

POSTAL NEWS

No. 72/2010

**Formulated by UNI-Japan Post in cooperation with UNI-Apro,
ASPEK Indonesia and SPPI**

- 1. Postal services, call centres to merge. Sept 19, 2010.**
- 2. Russia's VEB revives postal bank idea – paper. Sept 30, 2010.**
- 3. Want to cut wasteful spending? Privatize the postal service. Sept 28, 2010.**
- 4. What if the Postal Service runs out of money? Sept 29, 2010.**
- 5. Carper plan will help stabilize postal service. Sept 29, 2010.**

1. Postal services, call centres to merge

Sunday, 19th September, 2010

By Paul Tentena

THE Government will merge Posta Uganda services with those of the district information call centres when the laying of the National Backbone Infrastructure or the fibre optic cable is completed, the ICT minister said last week.

Aggrey Awori said this would ensure quick-and-fast delivery of services.

He also urged the Government to grant Posta Uganda monopoly to deliver all government mails and parcels throughout the country.

Awori pointed out that this would ensure that the parastatal remained competitive in the challenging postal business world.

The minister also urged Posta Uganda to venture into the lucrative money transfer business.

“Take the mandate and overtake these telecommunication companies as far as money transfers are concerned. Work out a partnership with big supermarkets to see 24-hour delivery of mails,” he said during the swearing-in of the new board at the ICT ministry boardroom.

The board is headed by Dr. Odimbe Were with Shem Jatiko, Flavia Mukasa, Julius Kinyera, Comfort Piwang, Nelson Nkojjo, Paul Odoi and Christopher Mugisha as its members.

Awori noted that technology had tremendously reduced the capacity of post offices, urging the new board to work vigorously.

“The former board you are replacing inherited a lot of debts from URA and NSSF. They nearly froze our accounts. I urge you that this should not happen again,” stressed Awori.

Posta Uganda was founded in 1998 after the giant Uganda Posts and Telecommunications Corporation was split into Uganda Communications Commission, PostBank, and Uganda Telecom.

However, the firm has been in a sorry state with persistent customer complaints over stolen mail, poor service delivery, rude staff and huge debts.

But the recent restructuring and reforms by the new management team led by James Arinaitwe, are paying dividends.

“Cost control and frugal management of cash will continue to drive the business decisions in the company and with the expected growth in revenue performance, it is envisaged that the company’s overall profitability levels will improve,” Arinaitwe said.

However, the firm still faces a huge debt portfolio although current liability dropped to sh13.4b, down from sh15.2b the previous year. Long-term borrowing dropped to sh342m, from sh849m.

“The long-term plan is to continue dialogue with the shareholder (Government) to subsidise the universal service obligation.”

The firm’s future outlook is to automate its money transfer services, opening up of communication centers, strengthen the courier segment and continue engaging agency services.

000

2. Russia's VEB revives postal bank idea -- paper

MOSCOW, Sept 30 (Reuters) - Russia's VEB has revived the idea to create a giant retail bank based on its subsidiary Svyaz-bank, with a network twice as big as Sberbank's (SBER03.MM), business daily Kommersant reported on Thursday.

The plan to set up a bank in the mould of Japan Post Bank and German Deutsche Postbank (DPBGN.DE), creating a powerful rival to state banking champion Sberbank, has been repeatedly delayed due to the project's complexity.
[ID:nLDE6681L2]

VEB could not be immediately reached for comment by Reuters.

Kommersant said the supervisory board of VEB, chaired by Prime Minister Vladimir Putin, will review an interim report related to the creation of the bank at a meeting on Thursday.

The newspaper also quoted two unnamed sources as saying VEB will discuss buying out nearly 80 billion roubles of Svyaz-bank's "problem assets" with a 90 percent discount to clear its balance ahead of a possible team-up with a strategic partner interested in this project.

Russia's leading consumer lenders Russian Standard bank along with Home Credit and Finance bank -- the Russian unit of Czech PPF Group -- are in the running for the share in the partnership. (Reporting by Maria Kiselyova; Editing by Anshuman Daga)

000

3. Want to cut wasteful spending? Privatize the postal service

9:30 AM, September 28, 2010 | Abby Wisse Schachter

The Republican effort to get citizens involved in the process of cutting excessive government spending -- YouCut -- has been rolling along for 12 weeks now and with it comes the record of what percentage of the time members of Congress have voted for the cuts. As might well be expected, many House Republicans have a perfect record of voting for all the proposed spending cuts. But there are a few standout Democrats who have also periodically voted in favor of cutting wasteful spending. Deep in campaign season it is worth checking out the YouCut scorecard to see if any Dems running or reelection, who have jumped on the control government spending bandwagon have ever voted for a YouCut cut.

Rep. Jason Altmire from Southwestern PA is touting his independence from Speaker Nancy Pelosi and President Obama. His ads promote his vote against Obamacare and tout his fiscal conservatism. But a look at the scorecard shows that he hasn't voted in favor of a single cut in government spending.

Take a look at your local representative's record and find out if he or she has ever voted in favor of spending cuts. It could help you decide how to vote in November.

