

Supply of postal services in rural, mountainous areas in Austria after the restructuring

Access to full postal services is indispensable to many small and remote Austrian municipalities in rural and mountainous regions. Postal services are part of public services (public transport, local grocer's, childcare, local elementary school etc.) which are vital for rural and mountainous regions. Content of this paper is an empirical evaluation of the effects of the restructuring of post offices in rural, mountainous areas in Austria by the Österreichische Post AG (Austrian Post) from 2002 to 2005. Firstly, the legal framework set up by the Federal Postal Law 1997 and the Postal Universal Service Ordinance (USO) 2002, which regulates the density of postal network and alternative solutions, has been clarified. Secondly, the alternative solutions for the closing of post-offices such as franchised counters (post partner offices), service points and mobile offices and their regional distribution have been examined. Finally the criteria which regulate the density of access points in other European countries have been analysed and assessed.

1. Legal framework set by Postal Law 1997 and the Universal Service Ordinance (USO) 2002

The provisions ensuring sufficient density of access points are regulated within the Federal Postal Law 1997 and the Postal Universal Service Ordinance 2002 (implementing the EU-postal directive 97/67/EG). Both regulations are to “*guarantee the satisfactory provision of postal services to all users throughout the Federal Territory at a reasonable price and in accordance with equal principles*” (§ 1, Federal Law Regarding Postal Services 1997).

Originally, the universal service obligation was implemented due to the full market opening of the sector in order to ensure minimum standards of postal services all over the territory, independently of the actual transmitting charge. “*Within the framework of the universal service the provider has to ensure that users have got the right to a service involving the permanent provision of postal services at all points in Austria at prices affordable for all users of such quality that the needs of users are met by means of an adequate density of points of contact and access as well by means of an adequate level of clearance and delivery frequency*” (§ 4, Federal Law Regarding Postal Services 1997). The point is that clearance and delivery is

guaranteed even in (peripheral-mountainous) regions with a rather poor price-to-performance ratio.

2. Austrian Post as market leader and universal service operator in Austria

The Austrian Post, as market leader and universal service operator, runs a nationwide distribution network of recent 1,335 outlets in Austria. This decentralized network of outlets is vital for rural and mountainous areas. 4,6 million letters, 12,0 million direct mail items, 2,6 million newspapers and magazines and 180,000 parcels are delivered every day by 11,300 postmen and women to 3,9 million households and businesses all over Austria. The delivery takes place on an every day basic (Monday to Friday) and goes even into the remotest alpine valley. The decentralized network of outlets is vital for rural and mountainous areas even after the recent dismantling.

3. Worst impact of restructuring in rural areas

The empirical outcome of the analysis, based on statistical data offered by the post management, has been as followed:

- Altogether from 2002 to 2005 951 post-offices in rural areas were closed. The number of postal outlets decreased from 2,286 to 1,335. By this means 42 % of all national post offices were shut;
- Most of the closures took place in the federal provinces of Lower Austria, Upper Austria, Styria and Carinthia, whereas the capital Vienna and the western provinces of Austria (Tyrol, Vorarlberg) were affected only below the average;
- On district level the worst impact was felt in some rural districts of the federal province of Lower Austria;
- In absolute figures the districts of Gänserndorf, Mistelbach and Hollabrunn lost most of the outlets but in relative numbers - according to the remaining numbers, other districts (Knittelfeld, Murau, Hermagor, Wolfsberg, Güssing, Reutte) were affected severely;

Chart 1 illustrates the deterioration of postal supply in rural and mountainous regions since 2002. The red coloured spots are urban areas with a steady postal offer whereas the blue col-

oured space means a worse situation. In these areas inhabitants per postal outlet and/or post partner have at least doubled since 2002.

