



Liberalisation, privatisation and regulation in the Austrian postal services sector

Austrian Country Report

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The logo for PIQUE, featuring the word 'pique' in a bold, lowercase, sans-serif font. A small red square is positioned above the letter 'i'.

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INTRODUCTION

Originally, in almost all EU countries state monopolies took care of the organisation and guarantee of postal services. With the 1992 Green Paper on the future of postal services, a discussion started that led to a gradual liberalisation process. In the course of the gradual liberalisation of postal services in the European Union there was a separation into three different categories: the *monopoly area* or *reserved area* which was initially excluded from competition (currently all letters up to 50g), the *universal services* (letters, newspapers, etc. up to 2kg, packages up to 20kg), which is to be guaranteed nationwide and which the former state monopolist is obliged to provide (any other, new provider is also entitled to do so), and finally the *competitive services*, that is all other services. The core of the liberalisation strategy being pursued by the EU is the maintenance of a nationwide, high-quality, affordable *universal service* and the member states have to guarantee that this *universal service* is available to all users (Grandosek 2005: 161). Currently, in most countries the funding of the *universal service* is made possible by the profits from the *reserved area* (Haas et al. 2004: 16). Until 2009, the complete liberalisation of all postal services, that is the abolition of the reserved area, is planned. How the funding of the nationwide universal services is to be guaranteed after this is still completely unclear in most countries – including Austria.

The focus of this report is the new or re-regulation of the public services – always also related to the current liberalisation process – which despite standardised directives is different in the EU member states. This is because liberalisation and privatisation of public services cannot simply be understood as the liberation of the market and the rolling back of the state – which leads to the expectation of a convergence of the various societies in Europe – but rather the provision of public services is being re-organised in politically shaped markets (Atzmüller/Hermann 2004: 17). Postal services differ from other network-based infrastructure services (such as electricity, telecommunications and transport) in their high levels of personnel. Liberalisation, re-regulation and privatisation are therefore also politically sensitive and not infrequently fraught with conflict (Grandosek 2005: 159).

The main research object in this report is the specific re-regulation of the postal service in Austria. Of interest here is the starting situation before liberalisation, the measures and stages of liberalisation, and finally the current situation and remaining challenges. Within this analytical framework, the market development, market regulation, transformation of ownership relations (privatisation) and the political context (driving forces and main lines of conflict) are to be presented.

1. MARKET STRUCTURE

1.1. *The situation before liberalisation*

Whereas the complete field of postal services was operated by the state monopolies, even before the start of the EU-initiated liberalisation there were alternative providers in Austria in the field of parcel and express services and in advertising. At the start of the 1990s the parcels service for business customers was already hived off from the state monopoly, which only still delivered private parcels. The *Feibra* company has been active in the field of unaddressed advertising since 1963, first only in Austria and then throughout Europe.

1.2. *The liberalisation process: measures and driving forces*

There are two EU directives on the liberalisation of postal services (97/67/EG and 2002/39/EG). The liberalisation of the postal services takes place after its separation into a reserved, protected area and an area open to competition. The separation takes place on the basis of the establishment of weight thresholds. The opening up to the market is thus promoted gradually with the continuous lowering of the weight thresholds – that is the extension of the area open to competition and the shrinking of the protected area. Thus since 1 January 2003, all letter post over 100g has been subject to competition and since 1 January 2006 all letter post over 50g. Cross-border post is still excluded from the weight limits. Here member states can draw up their own regulations. A complete opening to the market is planned by 1 January 2009. The separation into a monopoly area and a liberalised area does not correspond to the unbundling in the electricity sector; there is no legal foundation or necessity for this within the EU (Haas et al. 2004: 17). Nevertheless, in the postal sector too, various horizontally integrated services, such as standard letter post, express services and parcels are being horizontally unbundled (ibid.).