And meanwhile, here's an area of government that could use a big cut: the Postal service. The most recent audit of the USPS found all sorts of fun low-level corruption and inefficiency, including former postal employees who were hired back by the service to work as "contractors" at a higher salary than they were paid as full-time employees. "The Postal Service has awarded more than 2,700 contracts to former employees since 1991 and awarded 17 no-bid deals to former executives between 2006 and 2009, according to one of the audits. Most of those executives earned six-figure sums, the report said. One unnamed executive received a \$260,000 no-bid deal in July 2009 to train his successor just two months after retiring."

The USPS is facing a \$230 billion 10-year budget gap. Couldn't privatizing some or all of the service make it more efficient and save taxpayers money?

4. What if the Postal Service runs out of money?

Eye Opener

We've said it before, but we'll say it again: The U.S. Postal Service is teetering on the brink of financial collapse and is very close to running out of money.

Its fate appeared sealed on Tuesday when Congress decided not to give USPS about \$4 billion in financial relief as part of the temporary spending measure it will pass before the recess.

Lawmakers last year wrote language into the bill that allows the mail agency to pay less than the \$5.5 billion it's required to pay to the government by law to prefund retiree health benefits. With declining mail volume and labor-intensive expenses, the Postal Service has suffered billions of dollars in losses the last two years and is expected on Friday to announce the loss of billions more.

So what does this mean for mail customers only concerned about sending and receiving mail? It means the possibility of delayed mail deliveries if the Postal Service runs low on cash and has to furlough workers. It also means serious damage to the financial reputation of the nation's second largest employer, because if USPS can't pay \$5.5 billion payment to the government, who can it pay?

Postmaster General John E. Potter canceled a meeting scheduled today with reporters and is huddling with aides as he determines what to do. Conversations with several people in the know suggest he has two options: Pay the \$5.5 billion or don't pay it. Either way, the Postal Service is in a bad place.

"While it appears that the continuing resolution will not include USPS funding, service will not be compromised while the Administration works with Congress and USPS to ensure that they have the tools and authorities necessary to remain viable well into the future," the Office of Management and Budget said Tuesday. Administration officials are discussing with Potter and his aides what portion, if not all of the payment can be made by the close of the fiscal year on Thursday, OMB said.

"We are perilously close to running out of cash in October or November," Potter told me during an April interview.

"Ideally what you'd like to do in the Postal Service is have access to about \$5 to \$6 billion in cash, whether that's borrowing ability or cash on the books," Potter said. "And that's basically two payrolls. That's not a lot of breathing room."

Strong mail volume this month might add enough revenue to justify making the \$5.5 billion payment, sources said. But that still leaves about a half payrolls' worth of money in the bank -- about \$1.2 billion. Any good financial adviser will tell you that's much too little for an organization that employs more than 500,000 people. A private company of similar size would go bankrupt.

The Postal Service could also tap a \$15 billion line of borrowing from the U.S. Treasury -- but it's used much of that money already and the credit runs out next year.

There's no strong penalty against USPS if it's unable to make the \$5.5 billion payment -- except embarrassment. Lawmakers would likely force Potter to Capitol Hill to explain why he couldn't make the payment and would likely order him to make drastic operational cuts. Creditors and other contractors would get nervous and could stop doing business with USPS. Even if they don't pay the money, the organization is still operating with very little money in the bank.

"I think this entire situation puts more pressure on the Postal Service and pressure on the legislators to address the issue comprehensively," said Tony Conway, executive director of the Alliance of Nonprofit Mailers.

Indeed this week's moves signal Congress will act in some way to fix the Postal Service once and for all -- but only after the midterm elections. Lawmakers openly admit they don't want to toil with the possibility of ending Saturday mail deliveries or closing post offices in an election year.

What do you think? Should they pay or not? What can the Postal Service do to save money? Is it time to privatize or should the government do more to manage the mail?

000

5. Carper plan will help stabilize postal service

September 29, 2010

American politics favors vagueness. Promise this or promise that and hope the public forgets.

For example, it is now popular for politicians to call for fiscal responsibility and a government that is flexible and capable of change.

Well, Delaware's Sen. Tom Carper is calling their bluff with a bill that would go a long way in reorganizing the U.S. Postal Service and save consumers money. The Comprehensive Postal Services Act probably won't go anywhere this year because of other partisan battles befuddling Congress.

But the Carper bill lays out a framework to change a government service that is quickly losing its original mission. The postal service once united the country. But modern technology is changing that. Everything from e-mails to Federal Express has

cut into the postal system's work. The recession also has cut volume. (How many credit card solicitations have you received lately?) It's unlikely the end of the recession will bring back that lost business. Moreover, the pace of technology will cut further into mail deliveries.

It is estimated the service will lose \$238 billion over the next decade. Eventually, taxpayers will be called in to end a mail crisis.

The Carper proposal would, among other things, do away with Saturday delivery (at a savings of about \$40 billion over 10 years), make labor negotiations more flexible, and allow unprofitable offices to be closed. If the cost of government is to shrink, here is a logical place to start. Will the politicians match deeds to their promises?

000

Collected by Chairul Anwar, Bandung, Indonesia.

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