessionaire must guarantee that the number of km<sup>2</sup> covered per point of access to a letterbox is lower than or equal to 10.5 Km<sup>2</sup>.

According to CTT, by the end of 2013, each letterbox served on average an area of 10.2 Km<sup>2</sup>.

- Taking into account the urban or rural nature of covered areas, the concessionaire must ensure that the number of inhabitants per point of access to a letterbox is lower than or equal to:
  - a) Predominantly urban area: 1 900 inhabitants per letterbox;
  - b) Moderately urban area: 900 inhabitants per letterbox;
  - c) Predominantly rural area: 500 inhabitants per letterbox.

According to CTT, the situation by the end of 2013 was as follows:

- a) Predominantly urban area: 1 767 inhabitants per letterbox;
  - b) Moderately urban area: 881 inhabitants per letterbox;
  - c) Predominantly rural area: 492 inhabitants per letterbox.
- Taking into account the urban or rural nature of covered areas, the concessionaire must ensure that the number of km<sup>2</sup> covered per letterbox is lower than or equal to:
  - a) Predominantly urban area: 4.0 Km<sup>2</sup> per letterbox;
  - b) Moderately urban area: 10.5 Km<sup>2</sup> per letterbox;
  - c) Predominantly rural area: 20.5 Km<sup>2</sup> per letterbox.

According to CTT, the situation by the end of 2013 was as follows:

- a) Predominantly urban area: 3.7 Km<sup>2</sup> 1 per letterbox;
  - b) Moderately urban area: 10.1 Km<sup>2</sup> per letterbox;
  - c) Predominantly rural area: 20.2 Km<sup>2</sup> per letterbox.
- The concessionaire must ensure the existence of at least one letterbox per parish, and in this scope CTT propose the following timescale:

	2014		2015	
	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter
Percentage of parishes with at least one point of access	90.0%	92.5%	95.0%	100.0%

According to CTT, the value for this indicator by the end of 2013 was 86.6%.

Assumptions used by CTT for indicators on the density of letterboxes are as follows:

- a) For the definition of density and coverage of letterboxes, CTT uses data provided by INE for the country's residing population, from the 2011 Census, as well as the area of Portugal (in Km<sup>2</sup>) according to data from *Direção Geral do Território* (DGT - the Directorate General for the Territory, November 2013);
- b) Urban or rural nature of residing areas, according to the typology of urban areas defined by INE in 2009, adjusted according to the 2013 administrative reorganisation of parishes (2013 version of the Official Administrative Map of Portugal), considering for the whole territory of the new parish the typology assigned in 2009 to the current town hall;
- c) According to ICP-ANACOM's determination of 10.04.2014, objectives as far as letterboxes are concerned are defined at the level of the geographic points where equipment is located, that is, in locations where there is more than one piece of equipment, only one should be accounted for.

- d) CTT consider all types of equipment where items of correspondence are deposited in its postal network, that is, letterboxes for standard, priority and easy mail;
- e) In order to meet ICP-ANACOM's referred determination of 10.04.2014, CTT: a) do not consider letterboxes that present use restrictions for the general public; b) exclude letterboxes that are not accessible during a minimum period of hours every day. For the purpose of the quantification of indicators, only points of access operating for a 9-hour minimum daily period of time, between 8 am and 6 pm, are taken into consideration.

Alleging the increasingly reduced use of letterboxes for the deposit of correspondence and the increasing fall of postal traffic, observed, according to CTT, with a stronger focus as regards sealed mail, which is the type of mail most deposited in these letterboxes, CTT refer that the density and coverage of letterboxes is not proposed to be significantly changed and that access of the population to this type of equipment will be substantially widened, though the existence of at least one letterbox in each parish.

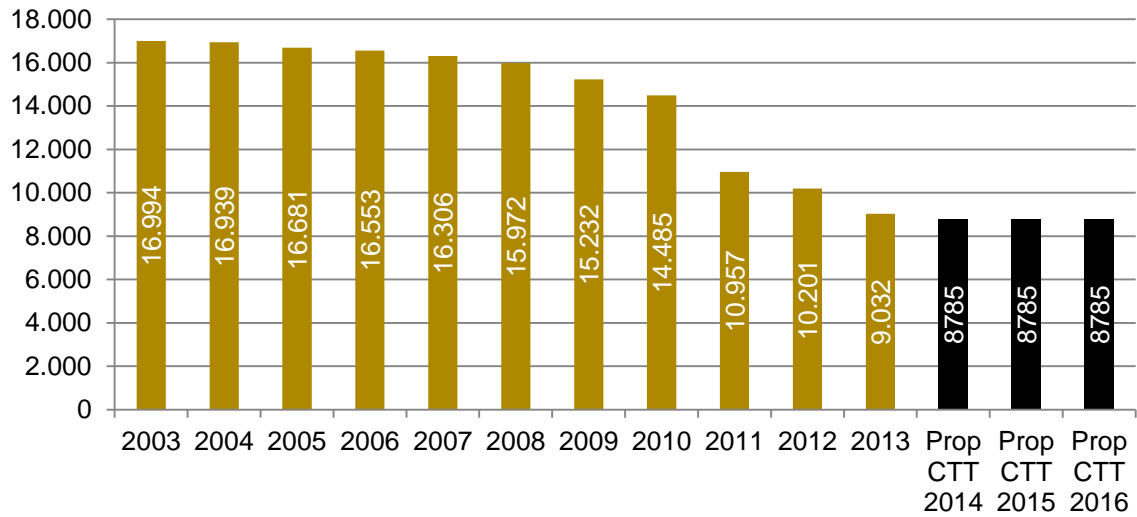
### **Analysis and understanding of ICP-ANACOM**

CTT proposes that, at national level, the number of inhabitants per letterbox is lower than or equal to 1 200 inhabitants.

By the end of 2013, the value for this indicator was 1 173 inhabitants per letterbox.

