

POSTAL NEWS

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1. **New Postal Services Act is a chance to free up Royal Mail. June 17, 2011.**
2. **UK postal service profits slump 78% before sale.**
3. **UPDATED: Postal strike to hit Toronto, Montreal. June 13, 2011.**
4. **HS Postal van that runs on power. Jun 14, 2011.**
5. **Weigh in on Postal Service changes. June 12, 2011.**
6. **Because going postal never a win-win-win. June 12, 2011.**

Friday 17 June 2011

Damian Reece

1. New Postal Services Act is a chance to free up Royal Mail

The Royal Mail is in "significant financial difficulty" according to Moya Green, its chief executive. It lost the Government £258m last year, represents net liabilities to the taxpayer of £3.1bn and is spending cash it doesn't have to the tune of £213m. Her assessment may go down as the understatement of the year.

New Postal Services Act is a chance to free up Royal Mail

There is now a worrying lack of capital to keep the Royal Mail properly invested.

Damian Reece

By Damian Reece, Head of Business

6:15AM BST 15 Jun 2011

This black hole is getting bigger despite the famed modernisation programme, one of the biggest in business history. It has not lacked for management attention. Allan Leighton and Adam Crozier ran it as chairman and chief executive for seven years while Donald Brydon and Green are now responsible for it. These people, and their teams, are no slouches.

The unions have resisted change at times but on the whole are cooperating with management plans to reverse the organisation's decline. There is now, however, a worrying lack of capital to keep the Royal Mail properly invested.

But that can't be a great surprise when you consider its economics. People send emails or text messages for free, rather than send letters, never mind Facebook and Twitter, which means Royal Mail lost £120m handling letters last year having made a £20m profit the year before. Total revenue was a healthy sounding £9.2bn but operating profit from this was just £39m, or 0.4pc.

Does this reflect the quality of management? The stubbornness of unions? The internet? A bit of all these contribute, but a fourth has to be regulation. A new Postal Services Act has been passed and anticipates Ofcom assuming the role of watchdog from the Dickensian Postcomm.

The Royal Mail is comprehensively regulated from the details of what it can charge to what time of day it must clean its pillar boxes and how often. It is an inflexible, inefficient monolith unable to meet competitors on an equal footing or offer customers sustainable services. Postcomm applies price controls to 80pc of Royal Mail's £9.2bn of revenues, the vast majority of which come from business customers.

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2. UK postal service profits slump 78% before sale

(AFP) – 2 days ago

LONDON — Britain's state-run postal service Royal Mail said on Tuesday that its annual profits have slumped more than 78 percent as the embattled company gears up for more job losses and privatisation.

Royal Mail said operating profit slid to £39 million (44 million euros, \$64 million) in its year to March 2011 from £180 million the previous fiscal year, as a large drop in the number of letters posted offset a cost-cutting drive.

Chief Executive Moya Greene said Royal Mail's UK Letters & Parcels and International Business lost more than £2.0 million a week in 2010-11 as the public preferred to keep in touch via email and text messaging.

The average Briton now spends just £18 per year on postage, according to Greene, while mobile phone texts comprise 50 percent of all personal messaging.

Royal Mail said its daily postbag has plunged by 20 percent over the past five years.

The organisation carried a peak of 80 million items in 2005-06 but this tumbled to 62 million items in 2010-11 and is now forecast to decline even further, by about five percent per year.

Greene said the group was facing "very important" change and predicted more mail centre closures and job losses.

"With the decline in our volumes, we are going to be a smaller company in the future than we are today," she said, but did not reveal how many more staff would face the axe.

"The next two years will be challenging. We need to reduce our costs faster than the decline in revenues from our core letter business.

"The pace of change in our mail centres will continue. We expect that around half of the mail centres could close by 2016-17."

Royal Mail has cut about 65,000 full and part-time positions since 2002, including 5,500 in the past year, while a dozen mail centres have closed and a further 16 are set to shut.

As a result, total operating costs fell from £9.0 billion to £8.9 billion over the past year.

"Royal Mail has been in significant financial difficulty for a number of years, reporting negative cash flow four years in a row," Greene said in its earnings statement.

"We are honoured to collect and deliver the mail on behalf of households and businesses across the UK. But, our industry, along with our European peers, is in decline."

