



CERP

**WORKING GROUP
PT Universal Service and its
Financing**

Final draft

26 October 2006

A GENERAL SURVEY - FINAL DRAFT..... 3

MAIN FINDINGS 3

CONCLUSION AND RECOMMENDATIONS ON THE FURTHER WORK..... 3

1 BACKGROUND 3

2 DIFFERENT MEANS OF FINANCING US APPLICABLE IN THE CERP MEMBER STATES..... 5

3 THE NEED TO FINANCE UNIVERSAL SERVICE 7

4 CALCULATIONS 10

5 HOW DIFFERENT MEANS OF FINANCING AFFECT THE CUSTOMERS – WHO ARE FAVOURED, WHO ARE NOT? 12

6 HOW DIFFERENT MEANS OF FINANCING AFFECT THE POSTAL OPERATORS USP AND NON USPs..... 13

7 THE REGULATORY IMPLICATIONS OF THE DIFFERENT MEANS OF FINANCING US..... 16

APPENDIX – THE QUESTIONNAIRE 17

A general Survey - Final draft

The questionnaire which the report is based on was answered by six ministries and 23 NRAs. In the report the respondents are mentioned as countries which therefore refer to either the countries ministries or regulators.

Main findings

- Only a limited number of CERP member countries has made calculations of the need to finance the universal services.
- In the EU-member countries reference is generally made to the maximum price and weight limits indicated in the Postal Directive 97/67 EC when deciding the size of the reserved area (even though the necessity of having a reserved area of that size is not demonstrated).
- A variety of different means of financing are applied in the CERP member countries and very often several at the same time.
- The variety of means and the legal provisions for applying additional means of financing indicate preparedness on the national level in the member countries to meet future challenges or economic strains in a liberalised market.
- There is only one example of an operational compensation fund among the studied countries. The fund is said to be resource demanding to administrate and difficult to estimate the optimal size.
- The knowledge about the impact of different means of financing is limited.

Conclusion and recommendations on the further work

- One basic condition for calculating the burden/benefit of the USO is that the USP has a well developed cost accounting system.
- A market opening does not eliminate the need for a regulatory regime and an independent NRA
- An independent NRA is a necessity to secure among other things that the USPs cost accounting system is reliable.
- Common basic principles for calculating the burden/profit of the USO should facilitate the work of the NRA.
- If the USP calculates that the USO is a burden it should also be able to defend the reasons for it being a cost.
- It's not until an actual cost of providing a USO is proven that different means of financing it should be discussed.
- The compensation fund could be an alternative mean to finance the US in a competitive market with many big operators.

What are the regulatory implications of this? These matters are to be investigated and discussed with the European countries as a next step by the PT US and Its Financing.

1 Background

At the WG Economics meeting in Zürich on the 25th of September 2005 the Project Team Universal Service and its Financing was established. The project team shall deal with the issues whether the existing means to finance the universal

service (US) are efficient and to what extent they are used. The project team shall also study if competition can be an instrument for adaptation of services to changes in the customers needs. Furthermore it shall study if the dynamics of the market can constitute an adequate way of financing universal service.

As a first step the PT conducted a general survey based on a questionnaire addressed to all member countries. The survey made it possible to describe the situation in all CERP member countries regarding whether there is an extra cost for providing the universal service and how the service is financed. The questionnaire focuses the following questions.

- To what extent are different means of financing US applicable in the CERP member countries?
- Which calculations have been made to assess the size of the fund, the size of the reserved area and the parameters determining the degree of cross subsidisation etc?
- How do different means of financing affect the customers - who is favoured, who is not?
- How do different means of financing affect the postal operators?
- Different means of financing - pros and cons?
- What are the regulatory implications of the different means of financing US.