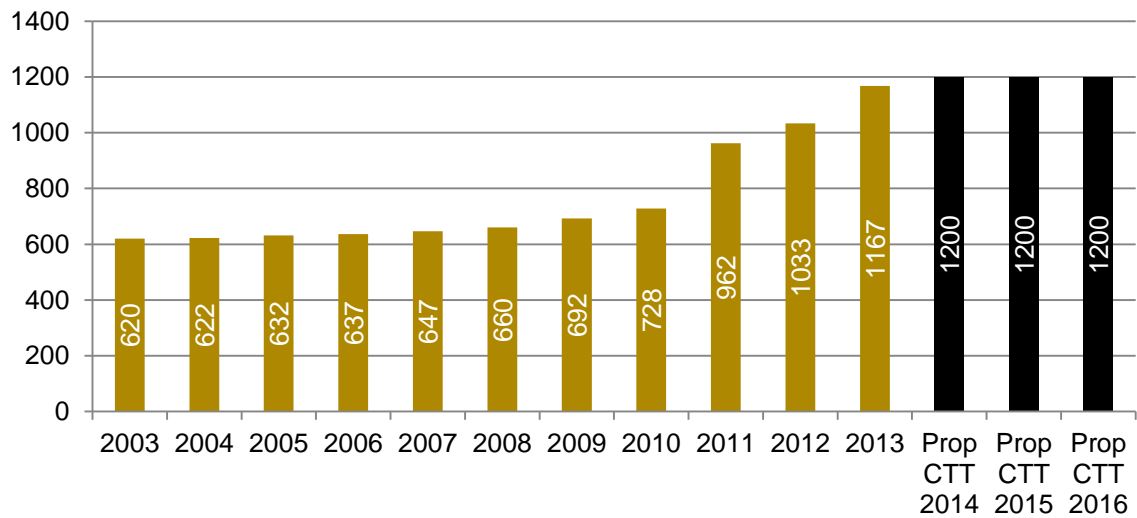
Compared to the situation verified by the end of 2013, CTT's proposal allows, within a three-year period of time, an accumulated reduction of the number of letterboxes of 2.7%, corresponding to a maximum total reduction of 247 letterboxes. That is, it follows from the indicator proposed by CTT that in the course of the three-year period during which objectives are to be in force, there must be at least 8 785 geographic points of access to letterboxes - vide Figures 7 and 8.

**Figure 7 - Evolution in the number of letterboxes (geographic points)**



Source: ICP-ANACOM and CTT proposal.

**Figure 8 - Evolution of the population, per letterbox**



Source: ICP-ANACOM and CTT proposal.

CTT also propose that, at national level, the number of km<sup>2</sup> covered per letterbox is lower than or equal to 10.5 Km<sup>2</sup>.

By the end of 2013, the value for this indicator was 10.2 Km<sup>2</sup>.

The objective level proposed by CTT for the indicator on the number of inhabitants per letterbox (1 200 inhabitants per letterbox) corresponds to the objective level proposed for the indicator on the average area covered by letterboxes (10.5 Km<sup>2</sup> per letterbox).

As such, it is deemed that the definition of only one of these indicators is sufficient, being adopted, like in the case of postal establishments, the indicator on inhabitants per letterbox.

Taking into account a concern showed by ICP-ANACOM in determination of 10.04.2014, CTT proposes a new indicator that bears in mind parishes where letterboxes are located. On the basis of a situation, by the end of 2013, according to which letterboxes exist in only 86.6% of parishes, CTT propose to progressively install letterboxes in all parishes, an objective which is to be fully achieved in the second quarter of 2015.

It is considered that this objective will contribute positively for a better access and quality in the provision of concessionary services.

CTT also propose new indicators, described above, that take into account the urban or rural nature of areas where letterboxes are installed, thus meeting positively another concern expressed by this Authority in the referred determination of April 2014.

It is deemed, in analogy with the view expressed on indicators on postal establishments, as well as to one of the indicators concerning letterboxes, that the definition, for the same reality, of indicators according to the residing population is sufficient, as it would be redundant to define also indicators according to the area.

Focussing now on objective values proposed by CTT for the various indicators on letterboxes:

- a) It is deemed that the progression proposed by CTT for the percentage of parishes where letterboxes are installed is appropriate (90% by the 3<sup>rd</sup> quarter of 2014; 92.5% by the 4<sup>th</sup> quarter of 2014; 95.0% by the 1<sup>st</sup> quarter of 2015; 100% by the 2<sup>nd</sup> quarter of 2015).

Given that objectives take effect as from 01.10.2014 (vide chapter 3.1), the progression must be as follows:

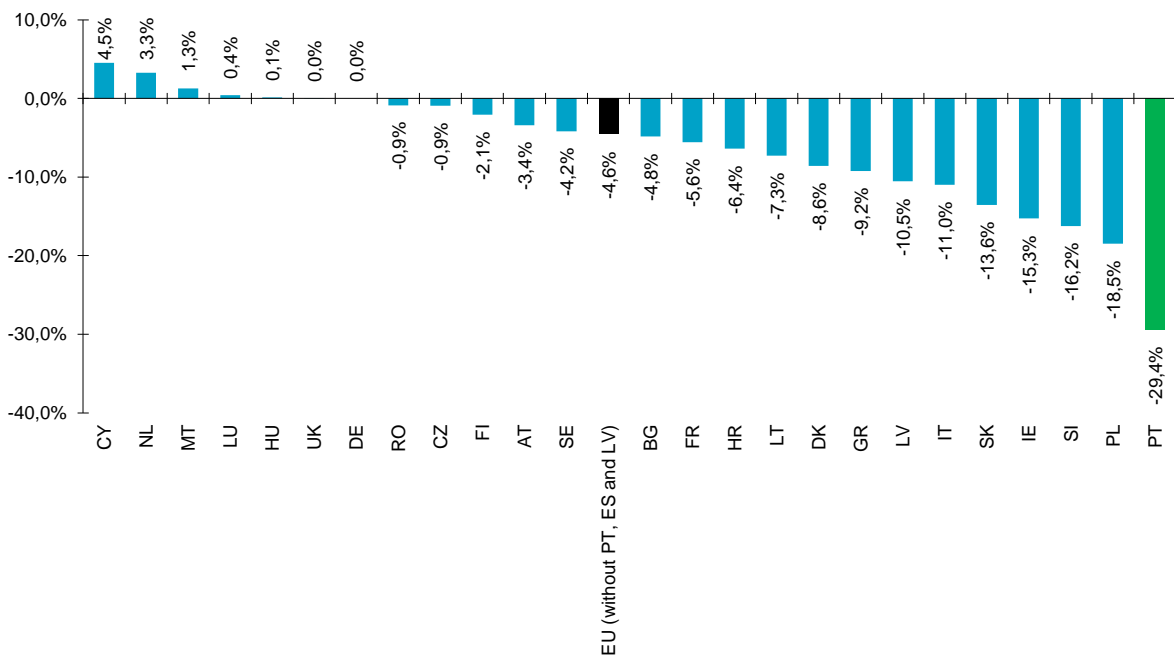
- 92.5% by the 4<sup>th</sup> quarter of 2014;

- 95.0% by the 1<sup>st</sup> quarter of 2015;
- 100% by the 2<sup>nd</sup> quarter of 2015, inclusive.

b) ICP-ANACOM disagrees with values proposed for remaining indicators, which in all situations represent a deterioration compared to the value verified for the end of 2013, as this Authority considers that CTT's proposal does not correspond to the needs of users.

