

# POSTAL NEWS

No. 105/2008

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

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## **1. Deregulation won't improve postal service**

Ken Mooney, Special to the Sun

Published: Wednesday, September 03, 2008

The future of Canada's public postal service is currently under review -- behind closed doors.

Canada Post, which holds the exclusive privilege to deliver first-class mail, is being reviewed by a panel appointed by Steven Harper's Conservative government to determine, among other things, whether the scope of our existing postal service continues to meet the needs of Canadians.

One of the most prominent of the committee's considerations is the question of whether our postal service should be deregulated and opened to competition. Given the ramifications of this review, it seems only appropriate that Canada Post's stakeholders would be involved in the decision-making process, and yet the review has been largely conducted in private.

Why hasn't this review been made public? Regardless of province, city or town, Canada Post currently provides all Canadians from coast to coast with a universal postal service. The price of a stamp in Dease Lake, B.C., is exactly the same as in Glace Bay, Nova Scotia. In a recent Angus Reid poll, an overwhelming majority of respondents expressed their approval of Canada Post's uniform postal rates, which are among the most competitive in the world.

Canada Post is able to provide universal postal rates and service because of the profits that are generated from its exclusive privilege to deliver first-class letters. Without that exclusive privilege, Canada's universal postal service would be compromised.

If fully deregulated, the service of Canada's lucrative urban areas might well present an appealing proposition to American-based corporations such as UPS, but what would be the fate of Canada's rural communities? Without its exclusive privilege, how would Canada Post be able to provide those Canadians who live in rural communities with the same universal postal service?

Canada Post's 12 straight years of profits are proof of its continued viability as a federal undertaking. However, even partial deregulation could have serious ramifications.

The international experience has shown that deregulation by no means offers a guarantee of cheaper rates or better service. It has also led to huge job losses. In Sweden, deregulation almost immediately led to the doubling of the price of a stamp. Two years ago, the British post office was fully deregulated. The result of that deregulation led to a downward spiral of profits and at least 2,500 post office closures. A 2008 independent review of that deregulation found that "there have been no significant benefits from liberalization for smaller businesses and domestic consumers."

Are Canadians in favour of deregulation? Is Canada ready for a two-tier postal system? These are questions that need to be brought forward in an open forum so that all Canadians can have their say.

Although it wasn't widely advertised, submissions from the public to the Canada Post Corp. strategic review were accepted until Tuesday. The web address is [www.cpcstrategicreview.gc.ca](http://www.cpcstrategicreview.gc.ca).

Ken Mooney is the regional grievance officer for the Canadian Union of Postal Workers, Pacific Region.

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## **2. Postal Service Changes Bulk Mailing Requirements (9/4/2008)**

The United States Postal Service has proposed new standards that could cost businesses dearly in penalties for mass mailings. The new requirements for the USPS' Move Update program would require businesses to update their bulk-mailing lists every 95 days, instead of every 185 days. Companies that fail to comply can be charged seven cents for every piece of mail in a mailing, not just the undeliverable-as-addressed (UAA) pieces.

One company, Melissa Data, fears that the fallout could be grave. Melissa Data assists companies with mailings and is a licensee of the USPS' Move Update system that helps ensure compliance with up to date mailing addresses. "The proposed penalties show that the USPS is serious about holding mailers to a higher standard to help reduce UAA mail," says Gary Van Roekel, Melissa Data's VP of Sales and Marketing. "If a mailer delivers a 100,000 piece mailing, and the Postal Service determines that it is not Move Update compliant, the proposed penalty would be \$7,000 for that noncompliant mailing."

There were no fines previously for mailings that had a considerable amount of undeliverable mail. The seven cent fine is the difference between the presort rate and the cost for a single piece of First-Class mail (which applies to UAA mail). Since the changes are only a proposal currently, Van Roekel says companies may only receive a warning on their first violation, and it may be six to eight months before the changes are instituted broadly.

The change, which would go into effect on November 23, is intended to reduce costs and waste from undeliverable bulk mail by 50 percent by 2010. It is estimated that 9.7 billion pieces of UAA mail is received every year by the postal service, and it costs \$2 billion to process all of it. The Move Update standards will now include all standard mail in addition to first class mail.

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### **3. Why We're Killing Off The Postal Service**

01 September 2008 by Mark White - © Hellmail.co.uk

"The postal service has reached usefulness as a business and must return to a service for communication for all citizens. Major changes may have to take place, such as three day delivery of many routes, self management of all routes much like the rural routes of old. Time restraints reduced for many classes of mail. The postal service is headed in the wrong direction."

or even:

"In my honest opinion, a failing business does not give 39% raises to all of it's top brass. I think the Postal Service is just trying to cover it's a\*\*. The only problem is that all this poor me PR is going to come back and bite them."