Alongside the extension of the liberalised area, qualitative aspects also play a role in the restructuring of the European postal sector. The improvement of quality (faster processing times, regularity, and reliability of services) was one of the aims of the European directives, in particular because processing times for example were very different in the various European countries (Grandosek 2005:163). This was seen as a hindrance to cross-border commodity trading, and the strategy of raising processing times to a common minimum level was pursued (ibid.). According to its own definition, the postal directive (97/67/EC) has the task of ensuring an efficient, reliable and high-quality postal service at affordable prices. At the same time cherry-picking¹ by the

¹ The term “cherry-picking” expresses the fear that private providers will only be involved where it is economically most attractive for them. This could either lead to major regional price differences or to particular rural and structurally weak areas no longer having any service at all (Haas et al. 2004: 17f).

privatisation of individual areas is to be prevented. According to the EU postal directive, access to universal postal services and postal networks is to be transparent for the customers and non-discriminatory.

In accordance with the terms of the EU internal-market directive, the weight thresholds for the monopoly area in Austria have been gradually reduced, and since 1998 have been implemented in the National Post-Office Acts. Since 1 January 2006, private service-providers have now also been allowed to deliver letter post over 50g, and now almost three quarters of the total postal market in Austria is open to competition (Chamber of Labour competition report 2006: 36). The 50g threshold also applies in Austria for outgoing cross-border post.

In the course of liberalisation, there was first of all a restructuring of the former state monopoly. Initially, the originally combined business areas of telecommunications and the post office were separated (vertical unbundling), hived off from government administration and converted into the legal form of a limited company the *Post- und Telekom AG (PTA)*. In mid 1999, it was split into two companies, *Telekom Austria AG (PTA)* and the *Post AG*. After initial transitional difficulties, the quality conditions for the universal service by *Post AG* were fulfilled, on the one hand through a new distribution centre and on the other by the (ecologically dubious) switching of transport from rail to road (Grandosek 2005: 163). The *Postbus* area was sold to the ÖBB (Austrian State Railways) in 2002. Like the majority of post offices in Europe, the Austrian post office owned a bank (*Postsparkasse PSK*), which in 2002 was sold to the *Bank für Arbeit und Wirtschaft (Bawag)*.

For the postal services, the right-wing conservative coalition government,² which has been in power since 2000, forced liberalisation through less rapidly – in comparison to other sectors. On the one hand, Austria did not go beyond the minimum requirements of EU liberalisation, but from 2002, together with the Nordic states, the Netherlands and Belgium, argued for fixing a final date for complete liberalisation. The main driving force for postal liberalisation in Austria is the European Union. Alongside this there is great interest from Austrian industry and commerce, represented by the Federation of Austrian Industry and the Chamber of Commerce. The Association of Austrian Newspapers and new providers such as *Redmail* are also calling for a comprehensive liberalisation going beyond the minimum EU requirements.

1.3. *Current market structure*

Statistics and studies on the postal sector categorise postal services differently, which makes comparability of data difficult. This report is based on the following division of the postal sector: *letter post* (letters, postcards, transaction letters), *advertising* (addressed and unaddressed advertising), *media* (newspapers, magazines), *parcel post*

² ÖVP (Austrian People's Party) and FPÖ (Austrian Freedom Party), since 2005 ÖVP and BZÖ (Alliance for Austria's Future).

(minimum 2kg, max. 20kg), and *express and courier services* (documents, parcels, letters). Historically, parcels, express and courier services have been considered part of the postal services, however in recent decades these have developed into their own sector, that is express and logistic services. The postal customers and users are divided on the one hand into private households and on the other hand business customers. According to type of delivery these are differentiated as B2B (business to business), B2C (business to consumer) and C2B (consumer to business).

On a scale of “none”, “emerging”, “substantial” and “intense”, a study for the European Commission³ describes the degree of competition on the Austrian parcel and express services market as “intense”, in the letter post and addressed direct mail as “emerging”, for newspapers, magazines and periodicals as “substantial”, for daily newspapers as “intense”, and for unaddressed post/advertising as “substantial”.

