

POSTAL NEWS

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1. Postal Pension Halt a 'Willful' Breach of Law, Issa Says

By Angela Greiling Keane - Jun 29, 2011 2:44 AM GMT+0700

The U.S. Postal Service's suspension of contributions to an employee pension plan is a "willful violation of the law," the chairman of the U.S. House committee overseeing the service said.

The Postal Service's decision last week to halt payments to the Federal Employees Retirement System, which covers about 85 percent of career postal workers, "sets a dangerous precedent," Representative Darrell Issa, the California Republican who is chairman of the House Oversight and Government Reform Committee, said in a letter yesterday to the U.S. Office of Personnel Management.

"It is troubling that OPM would allow the lapse in payments pending further review by the executive branch," Issa said in the letter to OPM Director John Berry. "Attempting to preserve cash by missing required payments" violates the law, he said.

The Postal Service has said it will reach its \$15 billion statutory borrowing limit by the end of its fiscal year on Sept. 30, following a fiscal 2010 loss of \$8.5 billion. It has said it needed to suspend the pension contributions to save \$800 million this year.

A Postal Service spokesman had no immediate comment. A OPM spokeswoman didn't immediately respond to a request for comment.

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2. Sibal announces entrepreneurship programme for postal department officials

From ANI

New Delhi, June 27(ANI): Union Telecom Minister Kapil Sibal on Monday announced an entrepreneurship programme for skill and capacity development of the officials of the postal department.

Under the programme, the employees of the postal department would be trained so that they can start their own business after serving their jobs.

"What we intend to do is, is launch a comprehensive time bound programme and it's for skill development and capacity. So, we are going to have a Gramin Dak Sevaks (Village Postman) go through a particular course for development of skills and for capacity development and they run about 3.25 such Gramin Dak sevak employees in India on the postal department," Sibal said while conferring the 'Meghdoot Awards 2011' to postal department officials in New Delhi.

"We are going to empower them and ensure that they actually become entrepreneurs, where ever they are," he added.

The Telecom Minister also said that the country's postal department has to get progressive developments and adopt good marketing strategy with an aim to enhance its image in this rapidly changing world of technology.

"The postal department has not got the kind of, what should I say, 'publicity' and the kind of posturing that the postal department deserves because I think it's perhaps one of the most important, historically and otherwise, department of the Government of India and I want the postal department to be right up there along with the other departments," Sibal said.

This scheme of national awards known as 'Meghdoot Awards' was instituted in 1984 to provide encouragement to the postal employees by recognizing performance of high standard.

The awards are given every year to the officials selected from amongst the nominations received from various postal circles.

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3. Amid Pension Cuts at USPS, Issa Introduces Postal Reform Act

By Kenneth Corbin
EcommerceBytes.com
June 27, 2011

The day after the U.S. Postal Service unveiled its plan to suspend contributions to the federal employees' retirement fund, a prominent Republican lawmaker introduced legislation that would enact sweeping reforms of the troubled postal system.

Rep. Darrel Issa's (Calif.) Postal Reform Act would establish two new panels charged with broad oversight of the Postal Service and implementing structural changes to cut billions of dollars in annual costs. It would also mandate additional cost-cutting measures, including the move to a five-day weekly service schedule that the Postal Service has proposed and greater flexibility to raise rates.

"The Postal Service lost \$8.5 billion last year. It is going to lose, at least, \$8.3 billion this year. And it is projected to lose \$8.5 billion the year after that," Issa, the chairman of the House Committee on Oversight and Government Reform, said in a statement. "Congress can't keep kicking the can down the road on out of control labor costs and excess infrastructure of USPS and needs to implement reforms that aren't a multi-billion dollar taxpayer-funded bailout."

The bill (available in PDF format [here](#)) would establish the Postal Service Financial Responsibility and Management Assistance Authority, an oversight panel that would take effect if the USPS fell into default on its federal obligations for 30 days. The body would have broad power to overhaul the Postal Service's cost structure, including the authority to initiate a renegotiation of collective bargaining agreements with postal workers. If the negotiations failed, the authority would be empowered to unilaterally impose a new agreement.

Additionally, the legislation would create a panel called the Commission on Postal Reorganization charged with evaluating the Postal Service's infrastructure and making recommendations to Congress on closing facilities and other cost-cutting measures. The recommendations would automatically become law unless Congress voted to reject them.

While the fiscal solvency of the Postal Service has been on lawmakers' radar for some time, prompting various legislative proposals to implement cost-saving reforms, Issa positioned his bill as a response to the USPS' plan to halt the employer contribution to the Federal Employees Retirement System (FERS), a move he argued would shift billions of dollars in costs to taxpayers. "This unprecedented action indicates the urgent need for these reforms," Issa said.