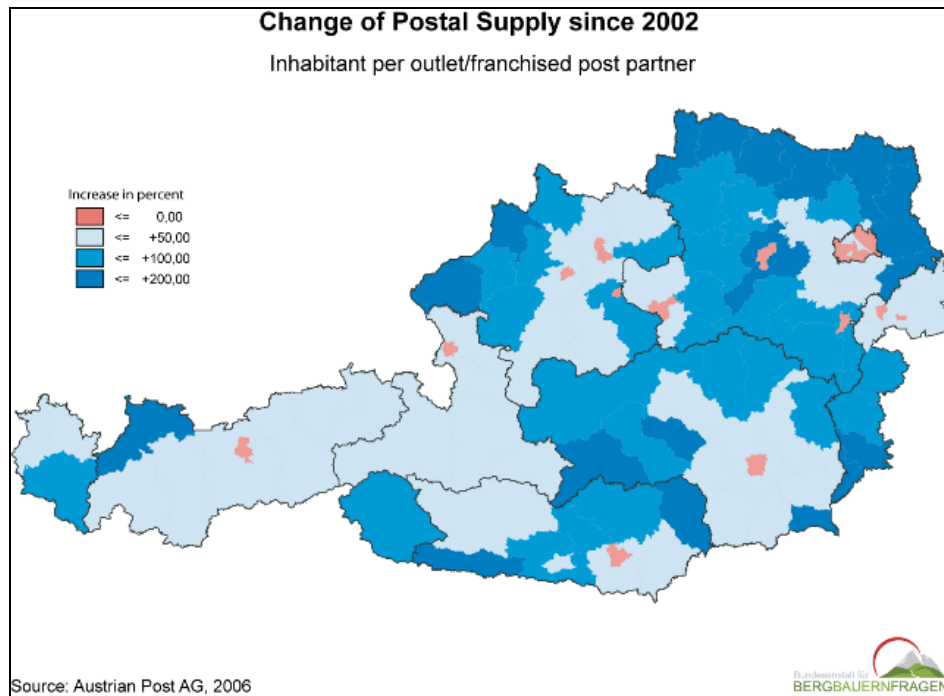


Chart 1: Change of Postal Supply since 2002

4. But “restructuring process” according with the USO

The restructuring was justified by the postal management, stressing the bad income situation of lots of small, rural offices and a shift in demand by clients. Due to the fact that the Austrian Universal Service Obligation 2002 doesn’t specify a certain number of postal outlets (uneven for example to the situation in Germany) or conclusive criteria which define the regional distribution the closing of lots of rural post offices was fully complied with the requirements of the provision.¹ Remarkably, a former draft proposed by the Österreichische Post AG had suggested *more reliable indicators* in terms of maximum distance criteria linked with population density criteria.

The current Universal Service Obligation (USO) defines that postal outlets can be closed if they generate a deficit and that they will continue to generate such a deficit in the future due to a long term lack of demand. There is (only) an obligation to inform the municipalities that were supplied by that post-office and work together on good terms with the municipalities

¹ “The current network of postal service points presently in existence is considered to fulfil the requirements”. (§3, Postal Universal Service Ordinance 2002)

concerned to search, within a period of three months, for alternative solutions (such as agencies-“post partner” or service points or regional deliverer) in an attempt to keep the location. A particular attention should be given to the regional situation. In total there is no legal *obligation* by the Austrian Post neither to keep a site nor to set up an alternative solution.

5. Regional distribution of post-offices after restructuring

After the “closing wave” the regional distribution of post-offices between urbanized and rural areas is even more uneven as before (see chart 1).

- On the one hand cities and urban areas were less affected by the shut-down and therefore better-equipped with the remaining post-offices;
- On the other hand and compared with the well-above the average supply in urban areas the supply with postal services is insufficient in rural-peripheral and partly in mountainous areas;
- The thinning out of the supply with postal outlets is measurable likewise by some hardcore indicators as “inhabitants per post office” and “post office per km²”;

Simultaneously the accessibility to postal services for the local population has been shrunk. After the restructuring they are forced to overcome long distances mostly by car in order to reach the next public outlet. Consequently less mobile people are affected even worse. Moreover you have to take in mind that beside the provision of necessities, the local post office has some additional functions which are being lost if the location is ceased. For example the post office generates an informal meeting point or has other local importance (“multifunctionality of public services”).

6. Assessment of alternative solutions

As compensation the Austrian Post AG has set up alternative solutions as franchised counters, service points and mobile offices:

- In 2006, Austrian Post provided services through 191 (franchised) post partner offices, 343 service points and 2 mobile posts;

- If there is regional not a substitute as a post-partner or a service point the post management has established postal services (beyond the distribution of mail) provided by the postman (the so-called regional deliverer service). The last one is run by 4,200 (from total 11,300) postmen;

The offer of the diverse types of alternative solutions differs from a quite extensive supply with postal and financial services offered by the so-called post-partner and mobile post-shops (both are clearly labelled as postal counter) to a rather restricted supply sold by the service points (posting of letters and parcels, selling of stamps, cashless money order but no connection with the postal EDV). The majority of post-partner is run by local retailers, local enterprises but also by municipalities and tourist boards. The service points are mainly operated by municipal offices.

The empirical, regional pattern of the distribution of alternative solutions shows some characteristics:

- Empirically only one outlet out of twice was replaced by stationary alternatives (like post-partners or service points);
- Actually, the spatial retreat in rural areas has been pronounced. And not always post-partners and service points have been established on sites with shut outlets;
- A couple of new founded service points are in fact situated in towns, cities and urbanized areas;

7. Comparison of supply criteria in other European countries

Finally, in order to compare the supply and regional distribution of post offices in Austria with the standard in other European countries the criteria which regulate the density of access points in a couple of other European countries have been analysed and assessed:

- Universal service operators in Germany, the Netherlands and Poland have to comply higher and more detailed criteria - the minimum number of outlets and the distribution (access points per inhabitant or area) are specified;
- There are some network requirements (according to density and accessibility) in other countries like Belgium, Denmark, Finland and United Kingdom, Norway, Switzerland and Hungary;

- Compared with this in Italy, Ireland, Austria, Sweden and Spain there are no such criteria;

Nevertheless the effect of criteria to safeguard number, distribution, density of access points (e.g. outlets) should not be overvalued. In fact, in most countries postal operators have reduced the number of own outlets and have replaced them with cheaper and often franchised agencies, independently of existing criteria which ought to guarantee an equal, non discriminating distribution even in areas with low profitability.

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