There is increased competition in Austria in the fields that are considered to be lucrative for new providers. These are parcel and express services for large and business customers, in particular in the B2B area, the field of addressed and unaddressed direct mail (mass mailings) and newspaper delivery, and this in particular in conurbations. Here there has also been the fall in tariffs and various discounts for large customers expected as a result of liberalisation (Grandosek 2005: 165). With regard to the development of tariffs, it can be noted that private consumers with limited amounts of post are even facing rising tariffs, as the universal postal service provider *Post AG* has increased the prices for letters and postcards (ibid.).

The universal service provider

This is guaranteed by *Post AG*, one of the biggest companies in Austria. In the area of letter post, the company – according to its own estimates – still holds 98% of the market, for information mailing 85% and for media post 56%. The reasons for the dominant market share are on the one hand the reserved area, which was only recently opened up to competition from new providers to a relevant extent, and on the other hand the experience, the image, the size and diversification advantages of the existing network of *Post AG* – but also customer loyalty (Hemmer/Pöchhacker 2003: 16).

In 2002, *Post AG* started a major organisational reform with which a new company structure was created in order to equip it for liberalisation. Today, the company is divided into three divisions, letters (letter-post, information mailing, and media post), parcels and logistics (parcels and express services) and the branch network (post-office services, financial services and merchandising) (Post AG 2006). The letters area provides 75.9% of turnover, parcels and logistics 12.4% and the branches 11.4% (ibid.). Around two thirds of the staff are employed in the areas of logistics and distribution, a quarter works in the branch network and sales, and a small percentage in administration

³ Wik-Consult (2006), data based on an internet survey of national regulatory authorities and universal service providers.

(Haas et al. 2004: 21). The current profits of *Post AG* are among other things also ascribable to massive personnel cuts, closure of post offices and price rises.

Competing services

All the major international parcels companies, such as *United Parcel Service (UPS)*, *Thomas Nationwide Transport (TNT)*, *Deutscher Paket Dienst (DPD)*, *Federal Express (FedEx)*, are active in the parcels and express services field in Austria. However, these are almost exclusively for business customers; in the parcels area, households are still almost exclusively served by the *Post AG* (interview 1: 8). The *Post AG* is planning a comprehensive expansion in the parcels area. Thus it would like to be more active again above all in the business-to-business (B2B) area (Post AG: 2006).

In the area of direct mail and the media, there are two alternative providers, *Redmail* and *Feibra*. Since 2005 *Feibra* is not any more a competing service because it has been overtaken by the *Post AG* in 2005. *Feibra* is only active in the area of unaddressed direct mail. *Redmail* currently provides services in the area of direct mail and the media. For the future it also plans to enter the letter-post market and is currently developing an operating system.

Table 1: Market structure before and after liberalisation

| | Before liberalisation | After liberalisation |
|------------------------------|---|--------------------------------------|
| Letter Post | Post- und Telegraph Authority | Post AG (98%) Redmail |
| Advertising | Post- und Telegraph Authority Feibra | Post AG Redmail Feibra |
| Media | Post- und Telegraph Authority Feibra | Post AG (56%) Redmail |
| Parcel Post | Post- und Telegraph Authority, private service providers | Post AG Global players Feibra |
| Express and courier services | Post- und Telegraph Authority, private service providers | Post AG private service providers |

1.4. *Relations between service providers on the market*

In particular in the transition between the state-regulated monopolies and complete liberalisation there are conflicts between the former monopolies and the new competitors, which the competition authorities and the cartel court are repeatedly called on to clarify (Chamber of Labour 2005: 134). The cartel court then has the sensitive task of, on the one hand, remedying misuse of the dominant market position by the former monopoly, and on the other hand, however, also taking into account the different starting positions of the competitors, which are reflected simply in the size but also in

the different obligations and delivery tasks (*universal service* providers) (ibid.). The cartel-law proceedings had so far dealt with a forbidden cross-subsidy from the reserved area by *Post AG* and on the other hand the *vertical cutting off* of new providers by the *Post AG* (Chamber of Labour competition report 2005: 134f.). A company that distributes unaddressed direct mail lodged a case concerning cross subsidies. *Post AG* was accused of giving large-scale customers non-permitted discounts in the reserved area that were dependent on quantities in the non-reserved areas. According to the accusation, *Post AG* thereby gained an advantage over its competitors to whom such instruments were not available. The second accusation was that when *Post AG* took on the distribution of direct mail for its competitors as customers,⁴ it did so on essentially worse terms than it did for direct customers. The first charge was upheld, the second was not, as the market leader is not obliged to support competition against itself. In addition, the petitioner only laid a claim against *Post AG* delivery areas that are particularly difficult to cover and do not break even. For direct customers, in contrast, there is as a rule a better mixture of delivery areas (ibid.).