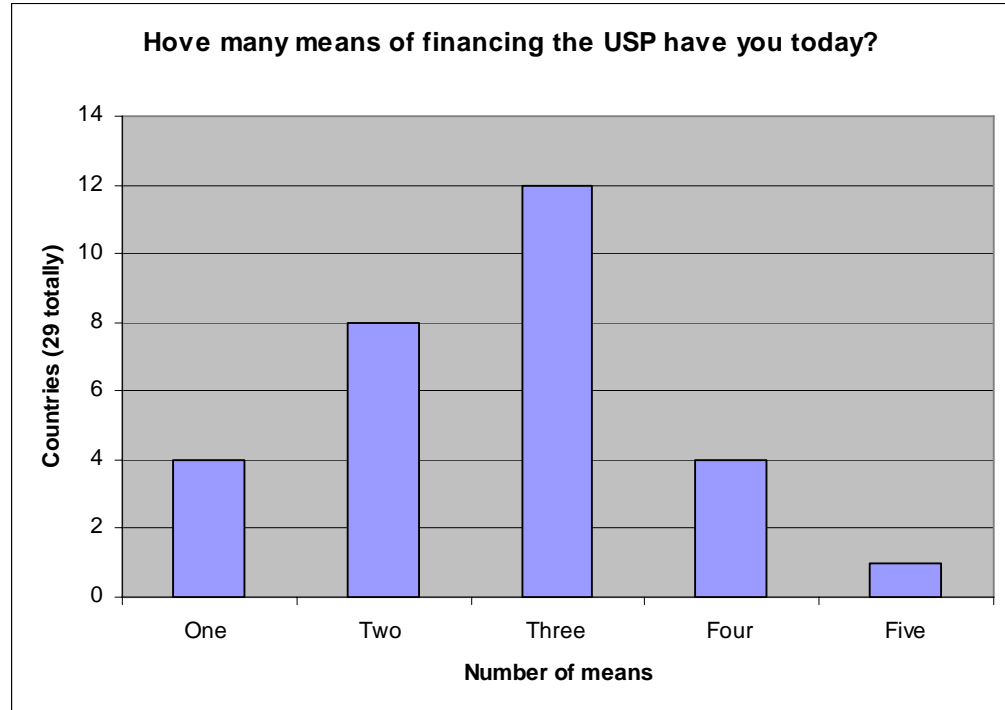
The questionnaire contained five different parts (A-E)

- A: General information about the Universal Service and its financing,
- B: Reserved area
- C: Compensation fund
- D: Cross subsidies
- E: Regulatory implications of the current situation

The questionnaire was submitted to all CERP member countries in November 2005. The member countries were asked to complete the questionnaires and return it to the Swedish National Post and Telecom Agency no later than 10th January 2006. On the 10th February we had in all received 29 completed questionnaires. In the questionnaire the project team asked the CERP member countries to describe their present situation concerning their universal services and its financing. The answers should therefore be seen as a description of the different forms of financing 2006 in the CERP countries rather than a prediction of future financing forms.

2 Different means of financing US applicable in the CERP member states.

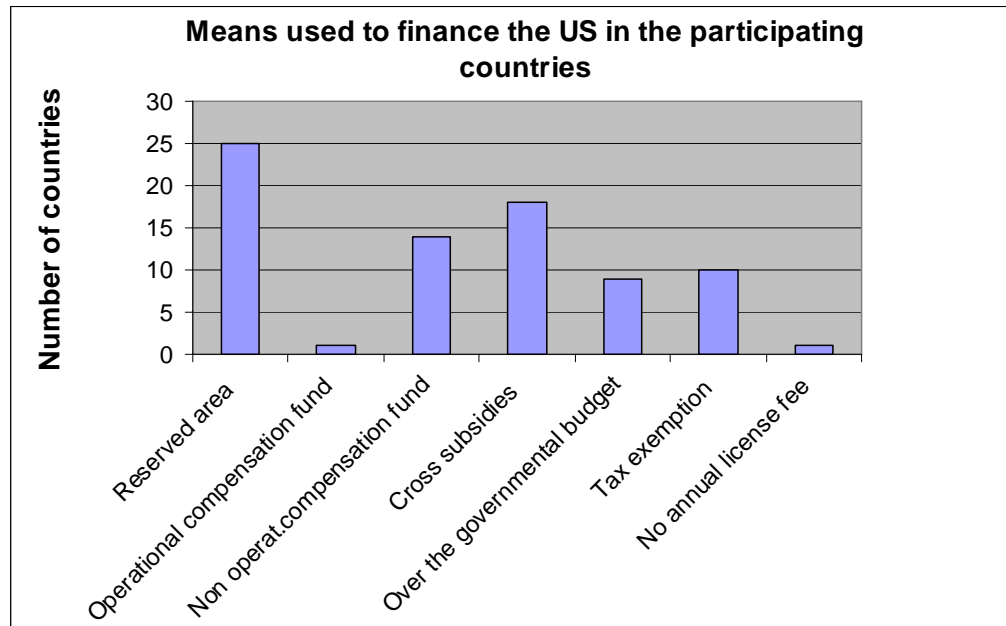
Summary: The mixture of means



As mentioned initially the answers provide a variety of different means to finance the US. There is a range that varies from five different means in one country to one in four countries. The high percentage of countries having the legal position to establish a compensation fund (50 %) in addition to reserved area, exemption from VAT and Government subsidies indicate that there is a preparedness on the national level to meet future challenges or economic strains in a liberalized market. There are however no indications whether these findings to any extent are linked to the future amendment of the Postal Directive.