In fact, as Figures 7 to 9 demonstrate, CTT have been significantly reducing the pool of letterboxes (-29.4% between 2010 and 2012 and -40.7% between 2009 and 2013<sup>14</sup>), being one of the cases at European level that have most reduced the pool of these equipment, Portugal comparing unfavourably with the European Union average (vide Figures 10 and 11).

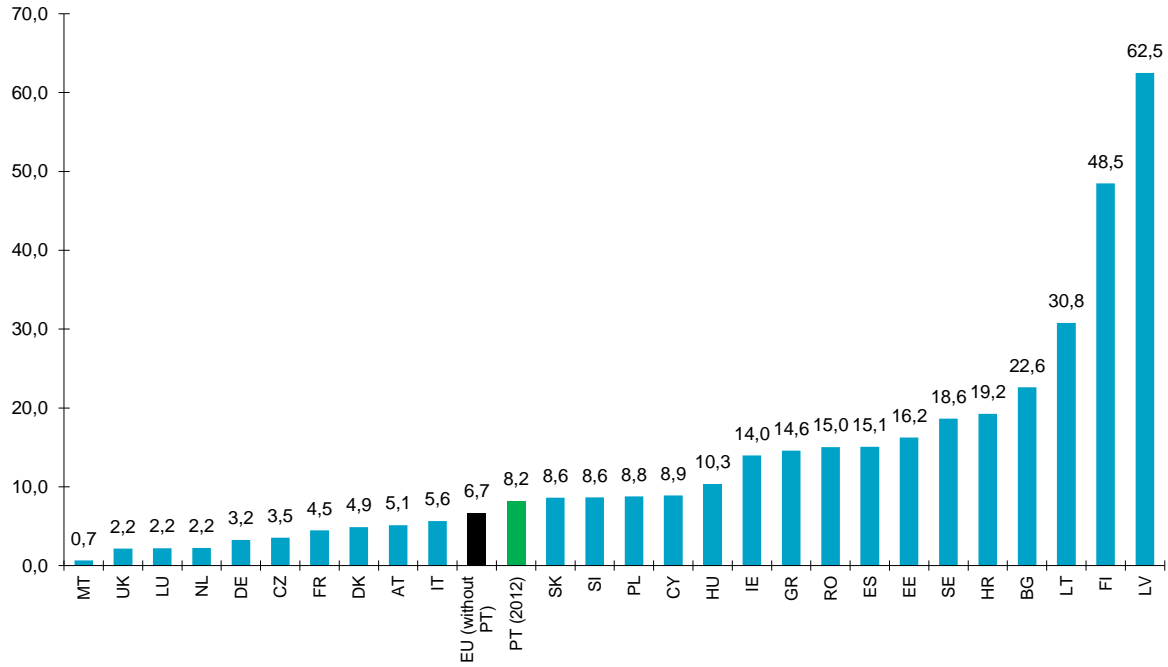
**Figure 9 - Evolution in the number of letterboxes between 2010 e 2012**



Source: UPU.

<sup>14</sup> Source UPU and ICP-ANACOM. The 2009-2013 variation is not shown in this Figure.

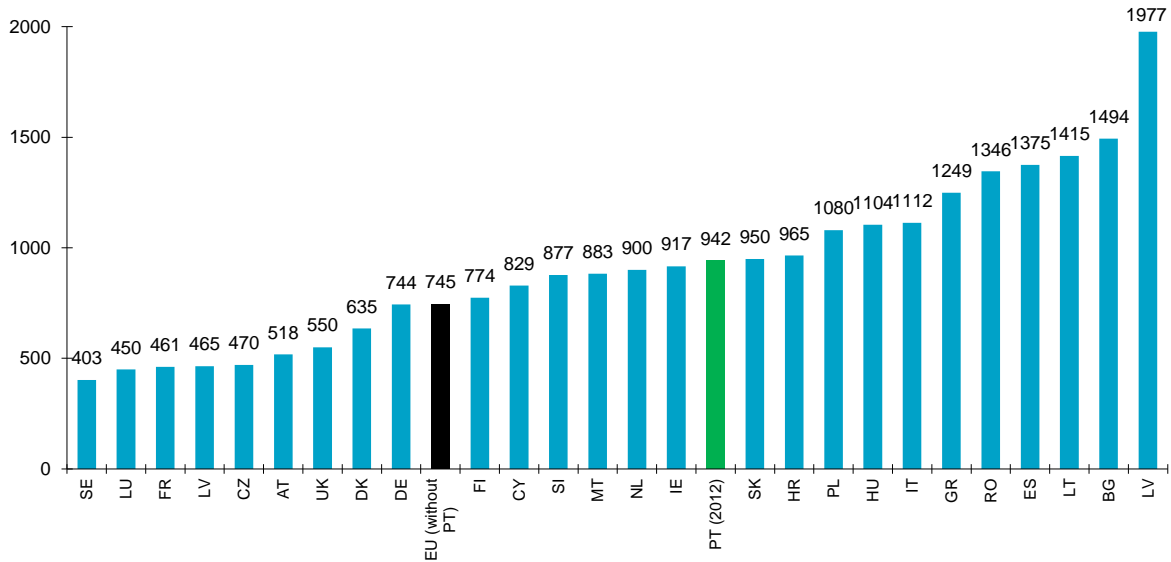
**Figure 10 - Evolution of the territory area served, on average, per letterbox (2012)**



Source: UPU.

Note: calculations are made on the basis of the total number of letterboxes, including letterboxes with limited access, and not of the number of geographic points, where several letterboxes in the same location account to only one.

**Figure 11 – Number of inhabitants per letterbox (2012)**



Source: UPU.

Note: calculations made on the basis of the total number of letterboxes, including limited access letterboxes, and not of the number of geographic points, where various letterboxes in the same location account to only one letterbox.

