

POSTAL NEWS

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1. First-class letters posted in the UK declined

Run down and parcelled offStruggling Royal Mail is pushing through an unpopular deal to close 2,500 branches, but does it have a plan to safeguard the rest? Rivals want access to the network and say letting them in could keep the service afloat
Nick Mathiason and Tim Webb The Observer, Sunday March 30 2008 Article historyAbout this articleClose This article appeared in the Observer on Sunday March 30 2008 on p6 of the Business news & features section. It was last updated at 00:03 on March 30 2008. Faced with forcing through the closure of 2,500 post office branches, Royal Mail was accused last week of focusing more on keeping competitors out of its market than on making its own service first class. The attack came not from a rival but from its own regulator, Postcomm.

As the number of first-class letters posted in the UK declined by 8 per cent and losses escalated to £29m, the network faces a battle for survival.

In addition, post offices' guaranteed funding from government runs out in three years and a key contract - the Post Office card account, through which four million claimants a week receive benefits - could go to a private-sector rival in the next few weeks. This comes after the loss of key post office functions such as handling BBC licence fees.

In the midst of this the Royal Mail is engaged in a controversial closure programme ordered by John Hutton, Secretary of State for Business and Enterprise. Savings made through closure will amount to £45m a year. Earlier this month the precise location was revealed of the 2,500 post offices to be closed, out of an existing 14,200. Up and down the country, notices were displayed in the selected branches saying customers had just six weeks to submit their responses to the proposal. The news heralded a wave of protests from rural and inner-city communities.

For Labour, details of the closures could not have come at a worse time. In five weeks, voters go to the polls in local and London mayoral elections. Post offices have become an election issue giving the Conservatives another stick with which to beat

Labour, although the Tories admit it would close offices if in power. Ten days ago an opposition Commons motion demanding a suspension of closures until after a more rigorous assessment was defeated, although the government's normal parliamentary majority was significantly reduced.

Alan Duncan, shadow Secretary for Business and Enterprise, took delight in identifying those Labour MPs who had supported constituency protests but voted against his measure. 'We accept the network is going to shrink but we take issue with the pace, scope and rationale,' he said. 'We think a lot of post offices could be doing more business. I don't see why council services couldn't be done in post offices or business rates paid through them.'

Yet there are seemingly no shortage of subpostmasters wanting to take the compensation package, which works out at 28 months' pay.

The National Federation of SubPostmasters has backed the government's closure agenda, albeit reluctantly. George Thomas, its general secretary, said the union backed closures to provide a viable network to protect the remaining 11,700 offices. Thomas is engaged in almost daily conversations with government ministers to establish guarantees for the long-term strength of the network. So far none have been forthcoming.

Thomas believes the future of the service rests on it being allowed to become a postal bank - a facility that Royal Mail used to offer before being sold off by Margaret Thatcher. A post bank would offer current and saving accounts as well as mortgages and insurance. It would be particularly useful in rural areas and the parts of inner cities where banks have more or less disappeared.

Royal Mail has explored this option, as well as talking to leading high-street banks about allowing their transactions to be put through the network. Thomas said: 'The good thing is the penny has dropped that the Post Office plays an important part in social and financial cohesion. It keeps towns, cities and villages together. But what we don't need are platitudes. We need certainties and guarantees.'

But rival postal groups argue that many of the planned 2,500 post office closures could be averted if Royal Mail allowed other companies to use them. Royal Mail has an exclusive contract with the post offices, which means they cannot offer other services on behalf of rival companies. For example, customers sending parcels via the post have to use the group's own division, Parcelforce.

Guy Buswell, chief executive of Business Post, said: 'We would love to use the post office network for selling our services or as drop points for our parcel services. Post offices need creative ways of increasing footfall. The government has to wake up and do something to save the situation. The post offices have been neglected for years.'

Royal Mail is stipulating that in order to receive the full compensation package, postmasters cannot set up their own 'post office' for a year after their branch closes. The move is designed to protect the business of surviving branches.

The condition is set out in the agreement struck between the National Federation of SubPostmasters and Post Office Ltd in December: 'We appreciate that in the 12 months following a closure, the leaving subpostmaster may wish to offer certain products that are the same or similar to core products of Post Office Ltd (bill payment, premium mails, Camelot lottery and Bureau de Change). If the leaving subpostmaster chooses to do so there will be financial implications relating to their compensation. Clearly they cannot be paid compensation for work they are continuing to undertake by any other means.'