Findings

Even though 17 of the participating countries state there is no need to finance US through other means than tariffs, a variety of different sources of financing are applied. A hypothesis is that the participating countries when answering the questions have taken the present situation 2006, including among other things established reserved areas and other compensatory measures, as a starting-point. Note that the diagram below shows the total number of means to finance the US today in the responding countries why the total is more than 29.



Reserved area

The main part of the participating countries has a reserved area. In most of these countries the reserved area corresponds to the weight and price limits set in the Postal Directive.¹

Compensation fund

Half of the countries indicate that they have the legal position to establish a compensation fund, but only one country has an operational fund.² Some participants state that it's not necessary to use the fund at present time because of the reserved area.

Cross subsidies

The PT asked the countries whether they have any cross subsidies in the postal sector in their country to finance the US. Examples mentioned were cross subsidisation between different segments and uniform tariffs. Two thirds of the countries have answered that cross subsidisation exists through uniform tariffs. The rest of the countries say that they don't have or are not aware of any cross subsidisation in their postal sector. The PT finds it probable that most of the participating countries have uniform tariffs. A possible explanation to why some countries still indicate that cross subsidies do not exist is that they don't regard uniform tariffs as a form of cross subsidisation. There could also be an unwillingness to commit any kind of cross subsidisation when it's not allowed by the Postal Directive 97/67 EC. According to the Directive cross subsidies from the reserved area

¹ 24 of 29 studied countries are members in the European Union. The project team therefore has found it appropriate to use the maximum price and weight limits in the Directive 97/67 EC as standard when discussing the size of a reserved area.

² United Kingdom is not included in these figures. They have answered that they don't have a compensation fund today, but there is no legal restriction to introduce one if it would be necessary to secure the USO even though it is not explicitly indicated as an option in the legislation.

to the competitive area are limited to the fulfilment of universal service obligations. Cross subsidies are of course permitted *within* universal services: e.g. between letters delivered in profitable urban areas and those delivered in loss-making rural areas.

Some of the countries with uniform tariffs explicitly say that cross subsidisation is only allowed within the US. Only one country has a model to determine the degree of cross subsidisation, though it hasn't explained further how it's done.

Other means

The possibility to receive Government subsidies for providing US is applied in nine countries and the possibility to use subsidies of this type is foreseen in at least three additional countries. Half of these indicate there is no need to finance the US with other means than the tariffs. The amount is either related to a calculated deficit of the US or related to the costs for the provision of specified services such as distribution of newspapers, magazines, press deliveries, public services, periodicals and post office network.

The USP or the services provided within the scope of the US are exempted from VAT in one third of the countries according to the inquiry. Whether this is considered to be a mean to finance the US is not apparent. One country states this has been a legacy rather than a specific mean to finance the US. In one country the USP is exempted from the annual supervision/license fees paid by postal operators.

One country has imposed a Government fee in order to secure postal services in sparsely populated areas. The liable for the fee is a postal service provider who has been granted a concession to provide limited postal services.³ The fee is not collected in a concession area where population density is less than 250 inhabitants per square kilometre of the land area. So far there have not been any postal service providers who would be liable for the fee. The fee would be paid to the county tax office and would probably be transferred into the national budget.

3 The need to finance universal service

Summary

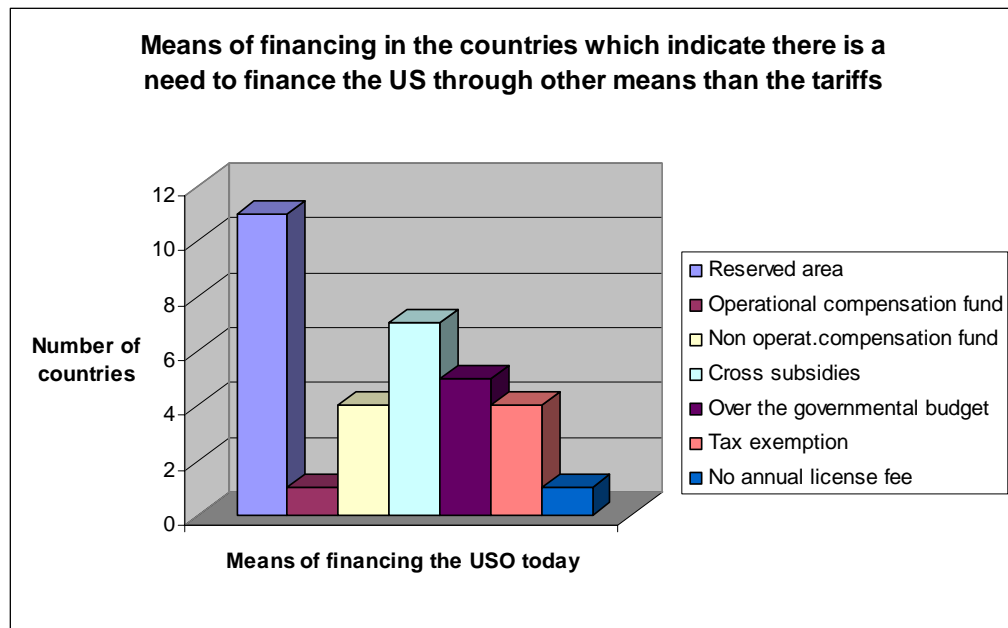
Eleven of the participating countries state there is a need to finance the US in their country, but a calculation has actually been made only in one of the countries. 17 of the participants indicate there is no need to finance the US, although 13 of these have a reserved area, eight have a non operational compensation fund, in ten countries cross subsidies (incl. uniform tariffs) are applied, in three countries the USP receives subsidies over the governmental budget and in four coun-

