

POSTAL NEWS

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1. Postal Service IG, union president at odds over privacy

By GREGG CARLSTROM

January 29, 2008

The president of the National Association of Letter Carriers thinks the U.S. Postal Service's inspector general is getting too personal in his investigations, but the IG says he's just doing his job.

The spat went public when letters from NALC's William Young and IG David Williams appeared in the Jan. 11 and Jan. 18 editions of the PostCom Bulletin, published by the Association for Postal Commerce.

The controversy started with Young's letter, which originally appeared in NALC's December 2007 monthly magazine. NALC claimed that the IG was overzealous in investigating letter carriers, and accused the office of invading their privacy by requesting confidential medical records in worker's compensation fraud cases.

"The [Office of Inspector General] has also appointed itself a 'health oversight agency' and is going after personal, legally protected health information without the consent or authorization of carriers," Young wrote. "The OIG secretly contacts doctors for the information."

Young highlighted a series of investigations in Texas and Michigan that led to more than 100 letter carriers being suspended.

"In virtually every case, the improperly suspended carriers were returned to work with full back pay, including lost overtime," the NALC letter claimed. "The total cost to the rate payers was well over \$1 million."

But the IG took issue with NALC's central argument: The investigations led to overly harsh penalties.

Williams responded with a memo to his staff, which ran in the Jan. 18 Bulletin. Williams reminded IG employees that their role was investigative, not punitive.

"We don't take action," said Agapi Doulaveris of the IG's office. "Our job is to investigate and then turn our information over for the next step."

The IG's office conducts about 8,000 investigations each year for offenses ranging from theft of mail to workers' compensation fraud. Last year, about 10 percent resulted in criminal prosecution, and half led to administrative action.

“The action taken against an employee, whether criminal or administrative, is handled by the prosecutor or the employee’s manager,” Williams said in his memo. “Both rely on the factual investigative reports of OIG agents.”

As for requesting medical records, Williams said the practice is common, and has been upheld during litigation.

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2. Postman knocks on Société Générale’s door

By Paul Betts

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Could the state-owned newcomer on the French banking block turn out to be the proverbial white knight coming to the rescue of Société Générale?

Launched barely two years ago, the Banque Postale – the new banking subsidiary of the French post office – has been actively looking for partners to help it become a fully-fledged retail bank and in due course be partially privatised. And by an odd coincidence, only a couple of weeks ago it forged its first partnership with a big French commercial bank forming a joint electronic payments venture with none other than SocGen.

The joint venture and the colossal crisis that has erupted at SocGen are unrelated. But it does suggest that government-endorsed efforts to make the postal bank more efficient and competitive were starting to bear fruit. Indeed, a year or so ago, a French senate committee recommended the postal bank seek partnerships with commercial rivals, in particular SocGen.

Although the newcomer can boast to be the largest bank in the country by numbers of customers (29.3m) and branch network, its overall level of services and banking operations significantly lag behind the country’s other banks, not only the big commercial groups, but also the large mutuals. But by far the biggest problem facing the postal bank is the threat of losing its joint distribution monopoly along with the Caisse d’Epargne savings bank of France’s popular Livret “A” tax-free savings account scheme held by some 45m small savers.

The country’s commercial banks and other mutuals have been campaigning against this monopoly held by their new postal competitor. The European Union also ordered the French government last year to end this distribution monopoly. And although Paris is still appealing the Brussels ruling, François Fillon, France’s prime minister, announced just before Christmas that distribution of the Livret “A” will be opened to all French banks by the end of this year or early next year. The decision will be included in an economic modernisation bill to be presented by the government in a few months’ time.

With its sinecure threatened, pressure has been mounting on the postal bank to accelerate its transformation into a modern competitive bank. And now some politicians and government officials are beginning to think that the SocGen crisis could perhaps provide an unexpected opportunity to resolve both the postal bank's problems and defend the risk of SocGen falling prey to undesirable foreign competitors or indeed its domestic arch-rival BNP Paribas.

The general idea would be for the postal bank to take a large stake in SocGen together with other traditional French institutions such as the Caisse des Dépôts and Axa, the insurer. Crédit Agricole will probably try to muscle into this party with the aim of trying to pick up SocGen's investment banking arm. And BNP will clearly also try to get its foot into the SocGen door, seeking its retail operations.

But bringing the postal bank and SocGen closer together would follow the traditional model of French state intervention in defence of its corporate champions. It would partially privatise the postal bank at the same time as partially nationalise SocGen in the same way as it is doing with Gaz de France and Suez through a state orchestrated energy mega-merger. It would be a masterpiece of Cartesian corporate logic and, of course, keep nosey foreigners at bay.

