

# POSTAL NEWS

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## **1. Austrian Post - Further Savings To Counter Recession**

19 May 2009 by Steve Lawson - © Hellmail.co.uk

The Austrian postal service has abandoned revenue forecasts after seeing a drop in mail volume in the first quarter of around 4.3% and is being forced to make cut-backs and savings as well as concentrate more heavily on sales.

It said that in the first quarter of 2009, the recession saw a negative impact on its business, leading to reduced letter mail, direct mail and parcel delivery volumes. Accordingly, total revenue of Austrian Post fell by 2.4% or EUR 14.7m from the same period of the previous year, to EUR 595.2m. The two fewer working days compared to 2008 also contributed to the decline.

Earnings before interest and tax (EBIT) were down 4.3%, to EUR 47.8m. Revenue losses could not be fully compensated by cost reduction measures. In particular, the 2009 salary increases of 3.7% pushed up staff costs, the largest single operating expense item.

It said that the first months of 2009 clearly showed a more difficult economic environment is likely to be expected for the year as a whole than originally anticipated. Economic forecasts for the markets in which Austrian Post operates had already been revised downwards in December 2008, but the company expects that the deteriorating economic situation will continue to have a negative effect on letter mail, parcel delivery and direct mail volumes.

Further cost savings are to be implemented along with a sales offensive. Austrian Post is more intensively promoting the increased use of direct mailings in the communications mix of companies as well as new services such as mailroom services and document printing.

It said that efficiency improvements and rationalisation measures are essential in order to compensate for a decline in revenue. In an initial step, the Management Board of Austrian Post has launched a programme to cut the cost of materials and operating expenses (excluding staff costs) in the Group by about EUR 30m over the next 12 months. In addition, planned capital expenditure (CAPEX) will be cut back by 20% in 2009, to about EUR 80m.

In the second half of 2009, Austrian Post will start replacing 300 unprofitable company-owned branches with partner-operated postal service points.

“It is enormously important to implement efficiency-enhancing measures in a timely manner as long as we are doing economically well, in order to achieve the targeted savings effects”, says Rudolf Jettmar, Chairman of the Management Board and Chief Executive Officer of Austrian Post.

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## **2. NPF: USPS financial situation drives morning panel**

Lauren Bell

May 19 2009

The USPS' financial situation dominated a discussion with Marie Therese Dominguez, VP, government relations and public policy, USPS, and Patrick Donahoe, USPS deputy postmaster general and COO, this morning at the National Postal Forum. Retiree health benefits, mentioned in Monday's opening session, were a main focus of the talk. Under the payment schedule enacted by the Postal Accountability and Enhancement Act of 2006, the Postal Service is required to pay \$5.4 to \$5.8 billion dollars annually, from 2007 – 2016, and it also must pay health benefit premiums of \$2.0 to \$4.2 billion dollars annually between now and 2016. Given today's economy and the USPS' falling volumes and revenues, the agency maintain this schedule is now untenable for the organization.

“We are working on legislation around retiree health benefits,” Dominguez said at the opening of the session. “It's our number one legislative priority. There's no other industry that is required to make this aggressive pre-funding obligation.”

Proposed legislation, H.R. 22, would allow the USPS to pay its share of contributions for retiree health benefits, estimated to be \$2 billion this year, out of the Postal Service Retiree Health Benefits Fund instead of its own pocket. The bill has been sitting in the House Subcommittee on Federal Workforce, Post Office, and the District of Columbia, but is scheduled to be marked up at a committee meeting Wednesday.

Donahoe then went on to describe other ways in which the USPS is working to stay within its budget — including the massive job cuts that have taken place over the past few years. Any cuts are tricky, he noted, because the organization does not want to deplete service.

“Right now, I would put us up against any company in terms of service,” he said,” but we don't want to make any additional cuts that would disrupt service because that's our franchise.”

The panel also discussed the proposal of a five-day delivery week, which would be intended to counteract the drop in mail volume. In 2000, the USPS delivered an average of six pieces to each house per day, but, by 2020, it projects that number will drop to four pieces per house. Donahoe said it is possible that, after the shift, post offices would remain open on weekends and may even deliver packages. He said that the USPS is seeking more input from clients before it makes any decisions.

### **3. BNP Election Material Upsets Postal Workers**

19 May 2009 by David Lynch - © Hellmail.co.uk

The Communication Workers Union yesterday lent it's support to some UK postal workers who had refused to deliver election material produced by the British National Party.

The row came to light after some postal workers across the country claimed they had received personal abuse in the course of delivering election leaflets or felt uncomfortable about delivering them and some said they were being put under pressure to deliver them.

Although Royal Mail has a legal obligation to ensure the delivery of election material for all nominated candidates and parties, a clause in the agreement allows for refusal by any delivery worker who feels he or she may be at personal risk due to the nature of particular election material.

Bob Gibson, CWU national official, said: "We have a national agreement with Royal Mail with a conscience clause which allows individuals to exercise their right to not deliver material which they find offensive or believe their customers may find offensive.

"It is not specific to any political party. We are protecting the rights of our members to be safe at work. Royal Mail has a responsibility to ensure the safety of their employees.

"We have had instances of delivery workers being threatened, chased and spat at for delivering some election leaflets. We will support individuals who feel strongly about delivering these items.

"Postal workers are well within their rights to refuse to deliver offensive material."

Royal Mail said it would be working with employees as sensitively as it could but emphasised that it had legal obligations, under the Representation of People Act.

### **4. Unions Take Steps To Limit Job Losses At DHL**

19 May 2009 by David Lynch - © Hellmail.co.uk

"The bottom line is to really look at how to maintain a high level of service and our retail presence," Dominguez said.

As DHL pushes ahead with the closure of seven regional depots in Galway, Sligo, Cavan, Athlone, Waterford, Enniscorthy and Tralee, unions are trying to see if there are other ways to cut costs but preserve as many jobs as possible.

DHL Deutsche Post is concentrating its efforts on sustainability in the midst of a global economic crisis and the UK has already seen closures in Wellingborough and Daventry with others threatened.

The collapse of retail giant MFI, a restructuring of some supply chains and a slowdown in consumer spending has put pressure on DHL to scale down some of its operations. 320 jobs are said to be in the firing line including 90 jobs at DHL's hub at Dublin Airport Logistics Park.

Officials from the Services, Industrial, Professional and Technical Union (SIPTU) are working with the company to see if alternative plans can be put in place to limit job losses.

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