

POSTAL NEWS

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1. Mail volume down by half as Postal workers ponders next move 8th June, Vanessa LuBusiness Reporter

The rotating strikes have already hit Canada Post hard, with mail volumes falling by half to 20 million items a day from the usual 40 million.

“Our plants are almost bare. Usually, it’s a busy stream of activity,” said Canada Post spokeswoman Anick Losier. “Carriers will tell you their bags are much lighter.” The strike by the Canadian Union of Postal Workers began Friday, with 24- to 48-hour shutdowns across the country. Union members have already walked picket lines in Winnipeg, Hamilton, Montreal, Victoria and Moncton.

The union has not hit the Toronto area yet, which includes two of the country’s busiest processing plants: the mail sorting facility on Eastern Ave. and the parcel sorting facility in Mississauga. It has not ruled out a full nationwide strike at some point, but with rotating strikes, most employees are able to continue to draw a paycheck.

Talks appear to be stalling with no formal meetings held on Tuesday, and none scheduled for Wednesday.

Losier said the company is waiting for the union to respond.

“We have a good offer on the table,” she said. “They are hurting the business.”

Union officials have pointed out that management’s decision to suspend overtime and temporary or contract work means mail on some routes is not being delivered when a carrier is away.

The company admitted some routes, where rotating strikes have not been called, are being affected, but it is trying to minimize the impact.

On Monday, Canada Post rejected the latest proposal from the union, which represents 48,000 employees, but agreed to take a proposal to create more part-time positions off the table.

The company has emphasized that in the age of email, texting and Facebook, business volume has been declining steadily because fewer people send letters.

The union's top issues include health and safety concerns resulting from new technology.

2. Postal reform requires presidential leadership

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In a speech he delivered on Tuesday at the University of Chicago, presidential aspirant and former Minnesota governor Tim Pawlenty said he would apply a "Google test" to the federal government:

"If you can find a good or service on the Internet, then the federal government probably doesn't need to be doing it. The post office, the government printing office, Amtrak, Fannie and Freddie were all built for a different time in our country when the private sector did not adequately provide those services. That's no longer the case." Pawlenty is wrong in claiming that the private sector "did not adequately provide" mail delivery, passenger rail, and housing finance in the past, but he is definitely correct when he says that it is well past time for the federal government to extricate itself from commercial activities.

In particular, it is past time for policymakers to consider privatizing the U.S. Postal Service and open mail delivery up to competition.

Contrary to popular myth, the USPS receives virtually no appropriations from the federal government. In the early 1970s, the USPS was made an independent agency of the executive branch and designed to be financially self-sufficient, relying on the sale of postage, mail products, and services for revenue. However, socialist enterprises eventually run into trouble and the USPS is no exception.

The USPS's revenue base has been irrevocably undermined by the growth in digital communications. Its predominantly unionized workforce is inflexible and excessive labor compensation has led to \$66 billion in unfunded obligations. Congressional micromanagement makes sufficient cost-cutting extremely difficult. The USPS has lost over \$20 billion since 2006 and is close to maxing out its \$15 billion line of credit with the U.S. Treasury.

The response thus far from Congress couldn't be more typical: a combination of apathy, ignorance, and a desire to avoid making difficult decisions by kicking the can down the road. The following are just two examples.

Congress passed legislation in 2006 requiring the USPS to begin making large annual payments to reduce its unfunded retiree health care obligations. But the country went into a deep recession in 2007, which hurt USPS's bottom line and made the scheduled payments impractical. However, instead of questioning why postal employees are receiving retiree health care benefits that are offered to an increasingly small number of private sector workers, Congress has already allowed the USPS to skip one payment and is likely to do so again this year. That might solve a short-term problem, but it leaves a larger one for the future.

Then there's the debate over ending Saturday mail delivery, which USPS management desires for cost-cutting purposes. The characteristic response from policymakers has been to tell the USPS to just "cut costs." But congressional micromanagement is a major obstacle to the USPS's ability to sufficiently do so! Moreover, why in the age of email and electronic bill pay does the USPS have to deliver mail six days a week as Congress continues to insist? American consumers should be allowed to choose who delivers their mail, when it's delivered, and at what price. Unfortunately, such a notion amounts to crazy talk in Congress, where interest in the USPS for many members doesn't go much further than franking privileges and naming post offices.

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Tuesday, June 7, 2011

3. Pawlenty Calls for Privatization of the Postal Service

Talking Points Memo reports that Republican Presidential candidate Tim Pawlenty will call for the privatization of the Postal Service when he announces his economic plan at the University of Chicago.

"There are some obvious targets. We can start by applying what I call 'The Google Test.' If you can find a good or service on the Internet, then the federal government probably doesn't need to be doing it. The post office, the government printing office, Amtrak, Fannie and Freddie, were all built for a time in our country when the private sector did not adequately provide those products. That's no longer the case."