As far as vertical cutting off is concerned, it was specifically a matter of the promotion of a discrimination-free access to letter boxes, which in the major Austrian cities are located inside houses.

Whereas distribution battles for market share are increasing in the already liberalised letter-post area, in the parcels area interweaving is again taking place. The *Post AG* is concentrating its investments in the lucrative international B2B market and is buying shares of international parcel companies in order to prepare for full market liberalisation and gaining a good position for international competition.

“There is also a process where big national postal companies, former monopolies are preparing for full liberalisation, where a lot is being bought up, abroad, to export and to sell. There is a lot in a state of flux.” (interview 1: 11)

1.5. *Current problems and remaining challenges*

Maintenance of universal service provision

A frequent argument against a rapid or further liberalisation of the postal sector is so-called cherry-picking. Mass mailing, business customers and conurbations, in particular, are attractive for new providers – as the previous development in the Austrian market also shows. Large customers and the advertising industry have thus been able to derive benefits from liberalisation, because they can count on the hard-fought direct mail area with reduced tariffs – the less lucrative delivery in rural areas, however, becomes increasingly difficult (Grandosek 2005: 165). In this respect the massive wave of post-office closures in rural areas, a measure in the context of the restructuring of *Post AG* into a private company, seems particularly problematic. *Post AG* has pursued a particularly

⁴ Private service providers mainly serve selected areas such as conurbations, where delivery entails only limited costs. Delivery in rural areas is passed on to *Post AG*, as this is contracted to provide a nationwide service but also has a corresponding distribution network.

dramatic strategy of reducing its business branches, where in the period from 2000 (2,357 post offices) to 2005 (1,338 post offices) a total of 1,159 post offices were closed (Post AG investor presentation).

Job cuts

Another consequence of the orientation of *Post AG* on market share and profit margins is a massive reduction in personnel (Haas et. al. 2004: 2, 31). The *Post AG* staff level⁵ in 2001 was 30,357; in 2005 it was only 25,192. The reduction took place primarily through early retirement and other rather unusual practices of the more expensive and partly undismissable civil servants. Most of the costs of reducing the workforce were thus borne by the state:

“You know from the media the story of the early retirements, with contrived illnesses and the miserable Job Centre where civil servants were simply “outsourced” to. Some 120, 150 people sit there. They come in at eight and wait until four and then they go home, that’s the dark side of it.” (interview 2: 2)

The reduction in full-time jobs in part goes together with a growing number of part-time employees in the universal service providers in most countries in Europe (Wik-Consult 2006: 183). The number of part-time employees at *Post AG* had grown by 41% between 1996 and 2002 and in 2001 made up around 10% of the total staff (1996, 6%) (Atzmüller/Hermann 2004: 35). According to a current Europe-wide study, the ratio of part-time employees in the *Post AG* was already around 18% in 2004 (Wik-Consult 2006: 183). The part-time jobs were overwhelmingly occupied by women. According to the post-office trade union, 40.71% of the female employees at *Post AG* work part time and only 2.35% of the male employees. In Tyrol and Upper Austria, the proportion of female part-time employees is even over 50% (www.gpf.at). The post-office trade union⁶ sees a problematic development in this, as part-time employment is often involuntary as a result of lack of alternatives, is worse paid and therefore insufficient on its own to provide a living wage (ibid.).

