

POSTAL NEWS

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1. TNT rebuts postal unions on savings

Mon Oct 26, 2009 10:02am EDT

- * TNT says more cost savings needed
- * Welcomes proposals on smaller packages
- * Wants to resume discussions

AMSTERDAM, Oct 26 (Reuters) - Dutch logistics firm TNT (TNT.AS) said it disagreed with the findings of a study commissioned by postal unions on the savings it had to implement but welcomed proposals to slim down employment packages.

Plans by the country's largest postal firm to cut up to 11,000 jobs have strained relations with unions since they were announced more than two years ago.

Unions on Monday announced the results of a study carried out by research agency Ecorys that they commissioned after they rejected a draft accord by TNT on April that included wage cuts.

"Since the unions' last study two years ago, TNT Post's volumes have dropped by 8 percent and, since 2000, TNT Post has been faced with a cumulative volume loss, currently totalling 25 percent," said TNT's director of human resources Gerard Aben.

TNT said in a statement Ecorys's findings that the company can stay healthy with fewer savings were unrealistic, but welcomed its conclusions that far-reaching cost reductions, including less employment benefits, are essential.

It said it hoped to resume discussions with the unions as soon as possible. Some 23,000 staff work at TNT's mail unit.

TNT shares were up 1.3 percent at 18.93 euros at 1352 GMT, outperforming Amsterdam's blue chip index .AEX, which was flat. (Reporting by Greg Roumeliotis; Editing by David Holmes)

2. Postal union and bosses in war of words

By Clinton Manning 26/10/2009

The two major figures in the postal dispute each accused the other of talking "nonsense" yesterday.

On the eve of vital talks aimed at halting more strikes on Thursday, Friday and Saturday, Royal Mail's £1.3million-a-year chief executive Adam Crozier told union leaders to "shut up" and "stop exaggerating" the impact of last week's walkouts.

He said: "A lot of nonsense has been spoken and written. They need to stop exaggerating. It would be better if ... people shut up and got an agreement."

But Communication Workers Union general secretary Billy Hayes was angered by him claiming the dispute was "about working all the hours they are paid for".

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Mr Hayes hit back: "The idea that people are being paid for hours they're not working is complete nonsense."

The word was repeated again when Mr Crozier denied he was in cahoots with Lord Mandelson, who unions accused of helping to scupper a peace deal last week.

But his insistence that he had given the Business Secretary regular updates was refuted by Lord Mandelson, who said: "I have not had one discussion with Adam Crozier." Now, with both sides still at odds about what the dispute is really about, it is feared the failure of the resumed talks could herald a winter of discontent.

Potential strikes are looming on trains, tube and buses and at British Airways - and a stoppage by refuse workers in Leeds is now entering its eighth week.

Shadow Business Secretary Ken Clarke described all the disputes as a "tragic similarity to the dark days of the 70s".

3. Postal strike costs London £500m

London Chamber of Commerce research reveals the cost of the postal strikes.

The regional and national postal strikes have cost London more than £500 million in lost business, new research has found.

Firms in the capital have incurred significant financial hardship since industrial action began, with the London Chamber of Commerce (LCCI) claiming last week's strikes cost the capital an estimated £200 million alone.

Colin Stanbridge, chief executive of the organisation, said the sums of money are "colossal" and that many businesses have employed the services of alternative parcel delivery companies, such as Parcel2Go.com, to try and minimise the impact of the industrial action.

"Not being able to rely on a normal postal service forces companies to pay extra for couriers, delays consumer spending, damages client relationships and plays havoc with a firm's cash flow," he added.

Fresh talks have been scheduled to take place today between the Communication Workers Union and Royal Mail bosses after TUC general secretary Brendan Barber invited both sides to try and find some common ground in the dispute over pay, jobs and modernisation.

Last week, the Royal Mail revealed that the postal strikes have created a backlog of over 30 million letters.

Written by Tom Sands

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4. What is Government's Job Again?

By Brooke Edwards, Daily Press, Victorville, Calif.

Oct. 25--It's playing out on a national scale right now, as the federal government weighs health-care overhaul and the sustainability of the U.S. Postal Service.

