

POSTAL NEWS

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1. Postal Service Cuts, Chief's Compensation Getting Closer Look

By Joe Davidson

Tuesday, March 24, 2009;

The news is that the U.S. Postal Service wants to cut its huge losses by letting 150,000 employees -- that's more than the population of Hampton, Va. -- take early retirement.

The sideshow is the the postmaster general's compensation package.

Both will be on the agenda tomorrow as Congress looks at the declining fortunes of the post office and the increasing compensation of its boss.

First the news.

The Postal Service says it is trying to save \$100 million annually through a series of measures that include closing offices and eliminating positions.

Postal district-level administrative positions are being cut by 15 percent, or about 1,400 people. Another 1,400 mail processing supervisors and management positions are being eliminated at almost 400 facilities nationwide.

And six offices -- in Lake Mary, Fla.; North Reading, Mass.; Manchester, N.H.; Edison, N.J.; Erie, Pa., and Spokane, Wash. -- will close.

Postal officials assure us that the office closings won't hurt service. The facilities "house only administrative functions and will not adversely affect customer service, mail delivery, Post Office operations," says a statement that the USPS issued Friday.

The cuts are needed because the nation's financial health is in the dumps and mail volume has sunk along with it. "Our fiscal condition is pretty serious," said Patrick R. Donahoe, deputy postmaster general, in an interview. "We're greatly affected by what is going on in the economy."

As the number of unemployed people, foreclosures and store closings go up, the amount of advertising -- a huge part of the postal business -- goes down. The year with the highest volume was 2006, when the Postal Service handled 213 billion pieces of mail. That was down to 204 billion pieces last year, and 180 billion pieces are expected to be delivered this year, Donahoe said.

Advertising for banks, real estate and cars is way off. Contrary to popular opinion, the Internet is not a major cause of the big hole in the postal bank account. The Web was engrained in our lives three years go, when mail volume was the greatest. Paying bills

online does take away some postal business, but that's been a "slow and methodical" drop of a couple percentage points a year, according to Donahoe. A big factor is the money the Postal Service must pay for future retiree health benefits. Without that, the service would have had a net income of \$1.6 billion in fiscal 2007 instead of a \$5.1 billion loss, a spokesman said.

Now the sideshow.

John E. Potter, widely known as Jack, has been postmaster and chief executive officer since 2001. Whenever the Postal Service talks about its losses or the need to raise rates, as will happen in May, stories fly about how much Potter makes.

His compensation is on the agenda for a hearing tomorrow by the House subcommittee on federal workforce, postal service and the District of Columbia.

"Given the ongoing financial losses at the Postal Service, there has been a considerable backlash among postal customers and current and former employees regarding the postal executives' compensation packages, including that of Postmaster General Potter," said Rep. Stephen F. Lynch (D-Mass.), the panel's chairman.

That backlash comes from people who believe Potter makes \$857,459 a year.

On Feb. 17, ABC News reported: "Potter's base salary went from \$186,000 in 2007 to more than \$260,000 last year. On top of that, an incentive bonus of \$135,000. Add in retirement benefits and other perks, total compensation was more than \$850,000."

But Potter's salary was not that high, as this and other reports would lead you to believe, if you miss the point about retirement. Almost \$381,500 of the \$850,000 was due to an increase in the value of his retirement fund, which will be paid, of course, after he retires. Another \$70,000 covers the cost of his security detail, insurance, annual physical and other items.

A bonus of \$135,041 also is included in the \$857,459, but that will be paid out over 10 years after he leaves federal service. And note this: Postal operations and salaries, including Potter's, are funded by the postage we buy and not the taxes we pay.

Congress, however, has said that postal employee pay should be comparable to that in the private sector.

Given the sad shape of the Postal Service, tough questions certainly should be raised about Potter's compensation, particularly the bonus and 40 percent raise. But those questions should be based on fact and not erroneous impressions easily fueled by reports that skim over the details.