New providers have indeed created jobs in the same period, but the job cuts have only been partly compensated for, mainly through the creation of precarious and atypical employment with private franchise holders (Haas et al. 2004) which are subject to no collective-agreement regulations. Furthermore the *Post AG* is now starting to create similar kinds of jobs especially through its investments in the advertising and media area:

“On top of that is the fact that the conditions with the alternative providers are very different, who very much offer jobs on a self-employed basis and so put a great deal of cost pressure on the post office. In some areas the post office is falling back on such methods.” (interview 1: 5)

⁵ Annual average on a full-time basis. Source: *Post AG* (2006).

⁶ Union of Post and Telecommunications Workers.

2. REGULATION

2.1. Regulatory instruments

2.1.1. Regulation before liberalisation

Until 1 May 1996 the Austrian *Post AG* was part of the federal administration and as the Post and Telegraph Administration (PTV) came under the ministry of transport. Until 1996 postal charges were among the “fixed prices” that were set by parliament according to socio-political and regional political criteria:

“When price differences were previously made on socio-political and regional political reasons, that one says, the standard letter should be as cheap as possible.”(interview 1: 9)

2.1.2. Regulatory measures and instruments during the liberalisation process

The object of regulation is almost exclusively the universal service provider and the monopoly area. Private postal services are subject to hardly any obligations in Austria. The postal law is thus first and foremost a company law and not a market law, which would establish rules for an emerging market. Under the Post Office Act (PostG 97), the most important tasks of the regulator are the following: the approval and scrutiny of tariffs for the monopoly service (standardised tariffs), the approval and scrutiny of the general business conditions for the monopoly service, the fixing of the general conditions for the universal service provider (number of post offices, letter boxes, opening times of post offices, delivery times for letters and parcels) and the scrutiny of the delivery-time targets and fixing of the basis for the accounting system of the Austrian *Post AG*.⁷

Previously, the provision of private postal services was not subject to any conditions. Any provider could provide such services within the framework of normal trading laws. Since the coming into force of the amendment to the 2005 post-office act (Federal Law Gazette I No. 2/2006) on 1 March 2006, the regulations cover all providers of postal services who are active on the postal market, in particular they include the following obligations: obligation to notify provision, change in or ending of a postal service, the publication of general business conditions for service in the universal area, the establishment of a complaints and redress procedure, the establishment of deposit facilities, the identification of workers in the delivery service and the labelling of the mail they deliver.⁸ It was not possible to reach agreement on a comprehensive franchising system in which the provision of postal services is linked with a previously

⁷ www.bmvit.gv.at/eu_rat/telekom/post.html (homepage of the regulatory authority).

⁸ www.bmvit.at.

granted franchise and in which also certain duties might be envisaged (such as an area to be serviced), so in Austria the less binding variant of a notification system remains.⁹

Table 2: Regulatory instruments

| | Before liberalisation | After liberalisation |
|-----------------------|--------------------------------|---|
| Monopolists | Price setting, public property | Setting of tariffs, scrutiny of general business conditions, scrutiny of general conditions of the universal service (number of post offices, letter boxes, opening times and delivery times) |
| Alternative providers | None | Notification obligation, setting business conditions for service in the universal area, obligation of the establishment of a complaints and redress procedure, establishment of deposit facilities, identification of workers in the delivery service and the labelling of delivered mail |

2.2. Regulatory players

The regulatory authority (Post and Telephone Supervisory Authority) will still come under the Ministry of Transport, Innovation and Technology until 2008. It is very small and has only four posts. A post-office price commission made up of representatives of the ministry recommends and approves universal service tariffs and an ombudsman hears complaints against the universal service provider. The final decisions are taken by the minister, who can also set conditions. On the work of the regulator:

“I just say here there is certainly a situation that actually is only a reaction. We can hardly act in advance in a targeted way (...) and legal amendments, of course that is a central point, that we prepare amendments.” (interview 2: 7)

From 1 January 2008 an independent regulator is to be set up at the Radio and Telecommunications GmbH (RTR)¹⁰ which will have arbitration powers in disputes between users, interest-group representatives and service providers.