Without prejudice to the fall of postal service traffic, in particular of correspondence traffic, ICP-ANACOM takes the view that, in order to ensure the existence, availability, access and quality in the provision of the universal service, the number of geographic points where letterboxes are located must increase, which justifies an improvement compared to the current situation which is 1 173 inhabitants per letterbox.

c) In this context:

a. At national level, the number of inhabitants per point of access to a letterbox must be lower than or equal to 1 100 inhabitants (and not lower than or equal to 1 200 as CTT propose), which corresponds to at least 9 602 points of access to letterboxes, that is, an increase by around 600 points of access compared to the situation by the end of 2013.

It should be referred that CTT's proposal already entailed the creation of around 415 new points of access to letterboxes, corresponding to the number of parishes where no letterbox had been installed by the end of 2013.



The objective defined by ICP-ANACOM implies the creation of around 185 additional points of access and the maintenance of the ones that existed by the end of 2013.

Given that the objective now proposed requires, as referred above, the need for additional letterboxes, compared to the current situation, a staged implementation for this indicator is deemed to be appropriate, as in the case of the indicator concerning at least one letterbox in all parishes, being adopted a similar timescale.

As such, the following timescale is deemed to be appropriate:

- 1 160 inhabitants per point of access by the 4<sup>th</sup> quarter of 2014;
  - 1 140 inhabitants per point of access by the 1<sup>st</sup> quarter of 2015;
  - 1 110 inhabitants per point of access by the 2<sup>nd</sup> quarter of 2015.
- b. As regards CTT's proposal on the density of point of access to letterboxes in predominantly urban areas, moderately urban areas and predominantly rural areas, ICP-ANACOM takes the view that the situation verified by the end of 2013 should be maintained, CTT thus being granted some flexibility in the respective distribution, thus objectives are as follows:
- Predominantly urban area: 1 767 inhabitants per letterbox;
  - Moderately urban area: 881 inhabitants per letterbox;
  - Predominantly rural area: 492 inhabitants per letterbox.

Proposed objective values take already into consideration that, in rural areas, postmen also perform itinerant customer services (vide chapter 3.2.1).

### 3.2.3. Indicators on minimum services provided

#### CTT's (revised) proposal

CTT proposes the following set of indicators as regards objectives on minimum services provided:

- The concessionaire must ensure, at national and international level, the provision of postal services covered by the universal postal service, with the respective standards of service defined under Law No. 17/2012, of 26 April;
- The concessionaire must also ensure the provision of: (i) a delivery service for the blind, (ii) a service for the issue and payment of postal orders, and (iii) the issue and sale of stamps, stamped postcards, and other stamped forms bearing the word "Portugal";
- the provision of postal services covered by the universal postal service must be guaranteed at postal establishments taking into account the level of demand of services, client segments and conditions and physical assets of the referred establishments;
- The provision of the full range of concessionary services must be ensured at least by one postal establishment per municipality.

According to CTT, the situation of this indicator by the end of 2013 was 100%.

- The percentage of postal establishments that provide the full range of concessionary services aimed for the occasional segment<sup>15</sup>, in the total of postal establishments, must be at least 75%.

According to CTT, the situation of this indicator by the end of 2013 was 75%.

- The maximum distance to be guaranteed by the concessionaire to a point of access providing the full range of concessionary services intended for the occasional segment, must be<sup>16</sup>:

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<sup>15</sup> Includes: standard mail, priority mail, easy mail, registered mail, insured mail, books and parcels, postal orders (issue and payment) and collections.

- a) At national level: 8 500 meters for 97.5% of the population;
- b) At the level of urban areas<sup>17</sup>: 5 500 meters for 97.5% of the population;
- c) At the level of rural areas: 15 500 meters for 97.5% of the population.

According to CTT, the situation by the end of 2013 was:

- a) At national level: 8 500 meters for 97.6% of the population;
  - b) At the level of urban areas : 5 500 meters for 97.7% of the population;
  - c) At the level of rural areas: 15 500 meters for 97.4% of the population.
- Postmen that do rural rounds, in addition to the distribution task, also perform itinerant customer services, which include, specifically: sale of stamps and prepaid envelopes; acceptance of non-registered and registered mail and home payment of postal orders.

Although the provision of this range of services is possible in areas of scattered population, the maximum distance to be ensured by the concessionaire to a point of access providing the full range of concessionary services intended for the occasional segment must be at the most 30 000 meters, for the whole of the population<sup>18</sup>.

According to CTT, the situation of this indicator by the end of 2013 was 30 700 meters;

- The percentage of postal establishments providing the service of judicial documents by post compared to all establishments must be at least 50%.

According to CTT, the situation of this indicator by the end of 2013 was 50.5%;

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<sup>16</sup> Indicator which has been already analysed, in the scope of the assessment of density objectives for postal establishments.

<sup>17</sup> Predominantly and moderately urban areas.

<sup>18</sup> Indicator which has been already analysed, in the scope of the assessment of density objectives for postal establishments.

- The definition of working hours of postal establishments is incumbent on the concessionaire, on the basis of levels of demand and the guarantee of access to services.
- Depending on the existence of limited working hours in some post offices operating in small villages, where no alternative location for operation exists, the application of short working hours is admitted.

In this respect, the following measures are defined:

- a) The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 1.5% of all postal establishments.

According to CTT, the situation of this indicator by the end of 2013 was 1.6%;

- b) The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 20% of postal establishments in each municipality.

According to CTT, the situation of this indicator by the end of 2013 was around 11.1% and 30.0%.

Meanwhile, in the scope of the already mentioned prior hearing of CTT, concerning ICP-ANACOM's DD of 26.06.2014 on this matter, CTT, having found that shorter working hours were applied in smaller municipalities, thus with a lower number of postal establishments, in general four postal establishments, reached the conclusion that the proposed 20% limit would not allow the existence of any post office with shorter working hours, and thus propose that this value is revised to 25%, suggesting the adoption of one of the two following alternative versions for the indicator:

- “The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 25% of postal establishments in each municipality.”; or
- “The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 20% of postal

establishments in each municipality or 25% of postal establishments in the case of municipalities with less than 5 postal establishments.”

- The concessionaire must adopt measures that ensure the ease of use of the service by users with special needs, namely by adapting structures where that service is provided so as to ensure an easy access, in compliance with technical standards on accessibility of urban buildings laid down in a specific statutory instrument (Decree-Law No. 163/2006, of 8 August).