³ The fee is based on the sales price of postal services, excluding the fee and value added tax. The amount of the fee is the percentage which is calculated by dividing the population density (number of inhabitants per square kilometre of the land area) in the concession area at the end of previous calendar year by the figure of 50 and rounding the resulting amount to the nearest whole number. The fee may not be greater than 20 percent.

tries the US is subject to tax exemptions today. One possible explanation to the contradictive answers is that the participants may have had the present situation 2006 as at starting point. One country hasn't answered the question.

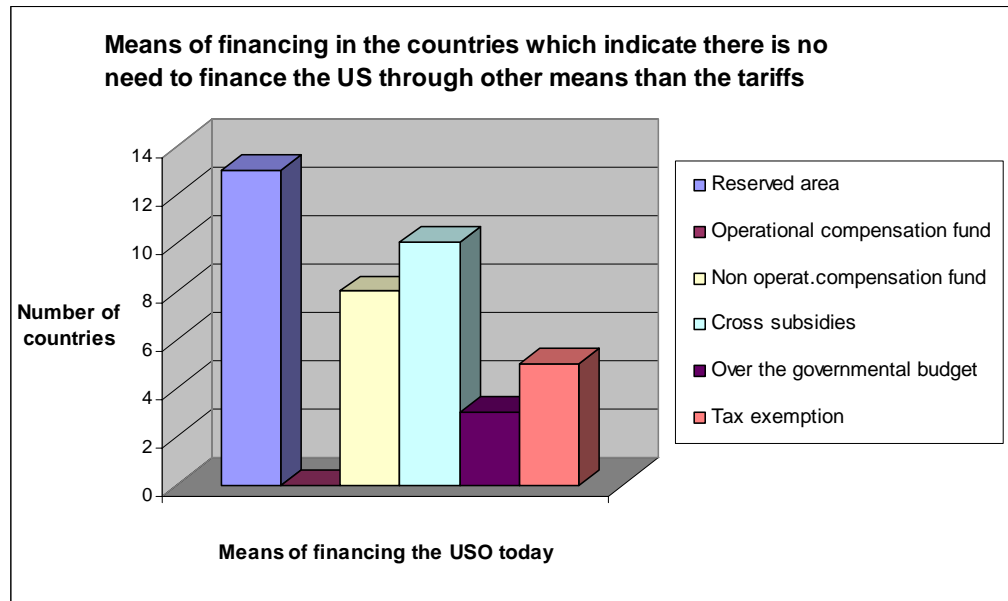
The overall impression is that most of the participants are of the opinion that the tariffs generally are geared to costs. At the same time a national price cap is applicable in ten countries and 18 admit the existence of cross subsidisation in the postal sector.

To what extent is there a need to finance the universal service through other means than tariffs?



The diagram above shows how the countries, which have answered that there is a need to finance the US, finance their US today. Some of the countries have different means of financing their US today why the total number exceeds 29.

11 countries state that there is a need to finance the US through other means than tariffs. Five of these countries answered that the need has been determined by law and only one country has made a calculation. The remaining countries have either referred to the accounting system, stated that the US is unprofitable or quoted that the intention is to make an assessment in 2006. All the 11 countries concerned have a reserved area in the postal sector in their countries.



The diagram above shows how the countries, which have answered that there isn't a need to finance the US, finance their US today. Some of the countries have several means of financing their US today why the total number exceeds 29.

