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Effect of deregulation on changes in the local market of postal services (with the example of the former Tarnów Voivodeship)

Key words: deregulation of the market of postal services, liberalisation of the market of postal services, postal services, postal services market, Poczta Polska (Polish public postal services), delivery services, delivery companies, postal companies

Summary: The paper presents the effect of the processes of liberalisation and deregulation of the postal services market on the local market of postal services of the former Tarnów Voivodeship (now the city of Tarnów, the Counties: Tarnów, Bochnia, Brzesko, Dąbrowa Tarnowska, Dębica). In particular, the terms of postal services and of the postal services market have been discussed, and then the further stages of the processes of liberalisation and deregulation of this market within the European Union and in Poland and their effect on the local market of these services in the former Tarnów Voivodeship.

1. Introduction

The activities undertaken by the European Union and related to unification of particular sectors of the internal market include also postal services. This applies to gradual liberalisation, but at the same time, in reference to common services, takes into account certain regulatory processes whose objective is ensuring a specific level of performance. It follows from the fact that, despite development of alternative services, postal services are important for both the state and the society.

This document discusses the most significant issues related to the process of deregulation of the postal services market and their effect on the local market, including the former Tarnów Voivodeship (now the city of Tarnów, the Counties: Tarnów,

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Bochnia, Brzesko, Dąbrowa Tarnowska, Dębica). The summary includes conclusions of general nature as well as proposals of the directions of further research in this issue.

2. Postal services

Pursuant to the provisions of the Polish legal regulations, in particular to Article 2 of the Postal Law (1), a postal service means profit-driven reception, transporting and delivery of letters, parcels, parcels for the blind, postal orders executed in domestic or international trading. Within the postal services, the common postal services are named. These include services (Article 3 Para 25 of the said Law) which consist in receiving, transporting and delivery of letters (up to 2000 g, including registered parcels and parcels with stated value), parcels (up to 10,000 g, including with stated value), parcels for the blind. Moreover, the common services include delivery of parcels sent from abroad (up to 20,000 g) and processing postal orders. These are provided in the domestic and international trading in the territory of the Republic of Poland, in a unified way under comparable conditions and at affordable prices, maintaining the quality required by the law and with ensuring at least one emptying of the sending mailbox and delivery of parcels at least on each business day and not less frequently than five days a week.

3. The postal services market

The above services are provided within the market of postal services defined as an "entirety of exchange relations between the suppliers, that is the units which provide postal services, and the buyers of these services. This market thus includes all the postal facilities and all the service beneficiaries and the total set of purchase and sale transactions in the scope of postal services throughout the country" (2). Its structure is multi-segmental and it may be broken down into the segment of postal services (within which common services are also present), delivery services, no name prints and direct mail (addressed promotional parcels), and services related to performing the intermediation function by the postal operator (e.g. banking and insurance) (3). The basic entities in the postal services market are individual buyers, companies, institutions, national and private organisations which provide postal services, companies and market firms in various industries, regulatory institutions, the state, and the objects of the exchange in the postal services market include information, tangible goods, and nominal goods (4).

The postal market has traditionally been functioning as a monopolistic one. The progressing globalisation of the economy and the liberalisation processes have also significantly affected the postal sector. These come in transformations of the market

structure (leaving monopoly and introducing competition), ownership transformations (undertaking activities in the market by private companies, changing the principles of functioning of traditional postal operators, that is departing the functioning according to the rules of the state administration and undertaking activities according to the rules characteristic of the private sector) as well as changing the method of controlling the postal market (departing from the direct control over the market by the state and implementation of the intermediate control with the use, at the widest scope possible, of general solutions characteristic of the whole economy, supported with industry regulations, the observation of which is supervised by specialised regulatory organs) (5).

4. Liberalisation of the postal services market within the European Union

In reference to the European Union, within the discussion on the processes of liberalisation and deregulation, as Grażyna Wolska stated (4; 6), two positions were presented. The first referred to state intervention and the feeling of social and military role of postal services was its basic assumption, thus the necessity of maintaining state monopoly in the postal services market. Moreover, effectiveness of the market was emphasised as a controller of the economy and the fears were presented resulting from uncertainty as regards behaviours of private entities providing postal services, from which disproportions in access to postal services may arise.

The second position referred to the necessity of liberalisation of the postal services market, within the framework of which arguments were used about imperfection of the state as an entity of allocation and control decisions, natural monopoly was covered, and better effectiveness of private against public institutions was emphasised. Finally, it was assumed that liberalisation of the postal services market was necessary. The prevailing arguments, justifying introduction of self-regulation in the postal services market, are broadly understood aspects of imperfection of the state as an entity of allocation and control decisions, as well as shortcomings, in many cases simply immanent, of public against private institutions. At the same time, it was proven that there are two main disturbances in the postal services market, which manifest in the fact that domestic markets are still mostly dominated by monopolies of the public sector and that many countries still feature too strong control, often limiting development of competition.