A report from a select committee of MPs into the Post Office closure programme published in February said Post Office Ltd must make sure the reduction in compensation is 'not excessive'. It also questioned whether it was reasonable to impose these penalties on rural post offices that are closing where the nearest branches is several miles away.

Mail Boxes Etc, owned by UPS, operates about 100 independent post offices in the UK and is understood to be furious that Royal Mail is discouraging closing branches from joining other franchises.

One postmaster, who did not want to be named, said: 'Royal Mail does not want anyone to go near the post office network.' But whether there will be a network to go near in future is uncertain: key post office contracts are up for grabs and the doubts over long-term government funding continue.

'A confused dinosaur'

The Royal Mail's prospects are bleak. Last Thursday, the regulator, Postcomm, warned it could go into administration because of its falling profits and the £28bn of pension liabilities round its neck. Because the pension scheme is £5bn in deficit, Royal Mail will have to pay up to £800m a year to cover this for the foreseeable future.

Last year, its profits fell by a third, but following last autumn's disastrous walkouts by postal workers, this year's figures will be even worse. The company itself estimates it will be technically insolvent for the next three years.

But the last thing the postal group can expect is sympathy. Whichever way it turns, Royal Mail faces a barrage of criticism.

Egged on by private-sector rivals, Postcom accuses it of stifling competition in the postal market. Yet whenever chief executive Adam Crozier tries to modernise the business to help it compete against its rivals, angry trade unions invariably rise up to block him. Postcomm regulates the price of stamps and, Royal Mail argues, forces it to provide unprofitable services

Royal Mail cannot even count on its owner - the government - as a friend. Last December, ministers announced a wide-ranging review of the postal market. When it reports this summer, the review is likely to recommend a radical restructuring of Royal Mail which could eventually lead to it being broken up.

Jonathan DeCarteret, analyst at consultancy Post-Switch.com, which promotes competition in the postal market, does not mince his words: 'Royal Mail seem more like a confused dinosaur being picked apart by a market that no longer offers a monopoly protection.'

Royal Mail makes most of its money from delivering letters to homes, mostly from companies sending out mailshots. But the growing use of email - particularly for marketing purposes - means that volumes are falling. Rival companies such as Deutsche Post and Business Post are also eating into Royal Mail's market share.

Even Royal Mail's trump card - its letterboxes and the postmen and women who make up the 'last mile' of delivery - is under threat. Most post, whether sent and sorted by Royal Mail or one of its rivals, arrives at a Royal Mail delivery office and has to be put through the door by one of its staff. This network is a natural monopoly because it is impractical to have more than one set of delivery workers.

But some rival operators say this network should be separated from Royal Mail to ensure that everyone gets fair access to it. The same could be said of Royal Mail's post office network, which could be demerged from the rest of the group's activities. Royal Mail has successfully rebuffed any such demergers in the past, but this time it may be too weak to resist.

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2. Greek shares close higher, lifted by Greek Postal Savings Bank UPDATE 03.28.08, 11:27 AM ET

ATHENS (Thomson Financial) - Greek shares closed with higher with the blue-chip index lifted by the Greek Postal Savings Bank.

The ASE general index closed 1.1 pct higher at 3,973.6 and the blue chip index gained 1.9 pct to 2,068.4. Mid caps rose 0.7 pct to 4,871.3 and the small cap index closed 0.3 pct higher at 884.2.

Advancers outnumbered decliners 141 to 107 and 77 remained unchanged in average trading volume of 415 mln eur.

Greek Postal Savings Bank (PSB) led blue chip gainers throughout the session and rose 10.2 pct to 11.58 eur and EFG Eurobank rose 1.2 pct to 19.06 eur after the bank said it upped its stake in PSB to 5.7 pct from 1.8 pct. Several analysts told Thomson Financial News that other banks may be interested in acquiring stakes in PSB if the Greek state proceeds with further privatization plans. In other news on PSB, it said it will announce its full year results on Monday before the start of trade.

Engineering and metals company Mytilineos shed yesterdays gains and fell 9.4 pct to 7.5 eur after management issued lower-than-expected guidance late yesterday.

Lottery operator OPAP fell 2.8 pct to 22.2 eur on profit taking after spiking 14.2 pct in trade yesterday on its forecast-beating full year results.