As for the postal bank, it already seems to think its troubled commercial rival is an alluring prospect since it holds some 2.1m SocGen shares in its asset management arm.

Double standards

Wendelin Wiedeking, the charismatic and jovial boss of Porsche, likes the sound of his own voice – especially when he can be provocative. He has now told the German government it should allow Volkswagen – where Porsche is the largest shareholder with nearly a third of the carmaker – to become at long last “a normal company”.

Mr Wiedeking, however, must realise he is being a bit hypocritical. Sure, VW is by no means a normal company. The European Commission tried to change this by outlawing parts of the so-called VW law that capped voting rights, favouring the federal and state governments. Now Berlin is proposing a new VW law, which – while clearly misguided in giving continuing special status to the iconic carmaker – simply enshrines in practice what is already written in VW's articles of association.

Double standards are clearly at play here: for Porsche itself is hardly a normal company. Mr Wiedeking may be unhappy that with 31 per cent of VW he is only able to control partially the carmaker, since Lower Saxony has a blocking minority of 20.5 per cent. But outside shareholders at Porsche have no such luck. The carmaker is entirely controlled by the Porsche and Piëch families, who hold 100 per cent of the voting rights.

So minority shareholders can only look on as Mr Wiedeking does what he wants without consulting them. The results so far have been fine, but that is no guarantee for the future, particularly after the risky investment in the more down-market VW. He is right in saying VW should become a normal company. But Porsche needs to become one too.

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Business

3. Western Union teams up with postal deptt for easy transfer of remittance

Star Business Report

Western Union, an international money transferring company, has teamed up with Bangladesh Postal Department for delivering the money remitted by expatriate Bangladeshis to the villagers easily.

At a press conference at a city hotel, a formal announcement about an agreement to this end was made yesterday.

The Ministry of Posts and Telecommunications and the Western Union (WU) signed the five-year deal on December 12, 2007, Brigadier General (rtd) M A Malek, special assistant to the Chief Adviser, told journalists.

“As per the deal, we will launch our services through 450 post stations in Bangladesh in the first phase and the number of such postal WU money receiving points will be raised gradually,” according to Anil Kapur, WU managing director for South Asia, who was also present at the press meet.

Acting Posts and Telecommunications Secretary Iqbal Mahmood termed the agreement as a new dimension to the postal services.

“We have started delivering passport forms and I hope we will also be able to deliver passports from post offices very soon,” he said.

Special Assistant Malek hinted at renewal of the deal after expiry of its five-year tenure for continuation of the WU-Postal Department joint services to ensure ‘easy and timely’ delivery of remittances in rural Bangladesh.

He said, “If necessary, the agreement may be renewed or a new tender be floated to serve the purpose.”

Anil informed the journalists that Bangladesh is one of the top 15 remittance recipients across the globe.

As per official statistics, the country received nearly US\$6 billion as remittance from non-resident Bangladeshis (NRBs) last year and the contribution of such remittance to the gross domestic product (GDP) crosses 13 percent.

The regional top official of the international money transfer firm said at present 30 percent remittance comes from Saudi Arabia, 15 percent from the USA and more than 10 percent from the UK.

“As the Bangladesh Postal Department has a reach over each and every corner of the country, we have teamed up with it,” Anil Kapur said, adding that the WU will train up a number of selected post office personnel besides providing logistic support for them to render better services.

With only 100 points across the country at the onset of its operation, the WU has now set up more than 1400 points to receive money, Anil said while giving a resume of his company.

The WU's share in global money transfer business is over 17 percent, he said.

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4. Concerns about early start to contracted postal services

Posted Tue Jan 29, 2008 9:07am AEDT

The Communications Union is calling on Australia Post to explain why it is tendering out mail delivery services in Deloraine, at least four months ahead of schedule.

Australia Post had confirmed the services at George Town, Deloraine and Wynyard would switch to a private operator in the middle of the year.

But it advertised the Deloraine tender invitation on the weekend, for a March start.

The Communications Union's Peter Miller has sought the support of Federal MPs and the community to at least stall the move.

"Australia Post said they wouldn't move on this until mid-2008," he said.

"Well they've gone back on their word on that.

"I just think people should have time to have their say and register a protest against Australia Post."

The Federal Member for Braddon, Sid Sidebottom, has been talking with the Communications Union about the issue and will write to Australia Post this week.

"I want to know what criteria they intend to assure quality of services and security of services comparable to what exists now and how they monitor this and ensure that it happens," he said.

Australia Post was unavailable for comment.

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