

their networks are registered, enabling management and updating thereof. This is an integrated tool, facilitating the work of EETT to a great extent, given that it enables fast processing of complaints, support of EETT's controls and the issuance of certificates and other applications.

In 2004, the Registry updating continued, in the context of which 104 undertakings were rejected due to non-submission of Declarations for the Provision of Postal Services in order to adapt their operations to the new Regulatory Framework. Moreover, 77 new General Authorizations were granted, increasing the total number of active undertakings with General Authorizations to 266. It should be noted that the number of undertakings with General Authorizations operating in the Courier market was reduced by approximately 10% compared to 2003.

6.1.3. Briefing Postal Undertakings

On 23 June 2004, EETT organized an event entitled "The new Regulatory Framework: A Development Tool for the Courier Market". The aim of the event was to provide information to postal undertakings, but also to record the views of consumers and undertakings on the new Regulatory Framework. The event was attended by representatives of the European Commission, the Ministry of Transportation and Communications (MTC), the largest consumer organizations and postal undertakings.

The issues presented during the event included the following:

- Figures and trends of the Courier market for 2003, as derived from a survey made by EETT, on the basis of information obtained from postal undertakings.
- EETT's actions to ensure fair competition in the Courier market, to eliminate illegally operating

undertakings and to protect consumers' rights.

- The growth models of postal undertakings' networks.

The event demonstrated the positive prospects of the Courier market in an ever developing regulatory environment, where the regulatory intervention of EETT is required on issues such as quality of services.

6.2. Monitoring and Control of the Postal Market

6.2.1. Mechanism for Monitoring and Controlling the Courier Market

In the context of its supervisory role³, EETT placed particular emphasis on the observance of competition rules and the provisions setting the pricing rules of provided services in relation to the US. EETT's monitoring work in that context mainly referred to:

- The control of undertakings with General Authorization registered with EETT Registry of Postal Undertakings, in terms of fulfilling their obligations.
- The identification of undertakings illegally operating in the field of postal services, thus without a Licence or Authorization.

The design of the procedure for the regular control of postal undertakings with a General Authorization was completed in 2004 and the procedure was implemented, upon relevant Decision⁴ of EETT. The regular control of postal undertakings aims at confirming compliance with the terms of their Authorization, securing the exclusive rights of the USP and the observance of the Charter of Obligations to Consumers (COC).

Postal undertakings are selected for regular control based on the information kept with the Registry and the Financial Record of Postal Undertakings with a General Authorization.

³ See article 7(4) of Law 2668/98, as replaced by article 3(4) of Law 3185/03.

⁴ Decision 315/87/2004.

The controlling procedure includes on-site inspection, expert opinion, sampling and filling in of a Compliance Sheet by a special Auditing Board, in relation to the following:

- a. Details of the Undertaking: The details of the undertaking are compared to those entered in EETT's Registry.
- b. Special Postal Items Track and Trace System (SPITTS): The information fields provided for in the undertaking's SPITTS are compared with the mandatory elements laid down by the General Authorizations' Regulation and a sampling of postal items which have been dispatched follows, in relation to their data registered in the SPITTS.
- c. USP rights: The provision of services is checked in relation to the USP exclusive rights.
- d. Express Delivery Voucher (EDV): It is checked whether the EDV used by the undertaking contains the mandatory identification elements of the postal item, in accordance with the provisions of the General Authorizations' Regulation.
- e. Main Contracts: The contracts with customers are reviewed in order to verify compliance of terms with the provisions of the aforementioned Regulation, as well as any violation of the USP rights.
- f. Fees: It is checked whether the undertaking has submitted correctly to EETT its financial figures (income from all activities and income from postal services), which are kept with the Archive of Financial Information. Control of correct payment of General Authorization fees is also performed.
- g. COC: Compliance with the COC is checked, especially as regards resolution of disputes arising from end-users of postal services.
- h. Infrastructure: The declared Network, Courier Branches and Sorting Centres is checked.
- i. Sorting Centre: Sampling of the items currently handled at the Sorting Centre of the undertaking takes place as far as it concerns compliance with the General Authorization terms and respect of the USP exclusive rights.

- j. Network: One or more undertakings operating under the licensed undertaking's Network are checked as far as it concerns compliance with the General Authorization terms, respect for the USP exclusive rights and SPITTS interoperability with the licensed undertaking's SPITTS.

The ad hoc control of postal undertakings aims at identifying any deviations related to the undertaking's compliance with the General Authorization terms and particularly with the COC, and securing the USP's exclusive rights.

