

POSTAL NEWS

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Postal Service copes with losses. Jan 2, 2011.

Postal dept, banks to provide credit cards to rural people. Jan 2, 2011.

1. Postal Service copes with losses

By Tim Johnson, Free Press Staff Writer • Sunday, January 2, 2011

Vermont managed to make it through 2010 without permanent closure of any of the state's 267 post offices, but the U.S. Postal Service is under growing financial stress that could lead to major changes across the country over the next few years.

The recession has apparently fallen hard on the Postal Service, which reported losses in 2010 totaling \$8.5 billion, up from \$3.7 billion and \$2.8 billion in each of the previous two years.

The losses mirror a drop in mail volume, which peaked at 213 billion pieces in 2006 and has since fallen by about 20 percent. Today, the Postal Service has 35,754 post offices across the country, about 740 fewer than a year ago -- less than half as many as in the peak year of 1901, when the nation's 77,000 post offices handled about 7 billion pieces.

Nationally, the number of career employees has also dropped over the last three years, entirely through attrition, from 685,000 to 598,000, according to Postal Service statistics.

The number of Vermont's postal employees gone down commensurately with the national trend, from 1,601 in 2009 to 1,395 in 2010, said Tom Rizzo, spokesman for the Postal Service in New England.

"Our financial situation has many causes," Rizzo said in an e-mail, "a severe national recession that significantly affected the financial and housing sectors, which were important users of the mail; the powerful and rapid evolution of new technologies that have diverted mail to other channels; and the changing use of the mail to communicate and conduct business. This situation could not have been avoided, and no one is to blame."

Without what Rizzo calls "critically needed fundamental changes," the Postal Service projects cumulative losses of \$238 billion by 2020. Among those changes, which would require action by Congress, are the elimination of Saturday residential delivery.

The Postal Service found no relief this past fall when regulators denied a requested rate increase. In its opinion issued Sept. 30, the U.S. Postal Regulatory Commission concluded that that "structural problems" -- not the recession -- caused the Postal Service's cash-flow problems and that a rate increase wouldn't have resolved them. Among those problems was a statutory obligation to fund retirees' health benefits on an accelerated annual basis. The commission's decision cited an analysis that showed "that the Postal Service has been unable to meet the statutory payment schedule with funds from operations."

Congress temporarily reduced the annual payment in September and may have to act again next year to avert insolvency. According to the Postal Service's annual report, the agency will exhaust its borrowing capacity in 2011 and run out of cash by the end of September unless Congress again reduces the mandated annual payment for retiree health benefits.

"Next year will be another big test for USPS," said Sen. Patrick Leahy, D-Vt., in an e-mail. "Income and outlay projections show sizable losses. If two sensible adjustments are made -- fixing the health benefits pre-fund requirement and restoring the excess funds the Postal Service overpaid into the Civil Service Retirement System -- they could go most of the way toward balancing the Postal Service's budget in the immediate future. But USPS also needs to do more to listen to its customers and grow in potential new markets. With the Internet, buying and shipping patterns are shifting dramatically, and USPS has not been inventive enough in adapting."

The commission's report did offer a positive finding: "The Postal Service achieved more than \$6 billion in cost reductions in 2009," the report noted. "While volume declines outpaced cost reductions during the actual recession, Postal Service cost containment programs appear to be continuing to adjust for the new volume levels."

Rizzo noted that the Postal Service's fiscal health is complicated by various constraints, including binding arbitration for labor contracts, limitations in that products and services may be offered, and "a restriction not to close Post Offices solely on an economic basis."

The last post office closures in Vermont were in 2004, according to Postal Service records -- in Belvidere Center and Granby.

"The Postal Service is an exceptional place to work," Rizzo said. "There are times when positions are eliminated, but employees are placed in other, vacant, positions."

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2. Postal dept, banks to provide credit cards to rural people

NEW DELHI: The Department of Post (DoP) will introduce a prepaid credit card in association with leading banks including IDBI, HSBC and ICICI to rural people, which will facilitate non-cash transactions for purchasing products and services.

The card - 'White label Pre-paid Cards' - will come with pre-determined cash value and could be operated at merchant locations, ATMs and designated post offices subject to approval by the Reserve Bank of India (RBI).

Disclosing his department's 100-day agenda, Telecom and IT Minister Kapil Sibal has said: "The department during the current fiscal year will introduce pre-paid parcel boxes for domestic parcels for one kg, 2.5 kg and five kg.

"The boxes will be sold through over 800 post offices across the country," he added

He further said that the Government would complete the up-gradation of 15 speed post centres by March 31.

DoP will also finalise the vendors for information technology solutions, which include customer interaction management, mail operations, banking, postal life insurance, enterprise-wide human resource management, among others.

The project is phased over the financial years 2010-11, 2011-12 and 2012-13.

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