The state company last week moved a step closer to privatisation after parliament approved legislation enabling the firm to be sold.

Under the plans, private companies will be allowed to buy up to 90 percent of Royal Mail Group. Postal workers will receive the other 10 percent of shares -- the largest proportion ever handed out to employees of a state company becoming private.

The government meanwhile intends to take on the Royal Mail's pension fund, including its hefty deficit, when the group is privatised in 2012.

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3. UPDATED: Postal strike to hit Toronto, Montreal 0613strike

Canada Post workers participate in 24 hour rotating strike action in Victoria, B.C.
June 7, 2011

Postmedia News Jun 13, 2011 – 11:00 PM ET | Last Updated: Jun 13, 2011 11:04 PM ET

UPDATE: Postal union leaders say rotating strikes will hit Toronto, Scarborough and Montreal Monday evening.

The Canadian Union of Postal Workers says about 15,000 of its members in Toronto, Scarborough and Montreal will walk off the job at 11:30 p.m. Monday night, shutting down the country's largest sorting facilities for 24 hours.

The union began the rotating strike two weeks ago to pressure Canada Post to resolve its contract dispute. The CUPW represents 50,000 urban postal workers.

In Toronto, a large picket will be held at Canada Post's processing plant at 969 Eastern Avenue. Pickets will also take place at 280 Progress Avenue, 1860 Midland Avenue and 70 Wynford Drive in Scarborough. In Mississauga, a picket will take place at the Canada Post facility at Dixie Road and Eglinton Avenue.

Jane Switzer, jswitzer@nationalpost.com

Original story follows:

By Bradley Bouzane

OTTAWA — Despite the back and forth taking place between Canada Post and the union representing its workers, the entire postal system could be the big loser as people search for other ways to pay bills and to conduct business, says the Canadian Federation of Independent Business.

Businesses account for a significant portion of traditional mail in Canada, and Dan Kelly of the CFIB said the longer the labour dispute carries on, the worse things may get for Canada Post's future revenue from that lucrative source.

“There's an impact on (Canada Post and the union) because as businesses explore these private alternatives ... it's an open question whether businesses would come back once the strike — or threat of strike — is taken off the table,” said Kelly, the organization's vice-president of legislative affairs.

“Businesses are currently moving to alternatives and one would expect this will hasten the trend that is already on that is reducing dependence on the postal system.”

On Monday, the union boss for nearly 50,000 Canada Post workers accused the Crown corporation of conducting a “partial lockout” by reducing mail delivery to three days a week in some cities and of having an ultimate goal of prompting back-to-work legislation.

Denis Lemelin, president of the Canadian Union of Postal Workers, said at a news conference in Ottawa that these measures, which begin this week, will affect more people than his union's rotating strikes have since they started more than a week ago.

“Last week, when they announced they would deliver the mail only three days a week, for us it's really like . . . a partial lockout,” Lemelin said, adding the union believes Canada Post wants a general strike so they can pursue legislation from the Conservative government to force them back to work. “That's really what Canada Post is doing in some of (the country).

“If it's not provocation to force (workers) to go out, what is it?”

Among the primary issues at the centre of the labour dispute are pensions, job security, employee pay scales and new work methods associated with more modern technologies at postal facilities.

The union said it is seeking to prevent wage reductions for new hires and wants more job security, saying the company is ignoring employees' ideas about how to modernize as the public increasingly goes online to pay bills and to communicate.

For Canada Post — which says lettermail volume has dropped 17 per cent per address in the past five years — a \$3.2-billion deficit in the Crown corporation's pension system is a sticking point when about 22,000 people in its current workforce will be of retirement age in a decade.

Canada Post spokesman Jon Hamilton said the corporation has made significant attempts to reach a deal and has been willing to scale back on concessions to end the dispute.

Hamilton said the most recent offer from Canada Post would see current employees receive a wage increase with no change to pension or to job security. He said Canada Post also pulled back on one concession that would have seen the maximum amount of annual vacation trimmed by one week, to six weeks.

New employees, however, would have a starting hourly wage of \$19, down from \$23, with a defined-benefit pension and health benefits, which is the same as current workers.

