

# POSTAL NEWS

No. 65/2011

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

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## **1. Carper introduces postal reform bill**

Frank Washkuch

May 17, 2011

Sen. Tom Carper (D-Del.) introduced a bill May 17 that would allow the financially struggling US Postal Service to modernize its pension payments system, eliminate Saturday home delivery, and expand its services. The Postal Operations Sustainment and Transformation Act of 2011 would also give the USPS the ability to close post offices as necessary.

Carper introduced a similar Senate bill last Congress. The bill would require the Office of Personnel Management to recalculate the Postal Service's retiree benefit obligations using a “modern formula,” according to a statement from Carper's office. Noting that such a review would find an overfunding of \$50 billion, the bill would give the USPS access to more than \$5 billion per year to make retiree health benefit payments, Carper's office said in a statement.

The bill would also save the USPS at least \$3 billion per year by enabling it to eliminate Saturday home delivery and close post offices.

The USPS saw a net loss of \$2.2 billion in the second quarter of its 2011 fiscal year, which ends September 30, and its leadership has warned that it may default on payments to the federal government this year without legislative changes.

Carper's bill would also allow the USPS to offer non-postal products and renegotiate service agreements with individual mailers.

“If the Postal Service were to shut down, the impact on our economy would be dramatic. The Postal Service operates at the center of an industry that employs some 7 million people and generates more than \$1 trillion in sales and revenue each year,” said Carper, in a statement. “My bill requires all parties – postal management, employees and customers – to make sacrifices. It also gets Congress out of the way by providing the flexibility and tools necessary to address the problems plaguing the postal service in an effective way.”

## **2. Canada Post proposes above-inflation postal rate rise**

Tuesday, May 17th, 2011

Canada Post has said postal rates for domestic letters will rise by an above-inflation 2.7% next January.

The Crown Corporation issued a notice to the Canada Gazette formally setting out increases for domestic, US and international letter mail items as well as domestic registered mail, effective January 16, 2012.

As well as the 2.7% hike in domestic letters, Canada Post wants to increase US-bound letter rates by 2.2% and international letter rates by 2.8%.

Registered mail would see rates rise by 1.9%.

Basic stamp rises will go up from 59c to 61c. Under Canada Post's five-year rate rise plan, as announced in 2009, stamp prices are also expected to rise by a similar amount in both 2013 and 2014.

The postal rate rises proposed for 2012 include:

- \$0.02 increase to \$1.05 for domestic letters up to 50g in weight;
- \$0.02 to \$0.15 increase for all other domestic letter weight categories, with the heavier categories incurring the larger increases;
- \$0.02 increase to \$1.05 for letters, cards and postcards up to 30g destined for the USA;
- \$0.05 increase to \$1.80 for letters, cards and postcards up to 30g sent to foreign destinations;
- \$0.15 increase to \$8.25 for domestic registered mail.

As well as the expected 2.3% inflation in 2011 and 2.1% in 2012, Canada Post said the postal rate increase was needed to cope with the financial pressures from the recent recession, declining letter mail volumes, competition from internet communications and the need to modernise its infrastructure through its \$2.1bn Postal Transformation programme.

Canada Post insisted the rate rises were "modest", reflecting its processing costs. "Canada's domestic letter rates would continue to compare favourably with those of other industrialised countries, despite the country's vast geography, low population density and harsh climate," it said.

While Canada Post has remained profitable for 16 consecutive years, it said mail volume declines represent a "significant business risk" going forward. Close to half of Canada Post's revenues stem from domestic letter mail, with volumes decreasing while the number of Canadian addresses increase by around 200,000 each year – adding to costs.

Laying out the burdens from its proposals, Canada Post said that for the average household there would be a "minimal" impact, while even large businesses would only see costs rising by around \$1,500 a year for letter mail.

Stakeholders now have 60 days in which to formally comment on the proposals.

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## **3. BusinessInsider jumps on the "Postal BAILOUT!!" bandwagon**

Monday, May 16th, 2011

BusinessInsider.com has posted its own slap dash imitation of the Wall Street Journal's recent attack on the US Postal Service- it starts like this:

Announcing a \$2.2 billion first quarter loss for 2011, the U.S. Postal Service warned it would become insolvent unless Congress takes action.

The institution has already lost a shocking \$20 billion since 2007.

The reasons are obvious.

As most readers know, that much is true- the obvious reason the USPS has “lost a shocking \$20 billion since 2007” is the \$5.5 billion tax Congress slapped on the agency in 2006. Most readers will also have already guessed that the story doesn’t explain that. Instead, it provides such insights as: “To cover its losses, the Post Office took a soon to be depleted, \$15 billion line of credit from the U.S. Treasury in the early 1990’s, and has been drawing on it ever since.” (How the USPS managed to cover \$20 billion in “losses” with a \$15 billion credit line isn’t explained.) Here’s another: “Thus USPS officials are now asking Congress to skip their annual \$5.4 billion retiree health benefit prepayment and to adopt a pay-as-you go system; the same method currently used by states like California, that can’t meet their obligations.” Excellent analysis. If you ignore the plain fact that the USPS, unlike California, has no problem meeting its current retiree obligations.

The writer does get points for actually mentioning the fact that the USPS has in reality overpaid its pension obligations, but since this doesn’t match the story he wants to tell, he manages to twist the words around until he can use the magic word:

**BAILOUT!**

In fact, the Postal Regulatory Commission claims that the Post Office has overpaid the system \$50 to \$75 billion throughout the years, and consequently it asks the Federal Government to assume the health care burden of its retired workers. The postal union says this would cover retiree [sic] who earned pensions prior to 1970, when the law that reformed the Post Office came into effect. Some kind of bailout is coming, or the end of an institution.

