

POSTAL NEWS

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1. More red ink for postal service

May 6, 10:02 PM Postal Service Examiner Maurice Durham

The United States Postal Service had a fiscal loss of \$1.6 billion dollars which is lower than the loss reported the same quarter last year of \$1.9 billion dollars. The postal service expects to lose about \$7.8 billion dollars this year. “We cannot sustain these losses,” said Postmaster Potter. “The Postal Service will run out of money next year unless there is legislative change.”

The postal service will still need to make major changes in order to survive such dramatic changes in mail volume and revenue loss. Mail volume has declined about 6.3 percent in the past six months.

The postal service is asking Congress to delay the agency’s responsibility to fund retiree health benefits payments. It also wants Congress to approve a 5 day delivery week for the post office, cutting Saturday mail delivery. It is estimated that such a move could save the post office \$3.1 billion dollars. If approved, the post office could save more money by eliminating more jobs after having already eliminated over 40,000 jobs in the past 2 years. It could also close more locations, and is already expected to close hundreds of post office locations across the country.

Postal unions do not agree with the elimination of Saturday mail delivery which would shrink the number of its dues paying members. One union’s president has consistently suggested to its members that they not accept any early retirement offers that didn’t include incentives or severance pay. Some early out offers have included employee incentives while the union is in arbitration over the issue of severance pay.

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2. Editorial: Drop protest on postal cuts

Chico Enterprise-Record

Posted: 05/06/2010 12:00:00 AM PDT

Our view: The Postal Service lost \$6 billion last year. It stands to reason that expenses must be cut.

We dislike seeing jobs leave the area, but we dislike seeing taxpayer dollars wasted just as much.

And that's what the area's two representatives in Congress are doing by seeking more study on the closure of the Marysville mail processing center.

The volume of mail is way down with the coming of e-mail and the alternatives offered by UPS, FedEx and others. The Postal Service expects to move 43 billion fewer pieces of mail in 2010 than it did in 2006, a drop of 20 percent.

It takes fewer people and fewer facilities to handle 43 billion fewer letters and packages. That's just the way it is.

Wally Herger, R-Chico, and Tom McClintock, R-Granite Bay, ought to know that. They probably do know that, and if this weren't an election year, they might not be calling for a wasteful new round of hearings and studies on whether the Postal Service should do the kinds of things it really has to do.

The plan is to close the Marysville center in October, and move the processing job to West Sacramento, about 50 miles down the road.

It's kind of a no-brainer. Two similar plants, doing the work one can handle, just an hour apart. Closing one is exactly the kind of action we'd expect the Postal Service to take to get its budget in line. It was \$6 billion in the red last year. That's a lot of stamps — a lot of more expensive stamps — without cost reductions.

But while Herger and McClintock would be expected to be among the first in line calling for the Postal Service to get its fiscal house in order, they're right out front of the opposition when the cuts are close to home. Cut, they'd say, but cut someplace else.

But no place is going to escape. Mail volume is off 20 percent. The Postal Service should cut expenditures somewhere in that neighborhood, and that's too big a slash to exclude any region from the pain. A new round of hearings on the Marysville closure, followed by the writing of yet another report, isn't going to change that.

We wish Herger and McClintock would drop the chance to beat their chests, and instead save us the money this new study would cost.

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3. Postal Service profits, volume continue to drop

Here we go again: The U.S. Postal Service lost \$1.9 billion in the six months that ended March 31, it said Thursday. Mail volume also dropped 6.3 percent vs. the same period in 2009.

Not even a one-time boost of \$180 million in first-class mail from the U.S. Census Bureau helped stopped the declines, as revenue dropped 1.4 percent compared with the previous year, officials said.

Operating losses totaled \$1.8 billion in 2010, compared with \$2.3 billion the year before. Work hours for the first half of fiscal 2010 were 49 million hours below 2009. The Postal Service now employs about 594,000 career workers, down 47,000 positions from 2009. Still, the mail agency is the nation's second-largest employer, behind Wal-Mart.