Despite the stated disturbances, the plan of liberalisation of the postal services market in the countries of the European Union has been prepared and is being implemented, which consists in gradual opening of the letters market in the years 2000–2011/2013. Within its framework, the area reserved for parcels up to 350 g and for the five times the basic tariff was limited as of 01.01.2000 (7). Then, further reduction of

the area reserved for postal parcels was specified as of 2002 (up to 100 g) and from 2006 (up to 50 g) (8). As of 1.01.2011 (9), full opening of the market was assumed, with the transition period up to 2013 for 11 European Union member countries (the Czech Republic, Greece, Cyprus, Lithuania, Latvia, Luxembourg, Hungary, Malta, Poland, Romania, Slovakia).

5. The postal services market

Within the implementation of the regulations of the European Union, the Polish postal services market is also subject to changes. At present, it is a market in which the dominant entity is present on part of the supply of the common postal services, which is the public operator "Poczta Polska" (a joint stock company since 2009), which results from Article 46 of the Postal Law (1). It also has a legally sanctioned monopolistic position in the area of reserved services, resulting from Article 47 of the said Law. At the same time, this market has been functioning for several years under the conditions of gradual liberalisation determined with significant dates. These include the year 1996 (when the Communication Law of 23 November 1990 introduced licences for delivery services, defined the common service term, the reserved area, the parcel services market was opened, within which postal operators appeared such as DHL, TNT, UPS), 1997 (introduction of the Act on PPUP Poczta Polska, regulating the issues of functioning of this company). Further important dates are 2001 (introduction of the Postal Law of 12 June 2003 along with executive acts defining the definition of common service, introduction of the obligation of providing common services, the reserved area up to 500 g was defined, changed to 350 g after joining the EU, the controller unit for the postal services market and its competencies were defined), 2006 (reduction of the reserved area to 50 g, which translates into the development of alternative postal operators, including InPost, PAF). The years 2008–2009 were the period of adjusting Directive 2008/6/EC of 20 February 2008 (amending Directive 97/67/EC) to the national regulations, and the year 2013 signifies the full opening of the postal services market, which will allow selection of the operator and will translate into reduction of prices and higher quality of services (10; 11; 12).

The above changes affect the market in a definite way. As the *Report of UKE President on the condition of the postal services market in Poland in 2009* (13) shows, the years 1996–2009 saw almost 14-fold increase in the number of non-public operators (from 15 to 209). It is significant that non-public operators, unlike Poczta Polska, which is obliged to provide services in the domestic and international trading, may provide their services within the country, abroad (or both domestically and abroad) or only locally (in the territory of a voivodeship, county, one place or even its part). These operators may be broken down into three groups, i.e. the so-called delivery companies (including Opek, UPS Polska, GLS Poland, Siódemka, DPD Polska, DHL Express, TNT Express Worldwide), a group of operators who provide services in the

domestic trading with the nature similar to common postal services (InPost, Polska Grupa Pocztowa), a group of other operators who predominantly provide services locally, following the procedure similar to common services or featuring added value (delivery services).

The postal sector shows a slow but steady increase in employment. The rate of increase in employment is maintained due to the presence of non-public operators, where employment is significantly increasing every year (2006: employment 17,964; 2007: 21,246; 2007: 25,484; 2009: 28,696). With Poczta Polska, the trend is just the opposite (2006: employment 101,146; 2007: 100,423; 2008: 100,994; 2009: 98,769). Throughout the country, as at the end of 2009, there were 10,776 facilities (of both non-public operators and the public operator), majority of which were located in city areas (6156). Rural areas are supported with postal services by Poczta Polska, and the number of facilities of non-public operators is negligible there (84). The latter focus their activities in the cities, where demand for postal services is considerably higher, and the costs of their providing are considerably lower than in rural areas. Transformations and changes in the global scale are also translated into the local market, which will be discussed further on.

6. The local postal services market of the former Tarnów Voivodeship: Changes within Poczta Polska

Poczta Polska in the form of a state-owned company of public use was established in 1992 from breaking down a state-owned organisational unit Polska Poczta Telegraf Telefon into two business entities, Poczta Polska and Telekomunikacja Polska Spółka Akcyjna. In 2009, Poczta Polska was transformed into a joint stock company with 100% shares owned by the State Treasury. In 2005, Poczta Polska initiated the process of changes. The main objectives included introduction of new elements into the functioning of this company, such as strengthening the market orientation (with the ultimate establishing of business units), increasing competitiveness and improvement in service quality, optimising costs (introduction of market-driven mechanisms in mutual relationships inside the company), implementation of uniform organisational structures in individual levels of the organisation, improving internal communication, implementation of modern systems of management.

