

Posti's stakeholder survey: Funding mail delivery by tax revenue divides opinion among Finns

09-01-2019

More than 60% of the consumers who responded to Posti's stakeholder survey are in favor of reforming postal services in a way that keeps them from being funded by tax revenue. Nevertheless, the question of state subsidies was a controversial one among respondents. One in two consumers are of the opinion that the delivery of letters and publications must be supported by state funding if necessary.

Posti conducted an extensive stakeholder survey in November 2018 to poll Finnish consumers' and decision-makers' views on issues ranging from the future of mail delivery to the regulatory reform of the postal industry. The survey had 2,106 respondents, of whom 1,935 were consumers and 171 were decision-makers.

The results of the survey indicate that consumers and decision-makers share similar views on how Posti's operations should be reformed as digitalization transforms the industry. According to consumers, the most significant aspect of the reforms is to maintain the profitability of Posti's operations in order to keep them from having to be funded by tax revenue. Some 62% of consumers were in full or partial agreement with this view, while the corresponding figure among decision-makers was 65%.

Deliveries must be secured by subsidies if necessary

The survey respondents were also asked whether the delivery of letters and publications should be supported by tax revenue if necessary. Posti currently operates on market terms and is the only national postal service in the Nordic region not to receive any public subsidies.

More than half (58%) of the decision-makers who responded to the survey were of the opinion that, if necessary, the delivery of letters and publications must be supported by funding from the state budget or a separate postal tax collected from taxpayers. One in two consumers (50%) were in full or partial agreement with this view. Some 44% of consumers agreed with the idea of supporting the delivery of newspapers by state transport subsidies.

"The survey shows that Finns would ideally like to see mail delivery continue on market terms. Nevertheless, there is broad support for state subsidies or a separate tax to secure delivery operations in the future. Digitalization and changes in customer behavior have reduced mail volumes by half, and this decline threatens to accelerate further in the coming years. This will create an even more drastic need to cut costs. In the next few years, maintaining five-day delivery of publications throughout the country may require public subsidies," says Yrjö Eskola, Senior Vice President, Postal Services at Posti.

Decision makers would be satisfied with 2–3 delivery days

The issue that divides decision-makers and

consumers the most concerns the reduction of delivery days. As many as 67% of decision-makers are of the opinion that, in the face of declining paper mail volumes, delivering letters on 2–3 days per week is sufficient. Among consumers, nearly half (45%) are in favor of reducing the number of delivery days.

Decision makers were also asked to indicate the key priorities in the next round of regulatory reforms concerning the postal industry.

Securing postal services throughout the country was highlighted as the most important issue. This opinion was held by 67% of decision-makers. Taking consumers' new service needs into consideration emerged as the second-highest priority (52%), followed by enabling digital delivery in mail delivery (26%), easing the universal service obligation to prevent the need for public subsidies (26%) and increasing competition in the postal industry (21%).

The decision-makers questioned in the survey believe that the best way to secure Posti's basic services is to ease the regulations governing the postal industry enough to make it possible to cover the costs of Posti's universal service without public subsidies. This was the most popular method among respondents (44%).

The second method favored by decision-makers was to fund Posti's universal service from the state budget or introduce a separate postal tax (37%). One in three decision-makers (32%) would be prepared to split up Posti to create a public service provider that handles mail delivery operations funded by tax revenue, with the parcel and logistics functions privatized. Nearly 30% of the decision-makers surveyed would increase competition in the postal market by giving other operators access to Posti's delivery data.

Source: [Posti](#)