

# POSTAL NEWS

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## **1. Contract loss could lead to Irish post office cull**

Friday, May 6th, 2011

Hundreds of post offices across Ireland could be forced to close if national operator An Post loses its contract to provide social welfare payments.

That was the view of Brian McGann, general secretary of the Irish Postmasters' Union (IPU), in light of the possibility of the Department of Social Protection putting the contract out to tender.

According to reports, the Department is currently considering what action to take, with a decision expected shortly.

Losing the contract would have a disastrous effect on the post office network, McGann said at the IPU annual conference earlier this week.

Reporting from the conference, The Irish Times cited McGann as saying: "Any decision to move away from using the Post Office as the primary channel for making social welfare payments will be politically disastrous on the scale of Charlie McCreevy's ill-fated plan to decentralise government departments.

"Many social welfare recipients want to use their local post offices because it's friendly, convenient and accessible.

"Local post offices also play a vital role in preventing fraud because of the face-to-face nature of its role. Postmasters are highly committed to detecting and stamping out fraud. We see the people, meet the people and we know them because they are part of our community.

"This deters fraudsters who often rely on faceless, impersonal systems of payment to perpetrate their fraud."

An Post currently has 1,100 post offices across the Republic of Ireland.

The UK government was attacked in March after it announced Post Office Ltd had lost its contract to provide welfare payments.

The Department for Work & Pensions awarded Citibank a new 'over-the-counter' service at PayPoint outlets from 2012, in a contract that is worth around £20m a year. The National Federation of SubPostmasters (NFSP) described the news as "bitterly disappointing", whilst the Communication Workers Union (CWU) labelled the move as a "betrayal of Britain's most vulnerable".

Billy Hayes, CWU general secretary, said: "This is a cut too far. Taking government business away from the Post Office on top of privatising Royal Mail... will cause the biggest closure programme we've ever seen.

"What they take away in revenue, the government will either have to give back through subsidy or promote mass closures."

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## **2. Price rise at La Poste as new services announced**

Thursday, May 5th, 2011

La Poste is to increase the price of mailing letters under 20g, as well as launching two new services.

The French national operator said the price of posting a letter under 20g will increase by 2 cents to EUR 0.60, as it revealed the launch of a sustainable and hybrid mail products.

Upon announcing the price hike, which comes into force on 1 July 2011, the company said the “increase is accompanied by a commitment to rate stability in 2012”.

It is expected that the move “will have little impact on households” in France, with the average outlay going-up by 10 cents a month.

La Poste said that with this rate adjustment, “the price of stamps will have risen by 11% in five years, while service quality improves, and the number of letters have fallen by almost a quarter”.

The operator confirmed that the new postage rate remains within the European “average”.

Furthermore, with a view to reducing its ecological footprint, La Poste will launch a new delivery service for individuals and businesses. This new product, available from October, will be more economical, whilst ensuring levels of “reliability and quality” are kept. Since the product will not be transported by air, it will be cheaper than the new postage tariff at EUR 0.57.

Additionally, October will also see the launch of a new hybrid mail service.

Generated and sent via a customer’s computer, the letter is then printed and distributed by the operator. A next-day option is guaranteed for letters sent before 7pm French time. The cost of the service stands at EUR 0.99, including printing and the envelope.

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## **3. Global air freight sector posts 10% growth**

May 7, 2011, 5:44pm

MANILA, Philippines — International air freight expanded at an annualized growth of 10 percent in tandem with the growth in world trade from the second half of 2010 until January 2011, according to the latest report of the International Air Transport Association (IATA).

However, in February, 2011 growth fell to 1.8% over the same month in the previous year. The 3.7% year-on-year increase in March reflects more normal trading conditions (outside of Japan and MENA) during the month.

Asia-Pacific carriers, which account for 43% of global freight markets, saw air freight demand contract by 0.6% in March compared to the previous year. This was

considerably better than the 5.4% fall in February which was exceptionally depressed due to plant closures associated with the Chinese New Year.