Governor Pawlenty becomes the first mainstream politician to raise privatization as an option for the Postal Service. Privatization could have advantages over the current business model if 1) the Postal Service is given the commercial freedom that posts outside the United States have and 2) Postal Service employees share in profits of a for-profit Postal Service through ownership of a significant share of the company.

While privatization may be the appropriate policy solution, Governor Pawlenty clearly has not thought enough about privatization to realize that it would occur if and only if the Postal Service is relieved of disputed obligations for retirees. Only when that occurs will the Postal Service have a cash flow, generated from postage revenue and asset sales to make the investments necessary to be a viable private sector company.

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4. Postal strike hit Calgary and Edmonton Tuesday night

Strike action Tuesday halted delivery to much of the capital region
timescolonist.com June 7, 2011 10:45 PM

Rotating strike action by the Canadian Union of Postal Workers was due to hit Calgary and Edmonton late Tuesday, with unionized employees saying there's a shortage of staff and excessive overtime.

The move followed similar job action Tuesday in Victoria and Moncton as the union and Canada Post appear deadlocked in negotiations for a new contract.

Victoria postal workers picketed seven locations, including the main sorting plant on Glanford Avenue in Saanich. Mail was not delivered to much of the capital region. Only those on rural routes got their mail because their carriers are covered by another CUPW contract.

Jim Sinclair, president of the B.C. Federation of Labour, walked on the picket line with the postal workers on Glanford Avenue and urged them to fight for a fair contract.

"Let me thank you on behalf of the Canadian people, let me thank you on behalf of working people in B.C. and working people in Canada for what you do every day. "You are a giant economic vein, you are a fundamental part of the economy of this country and what you do every day is extremely valuable to making our economy work and our communities work."

Janet Barney, president of Victoria CUPW local, said the 24-hour picketing went very well with one exception — a picketer was clipped by a car whose driver was delivering flyers to the Glanford plant. The picketer was not seriously injured. Pickets were also up at Canada Post facilities in downtown Victoria, Sidney, Oak Bay and Langford.

Many motorists on Glanford tooted their horns and waved at the picketers. The support has been seen all over the capital region, said Barney. "B.C. Transit drivers, when they drive by, would toot their horns. The public is very supportive."

Jon Hamilton, Canada Post spokesman said the corporation is waiting for the union to come back to the table and look at an offer that includes wage increases, job security, defined benefit pensions and seven weeks' vacation.

"It's an incredibly generous offer given the times and given our financial situation," Hamilton said from Ottawa.

People are avoiding the mail system for sending their letters and packages, he added. Volume has dropped by 50 per cent since CUPW began rotating job action.

"Canadians have become very reluctant to put mail in the system, unfortunately," he said.

Canada Post is offering a two per cent increase in wages, with a letter carrier earning between \$19 and \$26 an hour, depending on seniority and experience. New employees would get a fully indexed pension at 60 and job security from their date of hire.

"We put forward an offer to the union that most Canadians would jump at," said Hamilton. "Sadly, the union has been focused on issues that would add additional labour costs . . . to the tune of \$1 billion over four years. They're really trying to reverse time."

The union is also upset at Canada Post's proposal to change how sick time is handled. Currently, workers can accumulate sick time so it can be used if they become seriously ill. "Over half of our CUPW employees don't have enough sick time in the bank to carry them to long-term disability if they were to get seriously ill," Hamilton said.

The corporation is proposing a sick leave that offers workers income protection to all employees, he said. Under the new plan, sick employees would get 70 per cent of their wages until they are eligible for long-term disability.

Employees with banked sick time under the old system would be able to use those credits to top up their 70 per cent income to 100 per cent, Hamilton said.

M-Netics launches next generation proof of delivery solution

Mobile solution provider M-Netics recently launched its IM2 ePOD next generation proof of delivery (PoD) solution at an event in Solihull, UK. The solution is set to improve efficiency and enhance customer service at logistics operations throughout the UK and beyond.

At the launch a DHL spokesperson outlined the improved operational efficiency it has seen from the solution and its contribution towards an improved bottom line. In addition M-Netics released findings from exclusive research that show 54 percent of UK logistics businesses believe integration of systems would realise the greatest

improvements to efficiency and 43 percent believe out of date technology is the biggest barrier to such savings.

The M-Netics IM2 ePOD integrates proof of delivery with fleet management, CRM and communications systems. Using advanced GPS tracking, the next generation solution enables logistics managers to track job progress to improve customer service, and boost security, while streamlining post-delivery processes such as invoicing. John Coon, managing director of M-Netics, said: “Research has shown that delivery accounts for about 17 percent of a logistics budget. For even a medium sized business, that can run into six figures. By making that last leg more efficient, more cost-effective, greener and better for the customer, IM2 ePOD delivers an incredibly fast ROI. IM2 has already proven invaluable to our customers and we are confident that the market is now ready for this next generation proof of delivery technology.”