Table 3: Regulatory players

| Before liberalisation | After liberalisation |
|------------------------------|--|
| Federal ministry, parliament | Regulator in the ministry, from 2008 in the telecommunications regulator (RTR) |

⁹ There is therefore so far no market overview or official data on market participants.

¹⁰ Which is the regulator for telecommunication services in Austria.

2.2.1. *Current problems and remaining challenges*

Some sensitive and important issues have not been resolved by the new Post Office Act, however. As Austria does not have a franchising system for new providers, there are little or no competition or employment-law obligations for them. With advancing liberalisation and the increase in deliverers this, however, is leading to problems both from the perspective of consumers and of competition (Chamber of Labour 2006: 39).

Thus, for example, the question of securing the guarantee of supply and the ensuring of a nationwide postal service in the area of the universal service provider – in particular after full liberalisation – remains unanswered and unresolved. This is, however, problematic precisely in a country like Austria, where topography and an unequal settlement density make provision in many rural areas hard to guarantee and where no market will emerge. With the complete opening of the market, charges and funding solutions to finance a basic service will be necessary. This is already evident from the experiences of Sweden and Finland, which have already completely opened their markets. There, private providers pay duties to the state that are used for the co-financing of the universal service (Hemmer/Pöchhacker 2003: 15).

The conditions in the Post Office Act on quality and provision are also formulated extremely vaguely because it is considered to be a political question where it is hard to reach a consensus:

“They say it’s been included, but specifically there are many things you can’t find. There they didn’t really have the nerve. It’s a difficult issue.” (interview 1: 3)

The vague formulations have already become a problem, as far as the closure of post offices is concerned. In the rural areas the infrastructure provision is continuing to deteriorate and on the basis of the current norms the regulator has hardly any opportunity to prevent it. There is no provision in the Post Office Act for the number and distribution of post offices, but only a vague formulation that nationwide provision must be ensured. Only retrospectively have conditions been set under what circumstances branches may be closed (Grandosek 2005: 164). The universal service decree envisages substitutes for closed post offices by the postal partners, but these have been established only for a small number of the post offices that were closed and are not a complete substitute (ibid. 165).

3. *OWNERSHIP RELATIONS AND PRIVATISATION*

In 1996 the Post and Telegraph Administration was hived off from the government administration structures and transformed into a private limited company *Post und Telekom AG (PTA)*. In 1999 the telecommunications and the post-office areas were separated and divided into two separate legal entities (horizontal unbundling). Telekom was then floated on the stock exchange first, a proportion of the shares were sold. *Post AG* remained 100% in public ownership until May 2006. The ownership rights were exercised by the Ministry of Finance (BMF) through the Austrian Industrial Holding Company (ÖIAG). The ÖIAG previously exclusively exercised trusteeship of the

shareholding rights of the republic in nationalised industries. In 1993, however, its activity was put on a new legal footing and it was tasked with privatising the majority of its holdings within a reasonable period. The ÖIAG thereby became a privatisation agency and holding company (Obinger 2006).

On the eve of the right-wing conservative coalition government coming into office in 2000, the ÖIAG still had considerable holdings in companies. The government came in with the claim to carry out a fundamental paradigm shift in economic and industrial policy (Obinger 2006: 159). A cornerstone of its programme was the pushing back of the state and its core tasks through the privatisation of public companies (ibid.). The privatisation programme was extensive. It included not only the privatisation of nationalised industries and the sale of assets such as real estate, but also the liberalisation of network-based provision entities in the fields of energy, transport and communication (ibid.: 160). Above and beyond this, the right-wing conservative government decided to lift the blocking minority of 25% as far as the republic's share in the companies administered by the ÖIAG was concerned.

Since 2002, the ÖIAG and the government have been in search of a suitable privatisation concept for *Post AG*. The driving force here was in particular the finance ministry (interview 2: 10). There was great interest from the German post office and the Swiss post office in taking a majority holding in *Post AG* – as it offers among other things a gateway to the markets in central and eastern Europe, as it is already active in Slovakia, Croatia and Hungary. However, the discussions collapsed (ibid.). Finally, on 31 May 2006, 49% of the company shares were sold on the stock exchange and the government held only 51%, which continue to be administered by the ÖIAG.

