

POSTAL NEWS

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1. Postal deficit to go up by 41% in 2009-10

BS Reporter / New Delhi July 8, 2009, 0:10 IST

With the wage bill of postal department, having around 484,000 employees, expected to go up by 20 per cent in the current fiscal, the postal deficit for 2009-10 is set to go up by 41 per cent to Rs 5,395 crore over 2008-09.

This is because the postal department is estimated to earn only Rs 6,135.74 crore in 2009-10 while its total working expenses for the period are pegged at Rs 11, 531 crore. Therefore, the balance of Rs 5,395 crore has been provided as the budgetary support.

Postal deficit in the revised estimates 2008-09 stood at Rs 3,825 crore while the Budget estimates for 2008-09 had made allocations of only Rs 958 crore as postal deficit. Postal deficit is the gross non-plan expenditure less postal earnings.

Overall, the Department of Posts is likely to incur an expenditure of Rs 11,724.50 crore in 2009-10, around 18 per cent higher than 2008-09.

The postal earnings are expected to go up only by around 3 per cent over 2008-09 to Rs 6,135.74 crore or an addition of Rs 196.52 crore.

This suggests that government is not planning for any major increase in the postal charges during the year.

The growing postal deficit is also on account of nearly 20 per cent jump in the wage bill of the department of posts to Rs 8,075 crore for 2009-10 over Rs 6,761 crore in the revised estimates for 2008-09.

The postal department is estimated to employ around 4.84 lakh employees in 2010, a marginal reduction from 4.89 lakh employees in 2009.

Also, as a result of the Sixth Pay Commission, there is 18 per cent increased outlay for the pensions in 2009-10 to Rs 2,710 crore compared with Rs 2,300 crore in the revised estimates for 2008-09.

The outlay for 2009-10 is pegged at Rs ,6021 crore of which Rs 5,401 crore will be for the non-plan outlay and Rs 620 crore as plan outlay.

This is around 42 per cent higher than the revised estimates for 2008-09 that stood at Rs 4,228.78 crore (Rs 3,829 crore of non-plan outlay and Rs 400 crore of plan outlay).

The government has also increased the allocation for postal network, including expansion and maintenance, by nearly 23 per cent to Rs 6,323.91 crore for 2009-10 against Rs 5,171 crore for 2008-09.

There are 155,035 post offices in the country, with around 90 per cent in the rural areas (139,173) while the remaining in the urban areas.

According to the Budget papers, the expenditure budget for 2009-10 for the postal department provides for normal growth and expansion of the postal services.

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2. Croxley aims for 10pc of postal market

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Stationery manufacturer Croxley is setting up its own postal service and aims to control about 10 per cent of the \$500 million postal market in two to three years.

Croxley, 100 per cent owned by United States multinational Office Max, already makes and distributes New Zealand Post stamps and envelopes through a variety of retailers including Office Max, The Warehouse and Whitcoulls.

"At the moment it's about 5 per cent of the market," Croxley New Zealand managing director Joe Naus said. The company will offer its own stamps and prepaid envelopes through its retail customers.

Most of the retailers would switch to Croxley product, giving it almost 5 per cent of the market straight away, Mr Naus said. The total postal market was worth about \$500m a year and Croxley could see it doubling its market share in the next two to three years.

"We think with the combination of our brand and our distribution partners, we're looking for some significant growth."

Croxley has signed an access agreement with NZ Post enabling it to use its mail network for a fee. Since the postal market was deregulated in 1998, several small competitors to NZ Post have emerged, including Fastway, NZ Mail, Spring, DX Mail and Pete's Post.

Mr Naus said that because of its existing retail network, Croxley would become the largest of the smaller players.

Rather than competing on price, Croxley saw its advantages as its retail network and pack sizes that better suited customer needs, Mr Naus said.

The first Croxley Mail stamps feature images of Muriwai Beach on Auckland's west coast.

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3. Postal problems for Kilwinning

THE KILWINNING postal system has been left shaken as the post box in the Main Street is closed for the regeneration work - amid confusing advice over where people should take their letters.

People looking to post letters have been queuing up in the post office, unsure of what to do. But now the Kilwinning Community Council have hit out to say they want the situation clarified to avoid unpleasant waits and potential arguments about skipping the queue.

Chairman of the group Jim Watson said: "It's confusion more than anything. People are concerned about where they should take their letters and I don't think the Post Office has made it clear how they should deal with them."

See the Times this week for the full story.

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