

COMMERCIALISATION AND THE WORKFORCE
IEA on European Postal Services
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Good morning to you all.

I very much welcome this opportunity to offer a view on the debate about European Postal Services - which I believe represents the perspective of the workforce, the men and women who collect, sort and deliver millions of letters and parcels on behalf of customers.

I have structured my presentation into four parts:

First, I want to look at what I believe postal operators want. What does Consignia of the UK or La Poste of France want to achieve?

Second, I want to consider what I believe postal regulators want. What does the European Commission or Postcomm in the UK really want?

Third, I pose the question : “What about the workers?”. What do the members of the CWU in the UK or the DPG in Germany look for in this debate?

It may appear that the interests of postal operators, postal regulators and the postal workforce are very divergent but, **fourth** and finally - I want to see if it is possible to square the circle.

For those of you for whom English is not your first language, maybe I should explain that this is a colloquial expression meaning to reconcile seemingly contradictory propositions to a common aim.

Can this be done in the debate on the future of European Postal Services? Today, I want to attempt this.

So – what do postal operators want? What is Consignia, La Poste and Deutsche Post looking to achieve.

Above all, they want to maintain a universal service. That is, they want to provide a minimum level of collection from points throughout the whole of the country and provide a minimum level of delivery to every business and every home in the nation. No one else will do this. No one else can do this. Nothing that we propose, therefore, must threaten or compromise this fundamental social requirement.

Next, they have to provide this universal service at uniform tariffs. One of the most worrying aspects of the Commission's most recent thinking is that they appear not totally committed to uniform tariffs and they appear to be contemplating an era of differential and re-balanced tariffs.

In the UK, the new Postal Services Act makes uniform tariffs a statutory requirement. Quite frankly it is very difficult to imagine how uniform tariffs could survive if we promoted competition on the basis of geography or sector as opposed to a baseline of a combination of price and weight.

Postal operators want to maintain a comprehensive network of local post offices - all the evidence is that consumers value and wish to retain such a solid community network.

Yet, everywhere we look, this network is under threat. By the end of the current financial year, Consignia is likely to have presided over the closure of 600-700 local post offices which is approximately double the closure rate of the previous year.

All postal operators need time to adjust to the new commercial pressures and introduce new soundly based – sustainable efficiencies. After hundreds of years of national monopoly, state ownership and government controls, it is simply not possible overnight to behave like a dot-com company with no history and no obligations and no assets.

Finally, postal operators - of necessity - want to develop new profitable revenue streams to compensate for the increasing impact of electronic substitution. E-mail and e-commerce will have a major impact on the volumes and types of traffic that we carry. Postal operators themselves must now inevitably become e-commerce enterprises.

I turn now to what postal regulators want.

What is the European Commission striving for? What does the Postal Services Commission in the UK really want?

I suppose that, in a phrase – apart from by nature wanting their own way - regulators want to see genuine and sustainable competition – genuine in the sense that competitors really can offer a viable alternative service to the incumbent operator and sustainable in the sense that they will be around for some time and capable of operating a reliable business model.

However, I think that it is fair to say that, behind this commitment to competition, regulators are seeking more specific objectives.

They are hoping that competition will force the incumbent operator to reduce prices in real if not cash terms.

They are hoping that competition will force the incumbent operator to improve and sustain quality of service in terms of reliability and efficiency.

They also want to create an environment in which customers have a real choice of service and provider.

These objectives are understood - they reflect what has been done in other markets which have moved from monopoly to competition. However, it seems to me, that regulators are impatient and seek to effect change very quickly with little understanding of realistic timescales or the real impact on incumbent providers.

Furthermore, they want to do it without cost - they expect the incumbent operators to face up to competition and at the same time sustain universal service with uniform tariffs without proper regard to the social costs.

Also, there is a lot of muddled thinking with regulators misguidedly trying to borrow from the experience of the telecommunications, gas and energy industries by transferring this knowledge to the fundamentally different postal business.

So, I have looked at what postal operators and postal regulators want: what about the workers?

My union represents all the non-management staff in Consignia. I myself am President of the European Postal Section of Union Network International. What would the people I represent want to say to you?

First and most fundamentally, we need to recognise that postal operators in Europe are major employers – in many in cases, among the very largest employers in the national economy. Taking the European Union as a whole, we are talking about some 1.2 million jobs.

This employment is not just large in scale; it is ubiquitous. Every city, every town and every village has someone delivering and collecting the mail and in most cases there is a local sorting office or a local post office providing local employment.

Next, I want to emphasise that the postal workers suffer from lower than average pay levels - they work long and unsocial hours, and are often starved of proper training or career development. If, as a result of economic pressures, we are going to cut the earnings of these people, it is going to be very difficult for them to meet their household bills. If we are going to cut out their jobs, they don't possess skills which are easily transferable to other sectors of the economy.