17 out of 29 participating countries indicate there is no need to finance the US through other means than tariffs. One country hasn't answered the question. Even if the countries indicate there is no need to finance the US the main part has a reserved area today. Only three of these countries with a reserved area indicate that they have made calculations to determine the size of the reserved area in order to finance the US.

To what extent are the tariffs for US geared to US-costs?

According to Article 12 in the Directive 97/67/EC prices for services included in the US must be geared to costs. Member states may decide that a uniform tariff should be applied throughout their national territory. The answers to the question whether tariffs are geared to costs can be summarised as follows.

Only two of the participants state that the US tariffs are fully geared to costs and three that they are based on costs plus a reasonable profit, three refer to the application of the prices in the Postal Directive article 14, three say that they haven't controlled it yet, three that the prices are cost oriented or geared to cost in general, three refer to their Postal Services Act or just the law, two say it is controlled by the NRA, three countries say they apply price caps and uniform tariffs, one country says that the USP sets the prices above normal return, one country says that independent auditors revision the prices annually and five countries haven't answered the question at all.

4 Calculations

Summary

The general point, which is made by the participants that have made calculations, is that if the USP needs other means than the tariffs to finance the US, it has to be demonstrated by the analytical cost accounting system of the USP. This principle is in line with Article 7.1 in the Postal Directive 97/67/EC according to which member states may reserve services for the USP *to the extent necessary to ensure the maintenance of US*. It could also serve as an incentive for the USPs to develop their cost accounting systems. Only a few estimations have been made concerning the need to finance the US and to determine the size of the reserved area. One plausible explanation is, according to the PT, that there are still needs for improvements in the accounting systems and the methodology. This will be scrutinised as a second step in the work of the PT.

Universal Service Obligation

Five countries indicate that they have tried to determine the need to finance the USO. One of these says that the need has to be demonstrated by the USP based on the analytical cost accounting system, but until now the USP hasn't demonstrated that need. Two say that their regulator receives information about the revenues and costs service by service. On this base the regulator is able to know if the US are financed. One of these states that so far their USP hasn't been able to show that the USO is a burden. Another country studies whether there is an extra cost or benefit from the US through the Fully distributed cost methodology. The last country studies the extra cost of USO minus the monopoly super profit.

The respondents who haven't actually indicated that they have made any calculations have answered in different ways: One of them indicates that they use a reserved area to ensure the economical conditions to provide the USO. One refers to a certified balance sheet of their USP. Another says that no quantification has yet been made because the benefits of providing the US outweigh the cost of the USO. One answers that an assessment of the need will be carried out in 2006. One respondent says that their country hasn't determined which method of financing the USO will be applied. Five countries say that the need has been determined through their Postal Service Act. The last 14 countries haven't answered the question at all.

Reserved area

To the question what considerations and calculations have been made to determine the size of the reserved area necessary to finance the US five countries have given an affirmative answer. Two participants seem to have made more thoroughly estimations. One of these tells that their regulator receives information about the revenues and costs by service and sector (for reserved area, non reserved area and non universal service), transfer price and key of repartition every year. On this base the regulator is able to consider if the US is financed or not. So far the USP hasn't shown that the US is a burden why no further compensation has been provided. The other regulator/ministry has developed a model for calculation of the extra costs related to the US. The calculations show that the super

profit from the reserved services (excluding the unprofitable part of the reserved services) is less than the extra costs related to the US (including the unprofitable part of the reserved services). One respondent says that according to the separate accounting system the reserved area is unprofitable. Two respondents indicate that they have made a survey or merely estimations. Another respondent says that adjustments have been made through prices and not through the size of the reserved area. Three respondents state that considering the fact that the USP is obliged to ensure the US it was decided to establish a reserved area as it is defined in the Postal Directive. Eight countries say that size of the reserved area has been determined in compliance with the Postal Directive. One of these also refers to the geographical particularities of their country. 12 countries haven't answered the question at all.

According to Article 7.1 in the Postal Directive 97/67/EC member states may reserve services for the USP *to the extent necessary to ensure the maintenance of US*. Notwithstanding this only a limited number of countries have made calculations to prove the need for a reserved area or to determine the relevant size of this area. When determining the size of the reserved area the member countries - with few exceptions - refer to the maximum price- and weight limits stated in the Postal Directive. As a result countries with completely different national conditions as far as geography, prices, patterns of communications etc are concerned all end up in the same definition of the reserved area. This raises the question to which extent calculations or estimations based on the national conditions in each country should be required as a basic condition for maintaining a reserved area.

