



ADAM MICKIEWICZ UNIVERSITY, POZNAŃ

The Faculty of Law and Administration

The Compensation Fund on the Postal Market. *The Polish case*



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The Compensation Fund on the Postal Market.

The Polish case

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The Universal Postal Service

Poczta Polska S.A. as the DO

2012-2015 – by law,

2016-2025 – by contest.





The Universal Postal Service

US should be provided:

1. in uniform manner,
 2. ensuring throughout the whole of the national territory:
location of postal points of contact,
 3. at **affordable prices,**
 4. with frequency not less than during **5 days a week.**
-



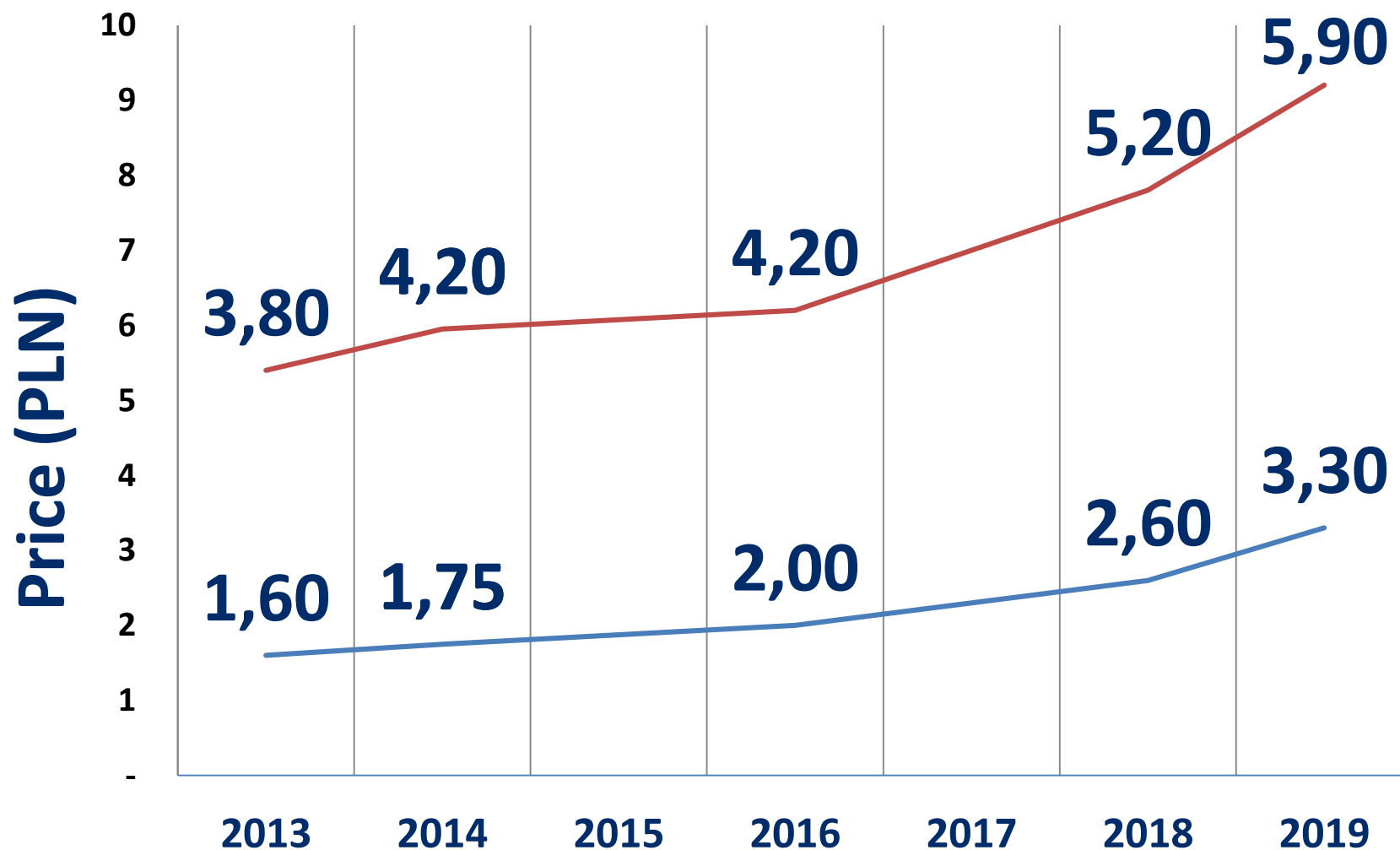
Tariffs for the universal service:

**The price cap set by the
Minister responsible for
communications**

**The annual price caps for
US set by the President of
UKE**

**Tariffs set by the DO –
Poczta Polska S.A.**

The letter prices



| | 01/05/2013 | 01/02/2014 | 07/04/2014 | 01/03/2016 | 01/04/2018 | 01/04/2019 |
|-----------------|------------|------------|------------|------------|------------|------------|
| Register letter | 3,80 | 4,20 | 4,20 | 4,20 | 5,20 | 5,90 |
| Letter | 1,60 | 1,75 | 1,75 | 2,00 | 2,60 | 3,30 |



The Compensation Fund

I stage

DO prepares a draft of a net cost calculation description, specifying the calculation method.
The President of UKE approves the description by administrative decision.

DO informs the Minister responsible for communications and the President of UKE, annually, on the expected level of the net cost and the loss on US in the next year, presenting initial calculations of those figures together with reasoning.

[not obligatory to receive subsidy]

DO submit to the President of UKE the remedial measures plan in order to avoid expected loss on US provision.

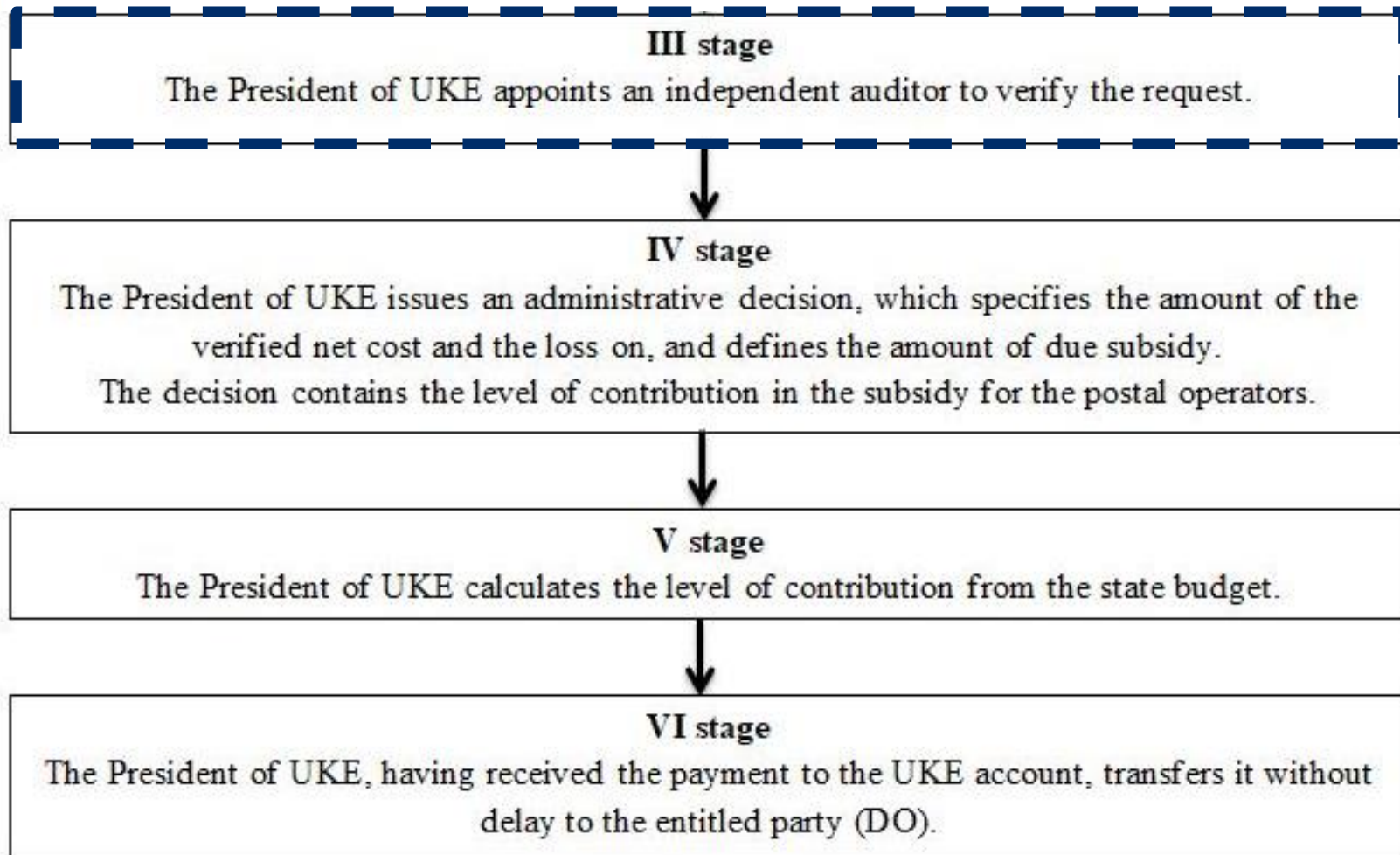
[not obligatory to receive subsidy]