Nothing new in these kind of responses. The press is full of such criticism of a postal service struggling to keep going except this isn't Royal Mail either. These are comments posted on the Courier & Express Blogspot in the States. Blame for an ever-decreasing snail mail service is often levelled at governments or postal carriers themselves, but the truth is, we're just not using the mail any more - we prefer gadgets.

Editor Steve Lawson's piece today on falling mail volumes, underlines an issue that all postal operators face - a declining market. As consumers we want the services available via broadband but we also expect rural post offices to be there even if only five people a week are using them. This is one case where you really can't have your cake and eat it. There's no shortage of people insisting that postal provision should remain a public service either and I wouldn't disagree with that except this is a new kind of industrial revolution that public communication services simply aren't winning. Even the telephone networks are under siege from the internet revolution and I like many others have opted for apparently cheaper and sometimes free phone services like Skype.

Theres one problem though. Often people can't ring me, the connection is frequently poor and in a dire emergency I couldn't absolutely guarantee that I could phone for help. Cheap doesn't always mean reliability, even if my last two months phone bill was just short of ten Euros (£8).

The British, and probably the Americans too, have grown used to helpines accompanied by 'elevator music' and its been said on more than one occasion that we get what we deserve, even down to bland, imported strawberries and supermarkets that buy up acres of land so rivals can't build on them. The age of profit before service has been here for a while and I have no reason to believe, postal regulator or not, that postal services will be any different. We frankly kid ourselves if we believe postal services will be any better protected. They might be tomorrow or next week but a declining business is a declining business.

Please understand, I'm not actually whinging. All the whinge has been worn out of me by poor service providers across a range of industries and now when I ring any of these companies, I'm waiting to be cut off, redirected to entirely the wrong department or given assurances that a mistake will not be repeated when I know full well it will.

The cracks in postal deliveries have already begun to show with my mail sent to entirely the wrong street and in once case entirely the wrong city despite being clearly addressed, special deliveries that are over an hour behind guaranteed deadlines, and a despondant look from the local postman that says everything about the way in which his job has changed. The UK is likely to see mail deliveries stripped down to three drops a week as it is in areas of the U.S. before long.

There are many differences between Americans and the Brits. My sister-in-law moved to the UK from Colorado Springs and it took her some time to realise that not only was the UK not a smaller version of the U.S, its actually a completely different country with different ideas about the world. Americans have kitchen drawers full of gadgets that the Brits simply eye with suspicion and go straight for a knife instead. We are by nature a dubious bunch and even if part of my year is spent here in France, its hard to ignore the Brit's way of looking at things. It runs through every fibre of my being.

Differences or not, the global changes in the way we all communicate now have been rapid and even if we like to think our own little bit of the world is not like everywhere else, we all face the same issue of whether a postal service should just be a public service and paid for regardless of cost or whether we leap into a world of commercialism and hope for the best. I suspect there isn't actually a choice despite all our protestations. Canada now faces the same situation as the rest of us with the Canadian government considering privatising its postal service too. The same arguments in favour of retaining it as a public service, and the same arguments as to why it should not be.

In the end we'll get what we deserve I suppose - whatever that might be. Our yearning for gadgetry we can no longer repair or even understand and that is outdated the moment we buy it is not without a bigger cost, and we're reaping it - big time.

#### **4. When Efficiency Can Turn Bad**

05 September 2008 by Steve Lawson - © Hellmail.co.uk

You could either say Royal Mail is having teething troubles or merely finding its feet, but I've experienced a definite downward trend in the quality of service where I live since Royal Mail started to make so many savings in the local delivery office. That and the closure of so many post offices which has also removed what were once important 'safe drops' (temporary mail storage points), is all taking time to sort out.

Unfamiliarity of postal delivery walks that have been extended or amalgamated sometimes results in misdelivered mail. I say that because it took weeks to iron out these problems in my own area and for quite a long while I found myself swapping mail with someone several streets away. Neither of us could understand why it was happening and the only common theme was the house number but the road name and postcode were entirely different. We just figured that it was a case of letting our posties find their way around and hope that the problem was eventually resolved. That appears to have been the case, even if the safety of our mail has been compromised in the process.