The major difference falls in the fact the pensions would not be indexed until age 60. Current pensions are indexed at the age of 55.

“There's no impact on current employees,” Hamilton said. “For employees in the future, we need a different deal to help set a course for the future to ensure we're profitable and strong (going forward). The union likes to talk a good game, but we've been making major concessions. We talked about a defined-contribution pension for new employees and we moved that back to a defined-benefit pension and that's a big change.”

Another issue upsetting the union is Canada Post's proposal to alter how sick time is handled. Currently, workers can accumulate sick time so it can be used if they become seriously ill. The corporation is proposing a sick leave that offers income protection to all employees, a Canada Post spokesman said last week. Under that 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.

Lemelin said the union “will evaluate the situation” when considering the possibility of a general strike across Canada, but warned that any potential back-to-work legislation after eight months of negotiations would “do nothing” for the benefit of the postal service. Binding arbitration is also not a desirable option for the union, he said.

Last week, Canada Post said it would be implementing its reduced delivery schedule, which would stop carrier delivery Tuesdays and Thursdays in most urban areas, to reduce costs as unionized workers go on rotating strikes.

Lemelin said the lack of delivery for Tuesday alone would “affect more than what we did (through rotating strikes) in the last 10 days.”

Hamilton, however, said it’s foolish to think the rotating strike has not hampered things as well.

“(The delivery reduction) was a difficult decision, but we’re doing what we have to do to minimize the damage the union is inflicting on the business,” he said. “For the union to pretend their strike action is not having an impact on Canadians across the country — or a minimal impact — is completely dishonest.”

On Monday, the rotating strikes were hitting Regina, Fredericton, Windsor, Ont., Corner Brook, N.L., Sherbrooke, Que., Niagara Falls, Ont., Nanaimo, B.C., Cornwall, Ont., the Mauricie region of Quebec, Sydney, N.S., North Sydney, N.S., Sydney Mines, N.S., New Waterford, N.S. and Glace Bay, N.S.

Since the rotating strikes started in Winnipeg on June 2, postal workers have walked out in a number of other Canadian cities, including Calgary, Edmonton, Montreal, Hamilton and Moncton, N.B.

Lemelin said the steady, but temporary, work stoppages have served a long-lasting purpose in the way the Canadian postal service is viewed by the public.

“I think (the rotating strikes) have been really effective because . . . we started 10 days ago, there were a lot of people asking themselves ‘What’s the relevance of the post office?’” he said.

“Ten days later, there’s nobody asking that question anymore because people know the postal service is part of the economic infrastructure and still relevant for the population. That’s a big gain.”

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4. HST mail-out starts, despite postal disruptions

CBC News

Posted: Jun 13, 2011 8:34 AM PT

Elections B.C. will start mailing roughly three million mail-in ballots for the referendum on the controversial Harmonized Sales Tax to voters on Monday, despite the expanding Canada Post service disruption.

On Monday the Canadian Union of Postal Workers rotating job action hit Nanaimo, along with nine other cities across Canada. Canada Post also rolled out a service reduction, cutting mail delivery in most cities to Mondays, Wednesdays and Fridays. Ballots delivered June 13-17 to:

Alberni-Pacific Rim
Boundary-Similkameen
Cariboo North
Cariboo-Chilcotin
Columbia River-Revelstoke
Comox Valley
Esquimalt-Royal Roads
Fraser-Nicola
Juan de Fuca
Kamloops-North Thompson
Kamloops-South Thompson
Kelowna-Lake Country
Kelowna-Mission
Kootenay East
Kootenay West
Nanaimo
Nanaimo-North Cowichan
Nechako Lakes
Nelson-Creston
North Coast
North Island
Oak Bay-Gordon Head
Parksville-Qualicum
Peace River North
Peace River South
Penticton
Powell River-Sunshine Coast
Prince George-Mackenzie
Prince George-Valemount
Saanich North and the Islands
Saanich South
Shuswap
Skeena
Stikine
Vernon-Monashee
Victoria-Beacon Hill
Victoria-Swan Lake
Westside-Kelowna

Voting packages will be delivered to the remaining 47 electoral districts June 20-24.

But despite the disruptions, ballots will be mailed out over the next two weeks and must be returned to Elections B.C. by July 22 in order to be counted.