Assumptions used by CTT for indicators on minimum service offers are as follows:

- a) Only postal establishments to which the general public has access are taken into consideration, being thus excluded those that provide access only to contractual clients or companies;
- b) The quantification of indicators on the maximum distance travelled by the population to access a full range of concessionary services intended for the occasional segment takes into consideration the same assumptions as those used to calculate these indicators in the scope of postal establishment density;
- c) For the definition of density and coverage of letterboxes, CTT use data provided by INE for the country's residing population, from the 2011 Census, as well as the area of Portugal (in Km<sup>2</sup>) according to data from Direção Geral do Território (DGT - the Directorate General for the Territory, November 2013).

### **Analysis and understanding of ICP-ANACOM**

Indicators proposed by CTT that define objectives on the distance of the population to postal establishments providing a full range of concessionary services, intended for the occasional segment, were analysed in the scope of indicators on objectives on postal network density, reference being made to the analysis and understanding laid down therein.

As far as other indicators are concerned, changes made by CTT to some of the indicators and new indicators proposed generally meet concerns expressed by ICP-ANACOM in its determination of 10.04.2014.

Without prejudice, an analysis and understanding on each of the indicators is presented below.

	<b>Objective proposed by CTT</b>	<b>ICP-ANACOM understanding</b>
1	The concessionaire must ensure, at national and international level, the provision of postal services covered by the universal postal service, with the respective standards of service defined under Law No. 17/2012, of 26 April.	Although this appears in CTT's initial proposal, given the high number of indicators to be defined and taking into account that the proposed indicator is not a true indicator, as it results from obligations and rights set out in the law, it is deemed <b>not to be accepted</b> .
2	The concessionaire must also ensure the provision of: (i) a delivery service for the blind, (ii) a service for the issue and payment of postal orders, and (iii) the issue and sale of stamps, stamped postcards, and other stamped forms bearing the word "Portugal".	Although this appears in CTT's initial proposal, given the high number of indicators to be defined, it is deemed that only the part resulting from obligations and rights set out in the law <b>is not accepted</b> .  In the alternative, <u>the following indicator is defined</u> :  "The concessionaire must ensure the provision of a delivery service for the blind".
3	The provision of services that integrate the universal service must be ensured at postal establishments taking into account the level of demand for services, customer segments and physical conditions and availability of referred establishments.	<b>Not accepted</b> , although this appears in CTT's initial proposal, given that other indicators proposed to be defined already set out minimum conditions for provision of concessionary services.
4	The provision of a full range of concessionary services must be ensured by at least one postal establishment in each municipality.	<b>Accepted</b> .  Already appeared in CTT's initial proposal. Does not raise any reservations.

5	<p>The percentage of postal establishments providing a full range of concessionary services aimed for the occasional segment<sup>19</sup>, in the total of postal establishments, must be at least 75%.</p>	<p><b>Accepted.</b></p> <p>Already appeared in CTT's initial proposal. Does not raise any reservations.</p>
6	<p>The maximum distance to be guaranteed by the concessionaire to a point of access providing a full range of concessionary services intended for the occasional segment, must be :</p> <ul style="list-style-type: none"> <li>a) At national level: 8 500 meters for 97.5% of the population;</li> <li>b) At the level of urban areas : 5 500 meters for 97.5% of the population;</li> <li>c) At the level of rural areas: 15 500 meters for 97.5% of the population.</li> </ul>	<p><b>Accepted.</b></p> <p><i>Vide</i> analysis in chapter 3.2.1.</p>
7	<p>Postmen that do rural rounds, in addition to the distribution task, also perform itinerant customer services, which include, specifically: sale of stamps and prepaid envelopes; acceptance of non-registered and registered mail and home payment of postal orders.</p> <p>Although the provision of this range of services is possible in areas of scattered population, the maximum distance to be ensured by the concessionaire to a point of access providing a full range of concessionary services intended for the occasional segment must be at the most 30 000 meters, for the whole of the population.</p>	<p><b>Accepted, additional indicator required</b> for the provision of services by postmen.</p> <p><i>Vide</i> analysis in chapter 3.2.1.</p>

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<sup>19</sup> Includes: standard mail, priority mail, easy mail, registered mail, insured mail, books and parcels, postal orders (issue and payment) and collections.

8	<p>The percentage of PE providing the service of judicial documents by post compared to all establishments must be at least 50%.</p>	<p><b>Accepted.</b></p> <p>New indicator proposed by CTT that meets concerns expressed by ICP-ANACOM in its determination of 10.04.2014.</p>
9	<p>The definition of the working hours of postal establishments is incumbent on the concessionaire, on the basis of levels of demand and the guarantee of access to services.</p>	<p><b>Not accepted.</b></p> <p>It is taken into account that the proposed indicator is not a true indicator, as it results from obligations and rights set out in the law.</p>
10	<p>Depending on the existence of limited working hours in some post offices operating in small villages, where no alternative location for operation exists, the application of short working hours is admitted.</p> <p>In this respect, the following indicator is defined:</p> <p>a) The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 1.5% of all postal establishments.</p> <p>b) The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 20% of postal establishments in each municipality.</p> <p>Meanwhile, as referred above, in the scope of the prior hearing of CTT, concerning ICP-ANACOM's DD of 26.06.2014, CTT suggested the amendment of the indicator</p>	<p><b>CTT's former proposal is accepted.</b></p> <p>Indicator a) already appeared in CTT's initial proposal, dated January 2014, and now presents a more ambitious objective value.</p> <p>Indicator b) is new, compared to CTT's proposal of January 2014. ICP-ANACOM, in its DD of 26.06.2014, decided to accept it as it meets concerns expressed by ICP-ANACOM in its determination of 10.04.2014, namely the concern that aimed to ensure that postal establishments with short working hours were not concentrated in one or some zones of the country, so as to avoid that in that area or areas, the access to postal services occurred in very brief periods over the week.</p> <p>Taking into account that:</p> <ul style="list-style-type: none"> <li>- The amendment now proposed by CTT for indicator b), in any of its variations, is likely to hinder the referred concern expressed by ICP-ANACOM in its determination of 10.04.2014, namely in municipalities</li> </ul>