The changes also covered Poczta Polska in Tarnów. In the place of the Regional Postal Office (one employer) covering the area of the former Tarnów Voivodeship (now the city of Tarnów, the Counties: Tarnów, Bochnia, Brzesko, Dąbrowa Tarnowska, Dębica), autonomous specialised units were established as the so-called business units: Oddział Rejonowy Centrum Sieci Pocztowej (District Branch of the Postal Network Centre—management over the network of Postal Offices and retail customer services), Oddział Rejonowy Centrum Usług Pocztowych (District Branch

of the Postal Services Centre—services for the so-called "contractual" customers, i.e. those with whom contracts for provision of postal services were concluded, processing and dispatching parcels, delivery of parcels), field auxiliary units (including Wydział Zamiejscowy Centrum Rachunkowości [Department of Accounting Campus Centre], Dział Terenowy Administracji i Zaopatrzenia [Department of Regional Administration and Procurement], Dział Terenowy Zarządzania Nieruchomościami [Regional Department of Real Estate Management], Centrum Obsługi Finansowej—Dział Kadr i Płac [Financial Service Center—Human Resources and Payroll], Centrum Informatyki—Rejonowy Dział Wsparcia Użytkowników [Computer Centre—District Unit of Members Support], Centrum Pocztex—Oddział Terenowy [Pocztex Centre—Local Branch], Centrum Usług Koncesjonowanych—Oddział Terenowy [Licensed Service Centre—Local Branch]). Later years saw a number of changes which translated into the organisational structure of organisational units in Tarnów. At 1 January 2011, the organisational structure of Poczta Polska in Tarnów was as follows:

- Oddział Rejonowy Centrum Poczty (a regional branch established from merging Centrum Sieci Pocztowej and Centrum Usług Pocztowych, responsible for organisation of a network of postal facilities, support for customers, both individual and "contractual", delivery of parcels, banking and insurance services, retail services);
- Centrum Poczty—Przedstawicielstwo Handlowe (Postal Services Centre—Sales Representation; sales services for the customers with whom contracts were signed, concluding new contracts);
- field auxiliary units supporting the activities of Oddział Rejonowy Centrum Poczty (including Centrum Infrastruktury—Wydział Operacyjny Infrastruktury [Center for Infrastructure—Infrastructure Operations Division] for administrative and economic services, management estate properties, Centrum Zarządzania Kadrami—Dział Kadr i Płac for HR services, Centrum Rachunkowości—Wydział Zamiejscowy for accounting services, Centrum Logistyki—Oddział Terenowy [Logistics Centre—Local Branch] for transport and logistics, Centrum Usług Koncesjonowanych for security services).

7. The network of Poczta Polska postal facilities

From the point of view of the customer, the network of support facilities which guarantee availability of services is most important. Within the Poczta Polska network, there are postal offices (Urząd Pocztowy), affiliated postal offices (Filie Urzędów Pocztowych), postal agencies (Agencje Pocztowe). The basic tasks of Postal Offices include provision of services in the appointed area. These services include postal services, including common ones (receiving letters, parcels, money orders), delivery services, retail services (sale of a specific range of merchandise), financial and insur-

ance services (sale of credits, opening bank deposits, arranging insurance). Affiliated Postal Offices (Filie Urzędów Pocztowych) are selected parts of Postal Offices with which they make settlements under condition of operation outside of its area. These are most often service points in shopping centres (cities) and in rural areas (in the places without commune offices). Postal Agencies operate in the places where running Postal Offices or Affiliated Postal Offices is economically unjustified. They ensure access to common postal services and are managed by the Agents operating in accordance with the regulations of the Civil Code. A civil law agreement is signed for managing a Postal Agency.

In the years 2005–2009, Poczta Polska in Tarnów made a number of changes in the network of facilities, which mostly consisted in transforming Postal Offices into Affiliated Postal Offices and Postal Agencies. In particular (12):

- in 2005 there were 127 Postal Offices, 12 Affiliated Postal Offices, 9 Postal Agencies;
- in 2006 there were 106 Postal Offices, 30 Affiliated Postal Offices, 10 Postal Agencies;
- in 2007 there were 104 Postal Offices, 30 Affiliated Postal Offices, 12 Postal Agencies;
- in 2008 there were 80 Postal Offices, 52 Affiliated Postal Offices, 15 Postal Agencies;
- in 2009 there were 80 Postal Offices, 46 Affiliated Postal Offices, 20 Postal Agencies.