However B.C.'s acting Chief Electoral Officer Craig James says he has powers to extend the dates to return the ballots if full-blown post strike does happen.

The packages are being sent first to voters in the North, the Interior and the islands between June 13 and 17. Voting packages will be delivered to the rest of the province between June 20 and 24.

Voters who do not receive a voting package by June 24 may call Elections BC at 1-800-661-8683 to register to vote or update their voter record and request an HST Referendum Voting Package. The deadline to request a voting package is midnight, July 8.

British Columbians will face a yes or no question regarding the HST, voting yes to scrap the tax and return to the PST, or no to keep it.

Recent opinion polls suggest about 56 percent of British Columbians are looking to scrap the unpopular tax, but B.C. Premier Christy Clark hopes that won't happen.

Opponents of the tax say it unfairly shifts too much of the tax burden from corporations to individuals and small business. Clark says scrapping the tax would cost the province billions of dollars and has passed legislation to hike corporate taxes and cut the HST to persuade voters to keep it.

But Clark says the results of the referendum will determine the fate of the tax.

"We'll accept the verdict that people give us, that's what I've said since the very beginning, I mean you put it in people's hands, they make the decision," said Clark

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5. Postal van that runs on power

Prashanth G N, TNN Jun 14, 2011, 12.18am IST

BANGALORE: Campuses across the country could run electric postal vans if the department of science and technology (DST) makes IISc's innovative electric postal van a model. Researchers at IISc's Centre for Product Design and Manufacturing are excited by the idea of approaching DST while already having approached a few private companies to commercialize their in-house product.

To keep IISc campus green and clean and save energy, which can be the case with all campuses in the country, researchers led by Prof Anindya Deb have designed an electric postal van that will begin operations in two months time.

Deb explains the van is special for two reasons. "The van has been made based on the unique space frame body design. In simple terms, it is a lightweight van made out of aluminium tubes integrated through innovative engineering. The aluminium tubular frame keeps the van very light. There is no use of steel, a feature of conventional

vehicles. The van is also special because it runs on battery __ an electric motor powers the van which makes it an eco-friendly product too."

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6. Weigh in on Postal Service changes

June 12, 2011

Messenger News

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The U.S. Postal Service is hemorrhaging red ink. Data released May 10 show it ended the second quarter of the current federal fiscal year with a net loss of \$2.2 billion. That sobering number was much worse than the already bad \$1.6 billion loss during the same time frame the year before.

Joseph Corbett, chief financial officer and executive vice president of the Postal Service, had a somber appraisal of the disturbing financial news.

"Sluggish economic growth and diversion of First-Class Mail to electronic alternatives continue to cause record losses, despite a reduction of over 130,000 full-time equivalents ... in the last three years," he said, according to the May 10 media release.

The simple truth is that the marketplace in which the Postal Service operates has transformed rapidly in recent decades. The network of post offices designed to meet quite different consumer requirements in the 19th and 20th centuries is out of sync with what makes economic sense today.

That's why the Postal Service has been engaged for several years in a rethinking of its infrastructure with an eye to closing or modifying facilities and services that cannot be justified on the basis of a sensible cost-benefit analysis. The end result of this process will almost certainly be the closing of many post offices in lightly populated rural communities and modifications in postal operations in larger communities.

In Fort Dodge, for example, one consequence of this restructuring could be the shift of mail-sorting functions now carried out at the Maple Drive mail-processing facility to Des Moines. Several small Messengerland communities are faced with the likely disappearance of post offices that have existed in these towns since long before anyone who presently lives there was born.

These changes are hard to accept. However, unless the federal government elects to subsidize uneconomic Postal Service operations, many of the targeted closings and other operational alterations seem likely to occur. Given the tenor of the debate in the nation's capital regarding the federal budget, the likelihood that funds will be allocated for that purpose is zero - or close to it.

Restructuring the Postal Service to make it more efficient is necessary. Even so, well-intentioned analysts can make mistakes. The Postal Service - to its credit - has conducted forums to allow residents of affected communities to provide input. The turnout at the meetings held thus far has been excellent. This communication process can help ensure that all options are discussed and evaluated before decisions are implemented. The Messenger applauds this dialogue and urges residents who have yet to make their voices heard to speak up. In its cost-benefit calculations, the Postal Service may have overlooked important information or issues that warrant consideration. If so, now is the time to bring them to the fore.

