

The expert committees report on the Future of Postal Services in Norway

About the report

In January 2024 an expert committee was appointed to provide a recommendation on the Norwegian postal policy in the coming years. The committee submitted their report in December 2024.

The rapid decline in letter volumes, due to e-substitution, is causing the net cost of universal postal services to increase quickly. The committee was appointed to give recommendations for a sustainable universal postal service in the future.

Below you can find an unofficial English translation of the first two chapters of the Postal committee's report, as well as the foreword.



Foreword

To the Ministry for Transport

The Committee for the Future of Postal Services (Odin Committee¹) was appointed by the government in January 2024. The background is that the use of postal services has changed significantly, while the service itself, with distribution to all mailboxes in the country,

¹ Odin is the son of committee member Kathrine Holm Reiso. He was a newborn when the committee started its work and has attended many meetings. He has contributed with sounds and smiles and has represented the future postal user.

has not changed substantially. The volume of letters is sharply declining, while the volume of packages has increased significantly.

The government has therefore asked the committee to assess what changes are needed to facilitate postal services that are more in line with actual needs and where society's resources are used in the best possible way.

The committee has collected extensive data and input from various stakeholders, including users, employees and experts, and used the data in their analysis. This has provided valuable insights into an area that represents long traditions, many jobs, and various needs, both between generations, residents, businesses, and geography.

The ambition of the Odin Committee is that the report will serve as a valuable toolbox for the government and contribute to a constructive discussion about the future of postal services.

Oslo, December 16, 2024,

Elisabeth Sørbøe Aarsæther
Chair

Odd Inge Bardal

Katrine Holm Reiso

Frode Danielsen

Gerd Øiahals

Malgorzata Agnieszka Cyndecka

Per Magne Tveiten

Grete Rusten

Committee member Lars Bjerke was unable to participate in the work in the autumn of 2024

Randi Hovde
Maren Eline Klonteig
Marie Ljosland Waale
Lars Mølkjær Christensen
Guro Kristine Haug
Nina Sørensen Aas

Chapter 1 Introduction



1.1 Appointment and Composition of the Committee

The committee was appointed by the Minister of Transport Jon-Ivar Nygård on January 22nd 2024. The assignment is to provide recommendations on what should be Norway's postal policy in the coming years.

The committee was appointed with the following composition:

- Director of the Directorate for Civil Protection and Emergency Planning (DSB)
Elisabeth Sørboe Aarsæther (chair), Arendal/Tønsberg
- County Director for Transport and Infrastructure in Nordland County Municipality
Odd Inge Bardal, Bodø (deputy chair), Bodø
- Director of the Digitalisation Directorate
Frode Danielsen, Leikanger
- Head of the Union for Post and Finance
Gerd Øiahals, Ås
- Professor of Economic Geography at the University of Bergen
Grete Rusten, Bergen
- Senior Economist at Menon Economics
Katrine Holm Reiso, Oslo
- Municipal Director for Asker Municipality
Lars Bjerke, Oslo
- Associate Professor at the Faculty of Law, University of Bergen
Malgorzata Agnieszka Cyndecka, Bergen
- CEO of Mentor Medier
Per Magne Tveiten, Nordre Follo

The committee's secretariat: Randi Hovde (leader), Guro Kristine Haug, Lars Mølkjær Christensen, Maren Eline Klonteig, and Marie Ljosland Waale from the Ministry of Transport, and Nina Sørensen Aas from the Norwegian Communications Authority.

1.2 The Committee's Mandate

Universal postal services are defined in the Norwegian Postal Act. The designated operator can either be selected by decision or by entering into an agreement with the state.

Posten Bring AS (Posten) is obligated by its concession to ensure delivery of letters and light goods and must ensure a nationwide postal service. Posten delivers mail to all households every other weekday from Monday to Friday.

Letter volumes have been rapidly declining over the past decades. Posten states that if the company were to make decisions within a purely commercial framework, postal delivery would have been transformed from the current arrangement of delivery every other day to mailboxes, to delivery to central collection points, such as post in store² or parcel lockers (also known as parcel boxes or parcel machines), five days a week where the customer will receive an electronic notification when there is mail to collect.