Seven countries indicate that estimations have been made of the benefits having a reserved area. Two countries are able to estimate the value of these benefits in terms of their national currency. The rest of the countries indicate the outcome is either confidential, not separable or that the reserved area is unprofitable. The last point is interesting because it raises the question whether the reserved area should be seen as a mean to finance the US if it makes a loss for the USP.

The estimations that have been made of the benefits of having a reserved area are for example prognoses on expected future super profit from the reserved area which are developed / calculated every year. The super profit from the reserved area has varied year to year due to changing market conditions (volume of priority letters is falling) and restructuring of the incumbent's activity. Two countries in the survey can mention the size (in national currency) of the incumbent's super profit from the reserved area has been the last years.

Compensation fund

None of the participants have made any considerations and calculations in order to assess the optimal size of the compensation fund, though 15 countries have or have the legal possibility to activate one. The only country with an operational compensation fund has mentioned the size in their national currency but indicates at the same time that the amount it isn't sufficient to cover the costs of the US.

Cross subsidies

Two countries have made calculations in order to determine the degree of cross subsidisation. How these calculations have been made has not been commented further.

5 How different means of financing affect the customers – who are favoured, who are not?

The answer to the question how different means of financing affect the customers has to be derived by using information in answers to other questions.

The overall measure to finance US in addition to tariffs is the establishment of a reserved area. Consequently the following analysis will be focused on how reserved areas affect the customers, according to the participating countries.

Summary

The major benefit for the customers with the reserved area, according to the participants, is that the whole country gets similar standards to similar/uniform prices and that ubiquity of services is safeguarded. The PT's view is however that this is as well an effect of a regulatory regime indicating minimum standards. A disadvantage though is that the adaptation of services to specific individual needs of the customers might be limited. Cross subsidisation is mentioned to favour the customers in the rural areas.

Reserved area

Prices are indicated as a general factor affected by the reserved area. Three main aspects of importance to the customers can be identified in the participating countries' answers. Prices are affordable, the use of uniform tariffs guarantees all customers reasonable prices and the services within the reserved areas are to some extent subject to official pricing.

Four countries have answered that the reserved area safeguards a general service obligation. In one of the answers this is summarised as follows: It's a benefit of the customers that the whole country gets similar standards to similar/uniform prices and that ubiquity of services is safeguarded.

On the other hand as pointed out in a majority of the answers a reserved area limits competition as it creates a barrier to market entry. One country mentions that the existence of a reserved area may result in a very relaxed approach from the USP in relation to the customers regarding services provided within this area. This can be interpreted as an indication that the adaptation of services to specific individual needs of the customers might be limited. In some countries competitors are admitted to act within the main scope of the reserved area on condition that they provide value added services. This can serve as an example of how to increase the customers influence on the services provided.

As indicated above official pricing within the reserved area is mentioned as an advantage to the customers. Even in other respects the legislator or the NRA has to act as a representative of the customers safeguarding the interest of them. This is done for instance by setting the requirements to be met by the USP and the supervision of the fulfilment of these requirements carried out by the NRAs.

Cross subsidies

The knowledge of the effects of cross subsidies is limited as the answers show that very few analysis focused on this issue have been made. The only basis for cross subsidisation explicitly pointed out is the geographical perspective which implies that customer in rural or remote areas are favoured on the expenses of customers in urban areas.

Compensation fund

As an operational compensation fund is established only in one of the 29 participating countries the experiences in general of such a fund are extremely limited. The compensation fund is said to restrict the possibility to market entry. This implies that the existence of a compensation fund in this respect affects customers similar to what is mentioned above concerning the reserved area.

6 How different means of financing affect the postal operators USP and non USPs.

Summary

The participants indicate that the reserved area guarantees a uniform service quality in the whole country, but may not secure the quality of services. Another general view is that the rural areas in most countries are considered unprofitable while the urban areas are considered profitable. On basis of the answers it can be concluded that uniform prices almost inevitably implies geographical cross subsidisation as the tariffs are uniform nationwide. The general opinion of the participants is that if prices are higher than the cost for providing services, there is an opportunity for competitors to exploit and enter the market on condition that it doesn't interfere with the reserved area. If prices are less than the economic cost it will act as a barrier to entry to potential competitors. As it is not considered profitable to provide services in rural areas, according to the respondents, other postal operators provide services mainly in urban areas.

Reserved area

How the reserved area affects the USP:

There is limited knowledge regarding how the reserved area affects the USP as one third of the participating countries haven't done any studies on this issue. The findings presented below based on the answers are therefore general.