Ad hoc control is also important for the identification of undertakings providing postal services without the required General Authorization or Individual Licence. The control pertains to the identification of any illegal postal activity. The selection of undertakings subject to ad hoc control is made on the basis of information from:

- Complaints of consumers and/ or other undertakings.
- Other Public Authorities or press publications.
- Processing data from the Postal Undertakings Registry in relation to deregistrations and/ or rejections of licensed postal undertakings, as well as the Archive of Financial Information.

Postal undertakings operating without a Licence are initially identified through the Registry, where the deregistered or rejected undertakings are entered. Subsequently, the information is verified with the competent Public Tax Offices or other services, such as professional chambers, in order to identify whether these undertakings have declared interruption or change of activity or continue to provide postal services. In the second case, an ad hoc control or summon for Hearing follows, in order to confirm the information.

6.2.2. Conclusions from the Control of Postal Undertakings

In the context of the aforementioned control procedure, EETT performed in 2004 a number of regular and ad hoc controls, in order to determine the extent of compliance of postal undertakings with the applicable law and identify any cases of violations.

More specifically, EETT, following the controls performed in 2003 in 4 large Courier undertakings, conducted 19 regular controls, thus controlling 92% of postal traffic in total for the two years. The

conclusions that stem from the regular controls are shown in Table 25.

In addition to the aforementioned regular controls, EETT performed in 2004, 23 ad hoc controls in postal undertakings that had been deregistered from the Postal Undertakings Registry, aiming at determining any illegal operations, namely without the required General Authorization or Individual Licence. Out of these undertakings, it was found that 16 were operating without a Licence and 7 had indeed interrupted their activity. The conclusions of these ad hoc controls are laid out in Table 26.

Table 25

Conclusions from Regular Controls in Postal Undertakings

Type of Problem	Percentage of Frequency
Incomplete entry of information of dispatched items in the SPITTS	64%
Inaccurate payment of fees to EETT	53%
Incomplete SPITTS infrastructure	52%
Incomplete EDV fill-up	47%
Non-compliance with COC	37%
Investigation of services pricing towards large customers in violation of the USP rights	37%
Investigation of infringement of the USP exclusive rights	32%
Incomplete interoperability between SPITTS of Network undertakings and SPITTS of the licenced undertaking	16%
Incomplete monitoring and handling of postal items at the Sorting Centre	16%
Lack of SPITTS or total lack of recorded dispatch information	16%
Differentiation of undertaking infrastructure in relation to the information registered with the EETT Registry	16%

Table 26

Conclusions from Ad Hoc Controls in Postal Undertakings

Ad Hoc Control Conclusions	Percentage
Ascertainment of undertaking operation without a General Authorization or Individual Licence	70%
Ascertainment of interruption of works by the undertaking	30%

Moreover, EETT performed one ad hoc control in a licensed undertaking for undue payment of fees to EETT.

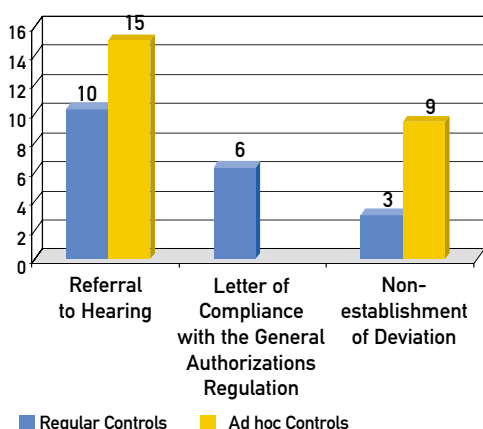
Following the aforementioned controls and the deriving conclusions, EETT proceeded to the following actions:

- Further investigation of the infringement by means of a hearing and imposition of penalties where deemed necessary. In this context, 10 undertakings were summoned to a Hearing following a regular control and 15 following an ad hoc control.
- Dispatch of compliance letters to undertakings for the revocation of deviations established. In this context, 6 letters with remarks were sent, in order for the undertakings to comply with the General Authorizations Regulation.

The outcome of controls is presented in the following Diagram:

Diagram 84

Results of Controls in Postal Undertakings, 2004



6.2.3. Evaluation of Pricing of the Universal Service Provider

In 2004, EETT proceeded to the evaluation of tariffs proposed by the USP for services under the US, based on information that the USP submitted on mail traffic volume. According to a previous Decision⁵ of EETT, the evaluation of cost-orientation for ELTA tariffs is made, among others, on the basis of the Total Presumable Productivity Ratio (TPPR), which must have a positive value for each one of the following Universal Services: "Domestic Mail", "International Mail" and "Parcels".

The TPPR is based on the comparison of historical change in the production volume of an undertaking and the respective change in required resources, namely the operating expenses for the relevant production. The advantage of the TPPR application is that the effective management of an undertaking is evaluated in its whole in terms of the work produced, following a comparison with historical data.