The posties on delivery are doing their best to adapt to taking on streets that were never part of their original walks so it's hardly their fault. That said, it does pay to keep posties on walks they know rather than constant reshuffling. Some delivery rounds have little nuances of their own where house numbering differs and certain properties are tucked away in areas that aren't immediately obvious.

At this point it starts to get complicated as nearly all delivery routes are being run through computer programs to calculate the best and fastest way to do them. On the one hand you could see it as a way to improve efficiency but with a job that requires a good deal of walking, and unsupervised, I'm not sure I'd be comfortable with my day mapped out by a piece of software and besides, the investment in such software isn't to make life easier for postal workers, it's to save money.

'Taking out walks' is a common trend at the moment. Around 50 have gone here according to my local postman. Essentially the delivery office manager is required to make as many local savings as he can and taking one or several walks out entirely by allocating parts of the round to delivery workers on nearby routes is commonplace. He may even face more pressure from his area manager to make savings beyond what he feels comfortable with. Whilst there is clearly a need to run things efficiently, increasingly it means deliveries tend to arrive later and if you're a small to medium sized business, that can be make or break, particularly where cheques are involved. Royal Mail will always point out that those keen to get their mail early can actually collect it, but there's a charge for that and besides, postal delivery is postal delivery surely - not 'pick it up yourself'.

Nationally, many of the changes being implemented work quite well but not everywhere, and the CWU has for some time now, been pushing workers to do things by the book and that means not using cars on delivery, taking proper meal breaks and ensuring that rules on health and safety are adhered to. That seems a wholly reasonable viewpoint given the pressure delivery workers are now under. For Royal Mail, under pressure from Postcomm to perform like a commercial enterprise running on a shoestring, there's a fine line between efficiency and providing a rotten service and small businesses frequently complain that mail now arrives so late, it's not possible to deal with queries that day, reflecting on their own ability to provide a prompt and reliable service.

In more recent years, with the abolition of second deliveries, postal workers had a vested interest in getting their work done quickly as it meant they could go home, and the culture of using their own cars on deliveries was created because of that. However, that presented problems in itself since many posties only had private car insurance which meant that in the event of an accident, technically they were not insured. Royal Mail sent out memos to remind staff that business insurance was essential but in the end, both Royal Mail and the CWU felt that postal workers using their own cars was a bad idea and certainly some delivery offices have banned the practice altogether, on top of a CWU drive to persuade workers from doing it. After all, if the service is to be streamlined, postal workers' own petrol should not be part of those savings.

To my mind, the drive for efficiency is so near the wire, very often the quality of service can suffer and normally in a competitive market, the consumer would have choice and be able to decide who they use to collect and deliver mail. Unfortunately for most people, unless you're a bulk-mailer, that choice isn't there and the driving down of Royal Mail's operating costs means that the country's postal service (and remember that the universal service is still wholly in Royal Mail's domain) is not as good as it used to be. Here I'm sure is where supporters of liberalisation will roll out the quality of service figures, but arguably the goal posts on quality have already shifted somewhat and Postcomm have already mooted the idea of lowering delivery targets. With no more money to save, dropping delivery days altogether or mail delivered even later, is likely to be the next phase of 'modernisation' along with the loss of thousands more jobs at Royal Mail.

Of course the defence for a drop in standards of service will be explained away by the decline in stamped mail and a need to reduce costs and introduce more automation, but the biggest drop in standards has come about through cutting costs to bring Royal Mail in line with a cut-throat era of competition (which hasn't actually taken off as well as it might), not through falling mail volume which seems to hover around the 2.5%-3.0% level annually.

This year will almost certainly see a return to strikes and backlogged mail as the CWU prepares to fight back hard on the closures of so many sorting offices, accusing Royal Mail of implementing changes without consultation that could see rapid job losses. Few could be in any doubt that jobs will go with the introduction of automation, but no one seems able to say for sure whether postal services are actually a public service or a business.

Postcomm regulates postal services to ensure that certain standards are met but these are incredibly expensive to provide, particularly when the most profitable work is being snapped up by European competitors. The timing of industrial action could be crucial for the communication workers union as at least one report on the state of postal liberalisation in the UK is expected next month.

There is still no word on the abolition of the VAT advantage that Royal Mail enjoys over its competitors but its something that will need to be addressed if postal operators are to compete on equal terms. Where we go from here is the next question. Postcomm may just relax the service targets to give Royal Mail more breathing room but that could see the quality of postal deliveries drop to an all-time low and one from which it might never recover. (This article is available in our podcast section)

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