International Post Corporation

Posti: Amending the Postal Act to adapt to the digital transformation

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Posti considers the amendment to the Postal Act approved by the Parliament to be a responsible and positive reform, which will bring the regulation of the sector into line with the drastically decreasing mail volumes. In practice, the impact of three-day universal service delivery on mail recipients will be small, as the delivery speed of letters will remain unchanged. The new delivery support will create the conditions for the continuation of the five-day delivery of paper publications in sparsely populated areas.

Today, the Parliament has approved the Government's proposal to amend the Postal Act. The Act is due to enter into force on 1 October 2023. In order to enter into force, the President of the Republic must ratify the Act.

The amendment will reduce the delivery and picking days of the universal service from five to three weekdays. Another important reform is the introduction of a new delivery subsidy to support newspaper deliveries in sparsely populated areas. In Finland, delivery support was last in use in the 1990s.

"The reforms approved by the Parliament are really important due to the sharply decreasing delivery volumes. The volume of letters delivered by Posti has fallen by nearly 70%, so there are no longer enough letters to be delivered profitably every day. When postal regulations are relaxed, the state will not have to finance the universal service with tax revenue in the future either," says Yrjö Eskola, Posti's Senior Vice President, Postal Services.

Delivery support needed for paper publications for 4–5 years

Posti considers the delivery support for newspapers to be a very necessary measure to ensure the delivery of paper publications in sparsely populated areas.

"The extent of the digital transformation is illustrated by the fact that the number of printed newspapers has decreased by more than 60 percent since the beginning of the 1990s. It has also increased the unit costs for the delivery of publications. In sparsely populated areas, the cost of outdoor delivery work per delivered product can be three times higher than in urban areas and five times higher than in city areas.

"If it is not profitable to deliver paper publications on market terms and in a

financially sustainable manner, but the service is considered necessary for society, it is the state's job to support the delivery of newspapers," says Eskola.

Eskola estimates that state delivery support will be needed at least until the end of 2027 to help the media industry adapt to the digital media environment.

The reforms will enable significant emission reductions and full-time work for deliverers
Posti commends the Government and Parliament for the fact that the amendments to the Postal Act enable the provision of alternate-day delivery and, at the same time, full-time work for the personnel in mail delivery. According to Eskola, Posti wants to act responsibly towards its personnel.

The climate also commends the amendment of the Postal Act. By reducing the number of delivery days and making delivery more efficient, Posti is able to significantly reduce its carbon-dioxide emissions. Posti's daytime delivery currently covers approximately 310,000 kilometers on weekdays and 170,000 kilometers on lightened mail delivery days. Posti's goal is to reduce unnecessary kilometers driven, cut fuel consumption and transport all items fossil-free by 2030.

The new Postal Act will not affect the delivery speed of universal service letters and letters from the authorities
The Parliament's Transport and Communications Committee stated in its report that the amendments to the Postal Act must not slow down the item delivery or receipt of postal items sent by the authorities that are relevant to legal protection. Eskola points out that the reduction in delivery days does not affect the delivery of official letters, which are commercial and competitive contract-based deliveries, and Posti delivers these products fully in accordance with the service level agreement agreed with the customers.

The amendments of the Postal Act will not affect the delivery speed of stamped letters, which will be maintained unchanged in the Postal Act.

The universal service obligation imposed on Posti by the Postal Act applies to cash-paid products (including ordinary letters, registered and insured letters, letters with advice of delivery and parcels sent abroad) that represent less than 3% of all mail delivered by Posti. The delivery of newspapers, magazines and advertisements is not covered by the universal service. Corporate letters, domestic parcels and parcels sent from abroad are also not covered by the universal service.

Source: Posti

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