

# POSTAL NEWS

No. 22/011

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

- 1. Strike ballot set for postal workers. Feb 9, 2011.**
- 2. Deutsche Post DHL's dedication to global data protection is a success**
- 3. Direct mail championed in new UK research. Feb 9, 2011.**
- 4. Postal Service fiscal Q1 net loss hits \$329M . Feb 9, 2011.**
- 5. Postal Service Begins 2011 with Loss in First Quarter. Feb 9, 2011.**

## **1. Strike ballot set for postal workers**

Date Posted: 09/Feb/2011 16:40

By: John Gregory

MORE than 250 postal workers in the Island have until March 16 to decide whether to go on strike.

They will receive ballot papers from the Communication Workers' Union from February 18 so will have just under a month to make their decision.

The CWU is urging members to vote yes in the dispute over pay as it has accused Isle of Man Post Office of refusing to go to arbitration.

Terry Pullinger, CWU national official and lead negotiator with IMPO, said: "We've done absolutely everything we could to settle this and avoid a dispute, but there's just been no movement at all from the company.

"IMPO chiefs have stubbornly refused to offer a pay rise to the Island's hard-working postwomen and postmen, despite rising profits, and have even rejected our suggestion that the issue could be put to independent binding arbitration.

"The company really can't have it both ways; on the one hand, they say they're autonomous from government, and deny us the binding arbitration rights that the Manx public sector enjoys - but on the other hand, they claim that they can't offer a pay rise because of the government's public-sector pay freeze.

"Let's not forget that IMPO is an entirely self-sufficient statutory board of the IoM Government and, unlike other government departments, it receives no finance from central government and contributes 50 per cent of its profits to the Treasury.

"Against that backdrop, everyone benefits from the dedication and the profitable results of our members' efforts. IoM postal workers were promised and deserve their share.

"It's our members' hard work and dedication that has improved efficiency and increased company profits - so it's only fair that they should also be rewarded for their part in this success.

"I appeal to the company - even at this late stage - to start thinking outside the box and get back round the table with us and let's settle this now."

The ballot closes on March 16.

Isle of Man Post Office released a statement at the end of last month - before a ballot was confirmed - which said it was "disappointed" members of the CWU could be balloted over whether to take industrial action.

The statement said: "Throughout the pay negotiations for 2010, Isle of Man Post Office has made proposals including consolidating money into the long-term basic pay for its employees from elsewhere within the overall pay budget whilst ensuring the constraint of the freeze on public sector pay budgets is met.

"These proposals have consistently been rejected by the CWU, who have maintained their demand for new money to be added to pay.

"The Island is currently in a difficult fiscal position and all parts of the economy are feeling the strain.

"Isle of Man Post Office is not immune from this and is acting in a responsible manner by supporting the Island in the re-balancing of its budgets, while protecting the future prosperity of the Post Office, jobs and postal services.

"Isle of Man Post Office recognises its overall successful performance in the current economic climate, despite the well publicised decline in mail volumes.

"The traditional postal services are under pressure from electronic substitution, the downturn in the economy and fierce competition making the need to grow our diversified services more important than ever.

"The success of this is down to everyone involved including postal workers. These efforts are undisputed and much appreciated, however this does not change the position the Island finds itself in.

"The CWU has requested the pay claim be referred to arbitration for resolution.

"Unlike other pay groups on the Island, the Isle of Man Post Office and the CWU do not have an agreement to automatically use arbitration.

"It's the Post Office's view that arbitration is a potential route to circumvent the government pay policy.

"The CWU negotiator is based in the UK and throughout these talks has failed to demonstrate an appreciation of the Island's situation or the relationship Isle of Man Post Office has with government.

"The CWU negotiator has referred in the press on numerous occasions to an agreement to share the success of the Post Office and believes this forms part of some agreement.

"Whilst Isle of Man Post Office shares these sentiments and is keen for everyone to share in its success, this does not provide a guarantee for a pay increase year on year.

"Isle of Man Post Office has already witnessed adverse public reaction to the press speculation about industrial action during these pay talks, which has upset many people working within the business.

"Isle of Man Post Office is sure the majority of staff understand the economic situation facing the Island and accept the position the business is currently facing.

"It is hoped this is reflected in the outcome of any ballot.

"Isle of Man Post Office remains open to further discussions with the CWU at any time."