"We are still experiencing unsustainable losses," Postal Service Chief Financial Officer Joseph Corbett said Thursday. "Quite simply, the business model is broken and laws, regulations and contracts must be changed to provide commercial operating flexibility needed for financial stability."

Congress is considering Postmaster General John E. Potter's proposals to cut Saturday mail delivery, close post offices and raise postage rates beyond the rate of inflation, but it remains unclear how lawmakers plan to proceed. Potter also wants Congress to change a 2006 law that requires the Postal Service to pre-fund its retiree health benefits, a unique expense that costs about \$5 billion annually.

By Ed O'Keefe | May 6, 2010; 3:00 PM ET

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4. UPDATE 1-Japan Post to reorganize affiliates - Nikkei

Thu May 6, 2010 1:29pm EDT

Related News

May 7 (Reuters) - Japan Post Holdings Co [JP.UL] has decided to restructure a group of affiliated firms by turning some into subsidiaries and liquidating others deemed "superfluous," the Nikkei business daily reported.

Financials

The decision is expected to be announced as early as Friday, the daily said.

With its relationships with the affiliates coming under the scanner along with postal reform, the number of such units had fallen 30 percent to 157 in January, Nikkei said.

However, their combined transactions with the state-owned postal group still totalled 130 billion yen (\$1.38 billion), which is only 10 percent less than pre-reform levels, the daily added.

Shizuka Kamei, minister for financial services and postal reform, has agreed to take on this issue as part of plans to remake Japan's postal services, it said. (\$1=93.96 Yen) (Reporting by Sheeta Sanghi in Bangalore; Editing by Gopakumar Warriar)

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5. The Future of the Postal Service

Wednesday, May 5, 2010

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by
Maryanne Wright

The U.S. Postal Service (USPS) experienced a net loss of \$3.8 billion at the culmination of Fiscal Year (FY) 2009.

A considerable part of this loss was attributed to an unprecedented decline in mail volume (12.7 percent compared to the same period in FY 2008), a significant decline of 36 billion pieces over a three year period (2007 to 2009). The current economic recession and proliferation of online communications vehicles also played a significant role in this financial debacle.

While maintaining record high service performance and customer satisfaction levels, considerable cost-cutting efforts were implemented in response. These efforts included an unparalleled workforce reduction of 40,000 employees, a total operating expense decrease of \$6 billion, and a reduction of 115 million work hours.

Although liquidity continues to be a critical issue, further aggressive cost measures are necessary to offset the projected estimated \$7.8 billion deficit in FY 2010. Recent customer surveys have indicated that previous cost reduction efforts have not negatively impacted service. In fact, national on-time mail delivery scores reached record highs in FY 2009. As just one example, during Postal Quarter (PQ) 1 of FY 2010 and for the fifth straight quarter postal employees attained a score of 96 percent for the on-time delivery of single-piece overnight First-Class Mail.

The USPS remains an integral part of every American community as it provides and will continue to provide the greatest value of any comparable post in the world. And, as it proceeds forward, the Postal Service will innovate and change its products and services to meet its customers evolving needs and compete more effectively in the marketplace.

Steadfast confidence in the ability of this 235-year old institution to provide quality service and remain a viable entity is largely due to an unwavering belief in the ability of its employees to deliver. It goes without saying that the future of the Postal Service depends on the concerted efforts of each and every employee. In fact, these employees are absolutely pivotal to the success and viability of the USPS the more than 600,000 men and women who make the daily delivery of mail to virtually every home and business in the United States six days a week. These dedicated employees

are indisputably its greatest asset and deserve tremendous credit for their successful efforts to provide excellent service under very challenging conditions.

Maryanne Wright is employed by the Postal Service as the Capital Metro Area Writer/Editor. She was previously the Communications Coordinator for the Northern Virginia District. Her career spans 28 years and encompasses a variety of postal assignments in numerous locations including Long Island, NY, Merrifield, VA and Charlotte, NC.

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