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2. Deutsche Post 420 Million Euro Mail Investment

23 March 2009 by Sarah Sharpe - © Hellmail.co.uk

Deutsche Post has ordered a new generation of mail sorting machines from Siemens AG. By 2012, Siemens will supply a total of 288 sorting machines for standard letters and compact letters, as well as up to 97 sorting systems for large letters and maxi letters (Maxibrief). The investment volume amounts to EUR 420 million.

"This is the biggest investment in new mail technology since the construction of the mail sorting centers in the mid-nineties and thus represents a clear commitment to the future of mail" said Jürgen Gerdes, Deutsche Post DHL Board Member for MAIL.

"We clearly stated as part of Strategy 2015, which we recently introduced, that mail will remain a strong pillar in Deutsche Post DHL and that we want to consolidate our strong position as Germany's mail service provider. This is a long-term investment in the quality and reliability of our mail service."

Deutsche Post is increasing the speed at which mail is processed because the number of sorting steps is reduced and the degree of automation is significantly increased. At the same time, customers can benefit from a higher quality and speed of delivery. This is because the new machines will sort mail more accurately and reliably by the recipient's address.

The new generation of machines is also environmentally-friendly thanks to state-of-the-art technology. Through this measure alone, Deutsche Post will reduce its annual CO2 emissions by almost 5 000 tons. The new machines also require 22 per cent less electricity. As part of its GoGreen climate protection program, Deutsche Post DHL has set itself the task of improving its CO2 efficiency by 10 per cent by 2012.

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3. Urgent Action Needed To Protect Remaining Post Offices

23 March 2009 by Steve Lawson - © Hellmail.co.uk

The National Federation of SubPostmasters is to put pressure on government today to make a firm commitment to the formation of a postbank.

The NFSP is concerned that without urgent measures during what looks likely to be a period of prolonged economic recession, even more post offices could close on top of those forcibly shut under the network pruning programme last year.

A minor triumph for post offices was announced today after it was revealed that a five-year multi-million pound contract to modernise the way driving licences are handled. Under the new scheme, applications will be processed electronically and issued within minutes.

However, whilst the contract was welcomed, the NFSP wants to see a more pro-active approach from government to secure the network in the longer term, and the concept of a 'peoples bank' to encourage savers and renew confidence in banking as well as secure a future for all post offices, is seen as an essential step.

2,500 post offices were forcibly closed during the last round, aimed at stemming massive losses, but now the recession is putting a great strain on those that are left and the NFSP wants urgent action.

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4. Police evict protesting French postal workers

Associated Press, 03.23.09, 12:22 PM EDT

Riot police have forced dozens of postal workers out of the French Finance Ministry where they were demanding more pay and no job cuts.

The employees from a wealthy Paris suburb say they've been on strike for 10 weeks to protest anticipated job cuts at La Poste and to demand higher salaries amid rising living costs.

New Anticapitalist Party founder Olivier Besancenot, a postal worker and one of France's best-known political personalities, took part in Monday's protest. He wants the ministry that controls La Poste to press the government of the posh Hauts-de-Seine region west of Paris to name a negotiator.

La Poste is Europe's second largest mail carrier with annual sales of more than euro20 billion (US\$27.12 billion). It's scheduled for partial privatization.

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5. Quality of Dublin postal system worsens

Monday, 23 March 2009 19:23

A new report shows that 79% of post was delivered within one working day throughout the state in 2008.

The Commission for Communications Regulation's sixth annual report on the quality of service performance of An Post says this is a modest 2% improvement on the service quality performance the previous year.

However, ComReg adds that it still remains significantly below the 94% target set for An Post.

The report also reveals that the quality of service actually worsened in the Dublin area last year. Only 76% of mail posted in Dublin for delivery in Dublin is reported as delivered within one working day compared to 78% in 2007.

Performance for mail posted outside Dublin for delivery within Dublin stood at 74% in 2008, down from 75% in 2007.

97.5% of all post was delivered within three working days. This too falls short of the 99.5% target set by An Post.

ComReg said that while the modest improvement in performance at a national level is noted, it is most concerned with the deterioration in the Dublin performance. 'Clearly there is much work to be done by An Post if Irish postal users are to receive the service they deserve,' it added.

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