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5. Executive Insight - Booz & Co.

By Ulrich Kogler and Ivan Jakovljevic on June 02, 2011

Proving there's still a place for snail mail in the digital age

ULRICH KÖGLER is a partner and IVAN JAKOVLJEVIC a senior associate at Booz & Company

In an age when email and digital social media dominate the present and future of communications, traditional postal systems are losing their role as the primary means of communication.

Yet, postal systems remain a vital way to reach people, even in the age of instant communication. What postal systems lack in speed they make up for in other benefits. They offer a way for citizens, especially those in rural areas, to better communicate with each other and their communities; a way for companies and merchants to reach their target audiences with direct mail, e-commerce deliveries and, perhaps most important to governments, a way to locate citizens in an emergency, get them essential services and documents and help them transfer money safely.

These benefits, while balanced among citizens, businesses and governments, nevertheless will not be available in emerging markets in general — and in the Middle East and North Africa (MENA) region in particular — without significant new investment and efforts by government leaders. Therefore it is critical for the benefits to be significant enough to justify investment and activity.

Because the region has only in recent decades witnessed stable population patterns common to Organization for Economic Cooperation and Development nations, postal systems in the MENA region are significantly smaller, less utilized and more costly than their counterparts in developed markets. Unfortunately, this has limited their potential and that of MENA countries to serve citizens, local and international businesses and governments.

Reaping the Benefits

There are numerous advantages to a strong postal system — one being the introduction of standardized addresses. An address system that makes the best possible use of modern Global Positioning Systems/geo-mapping technologies allows for both the unique identification of citizens as well as the ability to reach a

destination in the shortest possible time. As such, an address system also offers important benefits for emergency responders, such as medical, police and fire services.

Meanwhile, governments seeking to interact more closely with their citizens can use postal addresses to locate and engage them regularly. When a government is able to reach its people it can efficiently deliver income support, information on public health and other essential services. This ability is vital to the success of many government services, especially in rural areas.

Those populations least likely to access government services in person or through electronic channels — the low income, sick, elderly or rural groups — are most in need of such access; therefore, a modern postal system is a valuable way to close any service gaps. Illustratively, the local post office is becoming a place where one can renew a driver's license, pay utility bills, apply for various government documents or collect a pension check.

A game plan for postal systems

Regional governments looking to further strengthen their postal systems have focused on four major areas for improvement: an address system to support national emergency and security services; data warehousing to provide governments and businesses access to essential socio-demographic information; a "last mile" delivery system to complement e-government services and e-commerce; and a system for postal money remittances to provide an inexpensive and traceable means to transfer money.

In addition to letting emergency responders — such as medical, police and fire services — reach homes and businesses more easily, the unique identification of individuals through their mailing address can be part of a more comprehensive citizen and resident database that captures critical information. For instance, such a database might link addresses to medical history to allow ambulance attendants to respond more quickly and knowledgeably, note a history of domestic violence complaints that can prepare police for what they might face, or enable security forces to screen for potential security threats.

Last-mile delivery systems are another essential element in e-government and e-commerce services. For example, while e-government services can permit routine applications and renewals of key government licenses and documents, such as passports and birth certificates, citizens still need to take delivery. A postal system allows the government to ship those documents directly to people's homes, rather than to make citizens stand in line in government offices that may be difficult to reach.

Globally leading postal operators have also deployed digital documents, such as secure letters, digital marketing and digital secure identification — a service that gives postal operators a strong footing to operate in the digital age.

Finally, postal systems can be a conduit for money transfers. Such use is not uncommon: in many markets, the post office is the primary place to conduct such transactions.

Moving more aggressively toward such a system would allow governments to track money transfers more efficiently, help security agencies tackle terrorism and reduce narcotics trafficking, money laundering and tax evasion. Postal remittances can be a more secure alternative to informal money transfer schemes (such as hawala), which have been linked to the financing used in the 9/11 terrorist attacks.

Other nations that have sought to improve national postal systems have developed some sophisticated capabilities. For example, Singapore introduced a postal address system that enables sequential sorting of mail items based on the shortest delivery route.

Many nations have developed postal banking systems that provide basic financial services to customers far from national banking centers. Development of all those service capabilities will require initial investments well beyond the capacity of national postal operators. Their current small scale and low revenue base will simply not allow for a comprehensive overhaul of postal infrastructure.

But due to the fact that these services have significant mid-term revenue potential, and the potential for a profound socio-economic impact, governments should take the lead in making sure that the MENA region has a full spectrum of opportunities for citizens to receive information and services.

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