Nice touch getting the word “union” in there too, even if the sentence doesn’t make any sense.

via [THE NEXT BAILOUT? The Post Office Has Lost Nearly \\$20 Billion In Four Years.](#)

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#### **4. Businesses prepare as date looms for postal strike**

By Niamh Scallan, The Province May 17, 2011

The Canadian Union of Postal Workers voted in late April in favour of striking if a collective agreement with Canada Post is not reached by May 24.

Photograph by: Ottawa Citizen, Postmedia

The threat by Canada Post workers to walk off their jobs as early as May 25 has mail-reliant businesses and operations across the country bracing for a potential disruption in service.

The Canadian Union of Postal Workers voted in late April in favour of striking if a collective agreement with Canada Post is not reached by May 24.

According to union president Denis Lemelin, union negotiators are focusing on a number of major issues in their final week of talks with Canada Post Corporation. Major issues on the table include wages, staffing and disabilities.

With a week to go before the potential strike, the Canadian Bankers Association has issued a notice to bank customers to begin preparing for a halt in mail service.

According to director of communications Maura Drew-Lytle, the association recommends that bank customers take a number of steps to reduce the impact of a postal strike on their banking services. Drew-Lytle suggested that customers sign up for online banking – a paper-free service that allows customers to monitor transactions and pay bills online. She said that bills can also be paid through telephone banking, at an ABM or at a bank branch.

Drew-Lytle also said that credit and loan payments are still required even if bills aren't received by mail.

The Insurance Bureau of Canada has also issued a notice to customers of the impacts of a postal strike. According to the release, the ways customers can legally pay their accident benefits claims or cancel policies will be affected by a strike.

The only way to cancel an insurance policy is through registered mail or by personally delivering a written notice of cancellation. In the event of a strike, the IBC cautions against mailing the cancellation notice.

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## **5. UPS tests out plastic trucks in bid to boost fuel efficiency**

Tuesday, May 17th, 2011

UPS is now testing five new delivery vehicles made using plastic bodywork, which it hopes could help pave the way towards a more fuel-efficient fleet.

The company has taken on vehicles from suppliers Utilimaster and Isuzu that use lightweight composite materials in their bodywork in order to cut down on weight, thereby improving mileage.

Although the CV-23 Prototype trucks still run on diesel, they use smaller engines than conventional alternatives. The “traditionally fueled, alternative design” 150-horsepower vehicles use an Isuzu four-cylinder diesel engine and six-speed Aisin transmission.

The plastic bodywork is also designed to be easily replaced, while other environmental features include low-energy LED lights.

UPS said the vehicles are about 1,000 pounds lighter than its P70 diesel package car, with a slightly reduced cargo space of 630 cubic feet compared to the P70's 700 cubic feet.

The company is planning to test the vehicles across the US, on the “harshest routes” in its network from now until December 2011. This will include exposure to the back roads of Nebraska, the harsh winters of New York, the extreme heat of the Arizona desert, urban routes around Isuzu's home base in Michigan and routes close to UPS headquarters in Georgia.

The testing aims to see whether the CV-23 can stand up to the rigors of UPS' daily deliver routes while achieving a 40% increase in fuel efficiency compared to the P70 vehicle.

UPS now has 1,900 alternative fuel vehicles, though spokesman Michael French said there isn't an answer yet for high-mile routes. "Maybe the venerable diesel engine can be re-engineered to sip less fuel and lose a little weight," he said.

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## **6. Swiss Post invests in attractive letter and parcel services**

Swiss Post is to invest around CHF 20 million (US\$22 million) in developing its services through tangible measures.

Swiss Post is already a European leader in terms of reliable letter processing and delivery. To retain and improve on these outstanding qualities in the future, Swiss Post will be investing around CHF 10 million in state-of-the-art technology and employee training over the coming years. Identification chips on letter containers will enable mail to be monitored better and will mean that user errors can be rectified in a targeted manner. Such measures are intended to retain the appeal of letter mail.

As of 5 September 2011, Swiss Post will be ensuring postboxes are emptied even more frequently by making major improvements to collection times. It will be implementing three main measures. First, 93 percent of letter mail will be collected after 5 p.m. Second, Swiss Post will offer postboxes at 457 well-frequented locations throughout Switzerland with collections at 7 p.m. or later. This is 139 more than is currently the case. And third, 396 postboxes will be emptied at 5 p.m. on Sundays. This is 143 more than is currently the case. The costs of these measures will amount to approximately CHF 8 million each year.

Swiss Post also intends to better meet the needs of its customers with regard to parcels. It thus plans to increase the number of PickPost points from 350 to around 500. Customers who are unable to collect their consignments during the day can make use of this free service to pick up their parcels and registered letters at a time and place to suit them. As well as conventional post offices, collection points may also include train stations, newsstands and filling stations.

To make it easier for customers to mail their consignments, Swiss Post has also extended acceptance times for PostPac Priority mail at 64 post offices in Switzerland. More than 200 post offices now accept parcels up to 4 p.m. for next-day delivery. The popular Swiss Post app directs customers to the nearest post office offering this service. As of 5 September 2011, both the Swiss Post portal and the Swiss Post app will also include a location search function for postboxes.

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