The ownership structure of the other providers, which are not traded on the stock exchange, are as follows: *Feibra* was taken over by the *Post AG* in 2002 with 75% minus one share. In 2005 the *Post AG* bought the remaining shares of *Feibra* and now owns the complete company. *Redmail* is a joint venture of an Austrian media company, the *Styria Media AG* and the Dutch post office (TNT).

Table 4: Ownership

| Companies | Owners |
|-----------|--|
| Post AG | 51% ÖIAG 49% dispersed shareholdings on the stock exchange: 17% private and institutional investors, Austria, 9% GB 8% USA 5% Germany 10% Europe and other countries |
| Redmail | Styria Medien AG TNT (Dutch post office) |
| Feibra | 100% Post AG |

4. THE ROLE OF THE GOVERNMENT AND OTHER STAKEHOLDERS

4.1. Organisation of the various roles of the government and other stakeholders

The role of the government as owner and law-maker moves in the field of tension between commercial interests and public interests, which are usually difficult to reconcile. Concerning the massive wave of post-office closures in rural areas in some people's opinions the interests of the state as owner have predominated in recent years:

"The problem is perhaps rather that the state as owner was rather interested in dividends and did not intervene so much for guidance. On the one hand it was annoyed that they were closing post offices, at the same time it didn't do anything against it and as the owner I could have said, excuse me, you're not closing that now but of course they didn't do it. To that extent a divided role." (interview 1: 14)

According to the regulatory authority, *Post AG* is increasingly independent here, illustrated by the problem of post-office closures:

"They announced it in the media and the minister didn't know anything about it (...) to send us a letter, and there were several letters, there is a project, that is still unclear." (interview 2: 8)

The ministry organises "round tables" with representatives of the social partners (Chamber of Labour and Chamber of Commerce), the postal service providers and the ministry and partly also – according to the issue – with representatives of the Association of Municipalities, Association of Cities and the Association of Austrian Newspapers. In the framework of the round tables positions can be taken on legislation that is being prepared:

"The social partners have a legally enshrined right to take a position but that can be handled very differently. In the postal area this is quite the case from the ministry's side that the attempt is made to create a certain consensus, balancing discussion process." (interview 1: 3)

In the drawing up of new regulations in the liberalisation process the attempt is made – in the Austrian political tradition – to achieve consensus, which in a relatively conflict-laden issue such as post-office liberalisation and privatisation is not always easy. This may be the reason why many areas in the Post Office Act are very vaguely formulated and remain unresolved (interview 1:3). This unfortunately is usually at the expense of the consumers, employees and users of the postal service.

The Chamber of Labour is very active in consumer protection and also repeatedly sends opinions direct to the European Commission. In the discussions on Austrian post office legislation it calls for a stronger and more detailed anchoring of consumer-protection law and quality standards. In addition, it argues for a franchising system that should impose certain conditions on new providers with regard to quality standards, provision obligations and working conditions (Grandosek 2005: 166).

Consumer's organisations

The Austrian Chamber of Labour is the most influencing political force concerning consumer information and rights. It is through the Chambers of Labour that Austrian employees and consumers participate in the legislative process. The Chamber evaluates draft legislation from the point of view of employees' interests, makes proposals for amendments and is subsequently involved in the implementation of laws. Often impulses for legislative initiatives emanate from the Chambers of Labour and their experts, whose research continually underlines the need for legislative action. Additionally the Chamber offers a wide range of services to their members. The Chamber's experts provide information and advice on different issues such as labour law, social insurance, tax law, women's and family policy, worker protection, the protection of apprentices and young workers, unemployment insurance, and consumer protection.

Additionally when it comes to consumers rights the private independent organisation for general consumer information, the "Association of Consumer Information" (VKI) plays a certain role in providing information, providing legal advice and in the representation in court. Members of the VKI are the Social Partners. The VKI is publishing a magazine which is providing a lot of information and comparism in quality and prices of products (www.konsument.at).