The banking sector performed well and Bank of Piraeus rose 6 pct to 19.4 eur, Alpha Bank rose 3.7 pct to 20.74 eur, National Bank of Greece (nyse: NBG - news - people) increased 2.7 pct to 34.42 eur and Bank of Cyprus closed 2.1 pct higher at 7.56 eur.

Metals holding company Viohalco rose 1.8 pct to 6.68 eur and is scheduled to release full year result tomorrow while construction holding company Hellenic Technodomiki lost 2 pct to 7.82 eur, ahead of its full year results announcements scheduled for Monday.

Source: Euro2day.gr Newswire

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3. Reality Check For UK Postal Market

28 March 2008 by Editors Comment - © Hellmail.co.uk

Hellmail.co.uk has occasionally been accused of being 'thorny' - and I had I actually received the 'thorny' badge (presumably a small enamelled affair) I might wear it with some pride but that title is generally given over to our French Editor, Mark White. I mention this because I rarely venture into 'seething criticism' but perhaps 'Editor's comment' is flexible enough to allow such diversions, after which I can creep back into the editorial shadows.

Since Hellmail began (now coming close to some four years), we have seen much change. With the advent of postal deregulation, we've rarely had time to draw breath, but we seem to have reached almost a plateau where everyone operating in or around the postal industry is taking the morale high ground and virtually brushing under the carpet the fact that actually, the postal service in the UK is getting worse and pretty soon it's going to be a lot more expensive too.

No one wants to admit it, take responsibility for it, and heavens above, the admission that it might be one hell of a mess at the moment, is absent from just about every press release going. If quizzed, the target figures are brought forward like the dead sea scrolls. We are presumably meant to cast our eyes at the figures in a euphoric haze and then settle comfortably back in our armchairs, safe in the knowledge that percentages are all that matter.

Even Postcomm's attack this week on Royal Mail's inability to downsize in favour of competitors and try a few new ideas (and that was more or less the thrust of it's recent comments) is more a buck-passing exercise. Just where is Royal Mail expected to prune further and not end up as the UK's postal errand service?

With Royal Mail no longer employing full time workers as part of a company-wide policy, and existing delivery workers now part of a software routine that works out

how fast they should be walking, rain or shine, its little wonder that those on the end of this multi-corporate fight for a slice of postal profits, are just a little cheesed off with it all.

If Royal Mail ever needed the support of it's workforce - it is now. Unfortunately it is unable to respond to a savage cutting back of it's business AND reassure it's people that it not only needs them, it values them. The need to cut costs has become the only priority, and it's difficult to see how Royal Mail can possibly win. It can please no one either.

Moreover, Royal Mail is providing our USO for crying out loud - and making very little money from it - if at all. The suggestion that hey, perhaps the other operators might like to chip in on the cost of the USO has already been dismissed by Postcomm as a barrier to competition, despite a hint from Postwatch that it might consider it. The fact is, the vast majority of us don't see any competition at all - just a skeleton postal service supplied by extremely grumpy postmen and postwomen, moving around every one else's mail, for less money.

For Postcomm to say that Royal Mail is regarding rival's use of it's Access arrangements as 'competitors' rather than 'partners' is almost sickening. This is corporate mumbo jumbo of the highest order. To describe losing business to rivals and yet still having to deliver it (at a reduced price) as a 'partner' arrangement, would be more suited to someone producing a glossy brochure (probably yellow), entitled 'Heralding a new dawn in postal opportunities' or some other similarly vomit inducing marketing rag. Thats not to say that Nigel Stapleton doesn't have some valid points, but honestly, no one believes that one - not even customers.

This 'gloss' is indemic too. Royal Mail continues to tout all the obvious cost-cutting measures as part of it's plan to 'improve services' but everyone knows it's all about saving money - crikey, it's being told enough to do so. Targets for delivery of service are seen as things to at least aim for now rather than what they should be - a safety net. I send and receive post like everyone else, and it's not my imagination that post is slower getting to it's destination and doesn't get to me until I'm almost ready to put the cat out. Targets have virtually no connection with what happens in the real world.

The trouble with all these ideas is that it still relies on a living, breathing human, somewhere, trying to do the job the best they can with a heavy bag of mail. I just wish that there was an independent reality-check body to deal with some of these corporate-style statements or are the rebuffs relegated to the odd reply in the local paper under an ad for haemaroid cream? Nice juxtaposition by the way.