Compared to February, freight demand actually improved by 8.2%. Were it not for the earthquake and tsunami in Japan, the rebound would have been much stronger.

Compared to the previous March, cargo traffic carried by European and North American carriers improved 6.1% and 7.1% respectively. Compared to February, European carriers carried 1.8% more cargo, while demand for North American carriers was basically flat at 0.2%.

Middle East and Latin American carriers reported year-on-year freight demand increases in March of 10.1% and 10.4% respectively. African carriers reported the worst performance for March 2011 with a 2.8% fall in demand compared to March 2010.

IATA projected that the international air travel markets will continue to be depressed for the second quarter of 2011 due to the events in Japan and MENA. However, strong underlining economic growth trends should support recovery in both passenger and cargo markets in the second half. (EVA)

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#### **4. Postal Job Losses May Be Higher**

Posted: Saturday, May 7, 2011 8:00 am | Updated: 11:05 pm, Fri May 6, 2011.

Postal Job Losses May Be Higher By Ben Boulden

Times Record • [bboulden@swtimes.com](mailto:bboulden@swtimes.com) The Times Record | 0 comments

Fort Smith could lose 79 jobs or more at the U.S. Postal Service's mail-processing operation on South 74th Street.

Previous estimates put the figure at about 35.

A copy of an Area Mail Processing study dated April 26 obtained by the Times Record states that "projections indicate a net reduction of 79 full-time equivalent" positions at Fort Smith.

The USPS announced April 28 its intention to reduce costs by consolidating mail processing now performed in Fort Smith with a mail-processing and distribution center located in Fayetteville. Transition of the service is expected by October.

According to the study, Fayetteville would gain a projected 46 of those full-time jobs, leaving a loss of about 33 positions overall.

"That's a projected figure," Leisa Tolliver-Gay, USPS spokeswoman, said Friday. "It all hasn't washed out yet. I'm not saying that it couldn't (go higher). That's just what the study indicates."

Postal officials will have a more exact figure in the fall, she said.

Employees at the Fort Smith facility may be offered alternate employment at the Fayetteville facility, or in other vacant positions at different locations.

The study estimates from the consolidation first-year savings of \$1.48 million and total annual savings of \$1.94 million but projects a yearly increase in transportation costs of \$799,037.

It outlines changes to the routing of mail volume an additional 59 miles to Fayetteville as well adding an express mail run from Fort Smith to that city.

"The cost of these changes is high, as every trip must add ... miles (round-trip)," the study states.

Tolliver-Gay said she didn't know if the study's transportation cost estimate used the average fuel cost from Oct. 1, 2009, to Sept. 30, 2010 - the data period considered - or was based on more recent pump prices.

Consolidation of processing in Fayetteville will impact service standards positively for 5,190 pieces of daily first-class mail; negatively impact 27,784 pieces; and leave the bulk of the average daily volume, 608,841 pieces, unchanged. Only 4.4 percent of first-class volume would be affected, the study states.

Only 0.3 percent of priority mail will be affected by the change and package services not at all.

Fort Smith City Administrator Ray Gosack, who returned Friday from a trip to Washington, D.C., with a delegation of local officials, said Arkansas lawmakers have been as unsuccessful in their dealings with the postal service on the issue of the processing consolidation as area leaders.

"There was not much encouraging," he said. "The legislators had the same frustration we did with things like not knowing what (the USPS) criteria were and not being able to get a copy of the study. Sen. Mark Pryor was as frustrated as we were at not being able to get information from the postal service."

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## **5. 9,000 Post Offices Could Close Under Government Plans**

03 May 2011 -

Government plans to sell Royal Mail which end the inter-business agreement with the Post Office would lead to over 9,000 post office closures, a poll of sub-postmasters commissioned by the Communication Workers Union revealed today.

Sub-postmasters believe by nine to one (92 per cent) that they could not survive without Royal Mail business, but the current Postal Services Bill does not include this vital link. Up to 9,360 post offices could close according to poll results. In addition, 89 per cent of sub-postmasters say they would be unlikely to continue to run their post office under government plans to roll-out a 'Locals' model and 90 per cent say they have no confidence in the government to return services to the Post Office.