	<p>referred in point b), proposing the adoption of one of the following two versions of indicator b):</p> <p>“b) The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 25% of postal establishments in each municipality.”</p> <p>or</p> <p>“b) The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 20% of postal establishments in each municipality or 25% of postal establishments in the case of municipalities with less than 5 postal establishments.”</p>	<p>with low population density and large territorial extension, making population access to services difficult;</p> <ul style="list-style-type: none"> <li>- ICP-ANACOM finds no substantial grounds for amending the terms of the DD,</li> </ul> <p>ICP-ANACOM takes the view that none of the alternatives proposed in the scope of the prior hearing is to be accepted, thus the DD version is to be maintained:</p> <p>“The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 20% of postal establishments in each municipality.”</p>
11	<p>The concessionaire must adopt measures that ensure the ease of use of the service by users with special needs, namely by adapting structures where that service is provided so as to ensure an easy access, in compliance with technical standards on accessibility of urban buildings laid down in a specific statutory instrument (Decree-Law No. 163/2006, of 8 August).</p>	<p>Although this appears in CTT’s initial proposal, given the high number of indicators to be defined and taking into account that the proposed indicator is not a true indicator, as it results from obligations and rights set out in the law, it is deemed that it is <b>not accepted</b>.</p>

### 3.3. Reporting to ICP-ANACOM

ICP-ANACOM determined also that CTT must present a proposal as regards the regular reporting to ICP-ANACOM of values verified for objectives that are defined, in addition to specific information on postal establishments and other points of access (such as letterboxes) operating by the end of each reporting period, including alterations occurred between each reporting period and the respective grounds, identifying, for example:

- For each postal establishment: type (station, office, etc.), designation, address, district, municipality, parish, geographic coordinates, services provided, working hours;
- For each letterbox: type, address, district, municipality, parish of location, geographic coordinates, time of last collection.

### **CTT's proposal:**

CTT propose to present quarterly reports on values verified for objectives that are defined, including specific information on postal establishments and letterboxes operating by the end of each reporting period, including alterations occurred between each reporting period and the respective grounds.

For each postal establishment, the type, designation, address, district, municipality, parish, geographic coordinates, services provided and working hours shall be identified.

For each letterbox, the type, address, district, municipality, parish of location and time of last collection shall be identified.

According to CTT, it is not possible to indicate coordinates for letterboxes, given that these pieces of equipment are still not geo-referenced.

CTT propose to send quarterly reports to ICP-ANACOM by the 15<sup>th</sup> day of the 2<sup>nd</sup> month following the end of the (civil) quarter.

### **Analysis and understanding of ICP-ANACOM**

ICP-ANACOM agrees with the reporting proposal presented by CTT.

As regards information on geographic coordinates concerning the location of each letterbox, it must be included in the report as letterboxes are geo-referenced.

The report must further include an unambiguous code associated to each postal establishment and each letterbox.

On the other hand, CTT are required to identify, where appropriate, the information deemed to be confidential, together with the reasons therefor.

#### **4. DISSEMINATION OF INFORMATION ON POSTAL ESTABLISHMENTS**

CTT currently disseminates information on its post stations on its website.

CTT is required to publish in an appropriate form, namely on its website, and to regularly supply users with information on general conditions of access to and use of services provided [under paragraph 1 f) of base VIII of the Concession].

ICP-ANACOM acknowledges that, in the case of post offices, changes on working hours may not depend exclusively on CTT.

Nevertheless, ICP-ANACOM considers that the dissemination by CTT, on its website, of information not only on post stations, but also on post offices, contributes towards better information for users and also for increased access thereof to postal services, in particular to services that integrate the universal service and other concessionary services. ICP-ANACOM thus takes the view that CTT must disseminate on its website and keep up to date information on all operating postal establishments (post stations and post offices), namely information on their location, working hours and services provided.

#### **5. DETERMINATION**

Taking into account:

- The proposal for objectives concerning the density of the postal network and minimum services provided, presented by CTT on 29.05.2014, under paragraph 5 of base XV of the Universal Postal Service Concession;
- The analysis of the referred proposal undertaken in the preceding chapters;
- That by determination of 26.06.2014, ICP-ANACOM's Management Board approved a Draft Decision on the referred objectives concerning the density of the postal network and minimum services provided (DD), notified by CTT on 29.05.2014 under

paragraph 5 of base XV of the Bases of Concession, which was submitted to the prior hearing of CTT (pursuant to paragraph 6 of base XV of the Concession and articles 100 and 101 of the Administrative Procedure Code) and to the consultation of users (under the referred paragraph 6 of base XV of the Concession);

- Contributions received in the scope of the referred prior hearing of CTT and consultation of users, the analysis of which is laid down in the “Report of the prior hearing of CTT and consultation of users on the Draft Decision on the objectives concerning the density of the postal network and minimum services provided, presented by CTT under paragraph 5 of Base XV of the universal postal service concession”, **which the Management Board hereby approves together with this determination, of which it is deemed to be an integral part,**

the Management Board of ICP-ANACOM, in the exercise of powers conferred under paragraph 1 b), d), h) and n) of article 6 and article 26 b), all of its Statutes, approved by Decree-Law No. 309/2001, of 7 December, as well as under paragraph 1 of article 8 of 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, to fulfil and comply with objectives and principles established in paragraph 2 a), b) and d) of article 2 of the referred Law and under paragraph 6 of base XV of the Bases of Concession of the Universal Postal Service, approved by Decree-Law No. 448/99, of 4 November, republished in annex to Decree-Law No. 160/2013, of 19 November, **hereby determines:**

1. That objectives and rules on the density of the postal network and minimum services provided, presented by CTT on 29.05.2014, pursuant to and for the purpose of paragraph 5 of base XV of the Bases of Concession, still fail to meet user needs under the current legal framework.
2. To set objectives and rules on the density of the postal network and minimum services provided, as described in the **annex** hereto.
3. That CTT must disseminate on its website, within 2 months, and keep up to date information on all operating postal establishments (post stations and post offices), namely information on the respective location, working hours and services provided.

4. To submit point 3 hereof to the prior hearing of CTT and of users, a period of 15 working days being granted for interested parties to comment in writing, if they wish to.