The state currently covers Posten's net cost of the delivery obligation. The rapid decline in letter volumes is causing the cost to increase quickly.

Before any possible changes are made to Posten's distribution network, the committee will assess:

- how this network is used today, and
- how it can potentially be used in the future to meet the needs of other sectors.

The topics the committee will work on are therefore broad and include both:

- the availability and reach of the distribution network,
- the content of the delivery obligation, and
- the quality of distribution in terms of delivery time and regularity.

The committee's report will serve as a basis for decisions on the future sustainable delivery obligation.

The subject of the assessment of the delivery obligation includes:

- What types of services or shipments are a part of the universal postal services?
- How often should mail included in the universal postal services be collected and delivered?
- From where should mail included in the universal postal services be collected and delivered?
- What requirements should apply regarding delivery time and regularity?

The committee will provide a recommendation on what should be Norway's postal policy in the coming years, as well as whether postal workers should take on new tasks as a supplement to the future definition of universal postal services. The assessments will include descriptions of the consequences for different user groups and for the state. The legal scope

² Editors comment: a service where postal operations are integrated into local retail stores, such as supermarkets or convenience stores, which allows customers to send and receive mail and packages, buy stamps, and access other postal services during the store's extended opening hours

of the recommendations will be assessed, including the need for legislative and regulatory changes. The committee will also indicate the success factors required for an effective implementation.

1.3 The Committee's Understanding of the Mandate

The committee understands the main task to be providing recommendations to the government on future postal policy, with specific answers to the questions posed in the mandate. The advice should be academically supported and provide a basis for establishing an economically and socially sustainable universal postal service, that offers an equitable and appropriate service throughout the country. This means that the following questions must be answered:

Universal postal services:

- What postal services should be available to all residents and businesses throughout the country?
- What will the postal market offer without government mandates, and what will be the geographical coverage area for the service?
- Should the delivery obligation include services offered on a commercial basis or be limited to services not offered commercially?
- Should the designated operator be directly appointed, or should all or parts of the public service mission be awarded through a public procurement process?

Service Level and Postal Network:

- Should items included in the universal postal services be delivered to mailboxes, or should they be delivered to a pickup point?
- How often should mail included in the universal postal services be collected and delivered?
- What are society's requirements for delivery time and regularity?
- Should certain defined groups have a different form of delivery? If so, should it be possible to opt out of some delivery arrangements?
- Should other services besides postal services be offered in the postal network? If so, should these services be mandated by the state, and how can this be financed within the framework of state aid rules?

Below are comments on the points in the mandate where the committee has seen the need for clarifications and delimitations:

- The committee has not taken a position on detailed assessments of how a public procurement should be designed or which geographical areas should be covered.
- It is stated in the Postal Committee's mandate that the committee should assess whether postal workers should take on new tasks that supplement the future universal postal service. The committee has limited its assessment of any new tasks in the postal network to the proposal from the Norwegian Association of Local and Regional Authorities (KS) and Posten regarding the "On the Doorstep" concept nationwide. The assessment of other new tasks is therefore non-exhaustive.
- The committee does not fully foresee the future development of the postal market beyond what market participants have conveyed in meetings. Technological

developments or shifts in user behaviour can thus change the market in unforeseen directions and create the need for new investigations.

1.4 The Committee's Meetings with External Parties

The committee has held 10 plenary meetings and 7 shorter meetings. Some committee members, together with the secretariat, have also had meetings and conversations with market participants to gather information. During 2024, the committee has had meetings with:

- Helthjem (and their colleagues from Aktiv Norgesdistribusjon and Schibsted Delivery)
- Byggðastofnun (Icelandic Regional Development Institute)
- Norwegian Federation of Organizations of Disabled People (FFO)
- Norwegian Association of Local and Regional Authorities (KS)
- Norwegian Competition Authority
- Norwegian Association of Local Newspapers (LLA)
- Norwegian Media Businesses' Association (MBL)
- Norwegian Association of the Blind
- Norwegian Quality Improvement of Laboratory Examinations (Noklus)
- Posten Bring AS
- PostNord AS
- County Governor of Vestland
- Danish Civil Aviation and Railway Authority
- Ukrposhta

Several of these meetings have been followed up with written and oral input to the committee's work.