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## **2. Deutsche Post DHL's dedication to global data protection is a success**

The Deutsche Post DHL Privacy Policy, drafted by the company, has been approved by Germany's Federal Commissioner for Data Protection and Freedom of

Information. The approval allows DHL to transmit personal data internationally in accordance with its privacy policy without having to seek approval on an individual basis.

The approval, granted after an exhaustive consultation procedure, makes Deutsche Post DHL the first German company to have their Binding Corporate Rules for data protection recognised by European Union officials.

Peter Schaar, Germany's Federal Commissioner for Data Protection and Freedom of Information, granted the letter of approval to Deutsche Post DHL board member Walter Scheurle in Berlin.

Deutsche Post DHL is a global company with approximately 500,000 employees operating in 220 countries and territories. As such, these operations also include the transnational exchange of customer and employee data. When transferring personal data to non-EU or non-EEA countries around the globe, the German Federal Data Protection Act requires proof of adequate levels of data protection.

According to Section four, Paragraph two of the country's Federal Data Protection Act, the responsible regulatory agency can approve the transfer of data-based on binding corporate rules. Deutsche Post DHL's privacy policy includes the necessary safeguards for protecting personal data and the rights of those affected, and has demonstrated that these safeguards can be enforced.

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### **3. Direct mail championed in new UK research**

Wednesday, February 9th, 2011

Combining direct mail with other marketing activities increases campaign payback by up to 20%, new research from Royal Mail has shown.

The study - Meta Analysis of Direct Mail - analysed the performance of campaigns from 260 companies, measuring return on investment of activities with and without direct mail.

It showed that adding direct mail to a campaign increased return on investment from an average of £2.81 to £3.40.

The study, by Brand Science, also revealed that online and outdoor marketing channels achieved the highest uplifts in success when integrated with direct mail.

Outdoor was 44% more successful, while online components of campaigns paid back 62% more when direct mail was included in the marketing mix.

Antony Miller, head of media development at Royal Mail, said: "The Brand Science study shows the growing importance of integrated campaigns and the effective role direct mail plays alongside other marketing activities.

"Finding the right balance of channels to reach increasingly fragmented audiences will be the key to successful marketing strategies in 2011. Mail is the preferred direct marketing channel for consumers and its tangible nature means messaging can be placed directly in prospects hands."

He added: "Direct mail is an essential mechanism in the marketing mix for converting desire and intention into action."

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#### **4. Postal Service fiscal Q1 net loss hits \$329M**

Frank Washkuch

February 09, 2011

The US Postal Service saw a net loss of \$329 million in its fiscal 2011 first quarter, which ended December 31, 2010. The organization also warned that, without reform, it could default on some financial obligations to the federal government by the end of this fiscal year.

The USPS saw a net loss of \$297 million in 2010's fiscal first quarter. The Postal Service's revenue was down 2.7% year-over-year to \$17.9 billion in the fiscal first quarter, while total volume increased 1.5% to 46.4 billion pieces.

"The Postal Service continues to seek changes in the law to enable a more flexible and sustainable business model," said Patrick Donahoe, postmaster general and CEO of the USPS. "We are eager to work with Congress and the administration to resolve these issues by the end of the fiscal year." A Postal Service representative referred requests for comment to the organization's earnings statement.

Revenue from mailing services decreased 3.3% year-over-year to \$15.3 billion, while revenue from shipping services improved by 1.7% to \$2.6 billion compared with the same period of 2010. Shipping volume increased 2.4% year-over-year in the quarter to 422 million pieces. The USPS decreased work hours in fiscal Q1 by 2.4 million hours or 2.1%.

First-Class Mail volume was down 5.6% year-over-year to 20 billion pieces, while Standard Mail volume improved by 8.7% to 23.8 billion pieces. Periodicals mail was steady in the quarter at 1.9 billion pieces.

However, the USPS said it would have seen income of \$226 million in fiscal Q1 if not for the cost of prefunding retiree healthcare benefits and noncash adjustments to the workers' compensation liability. The organization has urged Congress to fix those issues, which the USPS says cost the organization billions of dollars a year. The USPS lost \$8.5 billion in FY 2010.

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#### **5. Postal Service Begins 2011 with Loss in First Quarter**

Recession eases, but First-Class Mail volume continues to decline

WASHINGTON — The U.S. Postal Service (USPS) ended the first quarter of this fiscal year (Oct. 1 - Dec. 31, 2010) with a net loss of \$329 million, compared to a net loss of \$297 million for the same period in fiscal year 2010. Excluding the cost of prefunding future retiree healthcare benefits and noncash adjustments to the workers' compensation liability, the Postal Service would have had a net income of \$226 million for the first quarter.

