

Newspapers in universal service

Prices do not cover costs

Swiss Post is interested in a press market that runs smoothly. It welcomes the Confederation's promotion of a diverse press landscape. On behalf of the Confederation, Swiss Post passes on indirect press subsidies of 50 million francs annually directly to publishers, via a reduction in price on each newspaper copy. OFCOM decides which titles are entitled to subsidies. The prices for delivery of newspapers are significantly below the costs incurred, resulting in a financial shortfall of around 60 million francs (as of 2023). Swiss Post must therefore ensure that it can set its prices in line with market-oriented criteria.

The daily delivery of subscription newspapers and magazines is part of Swiss Post's universal service obligation. The volume of such deliveries has been declining continuously for years. In accordance with article 16 of the Postal Services Act, Swiss Post must set prices for subscription newspapers in universal service that are in accordance with economic principles and are independent of distance. The prices for this service are well below the costs incurred. Swiss Post continuously endeavours to reduce these costs through improvements in efficiency. Given the declining market, however, this alone is not sufficient to produce any further substantial reduction of the funding shortfall using its own resources.

Newspaper account is in deficit

Swiss Post's newspaper account shows a deficit of about 60 million francs for 2023. This means that all subscription newspapers and magazines collectively benefit from cross-financing by other postal services – and indeed to an extent that massively exceeds the indirect press subsidies from the Confederation of 50 million francs.

Funding shortfall for the Swiss Post newspaper account in CHF million

| | 2019 | 2022 | 2021 | 2022 | 2023 |
|------------------------------------|------|------|-------|-------|------|
| Funding shortfall (after rounding) | -78 | -93 | -99.5 | -70.1 | -60 |

Indirect press subsidies are independent of Swiss Post's pricing

With the indirect press subsidy, Swiss Post's delivery costs are co-financed for the benefit of the publishers; Swiss Post does

not benefit from the additional funds. Swiss Post price increases are unavoidable due to the structural deficit expected over the next few years – also in order to continue to provide the universal service. These price adjustments will be necessary regardless of the amount and structure of the indirect press subsidy.

Press subsidies from the Confederation

In order to maintain the diversity of press and opinions in Switzerland, the Confederation pays a total subsidy contribution that has so far amounted to 50 million francs per year through indirect press subsidization. This helps local and regional daily and weekly newspapers, as well as membership and foundation newspapers and magazines benefit from reduced prices in daily delivery. 30 million francs of the Confederation funds are allocated to the regional and local press and 20 million francs to membership and foundation publications. Swiss Post passes the Confederation's subsidies on directly to the publishers or the eligible titles through a delivery discount per newspaper copy. The Federal Council determines the delivery discount amount every year. The Federal Office of Communications (OFCOM) decides which titles are entitled to subsidies.

Federal Council delivery discount in centimes per copy

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------|------|------|------|------|
| Regional and local press | 27 | 29 | 29 | 26 | 25 |
| Membership and foundation publications | 18 | 18 | 18 | 18 | 20 |

Swiss Post holds the following viewpoints



- Swiss Post supports the subsidization of a diverse press landscape by the Confederation. However, the choice of press subsidy model is a matter of policy.
- From Swiss Post’s point of view, it is vital that politicians and publishers give considerable thought as to how the media is to be financed in the future. In light of the fact that volumes will continue to decline, leading to a rise in unit costs for Swiss Post, and that, at the same time, a functioning press market continues to represent a public policy requirement, Swiss Post’s role as a key player in this democracy-relevant environment should be taken into account to an appropriate extent.
- In order for Swiss Post to provide an economically viable universal service in accordance with its legal mandate, it must be able to set its prices in accordance with market-oriented and cost-oriented criteria.
- The considerable funding shortfall is a result of the historically low delivery prices for newspapers. The annual shortfall borne by Swiss Post is a huge financial burden.
- Swiss Post is continually attempting to minimize this shortfall through synergies and increases in efficiency. However, price increases by Swiss Post will be unavoidable over the next few years – also in order to continue to provide the universal service.
- Indirect press subsidies should be considered independently of the discussion surrounding Swiss Post’s structural deficit in the delivery of newspapers. This will remain the case even with any future increase in funding contributions. Price adjustments will therefore be necessary regardless of the amount and structure of the indirect press subsidy.

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