II stage

DO submits a request to the President of UKE, which must contain a calculation of the net cost, the loss on US, bills and other documents.



The Compensation Fund





Calculating the Net Cost

The net cost in Poland is financed by **some** of the postal operators and by the State Budget.

Only those postal operators are obliged to contribute in subsidy to the net cost, which **provide** the universal service or services within the scope of universal service.

The operators revenue from those services must **exceed 1 million PLN**. The amount of the postal operator's contribution to the subsidy **may not be higher than 2% of financial revenues** from universal service or from the services within the scope of universal service.

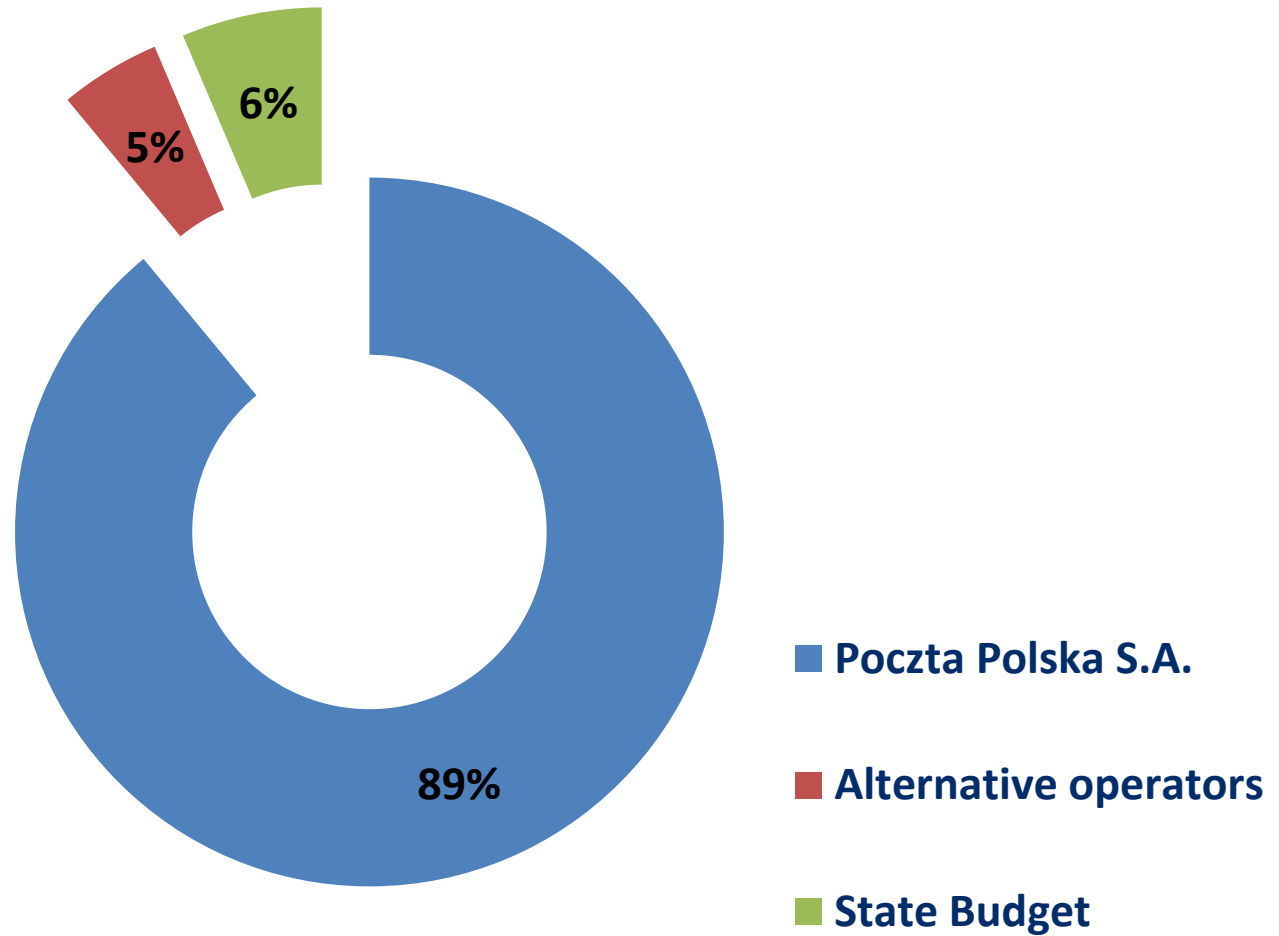


2013

| Analytical position | Amount in PLN (million) | |
|-----------------------------------------------------------|-------------------------|------|
| The amount of redress | 95,1 | 100% |
| Poczta Polska S.A. participation in the compensation fund | 84,6 | 89% |
| The amount for Poczta Polska S.A. | 10,5 | |
| Alternative operators | 4,4 | 4,6% |
| State Budget | 6,1 | 6,4% |

Prediction of the net cost participation:

2013





CF on the telecommunication market

In Poland, telecommunication and postal market share the same regulator - the President of UKE.

The method of financing US on the telecommunication market in Poland is very similar to the described in the postal regulation.



CF on the telecommunication market

The telecommunication regulation allows not to designate undertaking for the US provision.

Since 2011, there has not been any DO on the telecommunication market. Universal service has been carried out fully by the market.



CF on the telecommunication market

Contribution to the CF are all telecommunications undertakings.

