

POSTAL NEWS

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1. Lets learn to save Britain's postal service

Submitted by Sunil Kashyap on Sat, 06/26/2010 - 04:56

The report conceived by Richard Hooper sets the purpose to guarantee the endurance of the most embraced, universally acclaimed postal service.

The postal service spreading its service domain towards six day a week compilation of letters through the red post boxes and release the same to 28m homes and businesses throughout the UK along with the stamp prices which are similar for a letter to Bristol as that of the Orkneys.

Further the report came out with three recommendations. The two out of three recommendations were sustained by everyone. The regulatory reform with Ofcom over the specialist postal regulator Postcomm and the Royal Mail's historic pension discrepancy, which is reported to be approximately £10bn, which has been gathered from the public pockets.

The third recommendation is more contentious, which has called for a planned private sector partner for the Royal Mail. The same was robustly opposed by the Communications Workers Union along with some 140 backbench MP's, from the Labor domain.

However the Coalition Government clearly stated the aim which was made clear in the Queen's speech to ensure the benefits of Royal Mail from private sector capital.

Upon this the Government yesterday has asked the author to invigorate the report and make further review on the analysis and suggestion which is now eighteen months old.

2. Exclusive: How to save Britain's postal service, by Richard Hooper

“My Government will modernise the Royal Mail”. With these words in the Queen’s Speech three weeks ago, my report on the Royal Mail was back on the agenda almost exactly a year since the Postal Services Bill was halted.

By Richard Hooper

Published: 7:40PM BST 24 Jun 2010

The purpose of the report was to ensure the survival of the much-loved universal postal service, six day a week collection of letters from red post boxes and delivery to 28m homes and businesses across the UK with stamp prices the same for a letter to Bristol as to the Orkneys.

The report made three recommendations. Two of the recommendations were supported by just about everyone: regulatory reform with Ofcom taking over from the specialist postal regulator Postcomm and the Royal Mail’s historic pension deficit ,reportedly around £10bn, being taken over by the public purse. My third recommendation, more controversial, called for a strategic private sector partner or partners for Royal Mail. This was strongly resisted by the Communications Workers Union and some 140 backbench MP’s, mostly Labour. Now the Coalition Government has clearly stated its intention as set out in the Queen's speech to "ensure <Royal Mail> benefits from private sector capital and disciplines.”

Yesterday the Government announced that they have asked me to refresh the report and review the analysis and recommendations now eighteen months old. There are plans for legislation to come to the House of Commons in this session of Parliament. From my conversations with the Government, I am convinced that there is a real commitment to take this forward and to do so at a pace. I will be giving first thoughts to Ministers in the next month or so , with I hope, a short and sharp report in the autumn.

Two issues tend to cause confusion for some people. The first confusion concerns the difference between the Post Office and the Royal Mail. My report was fundamentally about the Royal Mail, which is the company that collects, sorts and delivers mail. Post Office Limited is the company, currently owned by Royal Mail, which runs some 11,500 retail outlets that sell stamps, take in parcels and provide a range of other services including banking. Your postie works for Royal Mail, the person emptying the red post box works for the Royal Mail, the person behind the counter in your local post office works for Post Office Limited . Some 90 per cent of post offices are in fact run as small businesses by people under contract to Post Office Ltd – the other 10 per cent are Crown post offices owned by Post Office Ltd. About a third of the Post Office’s £1 billion revenues comes from a key contract with Royal Mail.

The second cause of confusion is about the word “modernise” – what does “modernising the Royal Mail” mean. If there is to be any chance of sustaining the beloved universal postal service, at a time when letter volumes are under severe attack from emails and mobile texting, the Royal Mail must become as efficient and as effective as the best in class postal operators, like the Dutch, the Germans, the Danes

and the New Zealanders. My previous report concluded that Royal Mail was in the relegation zone of the Premier League of postal operators and modernisation was happening too slowly. My new work for Vince Cable and Edward Davey, the two Lib Dem ministers driving all this from the Department of Business, will assess what progress Royal Mail has made in the last eighteen months towards best in class status.

By modernisation I mean five things. First of all, the Royal Mail must rid itself entirely of the restrictive labour practices which still inhabit parts of the company. Secondly, it is about introducing automation which cuts costs substantially. Most posties still spend hours hand sorting mail, which can now be done by machine. Thirdly, the network of sorting centres needs to be significantly reduced, again to cut costs and increase efficiency. Fourthly, modernisation is not just about cutting costs – it is also about finding new revenue streams as the internet eats further and further into traditional businesses. Fifthly, it is about ensuring that the Royal Mail is thoroughly market- and customer-focussed.