For the evaluation of data submitted by the USP, EETT has set up a team of experts, which prepared a study entitled "Evaluation of Adaptation of ELTA Universal Services Tariffs for 2004".

Based on the data submitted by the USP, during the second semester of 2004, the TPPR for each one of the aforementioned Universal Services, calculated both in physical and equivalent units, remained marginally negative, but demonstrated a significant improvement trend compared to 2003 data. Therefore, EETT concluded that the adaptation of the USP budgetary accounting cost was not necessary, in accordance with Article 10 of the Regulation for the Specification of Objective Pricing Methods applied in the USP accounting system⁶.

⁵ Decision EETT 268/97/2002.

⁶ Decision EETT 301/28/2003, GG Issue 1993/B/31-12-2003.

Moreover, it was established that the USP performed an allocation of data (operating income and expenses) to product categories, according to its costing system that had been approved by EETT. Therefore, it was confirmed that the cost for the provision of the US was calculated on the basis of that particular costing system. Moreover, EETT concluded that the tariffs submitted by ELTA for 2004 are common for the entire country, harmonized with the budgetary cost and do not create any problems in competition of the postal services sector.

The aforementioned evaluation study concluded that the USP, provided that it applied the increase of tariffs approved by EETT for the five-month period of 1st August to 31st December 2004 and provided that the forecasts for mail traffic were confirmed, would demonstrate an income increase of 5,434,329 euros (before deductions). Therefore, the expected surplus of the USP from Universal Services for 2004 was calculated to stand at 81,288 euros. Otherwise, a loss would be demonstrated.

For the above reasons, EETT approved the application of the proposed tariffs, which caused an average weighted increase of postal fees of 1.28% for the period from 1st August to 31st December 2004 and 3.09% on an annual basis (from 1st August 2004 to 1st August 2005).

thus almost at the level of the expected inflation rate (3.2%).

6.2.4. Quality Measurement of the Universal Postal Service

Quality Measurement for 1st Priority Domestic Mail

As of 1st January 2002, EETT has been performing quality measurements for 1st Priority Domestic Mail, in accordance with the provisions of Ministerial Decision (MD) 79293/2000⁷, which lays down the specifications under which the US should be provided, for domestic and international mail. The measurement system applied by EETT ensures 95% reliability, as provided for in this MD.

Delivery percentages for 1st Priority domestic mail within one working day (D+1) and within three working days (D+3) from the working day of deposit achieved by the USP from 2002 to 2004, compared with the delivery percentages laid down in the aforementioned MD, are shown in Table 27.

The percentages mentioned in Table 27 and the average term of delivery apply to the entire country. The results apply to 1st Priority Mail deposited at the USP access points (mailboxes, etc) until noon of the working day (D).

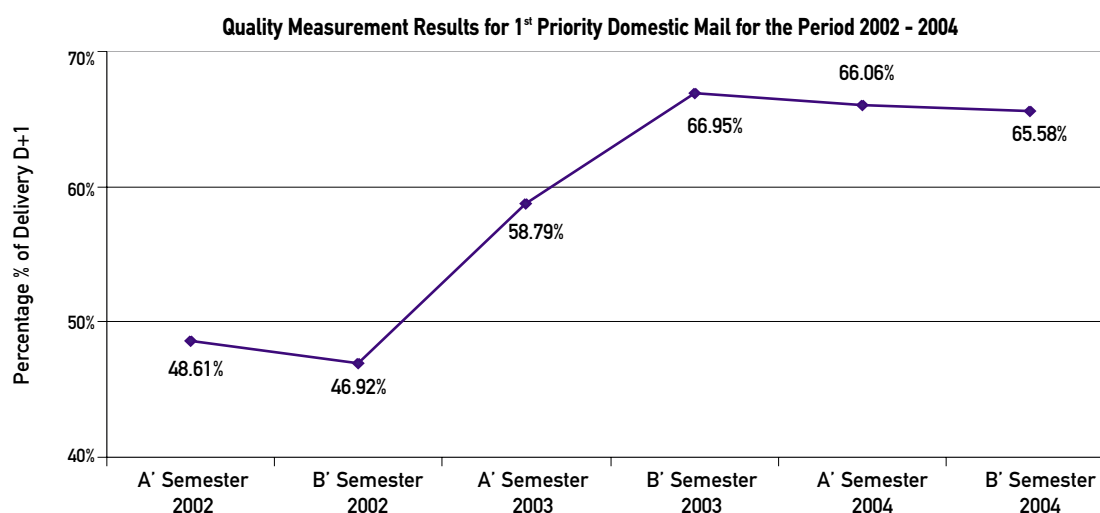
Table 27

1 st Priority Domestic Mail						
Year	Semester	Obligation of USP under MD 79293/2000		Results of US Quality Measurements		
		D+1	D+3	D+1	D+3	Average Term of Delivery (in days)
2002	1 st Semester	77%	90%	48.61%	90.86%	1.91
	2 nd Semester			46.92%	89.01%	1.98
2003	1 st Semester	82%	93%	58.79%	94.87%	1.61
	2 nd Semester			66.95%	96.78%	1.44
2004	1 st Semester	85%	95%	66.06%	95.60%	1.49
	2 nd Semester			65.58%	93.38%	1.59

(D= day of delivery)

⁷ GG Issue 1588/B/29-12-2000.