A further point is that these workers are constantly experiencing an aggressive 'macho' management - hell bent – it seems – on adopting the worst practices of private enterprise with decreasing job security becoming the norm - as competition and technology pressures undermine the revenue base of employers.

Postal Workers are being assaulted with every management fad from teamworking to outsourcing and employers then wonder why they do not have a motivated confident workforce!

Finally, our members are very well aware that they are living in an economy which is being totally transformed by information technology.

They see the impact of mobile telephones and the Internet on traditional patterns of communications and they know that it is unlikely that we will sustain current mail volumes and current revenue streams.

In the light of these challenges, we can understand their anxiety about regulators seeking to force the pace of competition.

So – how do we square the circle? How do we make sense of these conflicting objectives?

I have referred to the intentions of postal operations; I have explained the aspirations of postal regulators; and I have spelt out the concerns of the workers. Is it now possible to square the circle? I believe it is and I want to set out the main elements of any such resolution.

If we are to square the circle, then a key feature is that **we must take sufficient time to get it right.**

The introduction of liberalisation should be on a **phased** basis, involving gradual steps and comprehensive reviews after each step to assess the impact. We must be conscious that we are really dealing with a one-way process.

Once we have introduced changes, they will be irreversible once let out - “We can’t put the genie back in the bottle”.

So, liberalisation should not only be phased - it should also be **controlled**.

This means that the mechanics of introducing competition should enable us to be sure of the consequences and capable of policing the new regime. I am convinced that this points towards liberalisation being introduced through step reductions in a combination of price and weight. Any other approach would be both uncontrolled and uncontrollable.

I reject suggestions such as the liberalisation of incoming cross-border mail or direct mail. I reject various forms of downstream access which I think would be a chaotic way of introducing competition.

Indeed, despite numerous studies and feasibility examinations, no one has been able to demonstrate how such forms of liberalisation could occur without seriously damaging universal service provision.

Another - and very important - reason why time should be taken is to provide the opportunity for the incumbent postal operators – (who alone have the universal service obligation **and** the requirement for uniform tariffs) – to adjust to the new electronic world in which there is a growing substitution of mail traffic by various forms of e-mail.

In many cases, postal administrations have only recently been given the political and financial freedom to enable them to move into new markets and take advantage of new commercial opportunities and alliances.

The final timing consideration revolves around the position of local post offices.

Post Office Counter Units are providing vital community services and need protecting while government - as the main customer - increasingly moves from benefit payments in cash to the provision of benefits through bank accounts and electronic forms.

The community of local offices will not survive in their present form unless governments genuinely provide support in terms of new services, expanded use and financial incentive.

The other major aspect of squaring the circle is to **share** success. If this is done the changes which are necessary will be seen as beneficial - not just to customers - not just to competitors - not just to incumbent postal operators - but to the staff who are required to co-operate and embrace the dramatic process of change.

I believe that the starting point is for all players in the postal market - not just the incumbents – to recognise the partnership value of working with trade unions.

This would require employers to encourage their staff to join unions and to recognise unions for the purposes of consultation, negotiation and collective bargaining.

This brings me to my next point.

If we want the workforce to willingly embrace change, then there needs to be full consultation and negotiation on these changes with their recognised representatives. This is necessary at every level and in every unit of the business. But not just that - the European Commission should set the example. Unions have found it difficult to have a genuine dialogue. Some parts of the Commission are good at telling us of their intentions - but are deficient - to say the least - in the skills of listening.

Some Commissioners are accessible - whilst others, notably with responsibilities in the postal sector - studiously avoid meeting the representatives of unions.

Postal workers deserve a fair remuneration package, which enables them to earn a living wage without working excessive levels of overtime.

They also deserve decent conditions of service which incorporates a working environment which is clean, safe and free from harassment and intimidation.

Most modern economies are now realising that competitive advantage comes from a skilled motivated workforce.

In the postal business, we need to have a major commitment to re-training, re-skilling and re-deployment so that, as old jobs expire or disappear, we can equip people for fresh, more skilled, more rewarding employment.

Above all, we need a spirit of strategic partnership. The management/ trade union relationship is not simply about negotiating wages and conditions of services.

It is also about reshaping the business to make it more responsive to modern society and the marketplace.

This requires responsible discussion of strategic options and strategic plans. This need for strategic partnership extends beyond administrations, companies and even governments.

It extends to the European Commission itself and other transnational bodies such as the UPU and the WTO.

In this presentation, I have set out my view on an agenda for change - it requires all parties to do some serious thinking and to change traditional attitudes. It represents a challenge to us all but I am convinced that it is a challenge worth confronting - by working together, we **can** deliver.