The Postal Service maintains that the payment cut-off, set to take effect June 24, is a necessary step to get its finances in order, noting that it has a \$6.9 billion surplus in its FERS account. The USPS estimates that its plan to cut off employer contributions will free up about \$800 million in the current fiscal year. It has warned that that it could run out of cash as early as October.

The announcement prompted an immediate response from the American Postal Workers Union, which vowed "to take every step necessary to ensure that retirement benefits are protected."

The Postal Service had a mixed reaction to Issa's bill. It praised the congressman for several provisions of the legislation, including the move to five-day delivery, which it estimates would save \$3.1 billion annually. But it blasted the funding mechanism for the oversight panel that would be created if the Postal Service defaulted on its federal obligations. Under the legislation, that body would be authorized to borrow up to \$10 billion from the U.S. Treasury, a loan that would be secured by USPS property as collateral.

The Postal Service also said it was disappointed that other cost-cutting measures were not included in the bill, such as the removal of the obligation to prepay employees' health benefits.

About the Author

Kenneth Corbin is a freelance writer based in Washington, D.C. He has written on politics, technology and other subjects for more than four years, most recently as the Washington correspondent for InternetNews.com, covering Congress, the White House, the FCC and other regulatory affairs. He can be found on LinkedIn here .

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4. This postal dispute was never about pensions and new hires

BARRIE McKENNA - The Globe and Mail

It should not have come as a great surprise to anyone that Ottawa would ultimately order 48,000 postal workers back on the job.

Successive Liberal and Conservative governments have forced an end to disputes at Canada Post six times since the mid-1970s. This marks No. 7.

The process has become a ritual dance between Canada Post and the Canadian Union of Postal Workers (CUPW).

The two sides negotiate aimlessly for months, the union votes to strike, the two sides inch closer to compromise as undelivered mail piles up and then a government-appointed arbitrator splits the difference. Both sides look ahead to the next time.

What makes this episode different is that workers fell into a trap laid by Canada Post and the Harper government. This isn't Ottawa stepping between two squabbling parties. It's the government and the post office essentially conspiring to impose a contract they believe is necessary to cope with the unkind economics of shrinking mail volumes.

Until the Crown corporation locked out workers June 14, many Canadians might not even have noticed there was a strike as CUPW staged rotating walkouts across the country. That's how significantly the post office's role in the national economy has faded in the age of e-mail and online transactions.

The lockout created the pretext Ottawa needed to act.

But the union badly miscalculated. Instead of sending the parties to conventional arbitration, where neither side gets everything it wants, the Harper government is essentially imposing a settlement.

The federal legislation dictates a wage settlement that is worse than Canada Post's last offer – wage hikes of 1.75 per cent this year, 1.5 per cent in 2012 and 2 per cent in 2013. Other key issues will be put to so-called “final offer arbitration,” where an arbitrator will take each side's best offer and choose one.

The arbitrator's hands are tied because the legislation requires him to take into account conditions at comparable postal services, the financial viability of Canada Post and the solvency ratio of the pension plan.

The union would have been wise to accept what the company put on the table, even if it meant lower starting wages for new hires and a modestly less generous pension (employees would have to work to age 60, rather than 55, to collect a full pension).

Yes, new workers won't be treated exactly the same. But it's a far cry from many private-sector companies, where two-tier pensions, wages and benefits are increasingly common.

Canada Post also wants to end the practice of allowing workers to bank unused sick days – a privilege few other Canadian workers enjoy.

All these concessions hardly seem worth being out on the picket line for.

The dispute was never about pensions and new hires. For both sides, it was about a smaller Canada Post and more flexible work rules in the large urban sorting plants where Canada Post has invested \$2-billion in new equipment. These machines will allow the postal service to save roughly \$250-million a year, largely by delivering more mail with 7,000 fewer workers, according to an internal CUPW bulletin to members.

“Canada Post is determined to eliminate work through service cuts, contracting out and new technology, especially the new machines and work methods associated with modernization,” the bulletin warns.

The real long-term threat to CUPW is that its membership will inevitably shrink as Canada Post's monopoly letter-delivery business fades.

So CUPW used the dispute to push back. It wanted Canada Post to become larger, rather than smaller. It urged the post office, for example, to get into banking, getting

rid of super mailboxes and allowing letter carriers to check up on the elderly along their routes. Higher postal rates would pay for the expanded service.

Workers seem to be out of touch with a stark reality: Canada Post isn't a make-work project. Its main business is in inexorable decline. Since 2006, the average number of pieces of mail delivered to Canadians has fallen 17 per cent, replaced by e-mail, online billing and other electronic transactions. At the same time, Canada Post is required by its mandate to get the mail to roughly 200,000 new addresses every year.

The challenging math leaves no good alternative to a smaller post office.

And in spite of the government's seemingly harsh back-to-work order, CUPW may just find that most Canadians are with the Harper government on this one.

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