Despite significant cost reductions and efforts to grow revenue, current financial projections indicate that the Postal Service will have a cash shortfall and will have reached its statutory borrowing limit by the end of the fiscal year. Absent changes in applicable laws, the Postal Service will be forced to default on some of its financial obligations to the federal government on Sept. 30, 2011.

“The Postal Service continues to seek changes in the law to enable a more flexible and sustainable business model,” said Postmaster General and CEO Patrick R. Donahoe. “We are eager to work with Congress and the Administration to resolve these issues prior to the end of the fiscal year.”

Economic indicators suggest that the worst of the precipitous volume decline during the recession is over. The lack of strong economic growth, however, continues to have an impact on the Postal Service’s financial situation. Total mail volume increased a modest 707 million pieces or 1.5 percent for the first quarter of 2011, compared to the first quarter of 2010. Total mail volume remains well below the 2006 peak.

Mailing Services revenue of \$15.3 billion decreased \$520 million, or 3.3 percent, in the first quarter of 2011, compared to the same period a year ago. Mailing Services volume of 45.9 billion represents a 1.5 percent increase from the same period a year earlier. Revenues from Mailing Services declined despite an increase in overall volume. The increase in revenue from Standard Mail was not sufficient to offset the loss of revenue from the reduced volume of First Class Mail.

Mailing Services results include:

- First-Class Mail revenue of \$8.8 billion, on volume of 20 billion pieces;
- Standard Mail revenue of \$5 billion, on volume of 23.8 billion pieces;
- Periodicals revenue of \$480 million, on volume of 1.8 billion pieces; and
- Package Services revenue of \$431 million, on volume of 186 million pieces.

Shipping Services revenue of \$2.6 billion increased 1.7 percent or \$42 million compared to the same period a year ago. Shipping Services volume of 422 million pieces represented a 2.4 percent increase compared to the same period a year earlier.

Details of the first quarter results include:

- Operating revenue of \$17.9 billion, compared to \$18.4 billion in the same period a year earlier, a decrease of 2.6 percent;
- Operating expenses of \$18.2 billion, compared to \$18.6 billion in the same period a year earlier, a decrease of 2.4 percent;
- Total mail volume of 46.4 billion pieces, compared to 45.7 billion pieces in the same period a year earlier, an increase of 1.5 percent.

The Postal Service reduced work hours in the first quarter by 6.4 million hours or 2.1 percent representing a reduction of approximately 3,600 full time equivalent employees. The number of career employees on Dec. 31, 2010 was 578,292, a reduction of 5,616 employees since the beginning of the first quarter. Since Dec. 31, 2007, the number of career employees has been reduced by 102,721 or 15.1 percent. Service performance remained excellent during the first quarter, with the national score for overnight Single-Piece First-Class Mail arriving on-time 96 percent of the time, a slight improvement over the same period a year earlier.

“I am very proud of our workforce. Postal employees continue to deliver exceptional service in these difficult times and in very challenging weather,” said Postmaster General Patrick R. Donahoe, addressing the Postal Service’s Board of Governors in open session today in Washington.

Several new marketing initiatives have been introduced that may help to improve revenue growth in 2011, including expansion of simplified addressing for business mailers, Priority Mail Regional Rate Boxes, Reply Rides Free, customized cards and the sale of gift cards. In addition, in January 2011, new Shipping Services prices increased an average of 3.6 percent. New Mailing Services prices that are limited to the Consumer Price Index cap of 1.7 percent, will take effect in April. While new marketing initiatives and price increases may help improve revenue growth, electronic diversion implies long term structural changes in demand.

The Postal Service is aggressively pursuing a plan to reduce total expenses, which include organizational redesign initiatives. The Postal Service projects \$2 billion in cost savings in fiscal year 2011, including a reduction of some 40 million work hours across the organization. Benefits of these initiatives, however, may be offset by rising fuel prices. Also, new contracts with the American Postal workers Union (APWU) and the National Rural Letter Carriers Association (NRLCA) are currently in negotiation.

Copies of the first quarter financial results will be available later today on the Postal Service website:

[http://www.usps.com/financials/\\_doc/Quarter\\_I\\_FY11\\_10Q\\_Final.doc](http://www.usps.com/financials/_doc/Quarter_I_FY11_10Q_Final.doc)

The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations.

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