With a fully modernised Royal Mail, the universal postal service can be sustained. That is what modernisation is all about. The update that I am doing is set out on the website of the Department of Business. I would welcome people's thoughts and ideas.

Richard Hooper was the author of an independent review, published by the Government in December 2008, which recommended private investment in Royal Mail

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3. USPS shouldn't be forced to pre-fund retiree benefits

Friday, June 25, 2010

The June 19 editorial "Good news in the mail" made the misguided argument that Congress should continue to require the U.S. Postal Service to pre-fund its retiree health benefits on an accelerated, arbitrary timetable -- a requirement imposed on no other government agency or private-sector company. The mandate imposes a heavy burden on the Postal Service: In 2008, before the agency received a one-year reprieve from Congress, retiree health benefits consumed roughly 10 percent of the Postal Service's revenue, a staggering amount.

The editorial blithely argued that the fact that the Postal Service "cannot afford such payments only reinforces the wisdom of the requirement." One should draw the opposite conclusion: This requirement is excessive and unreasonable, particularly during a severe economic downturn. The Postal Service's retiree health obligations are already 41 percent pre-funded, enough to cover all benefits through 2025; meanwhile, most companies do not pre-fund retiree health benefits at all. And the Postal Service continues to cover all of its retiree health obligations on a pay-as-you-go basis.

Why should the Postal Service be held to a different standard than are other employers when it meets its current retiree health obligations every year?

Tom Kiley, Washington

The writer is a senior adviser at the Economic Policy Institute.

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4. A chance for Congress to acknowledge its role in postal crisis

By Joe Davidson
Washington Post Staff Writer
Thursday, June 24, 2010

It's easy -- and accurate -- to blame the ailing condition of the U.S. Postal Service on the nation's sick economy. And the rapid movement toward electronic communications certainly has dealt the service a serious blow.

But as Congress looks for ways to pull the USPS from its financial sinkhole, lawmakers also should look in the mirror. Programs approved by this august body have helped push the Postal Service to the brink of financial disaster.

Slowly, belatedly, members of the House and Senate are coming to grips with their responsibility.

"All too often, we criticize the Postal Service for various management and service problems but then stand in the way when the postmaster general puts painful but necessary changes on the table," Sen. Thomas R. Carper (D-Del.) said Wednesday as he opened a joint House-Senate hearing on the Postal Service.

"We've also failed recently to address the financial constraints that have worsened the Postal Service's problems. There is growing evidence that the formula created in the 1970s to determine how much the Postal Service must pay into the old Civil Service Retirement System [CSRS] has resulted in significant overpayments. In addition, it's become evident that, in the 2006 postal reform legislation, we saddled the Postal Service with an overly aggressive retiree health pre-funding schedule that has pushed postal finances into the red in recent years."

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5. New postal concept coming

Naperville man presents system to help businesses save on postage
June 24, 2010
By DAVID SHAROS For Sun-Times Media

Given the volume of fliers, wrapping, postage and more, business mail can add a significant bump to the annual company budget, which is why a Naperville businessman has plans for companies around the country to dump their old snail mail system and postage containers for a Zumbbox instead.

On Monday, Naperville resident and businessman Patrick Evans announced that his RiTREEV Corp. would begin marketing Zumbox to the Naperville area. A completely secure way of sending business mail, invoices, flat mail items and more, Zumbox, he says, is the alternative to paper-based mail and represents the new "paperless postal system."

"Zumbox reduces the customer's cost and allows the recipient to receive an exact replica of the mail piece that is mailed with no paper, printing, or postage, or scanning," Evans said. "We live in two worlds these days -- the physical world and the virtual world, and this system actually works in both."

"But unlike traditional e-mail, Zumbox has total security, whereas e-mail is plagued with identity theft, phishing and more. It is an open system, and is corrupted all the time."

The Zumbox system is a process where mail is sent to a business's physical address and is kept on their Zumbox account, rather than an e-mail address, Evans said. Zumbox members sign up and log into their account and actually receive a snail mail confirmation with their security code.

"Unless someone commits a felony and intercepts the regular mail, the commitment to security is such that we send out a written confirmation of the account, along with the security code to use when you access it," Evans said. "In principle, it works like Gmail or Hotmail, but with many layers of security and none of the limitations those open systems have."

Evans said that with Zumbox, companies that regularly send out invoices, for example, can take all the same accounts and mailing addresses and request that their clients go paperless and sign up as Zumbox customers. The cost savings, he said, could reduce mailing expenses up to 80 percent.