Dominant market position

The USP has the exclusive right to provide the services within the reserved area. This is the major benefit for the USP in the countries with a reserved area, according to the participants. In the letter market the USP has competition in the US area in 50% of the participating countries. In contrast the USP, in nearly all the participating countries, has competitors in the market for parcels, newspapers, catalogues, bulk mail, books and addressed brochures within the US area.

Prices

An important effect of the reserved area, according to the participants, is the affordable and regulated prices for universal postal services. In theory the USP should be able to charge more for its reserved services, states one of the participating countries. In practice it limits the USP's price setting due to the existence of price controls. Thanks to the reserved area the USP can be subject to closer supervision, including price control, which could otherwise not be justified. The element of price control varies from control carried out ex ante or ex post to official pricing in terms of the NRA actually determining the price. Another highlighted consequence of the reserved area is that it legitimates cross subsidisation between profitable and unprofitable areas through uniform prices.

Quality

The USO imposes a permanent obligation for the USP to provide universal services of a specific quality throughout the whole country. At the same time it ensures the universal postal operator economical conditions to carry out its obligation and strengthens its position on the market for those services.

In some cases the quality is determined by a contract between the state and the USP. Referring to what is considered as common knowledge it can be assumed that standard of quality in most cases are set in the legislative framework and specified in licences. Yet one country mentions, as said in chapter five, the risk that the existence of a reserved area may imply that the USP take a very relaxed approach due to the lack of competition.

Efficiency

The lack of direct competition may lead to inefficiency. However the USP in one of the participating countries, which operates in a monopoly postal market, faces strong competition from substitutes such as electronic means of communication with the falling volume of priority and non-priority letters as a result. In addition the USP concerned indicate that only a minor part of the turnover (20 %) is generated from the reserved area. The latter is determined in accordance with the Directive. The consequence is that the USP is forced to efficiency and the ministry/regulator states that the turnover/man labour has increased with 50% from 2002 to 2005.

How the use of a reserved area affect other operators:

Nine participants haven't answered the question regarding how the use of a reserved area affects other operators.

Limits competition

A majority of the asked NRAs/ministries quote that the reserved area limits the competition. The reserved area restricts the possibility for other operators to entry the market because of the price and the weight limits.

Quality

Other postal operators have to find other ways to provide postal correspondence services which fall outside the scope of the reserved area. One example is that other postal operators offer value added services such as personal delivery of postal items.

Compensation fund

How the compensation fund affects the USP:

Only the country that has an operational compensation fund today has answered the question regarding how the use of a compensation fund affects the USP. The answer is that the use of the compensation fund doesn't affect the USP as the fund is very scarce and not sufficient to cover the costs of the US.

How the compensation fund affects the other operators:

The country with the operational compensation fund says that the fund limits the other operator's possibility to market entry.

Cross subsidies

How the presence of cross subsidisation affects the USP:

Two thirds of the asked NRA/ministries haven't answered the question regarding how the presence of cross subsidisation affects the USP.

The NRA/ministries that have answered the question seem to agree that uniform tariffs can be regarded as a form of cross subsidisation. The USP has to apply uniform tariffs in urban and rural areas without discrimination. Some of the countries regard the tariffs as a safeguard of affordable prices in the rural areas. Applying uniform tariffs means that prices will be higher or lower than the actual service cost in some parts of the country.

The major type of cross subsidies is generated as the USP cross subsidises from the reserved area to other services within the scope of the US irrespective whether the latter services are in the scope of the reserved area or not. In some answers it is stressed that this could only be done to the extent that is necessary to assure that the universal service is efficiently provided and in accordance with the national Postal Services Acts.

How the presence of cross subsidisation affect other operators:

Three fourth of the countries have not answered the question regarding how the presence of cross subsidisation affects other operators

The countries present two different views on how cross subsidisation affects the other operators. One point of view is that the system of uniform tariffs enables price competition in areas with high population density. This is based on the assumption that uniform prices force the USP to set prices too high in these areas giving the competitors the opportunity to offer lower prices still within a profitable margin. The other point of view is that the USP can regain the losses through high prices in less competitive segments. Cross subsidies are primarily used to finance a deficit of the same service (reserved products) in an unprofitable, monopoly, area.

7 The regulatory implications of the different means of financing US.

On basis of the compilation of the answers it is not possible to make any conclusions concerning the regulatory implications of the different means of financing US. The priorities of the NRA's reflected in the answers to part E in the questionnaire seem only indirectly related to the means of financing. It can be assumed that these priorities in the first place reflect national conditions such as the allocation of responsibilities between the NRA, the ministry and the USP, the legal framework in general, the degree of competition etc. rather than the means to finance the US.