8. Alternative operators

Independently of Poczta Polska, other non-public operators operate in the area of the former Tarnów Voivodeship. These include delivery companies (DHL, Siódemka, Opek, UPS, DPD) and companies which provide services with the nature similar to postal services (InPost), as well as other, mostly local, delivery and postal companies. In particular, InPost, according to the data as at 28 April 2011 (15) has seven customer service points in Tarnów (including three automated parcel machines), five points in Dębica (including four automated parcel machines), three points in Brzesko (including one automated parcel machine), and one point in Bochnia. The DHL delivery company opened in May 2010 in Tarnów (in Czysta Street), a modern reloading terminal with the capacity of processing about 8,000 parcels per day in warehouse halls with the area of 1,500 sq.m. Customers also have the possibility of collecting and sending parcels there. Proprietary customer service points in Tarnów and nearby are also operated by, among others, the following delivery companies: Siódemka, Opek, Masterlink Express, UPS Polska, DPD Polska (16; 17). Moreover, the register of postal operators of the Electronic Control Office reports, as at 28 April 2011 (18), three local companies from Tarnów and one in Dębica, Bochnia, Żabno near Tarnów each.

9. Final remarks

Postal services form a special type of services. The regulations of the law, both in Poland and in the European Union, generally define them as profit-driven reception, transporting and delivery of letters, parcels, parcels for the blind, and postal orders. Within these services, a separate category includes common postal services which, in accordance with the regulations of the law, are the services which consist in receiving, transporting and delivery of letters, parcels, and parcels for the blind, within specified weight ranges and with the specific requirements met in the scope of time, quality and accessibility of service. Common postal services are different in that they are subject to intense state control, which is also justified in their special legal protection, and the characteristic thing is that it is assumed that they are conducive to social integration and facilitate effective functioning of the economy. Common postal services are executed within the postal services market understood as the entirety of exchange relations between the suppliers, that is the units which provide postal services, and the buyers of these services. This market thus includes all the postal facilities and all the service beneficiaries and the total set of purchase and sale transactions in the scope of postal services throughout the country. For many years, this market was supervised in high detail as well as limited by the state, with the justification of, among others, the special social and military role of postal services, thus requiring a strong control on part of the state administration. Moreover, operation of private operators was feared, and there was a strong belief in limited effectiveness of the market as a controller of the economy. However, the market situation, as well as views of the economists finally prevailed (including the arguments related to imperfection of the state as an entity of location, as well as regulatory decisions, or the shortcomings of public institutions against private ones) and this market is being subjected to gradual liberalisation and deregulation.

In Poland, the dominant entity in the postal services market is Poczta Polska. With the rights of a public operator and acting in the reserved area, this company takes advantage of its dominant position with, among others, defining and applying price list for common services which not always correspond with the costs incurred on this account. The implementation of further Directives in the field of deregulation of the services market contributes to development of competition in this field. It is apparent in the global analysis of the entire market of services and in the changes in the local market. In case of the former Tarnów Voivodeship, these include the transformations of Poczta Polska (passing from a territorial structure into selected business centres) and changes in the structure of the network (transformation of unprofitable Postal Offices and Affiliated Postal Offices into Postal Agencies). In case of other postal and delivery operators it means expansion of the own network of customer service points, including modern forms of parcel delivery (InPost automated parcel machines) or terminals in which parcels are processed, received and collected (the DHL delivery company is the example here).

The analysis of the trends related to the market which result from its liberalisation shows development of companies competitive to Poczta Polska. This process, along with further stages of liberalisation andderegulation, will continue, with introduction of real and measurable benefit for the customer in the form of competition, which translates into prices of services. At the same time, one of the current limitations is the lack of the decision by the state in the scope of principles and modes of providing common postal services after the complete liberalisation of the market in 2013 (administrative-based selection of the operator, contest, tender proceedings, etc., as well as lack of rules for compensations for providing unprofitable common services). This decision will result in further changes and transformations in this market, which may constitute another area of research and analyses.

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Wpływ deregulacji na zmiany lokalnego rynku usług pocztowych (na przykładzie byłego województwa tarnowskiego)

S t r e s z c z e n i e: W pracy przedstawiono wpływ procesów liberalizacji i deregulacji rynku usług pocztowych na lokalny rynek usług pocztowych byłego województwa tarnowskiego (obecnie miasto Tarnów, powiaty: tarnowski, bocheński, brzeski, dąbrowski, dębicki). W szczególności omówiono pojęcie usług pocztowych, rynku usług pocztowych. Następnie analizie poddano kolejne etapy procesu liberalizacji i deregulacji tego rynku w ramach Unii Europejskiej i Polski oraz ich wpływ na lokalny rynek tych usług w byłym województwie tarnowskim.

S ł o w a k l u c z o w e: deregulacja rynku usług pocztowych, liberalizacja rynku usług pocztowych, usługi pocztowe, rynek usług pocztowych, Poczta Polska, usługi kurierskie, firmy kurierskie, firmy pocztowe