"Studies show that sending out a piece of mail at 44 cents actually winds up costing a company close to \$1.25 when you factor in the cost of paper, printing, folding of invoices, placing them in envelopes, meter rental and maintenance," he said. "And e-mail addresses change all the time as these open systems offer something new to bring in more customers. But the physical address of a business doesn't change all that much."

Zumbox users are able to store their first 500 documents for free, and the Zumbox system would offer sizable cost savings over traditional mail -- and without the size restrictions.

"If someone wants to send out a 30-page catalogue flat mail piece, the cost of 20 cents per item remains the same," Evans said. "And unlike Hotmail or some of these other open systems -- there are no storage limits of e-mails -- you can keep as many items in your Zumbox for as long as you want."

The village of New Lenox in Will County was the first user in the country to incorporate Zumbox into its network. The village uses it to communicate with

residents a variety of issues, ranging from street closings and festival announcements to sending out its water bills.

Mayor Tim Baldermann said about 2,500, or up to 30 percent, of the village residents have Zumbox accounts, and that he expects the impact of using Zumbox will only grow over time.

"We do feel this has saved us some mailing costs as well as provide us another way of communicating with residents," he said. "It's also a green initiative and saves paper, so it also addresses an environmental issue as well."

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6. Postal Service experiencing an unprecedented cumulative loss of \$12 billion over the past three consecutive fiscal years

June 24, 2010

That "statutorily imposed" pre-funding scheme, added Rep. Stephen F. Lynch (D-Mass.), has made "the Postal Service's financial situation even worse." In addition, dramatic declines in mail volume and the rise in electronic communications contribute to "this perfect storm [that] has resulted in the Postal Service experiencing an unprecedented cumulative loss of \$12 billion over the past three consecutive fiscal years," said Lynch, chairman of the House Oversight and Government Reform subcommittee on the Postal Service.

Although Congress wants the USPS to run like a business -- it is funded through the sale of products and services, not tax dollars -- the legislators don't allow it to function as a business. The Postal Service does not have the authority to decide not offer certain services on Saturdays, for example.

Cutting Saturday delivery would save \$3.1 billion annually, postal officials say, quite a savings when the USPS expects to lose \$7 billion this year. But Congress is in no mood to eliminate such a long-standing service to constituents, even though polls indicate that they are overwhelmingly willing to give it up. A Washington Post poll in March found that 71 percent of Americans, including majorities of Democrats, Republicans and independents, support Postmaster General John E. Potter's proposal to cut Saturday delivery.

But it's a non-starter for many members of Congress on both sides of the aisle.

Rep. Gerald E. Connolly (D-Va.) raised the specter of people not getting mail-order medicines and Netflix films on time, although a Netflix official testified that the company's customers could adjust their rental habits.

Connolly accused the Postal Service of using a "false number" a potential 10-year, \$238 billion loss -- "to try to scare the public and members of Congress into accepting fewer days of postal delivery, shuttered post offices and slashed wages of Postal Service employees."

Rep. Jason Chaffetz (R-Utah) repeated his suggestion to allow the USPS 12 "postal holidays" with no delivery. Cutting 52 days, or one day a week, is too much for him. "I personally am opposed to that," he said.

Carper, chairman of the Senate Homeland Security and Governmental Affairs subcommittee on federal services, said he is planning legislation that "will remove the obstacles that prevent postal management from cutting costs while dealing once and for all with the pension and retiree health issues we've spent so much time discussing recently."

One big issue is the \$75 billion in overpayments that the Postal Service inspector general says the agency had made to the CSRS since 1972. That's going to be a very hard knot for Congress to untie.

Several speakers agreed that pre-funding of postal retiree health benefits, a practice not required of any other agency or used in private industry, is responsible for much of the Postal Service's dire straits. Del. Eleanor Holmes Norton (D-D.C.) said the requirement, about \$5.5 billion a year (although Congress deferred \$4 billion of the 2009 payment), makes the government "look very hypocritical."

Now, almost everyone seems to agree that the congressionally imposed requirement was a big mistake.

"The fact remains, this decision by Congress, not the recession and not the impact of the Internet, is primarily responsible for the financial crisis faced by the Postal Service in recent years," Fredic V. Rolando, president of the National Association of Letter Carriers, said during the hearing.

"The inescapable fact is that if not for these payments, the USPS would have been profitable in three of the past four years, despite the deepest downturn since the Great Depression."

Carper closed his statement by urging everyone, "even members of the House and Senate," to put aside "the biases and political battles . . . that have prevented us from making progress on the pension and retiree health issues so far."

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Collected by Chairul Anwar, Bandung, Indonesia.

E-mail address : chairulanwar49@operamail.com, uyungchairul@plasa.com.