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7. Because going postal never a win-win-win

THE RILKOFF FILES

MATT RILKOFF

Last updated 13:29 12/06/2011

Touch base: Often said in conjunction with "let's", touch base is not something you want to hear. Quite apart from this baseball-related phrase having no place in a cricketing country, it also sounds like the manager is trying to be hip and relate to you as a person. This is dangerous as it usually precedes bad news such as being told you are going to have to work smarter.

Work smarter: This is supposed to make workers feel clever and superior but of course it fails miserably. This is mostly because when a manager tells their staff they have to work smarter they are really saying "no wage increases this year fellas but if you work really hard we might not give you the sack". They might then also request you start thinking outside of the box for ways to successfully work smarter.

Think outside the box: When a boss is employed it is supposed to be because they have the vision, ideas and energy to make the company successful. However when they ask their employees to think outside the box what they are really saying is they have run out of vision, ideas and energy or probably never had them in the first place. Requests to undertake this thinking method will almost always be followed by a brainstorming session.

Brainstorm: This has been around for a while and is a last ditch attempt to get something useful from a group of demotivated and gormless employees. Invariably it does not work unless you use it as a test to confirm there really is such a thing as a stupid idea. In fact they are in the majority. Because the ideas will be a complete waste of time, the company may be forced to rightsize.

Rightsizing: This used to be called downsizing but as "down" is too close to the reality of what is happening at a company, they changed it to right. Of course there is no escaping that rightsizing simply means firing anyone who earns a decent salary and replacing them with a Indian telephonist and two pimply university graduates. These chaps will gladly accept a \$25,000 salary because they still live with their mums and are really only interested in Xbox and other things you do in the dark.

Despite this they will be the ones responsible for the profitability of the company going forward.

Going forward: A current favourite of middle managers and bosses, going forward is supposed to imply they are thinking about the future and how the actions of today will impact on it. Instead it is just a superficial demonstration of what they "learned" at their recent three-day training seminar at a Taupo resort. You will notice they will also be using synergy and best practice a lot. Like going forward, they are quite ignorant as to what they mean other than they believe it makes them sound professional. If they feel their ruse is not working they may appoint a team leader or two to further buffer them from real scrutiny.

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Team leader: First of all, the collective noun for a group of workers in one place is colleagues. Secondly, whenever anybody talks about a team leader they always use their hands to put inverted commas around "leader" thereby making it clear they think the position is simply ridiculous. Because of this no person with real leadership qualities will ever let themselves become a team leader. Proof of this can be found in the fact that most team leaders have BO, sweaty palms and breathe through their mouth. Because they are intimidated by talking to more than two people at once, team leaders prefer one-on-one meetings with their team members to discuss ways to take it to the next level.

Take it to the next level: Closely related to work smarter, the beauty of taking it to the next level is in its ambiguity. What is the next level? No one knows but it is obvious when an employee hasn't got there. Hurdles to making it to the next level appear to be experience, reasonable salary, ability to question dodgy decisions and a thorough knowledge of your rights as an employee. At the end of the day these are qualities the company has no use for.

At the end of the day: Virtually meaningless other than to create a nice breeze on the back of the speaker's teeth, the phrase is nonetheless used liberally by management types. It appears they believe it indicates their greater knowledge of any given situation and how the pieces of life's puzzle fit together. In this they are thoroughly deluded, which is beneficial in one respect as it allows them to manufacture win-win solutions.

Win-win-win: The older and bigger brother of win-win, win-win-win means the three parties in any given situation have negotiated an outcome in which they all win. This is almost never the case. In reality one, if not two of the parties, have become so frustrated with the stupidity of the third that they will give in and accept whatever is being bandied about. This is called settling and is a safety valve to prevent employees from becoming so frustrated with management they go postal.

Going postal: An American slang term used to describe people who become uncontrollably angry at work to the point where they might actually shoot their colleagues. This is unacceptable of course. Nonetheless it is certain a majority of us understand the sentiment.

- Taranaki Daily News

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