Diagram 85



Source: EETT

In Table 27 it is demonstrated that the quality achieved by the USP for the delivery of 1st Priority Domestic Mail within one day (D+1) is inferior to the MD provisions for the entire period 2002-2004. On the contrary, the specifications laid down for delivery within three days (D+3) are met with a slight deviation for the second semester of 2002. In general, the US quality for 2004 remained at the levels of the 2nd semester of 2003.

Quality Measurement for 1st Priority International Mail

Quality measurements of 1st Priority International Mail for all countries of the European Union (EU) are performed by the International Post Corporation (IPC). In general, and according to IPC measurements, the USP meets the quality specifications for 1st Priority International Mail.

According to the measurements for the first semester of 2004, the outgoing 1st Priority International Mail was

delivered to all European countries in accordance with the provisions of MD 79293/2000 for delivery within three days (D+3), except for Iceland to which deliveries stood at 64.9%, instead of 80% laid down in the MD. Respectively, delivery within five days (D+5) was achieved to all European countries under the specifications of the aforementioned MD, except for Spain and Iceland, where an insignificant delay was observed.

For the same period, 1st Priority International Incoming Mail from eight European countries to Greece for delivery within three days (D+3) was not delivered in accordance with the aforementioned MD. Also, delivery within five days (D+5) was achieved in accordance with the above specifications, with the exception of six countries in Zone A and two countries in Zone B, for which the delay was insignificant.

The aforementioned USP delivery percentages as regards outgoing and incoming International Mail, compared to the provisions of the MD, are shown in Tables 28 and 29 respectively.

Table 28

1st Priority Outgoing International Mail

Country of Destination (from Greece)	Outgoing (D+3)		Outgoing (D+5)		Average Delivery Days
	Obligation of ELTA under MD 79293/2000	ELTA Results %	Obligation of ELTA under MD 79293/2000	ELTA Results %	
Zone A					
Austria	85	89.4	97	98.7	2.4
Belgium	85	94.6	97	99.6	2.1
Denmark	85	92.3	97	99.5	2.2
France	85	91.7	97	99.1	2.3
Germany	85	96.4	97	99.4	2.1
Italy	85	90.3	97	98.8	2.3
Luxembourg	85	93.8	97	99.1	2.3
Netherlands	85	94.5	97	99.8	2.2
Spain	85	89.4	97	96.9	2.4
Sweden	85	91.8	97	98.7	2.3
United Kingdom	85	92.3	97	98.8	2.3
Switzerland	85	92.1	97	99.6	2.1
Zone B					
Finland	80	86.1	95	99.1	2.7
Ireland	80	88.9	95	96.0	2.5
Iceland	80	64.9	95	93.3	3.4
Norway	80	93.6	95	99.6	2.2
Portugal	80	93.6	95	98.7	2.2

D= Day of Deposit

* Denmark, France, Germany, Italy, Netherlands, Norway, Switzerland and United Kingdom deliver on Saturdays too.

Table 29

Incoming 1st Priority International Mail

Country of Origin (to Greece)	Incoming (D+3)		Incoming (D+5)		Average Delivery Days
	Obligation of ELTA under MD 79293/2000	ELTA Results %	Obligation of ELTA under MD 79293/2000	ELTA Results %	
Zone A					
Austria	85	86.7	97	97.7	2.5
Belgium	85	87.2	97	97.6	2.6
Denmark	85	85.0	97	97.7	2.5
France	85	71.0	97	95.4	3.0
Germany	85	89.1	97	98.4	2.5
Italy	85	82.1	97	96.9	2.7
Luxembourg	85	86.0	97	99.1	2.5
Netherlands	85	85.6	97	96.7	2.8
Spain	85	75.0	97	95.4	3.0
Sweden	85	83.1	97	95.8	2.8
United Kingdom	85	74.8	97	96.4	3.0
Switzerland	85	85.6	97	97.0	2.7
Zone B					
Finland	80	80.8	95	97.7	2.8
Ireland	80	57.4	95	87.0	3.9
Iceland	80	59.7	95	95.4	3.4
Norway	80	85.4	95	96.8	2.7
Portugal	80	54.4	95	94.9	3.5

D= Day of Deposit