1.5 Structure of the Report

Chapter 1 presents the committee's composition, work, and mandate.

Chapter 2 summarizes the committee's recommendations.

Chapters 3 to 5 form the factual basis of the report. Chapter 3 briefly describes the historical background, current postal regulation, geographical conditions and how postal services are organized and used today. The chapter also points out the challenges the committee foresees in the coming years if the current organisation is maintained. Chapter 4 describes specific needs in various sectors and among different user groups and explains the consequences this has for the design of future postal services. Chapter 5 describes developments in other countries.

The committee's fundamental principles for future postal services are discussed in Chapter 6. In Chapter 7, the committee explains the various elements that can be included in the future solution and the possibilities within these elements. Chapter 8 presents the committee's recommendation for the future postal service. Chapter 9 describes the consequences of the proposal, particularly regarding competition and state aid.

The report also includes a reference list and a list of some key terms and concepts.

Chapter 2: Postal Committee's Main Recommendations



This report serves as a decision-making basis for determining how future postal services should be designed. The committee's recommendations are based on developments in the postal market and the challenges presented by authorities, market participants and various user groups.

The committee believes that sustainable postal services for the future should be adapted to societal development and evolving needs, while ensuring the best possible utilisation of society's resources now and in the future. A future solution should guarantee that all residents, regardless of geography, disability, and digital competence, continue to receive equitable postal services. Therefore, the committee has based its recommendations on three principles:

1. Sending and receiving mail is a fundamental right.
2. Norway should have a national postal network that ensures preparedness.
3. Postal services should be adapted to societal development and future needs.

To address the challenges with current postal services, the committee has examined various aspects of the service. The assessments include what should constitute the universal postal service, where people can send and receive mail, and the expected delivery times for letters and packages. The sector is constantly evolving, and the committee has considered various opportunities to better utilise society's resources in a market where the number of letters is sharply declining, and the number of packages is significantly increasing.

2.1 Committee's Recommendations

Central to the committee's proposal is the concept of "postal points." A postal point corresponds to what today is referred to as serviced collection points, such as post in store or post office. However, the committee believes the term "postal point" better highlights what these places are and should be. A postal point is a place for more than just collecting mail; it

should encompass all postal activities and serve as a location for both sending and receiving letters and packages. The committee emphasises the importance of postal points being accessible to as many postal users as possible, with staff available to assist and guide when needed.

The majority of the committee proposes that letters should generally be delivered to serviced postal points. Those who need it should still have the option for mailbox delivery once a week. The majority believes that postal users who need mailbox delivery should be able to choose this easily through a "self-declaration" process, without the need for an extensive administrative system to process such applications. One committee member advocates that the main rule should be delivery to mailboxes once a week, but with the option to choose delivery at postal points five days a week. The current requirements for delivery time for letters are proposed to be continued.

The committee proposes that packages as part of the universal service, should still be delivered to serviced postal points, and that the current requirements for delivery time should be maintained. The committee considers that paper newspapers still have a key function in society and recommends that newspapers should be delivered to mailboxes at least three days a week. The current arrangement with competitive tendering for newspaper distribution in areas without commercial newspaper delivery networks should be continued.

The majority of the committee proposes that the state should not finance a so-called doorstep service, where selected groups of postal recipients receive mail deliveries and an information letter at the door once a week as part of the universal service. One committee member however believes that the doorstep service should become part of the universal postal service with state funding.

2.2 Implementation

Future postal services should ensure the best possible utilisation of state resources. Competition is a means that can ensure that the state procures services of good quality in a cost-effective manner. However, the committee believes that further investigation is needed to determine whether competitive tendering of universal postal services, both for letters and packages, is the optimal solution for efficient resource utilisation. The committee acknowledges that financing for universal postal services can be provided within the framework of state aid regulations. The criteria for providing state aid are simpler if the obligations are fulfilled through public procurement