The overall conclusion is that the main part of the participating countries states that the current framework in order to maintain the US is clear. Only a few have had legal disputes regarding the application of the legislation. Examples provided are definition problems concerning postal service, which services that should be subject to price control, definition of tariff principles and possibility to provide US by delivery to post office boxes. The strongest competition within the US area is in the segments of parcels, letters, magazines and bulk mail. Although nearly 50% of the participants mention price control as one of their most time consuming tasks only a few actually have made calculations of the size of the US, compensation fund and the degree of subsidisation. On the contrary supervision of time for delivery is time consuming task for the participating NRAs, according to the questionnaire.

Appendix – the questionnaire

CONTACT DETAILS

Country	
Organisation	
Contact person	
Postal address	
Telephone number	
E-mail address	

A. GENERAL INFORMATION

A1	Is there a need to finance the Universal Service Obligation in your country through other means than the tariffs?	Yes	No
A2	If yes, how has it been determined?		
A3	To what extent are the tariffs for US geared to the US-costs?		
A4	Is there a price cap?	Yes	No
A5	Are any of the following means used to finance the Universal Service in your country?	Reserved area	
		Compensation fund	
		Cross subsidies	
		Over the governmental budget	
		Special benefits (tax exemption etc)	
		Other	
	Explanatory notes to the means above:		
A6	What are the benefits of being an existing USP in comparison with other operators?		

B. RESERVED AREA

B1	Is there a reserved area in the postal sector in your country?	Yes	No
B2	How is the reserved area defined? For example bulk/single item, price and weight limits.		
B3	What considerations and calculations have been made to determine the size of the reserved area necessary to finance the US?		
B4	Has any estimations been made of the benefits of having a reserved area?	Yes	No
B5	What was the value of the benefits?		
B6	How does the use of a reserved area affect the USP in your country? E.g. prices, market position, efficiency etc.		
B7	How does the use of a reserved area affect other postal operators in your country? Examples: limits the competition, possibility of market entry, price- and weight limits.		

C. COMPENSATION FUND

C1	Do you have the legal provisions to establish a compensation fund for the postal sector in your country?	Yes	No
C2	Is the fund operational?	Yes	No
C3	If not, why not?		
C4	What considerations and calculations have been made in order to assess the size of the compensation fund?		

C5	How big is the compensation fund?	
C6	Who contributes to the compensation fund? Does the USP contribute? How is the amount of contribution determined?	
C7	How does the use of a compensation fund affect the USP in your country? E.g. prices, market position, efficiency etc.	
C8	How does the use of a compensation fund affect other postal operators in your country? E.g. possibility to market entry, prices etc.	

D. CROSS SUBSIDIES

D1	Do you have any cross subsidies in the postal sector in your country in order to finance the US? For example between different segments or through uniform tariffs.	Yes	No
D2	What considerations and calculations have been made in order to determine the degree of cross subsidisation?		
D3	How does the presence of cross subsidies affect the USP in your country? E.g. prices, market position, efficiency etc.		
D4	How does the presence of cross subsidies affect other postal operators in your country? E.g. possibility to market entry, prices etc.		

E. REGULATORY IMPLICATIONS

E1	Please indicate how much resources you are using for the following tasks of the national regulator regarding the current supervision of the provision of the Universal Service;	Not a major task	Major task
	Price control	1 ----- 2 ----- 3 ----- 4 ----- 5	1 ----- 2 ----- 3 ----- 4 ----- 5

	Issuing licences/authorisations	1 ----- 2 ----- 3 ----- 4 ----- 5	
	Supervision of quality of service – time for delivery (according to EN 13850)	1 ----- 2 ----- 3 ----- 4 ----- 5	
	Supervision of quality of service – other delivery regulations (frequency of delivery, network density, facilities for disabled etc.)	1 ----- 2 ----- 3 ----- 4 ----- 5	
	Promote competition	1 ----- 2 ----- 3 ----- 4 ----- 5	
	Supervise the gradual opening of the market	1 ----- 2 ----- 3 ----- 4 ----- 5	
	Consumer protection	1 ----- 2 ----- 3 ----- 4 ----- 5	
	Other, please provide your own examples	1 ----- 2 ----- 3 ----- 4 ----- 5	
E2	Is the current regulatory framework in order to maintain the US clear?	Yes	No
E3	Are there any legal disputes regarding this legislation?	Yes	No
E4	If so, please describe.		
E5	Are there any competitors to the USP within the US area?	Yes	No
E6	In what segments of the market?		

Thank you very much for your effort!

Please send the completed questionnaire to johan.krabb@pts.se no later than the 10th of January 2006.