The poll of 800 sub-postmasters and mistresses asked whether they thought their local post office could survive without Royal Mail business, as the government is refusing to guarantee a business agreement between a privatised Royal Mail and the Post Office. An astonishing 92 per cent (741 people) thought their post office was either very unlikely or unlikely to survive without mails business provided by Royal Mail. Less than 1 per cent (seven people) said they would be very likely to survive.

When asked about the effect of the government's move to a 'Post Office Local' model – a reduced-service Post Office franchise offering minimum services and a reduction of 55 per cent of income – 89 per cent of sub-postmasters (712 people) said they would be either very unlikely or unlikely to continue to run their post office. On this basis, 9,054 post offices would close nationwide. Less than 1 per cent (5 people) said they would be very likely to continue.

Following the government's removal of the £400 million 'green giro' contract, sub-postmasters are not confident that the government will put services into the Post Office. 90 per cent of sub-postmasters (720 people) have no or little confidence in the government to return services to local post offices like theirs. Only 1.6 per cent (13 people) were very confident that the government would return services.

Billy Hayes, CWU general secretary, said: "These figures clearly demonstrate the fears of sub-postmasters and mistresses about the fate of our cherished post office network.

"Based on these projections, the post office network faces a greater threat than anyone previously dared believe. Even the warnings of postal watchdog Consumer Focus – which warned last month that 2,000 offices could close under the Post Office Locals plan – fall short.

"Through the privatisation of Royal Mail, refusal to guarantee business and the removal of government contracts, the government is failing post offices. It must listen to the opinions of those who work in the Post Office and decide whether the threat of mass closures is something it wants on its hands. Sub-postmasters will vote with their feet if the erosion of services and support continues and that will have a devastating impact on communities across the country."

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Andy Burrows, postal services expert at Consumer Focus, said:

"Our research shows consumers see warning lights about the Post Office Local scheme, which could see around 2,000 traditional sub-post offices replaced. Consumers would also be very concerned if Royal Mail did not commit, on a long term basis, to offering its services through the Post Office. This could have big repercussions for the network.

"Royal Mail and the Post Office must modernise, but the most essential part of bringing these companies up-to-date is making sure they meet the needs of their customers and keep their trust and confidence. The PO Local model, and wider restructuring, must be made to work for consumers and deliver a long-term future for the post office network that people rely on."

The National Federation of SubPostmasters (NFSP) General Secretary George Thomson said:

"As the only organisation that represents subpostmasters, the NFSP has led discussions over several months with Post Office Ltd (POL), Royal Mail and the government on new contracts for government services and the continuation of Royal Mail work at post offices.

"The NFSP has made clear that a minimum 10-year Inter-Business Agreement (IBA) between POL and Royal Mail is required if the companies are separated - both to allow the public and business to continue to access Royal Mail services at their local post office, and to secure the large proportion of subpostmasters' income which comes from carrying out work on behalf of Royal Mail. We have played a pivotal role in ensuring that both companies are working well together towards securing a mutually beneficial arrangement and we are confident that a 10-year commercial deal will be achieved.

"Equally, having won a commitment to transform post offices into the 'front office for government', we have pressed ministers to deliver on this pledge by making more government transactions, verification and information available to the public at post

offices. Trials due to start this month at post offices in the North East of England for assisted pension and pension credit applications are an early but encouraging sign of moves by ministers to achieve this.

“The NFSP will continue to strive for the best possible outcome from forthcoming changes to the Post Office for subpostmasters, the national network of post offices and the 20m customers who use our post offices every week. In addition to the £1.34bn in government funding already committed, a 10-year IBA and new government work at post offices are undoubtedly the essential ingredients required to give our post offices a sustainable future. However, scaremongering about the future without an IBA and the forced introduction of the Post Office Local model does nothing but harm to the post office network and to subpostmasters.”

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