From baseball stadiums to power plants, prisons to water departments, the concept of government competing with private enterprise is front and center in the Victor Valley.

"There's just an inherent tendency in government -- we call it a Superman complex -- to say, 'If there's a problem, let government step in and take over,' " said Leonard Gilroy, director of government reform at the Reason Foundation. "There's a self-deception saying, 'We could do this better, we could do this cheaper, we could do this faster,' when in fact government is set up to be slow and deliberate."

That confidence most certainly drove Victorville to take over its private water companies two years ago, and must be playing into Apple Valley's belief that it can run a minor league baseball stadium better than its neighbor has.

That drive can also have serious implications on the economy, Gilroy said, as government threatens to put private businesses under, diverts money away from

essential public services and leaves cities with massive operating budgets that often can't be sustained when times get tough.

Perhaps nowhere is this struggle more evident locally now than on the Victor Valley's fairways.

Hesperia bought its golf course earlier this month primarily to take over the club's valuable water rights. Apple Valley is weighing whether to buy its embattled course again on Tuesday and a struggling Victorville is looking to lease its two courses out to a private operator.

"Clearly the availability of budget golf is not really a compelling public need," said Ronald Utt, senior research fellow at the Heritage Foundation. "It's not as if this is a vital area that government has to step into, and with all levels of government running out of money it doesn't seem to be a particularly wise use of taxpayer money."

On the flip, resident Mark Yates is more concerned about the "disastrous" results he fore-Valley doesn't move forward with taking over its country club.

"Home values in Apple Valley which are already depressed, would be severely affected by a 180-acre unsightly brown scar in the heart of Apple Valley," Yates said, with much higher costs down the road to reverse that impact.

But the other concern, Utt said, is that the government really has no incentive to keep costs down and generate a profit a private business does.

"If something is losing money as a private entity, government's just not that good at managing community enterprises and so it usually becomes a heavily subsidized thing," Utt said.

"By and large they do a bad job and end up going in the red," Gilroy added.

Philosophically, every Victorville council member has said they're against the idea of government competing with private enterprise. And yet the city leads the way having committed in the neighborhood of \$315 million in the past five years alone to enterprise projects that are non-essential or could be borne by the private sector.

After Victorville opened its bar and restaurant inside the new country club at the Green Tree Golf Course, business reportedly suffered at the long-standing restaurants inside the neighboring Quality Inn and Suites Green Tree. Dino DeFazio pulled his food

services out of the hotel, citing the competition with the country club as one contributing factor.

"What you're doing now is using taxpayer subsidies to compete -- unfairly compete -- with the private company," Utt said.

Both Victorville and Hesperia have also made considerable investments into developing and operating affordable housing projects, with private apartment owner Ian Bryant citing an inability to compete with Hesperia's subsidized projects.

"I've seen government come in and totally annihilate our business," Bryant said, with Hesperia spending \$280,000 per unit to add 9-foot ceilings and granite countertops to "affordable" apartments that are rented out for \$800 each. "I've got 10 vacant lots I was planning to build on, but I just can't compete with that."

Gilroy adds: "In a time of a recession when the private sector is bleeding jobs, is that something we want to be doing?"

When it comes to getting into the electricity business, as Victorville has attempted to do several times, the protest tends to be less over competition with Southern California Edison -- ing taxpayer dollars on a project that has little direct benefit for residents beyond a few jobs and added tax revenue flowing to the city.

A concern with running a prison, as Adelanto does, or a wastewater plant, as Adelanto does and Victorville is trying to do, is the inflation to city payrolls. Even after retirements and layoffs -- which both cities have done in the past year -- cities are left paying into former employees' pension funds for the rest of their lives, or longer if they have a surviving spouse.

Contracting out for services, as Hesperia and Apple Valley largely do for planning positions that fluctuate with the economy, gives cities much more flexibility, Utt said.

"At a time of nearly unprecedented fiscal crisis for state and local governments all over the country," Gilroy said, "the predominate trend we're looking to see is more and more policymakers getting government out of private industry, not into it."

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