Only telecommunication operators, which have revenue from telecommunications activities higher than 4 million PLN in the calendar year, for which the subsidy is due contribute to the subsidy. Their contribution cannot be higher than 1% of its revenue.



CF on the telecommunication market

In **2010**, the designated operator - Orange Polska S.A. applied for **269 million PLN** as a net cost, whereas the President of UKE calculated only **51 million PLN**.

There was a **117 telecommunication undertakings** obligated by the President of UKE to pay **0,1237592998%** of their revenue. The subsidy from the compensation fund for 2010 was paid to the designated operator in 2018.



Conclusions

- ✓ The key constituent of the universal postal service is its affordable price. US can generate financial losses for the service provider.
- ✓ Polish Postal Law Act determines the scope of the US very precisely and does not give the designated operator any freedom to modify it.





Conclusions

- ✓ The character of the fund has a direct impact on the market situation. Financing US from the State Budget must be considered as the primary solution in the EU law.
- ✓ The compensation fund regulation in the Polish Postal Law Act is anticompetitive.





Conclusions

- ✓ Poczta Polska S.A. is the biggest participant in the compensation fund and, thus, it is not interested in declaring the net cost of the universal service obligations.
- ✓ Contrary to the Postal Law Act, the costs of the USO have been paid by the end-users since the price of the register letters has increased for ca. 67% in the last six years.



Conclusions

- ✓ Maintaining the compensation fund requires **essential changes** similar to that from the telecommunication market in Poland. Most of all, all postal operators should participate in the compensation fund.
- ✓ Such a change can potentially decrease the prices of universal postal service in Poland and, thus, make more affordable.





Thank you for your attention!

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