4.1.1. Main conflicts between the stakeholders

The discussion and debate around the massive closure of post offices here plays a central role. At the end of 2004, a second wave of closures was announced, which led to greater public criticism and caused the ministry/regulator to intervene and to involve *Post AG* in a major discussion with representatives of the municipalities, the cities and the social partners. However, the minister's room for manoeuvre here is very limited, and it was not possible to prevent further post offices being closed. In the course of the amendment to the Post Office Act, stronger powers of intervention for the minister were called for in order to be able to prevent future closures. The amendments that were adopted in the act were on the one hand that *Post AG* has to present an annual universal service concept in which plans for the restructuring of the branch network have to be announced, and on the other hand that in cases of branch closures the minister can demand documents from *Post AG* to check adherence to the criteria and have these audited by experts; if the criteria are not fulfilled, the authority can forbid the closure (Chamber of Labour 2006: 38).

Recently, the conversion of house letter boxes and the access to houses by new providers on the market has led to conflicts. In the Post Office Act (2002/2003), it was stipulated that house-owners were to bear the costs of converting the letter boxes, which were a necessary condition of liberalisation (non-discriminatory access for the new providers). They had always been responsible for the installation and maintenance, but problems and annoyance arose from the high costs associated with the rapid conversion.

Some owners sued, and in spring 2006 the law was annulled by the constitutional court. At the moment the regulator is seeking a new solution.

The massive personnel cuts as a result of the hiving off and rationalisation measures, the new competition in working conditions (dumping), the increased uncertainty and the pressure of work on individual employees were met with protest from the post-office union and the Chamber of Labour. For the unions – with the entry of new providers and the restructuring of *Post AG* – the change in industrial relations is problematic. The area of the sector covered by the collective agreement is shrinking rapidly, as the current collective agreement on the one hand only applies to the universal service provider and on the other the extension of atypical and precarious employment contracts are not subject to any collectively agreed regulation.

The SPÖ (Social Democratic Party of Austria) and the ÖGB (Austrian Trade Union Federation) argue on industrial policy grounds against privatisation (Obinger 2006: 162). True, the SPÖ is fundamentally for privatisation but criticises the rapid speed with which the right-wing conservative government is pursuing it, in particular the lifting of the 25% blocking minority of the state within the ÖIAG (ibid.: 160). It is feared that privatisation means a foreign sell-out and that it will no longer be possible to guarantee provision of the Austrian population with postal services of the previous quality (Hemmer/ Pöchhacker 2003:13). The post-office union organised protest actions and protest marches in the context of the part-privatisation and floatation of *Post AG* in spring 2006. Massive job cuts were feared as a result of privatisation. In order to dissipate the concerns of the staff, in a discussion with the leaders of the post-office union the finance minister offered shares to the employees (Obinger 2006: 163).

CONCLUSIONS

The liberalisation of public postal services in Austria effected primarily a major restructuring of the former state monopoly and universal service provider *Post AG*. As far as market development is concerned, in the areas of parcels and express services and direct mail that are subject to intensive competition, there were alternative providers even before liberalisation was promoted by the EU.

So far, in the competition-intensive areas large-scale and business customers have been able to profit from the liberalisation through more offers and falling prices. Household customers and workers, however, have rather been among the losers. Letter-post prices have been raised and the restructuring of the universal service provider – in particular the closure of a large number of post offices and massive job reductions – involve conflicts and repeatedly lead to public debates and protest.

The regulatory authority in Austria has limited powers and is above all concerned to achieve consensus. This, on the other hand, has resulted in vague formulations in the conflict-laden areas of the legislation. As a result, important challenges – such as the maintenance of a nationwide universal service at affordable prices – remain unresolved.

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ANNEX

Regulation of quality: instruments

For the universal service provider:

- number of post offices and letter boxes
- opening times of post offices
- delivery times for letters and parcels
- scrutiny of the delivery-time targets

For private postal services:

- establishment of a complaints and redress procedure
- establishment of deposit facilities
- identification of workers in the delivery service
- labelling of the mail they deliver