## **ANNEX - Objectives on the density of the postal network and minimum services provided**

### **Objectives on the density of the postal network and minimum services provided (under Base XV of the Universal Postal Service Concession)**

#### **I. Scope**

1. This document defines:
  - a) Density objectives concerning postal establishments and other points of access to the postal network allocated to the concession;
  - b) Objectives and minimum services provided, including rules on minimum operating periods of postal establishments.
2. Objectives and rules referred to in the preceding paragraph are set for a three-year period, covers the period from 01.10.2014 to 30.09.2017, being guaranteed by the concessionaire (CTT – Correios de Portugal, S.A.) on each and every day they are in force.
3. Objectives and rules referred to in paragraph 1 may be revised prior to the expiry of each period, where required by the exceptional circumstances of the case. The request for revision may be lodged both by ICP-ANACOM and the concessionaire.
4. For the purpose of paragraph 1, the following definitions apply:
  - a) *Postal establishments*: locations where concessionary postal services are provided and where other services and products supplied by the concessionaire and by third parties may be purchased, namely post stations and post offices, whereby:
    - i. *Post stations* shall mean concessionaire establishments, also known as Lojas CTT (CTT stores), where concessionary postal services are provided and where other services and products may be supplied by the

concessionaire and by third parties, according to the concessionaire's objectives;

- ii. *Post offices* shall mean establishments of public or private bodies where, in parallel with other activities, concessionary postal services are provided, within the framework of a contract or other legal instrument concluded with the concessionaire.

b) Other points of access to the postal network, letterboxes, namely *marcos* and *caixas de correio*, whereby:

- i. *Marcos de correio* shall mean infrastructures made available to the public, located on the public highway, where users may deposit postal items with the postal network;
- ii. *Caixas de correio* shall mean infrastructures made available to the public, located on the public highway or in public access locations, where users may deposit postal items with the postal network.

## **II. Density of postal establishments**

Network density objectives on locations where concessionary services are provided are set at the level of postal establishments.

The criteria for the distribution of postal establishments include:

- a) Density of postal establishments, defined as the number of inhabitants per postal establishments;
- b) Maximum distance for access to the service, expressed in meters travelled by the residing population to reach the nearest postal establishment.

1. At national level, the concessionaire must guarantee that the average number of inhabitants per postal establishment is lower than or equal to 4 600 inhabitants.

2. At national level, the concessionaire must guarantee a postal establishment within the maximum distance of 6 000 meters from the place of residence for 95% of the population.
3. At the level of urban areas, which include predominantly and moderately urban areas<sup>20</sup>, the concessionaire must guarantee a postal establishment within the maximum distance of 4 000 meters from the place of residence for 95% of the population.
4. At the level of rural areas, which include predominantly rural areas<sup>21</sup>, the concessionaire must guarantee a point of access within the maximum distance of 11 000 meters from the place of residence for 95% of the population.
5. in parishes with more than 20 000 inhabitants, the concessionaire must ensure at least one postal establishment providing the full range of concessionary services and an additional postal establishment, providing the same range of services, for each additional 20 000 inhabitants.
6. in parishes where the number of inhabitants exceeds 10 000 and is lower than or equal 20 000 inhabitants, the concessionaire must ensure at least one postal establishment providing the full range of concessionary services.

Methodological notes:

- a) Only postal establishments to which the general public has access are taken into consideration, being excluded those that provide access only to contractual clients or companies;
- b) The quantification of indicator 1 is based on data provided by INE for the country's residing population, from the 2011 Census;
- c) Quantification of indicators 2, 3 and 4:

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<sup>20</sup> According to the typology of urban areas defined by INE (Determination No 2717/2009, DR 188, II Series of 28.09.2009 – 8<sup>th</sup> (2008), taken by the *Secção Permanente de Coordenação Estatística* on the typology of urban areas), adjusted according to the 2013 administrative reorganisation of parishes, considering for the whole territory of the new parish the typology assigned in 2009 to the current town hall.

<sup>21</sup> Idem.



- i. Take account of the distribution of the population at national level, the urban or rural nature of residing areas, according to the typology of urban areas defined by INE (the National Statistics Institute) in 2009, adjusted according to the 2013 administrative reorganisation of parishes (2013 version of the Official Administrative Map of Portugal), considering for the whole territory of the new parish the typology assigned in 2009 to the current town hall;
  - ii. The location of residing population is based on data from the 2011 general population census, at statistical subsection level;
  - iii. Do not take into consideration: mobile postal establishments; the post office located in the Selvagens Islands (Autonomous Region of Madeira);
  - iv. The calculation of influence areas of postal establishments does not take account of roads for authorities, traffic directions and toll roads.
  - v. In the calculation of the population that is at a specific maximum distance from a postal establishment, consideration is taken of statistical subsection population the centroid of which is within the referred maximum distance. As such, in case only a part of a specific statistical subsection is within the referred maximum distance, where the centroid of that subsection is within that maximum distance, it is deemed that all the subsection, as well as the population residing therein, is within the referred maximum distance. On the contrary, where the centroid of that subsection is at a greater distance, it is deemed that all the subsection, as well as the population residing therein, is at a greater distance.
- d) Without prejudice to the reporting by CTT of values of indicators, under chapter V, the calculation of indicators 2, 3 and 4 shall be undertaken by ICP-ANACOM, using, for the definition of areas of influence for each postal establishment, the database of the Tom Tom road network for each year, which is updated annually, this calculation being relevant for the monitoring of compliance with objectives set out.
- e) For the purpose of the monitoring of compliance with indicators on percentages, the value achieved by CTT shall be rounded to the decimal place. For other indicators, the value achieved shall be rounded to the whole number.

### III. Density of letterboxes

Network density objectives as far as this equipment is concerned are defined at the level of the geographic points where letterboxes are located, that is, in locations where more than one piece of equipment exists, only one should be accounted for.

The criterion for distribution of letterboxes (*marcos do correio* and *caixas de correio*) is the density of letterboxes, defined as the number of inhabitants per point of access to a letterbox, located in the public highway or in public access locations.

1. At national level, the concessionaire must guarantee that the number of inhabitants per geographic point of access to a letterbox is lower than or equal to:

<b>By the 4<sup>th</sup> quarter 2014</b>	<b>By the 1<sup>st</sup> quarter 2015</b>	<b>By the 2<sup>nd</sup> quarter 2015 and subsequently</b>
1 160	1 140	1 100

2. Taking into account the urban or rural nature of covered areas, the concessionaire must ensure that the number of inhabitants per point of access to a letterbox is lower than or equal to:

- a) Predominantly urban area: 1 767 inhabitants per letterbox;
- b) Moderately urban area: 881 inhabitants per letterbox;
- c) Predominantly rural area: 492 inhabitants per letterbox.