Next time my wife sends me to the local shop for sausages and I forget and come back with bacon and she complains, I'll try some of these phrases:

"your claim is disappointing because it is extremely misleading and undermines the hard work and commitment I have demonstrated in running this errand for you"

Knowing my luck I'll get back an equally bland reply along the lines of:

"Your performance in rising to meet this challenge has been disappointing."

Steve Lawson - Editor

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4. Kenya: Postal Corporation, Gtv Sign Deal

Business Daily (Nairobi)

27 March 2008

Posted to the web 28 March 2008

Mwenda Wa Micheni

The Postal Corporation of Kenya has entered into an agreement to receive subscription payments on behalf of pay-TV service provider GTV.

The deal is part of the corporation's effort to diversify its operations in the wake of rising competition in its traditional mail market from electronic mail and short message services (SMS) offered by mobile telephone service providers.

The government-owned Postal Corporation has over the years earned its revenue through delivery of mail, both locally and internationally - a service that has come under heavy attack from e-mails and mobile telephony.

Over the past 10 years, technological advancements have seen Kenyans adopt new channels of communication eating into the snail mail market.

Globally, it is estimated that the number of people sending snail mail is declining at an annual rate of five per cent. This has forced postal service providers to go back to the drawing board to remain in business.

Yesterday, the Postal Corporation of Kenya formalised a business partnership with GTV that will enable subscribers for the pay-TV service to settle their monthly bill through the corporation's 300 outlets.

"Our partnership brings together two leading brands in a strategic alliance that will give both of us a high profile presence in the market," said Mr Fred Odhiambo, the postmaster general.

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5. The beginnings of local postal service date to 1837

By Tom Wilson
The Register-Mail
Posted Mar 28, 2008 @ 10:43 PM

GALESBURG — The first recorded Post Office in Galesburg dates back to 1837 when President Martin Van Buren appointed Nehemiah H. Losey as Postmaster.

Initially the front room of Losey's home was the Post Office and shortly thereafter the headquarters were set up in the downtown location of Galesburg's first general store operated by Chauncey S. Colton. The store was a one and a half story log building located on the corner of the Public Square and West Main Street.

In the beginning there wasn't much letter business as Galesburg's population was only 232. Prior to the establishment of postal services in Galesburg the mail was brought to Knoxville from Lewistown where any westbound traveler would take it to the home of G.W. Gale. The mail came to the Colton general store via a stagecoach on the Oquawka-Peoria run. The postage was 25 cents per letter and paid on the receiving end. It generally took two weeks for a message to travel from Knox County to New York.

Postage rates were surprisingly reduced to 5 cents in 1845 and dropped again to 3 cents six years later when actual postage stamps were placed on sale in Galesburg for the first time. Galesburg was designated as an official distribution point for the east, west and south when the railroad arrived in 1855 and began hauling the mail. In 1861, President Abraham Lincoln appointed his friend Clark E. Carr local postmaster and he served for the next 24 years.

Delivery of mail to the front porch of Galesburg citizens was initiated in 1883. Horace A. "Bud" Arnold was appointed the first superintendent of city mail carriers, serving in that position for the next 45 years. His son George served the Post Office for 42 years and son Dick 13 years. Thus the Arnold family of Galesburg delivered letters for Uncle Sam for 100 years. The initial city mail carriers were George Inness, Nels Olson, John Wheeler and Ralph Alexander who was the first black ever to receive a federal appointment in Knox County.

During the period home mail delivery was established the Post Office was moved to the southwest corner of Cherry and Simmons streets to a stately stone structure adjacent to the Public Library. In 1937 the Post Office was moved to its current location on East Main and Chambers streets.

Lake Storey camp grounds a reality

The Lake Storey camping grounds initially opened for travelers in July 1964. At the time it was the only such municipality owned and operated facility in Illinois. Early promotions described the site as being located at the western end of the historic Thirteen Curves Road on the south side of Lake Storey. City Manager Tom Herring

announced that space would be available for 12 campers with expansion expected be expanded to 50 spaces by summer's end.

The camping grounds were designed to accommodate tents, tent trailers and small camping trailers. Mobile home-type units were not allowed. Stoves, picnic tables, a well water supply, toilet facilities, a wood supply and electricity were made available. The daily fee for camping was \$1 plus 50 cents if electricity was used.

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