3. At national level, the percentage of parishes with at least one letterbox shall be:

<b>By the 4<sup>th</sup> quarter 2014</b>	<b>By the 1<sup>st</sup> quarter 2015</b>	<b>By the 2<sup>nd</sup> quarter 2015 and subsequently</b>
92.5%	95.0%	100%

Methodological notes:

- a) Letterboxes that present use restrictions for the general public are not taken into consideration.
- b) Letterboxes that are not accessible during a minimum period of hours every day are excluded. For the purpose of the quantification of indicators, only points of access operating for a 9-hour minimum daily period of time, between 8 am and 6 pm, are taken into consideration.
- c) Quantification of indicators 1 and 2 are based on data provided by INE for the country's residing population, from the 2011 Census;
- d) The quantification of indicator 2 takes into consideration the typology of urban areas defined by INE in 2009, adjusted according to the 2013 administrative reorganisation of parishes (2013 version of the Official Administrative Map of Portugal), considering for the whole territory of the new parish the typology assigned in 2009 to the current town hall.
- e) For the purpose of the monitoring of compliance with indicators on percentages, the value achieved by CTT shall be rounded to the decimal place. For other indicators, the value achieved shall be rounded to the whole number.

#### **IV. Indicators on minimum services provided**

1. The concessionaire must ensure the provision of a delivery service for the blind.
2. The provision of the full range of concessionary services must be ensured at least by one postal establishment per municipality.
3. The percentage of postal establishments that provide the full range of concessionary services intended for the occasional segment, in the total of postal establishments, must be at least 75%.

For this purpose, *postal establishments that provide the full range of concessionary services intended for the occasional segment* shall mean postal establishments providing the basket of services more usually used by the occasional segment of users, which includes the following services: standard mail, priority mail, easy mail, registered

mail, insured mail, books and parcels, postal orders (issue and payment) and collections.

4. The maximum distance to a postal establishment providing the full range of concessionary services intended for the occasional segment shall be:
  - a) At national level: 8 500 meters for 97.5% of the population;
  - b) At the level of urban areas<sup>22</sup>: 5 500 meters for 97.5% of the population;
  - c) At the level of rural areas: 15 500 meters for 97.5% of the population.
5. The maximum distance to a postal establishment providing the full range of concessionary services intended for the occasional segment must be at the most 30 000 meters, for the whole of the population.
6. In rural areas, for population residing at a distance exceeding 10 000 meters to the nearest postal establishment, postmen shall also perform itinerant customer service operations, which specifically include sale of stamps and prepaid envelopes, acceptance of non-registered mail, acceptance of registered mail, home payment of postal orders.
7. The percentage of postal establishments providing the service of judicial documents by post compared to all establishments must be at least 50%.
8. Depending on the existence of limited working hours in some post offices operating in small villages, where no alternative location for operation exists, the application of short working hours is admitted. In this respect, the following measures are defined:
  - a) The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 1.5% of all postal establishments;
  - b) The number of postal establishments opened to the public less than 5 days and/or 15 hours per week must not exceed 20% of postal establishments in each municipality.

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<sup>22</sup> Predominantly urban area and moderately urban area.

Methodological notes:

- a) Only postal establishments to which the general public has access are taken into consideration, being excluded those that provide access only to contractual clients or companies.
- b) Quantification of indicators 4, 5 and 6:
  - i. Take account of the distribution of the population at national level, the urban or rural nature of residing areas, according to the typology of urban areas defined by INE (the National Statistics Institute) in 2009, adjusted according to the 2013 administrative reorganisation of parishes (2013 version of the Official Administrative Map of Portugal), considering for the whole territory of the new parish the typology assigned in 2009 to the current town hall;
  - ii. The location of residing population is based on data from the 2011 general population census, at statistical subsection level;
  - iii. Do not take into consideration: mobile postal establishments; the post office located in the Selvagens Islands (Autonomous Region of Madeira);
  - iv. The calculation of influence areas of postal establishments does not take account of roads for authorities, traffic directions and toll roads;
  - v. In the calculation of the population that is at a specific maximum distance from a postal establishment, consideration is taken of the statistical subsection population the centroid of which is within the referred maximum distance. As such, in case only a part of a specific statistical subsection is within the referred maximum distance, where the centroid of that subsection is within that maximum distance, it is deemed that all the subsection, as well as the population residing therein, is within the referred maximum distance. On the contrary, where the centroid of that subsection is at a greater distance, it is deemed that all the subsection, as well as the population residing therein, is at a greater distance;
- c) Without prejudice to the reporting by CTT of values of indicators, under chapter V, the calculation of indicators 4 and 5 shall be undertaken by ICP-ANACOM, using, for the definition of areas of influence for each postal establishment, the database of the Tom

Tom road network for each year, which is updated annually, this calculation being relevant for the monitoring of compliance with objectives set out.

- d) For the purpose of the monitoring of compliance with indicators on percentages, the value achieved by CTT shall be rounded to the decimal place. For other indicators, the value achieved shall be rounded to the whole number.

## **V. Reporting to ICP-ANACOM**

The concessionaire shall send to ICP-ANACOM, by the 15<sup>th</sup> day of the 2<sup>nd</sup> month following the end of the (civil) quarter concerned, the following information:

- a) Information on performance levels (values achieved) for each indicator defined;
- b) Information on postal establishments and letterboxes operating by the end of each reporting period.

b.1) For each postal establishment, the following information shall be supplied:

- a. unambiguous code of the establishment;
- b. type (ex. post station, post office);
- c. designation;
- d. address;
- e. designation of the district, municipality and parish where the establishment is located;
- f. code of the parish where it is located;
- g. geographic location coordinates, preferably in the WGS84 reference system;
- h. working hours;
- i. services provided.

b.2) For each letterbox, the following information shall be supplied:

- a. unambiguous code of the letterbox;
  - b. type (*marco* or *caixa*);
  - c. address;
  - d. designation of the district, municipality and parish where the letterbox is located;
  - e. code of the parish where it is located;
  - f. geographic location coordinates, preferably in the WGS84 reference system;
  - g. time of last collection.
- c) Information on changes occurred, in each period, in the pool of postal establishments and letterboxes, as well as respective operating periods, including the date of the alteration geographic coordinates and respective grounds.

Information on geographic location coordinates for each letterbox is compulsory for letterboxes which have already been geo-referenced, and this information shall be included in the report as the respective letterbox is geo-referenced.

Information referred in b) and c) shall be submitted as an electronic file (Excel).

CTT shall identify, where appropriate, the information deemed to be confidential, together with the reasons therefor.