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## 10 Good Reasons why you should support our campaign and keep Royal Mail a wholly publicly owned company!

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The Government have stated they intend to press on with the Hooper review on Royal Mail. However, we must campaign within, and outside of our industry to ensure the Government change their policies set out in the Hooper review.

### **1) Motion to the Houses of Parliament**

“Royal Mail is one of the country’s oldest and most respected public bodies. In recent years it has been exposed to ever-increasing, unfair competition by the regulator. Part-privatisation is not the answer.”

John Grogan, MP for Selby and one of the signatories of the motion, said: “In February 2007 the Government agreed a £1.2 billion loan to modernise the sorting offices. It is surprising that two years later only half of this money has been spent. £600 million of Government money remains available to fund modernisation – there is no need for private capital.”

### **2) Labour Policy**

In 2005 the Labour Party manifesto said that:

“Our ambition is to see a publicly owned Royal Mail fully restored to good health, providing customers with an excellent service and its employees with rewarding employment.”

In June 2008 the National Policy Forum of the Labour Party notes that: “We have set out a vision of a wholly publicly-owned, integrated Royal Mail Group in good health, providing customers with an excellent service and its employees with rewarding employment.”

The Labour Party Conference 2008 endorsed this and John Hutton, the then Secretary of State for Business and Enterprise told a fringe meeting that party policy on the subject had been fixed at the National Policy Forum.

### **3) Public Investment**

In February 2007 the Government and Royal Mail agreed a £1.2 billion facility, on commercial terms, to modernise Royal Mail. In March 2008 only £400m of the £1200 million made available for modernisation had been used. The Royal Mail now says that to date £600m has been drawn-down leaving £600m available. There is no pressing need for private sector capital.

### **4) Pricing**

Royal Mail has some of the lowest prices of comparable postal services. In Europe there are six postal services with private sector capital. According to the Hooper Report all six postal services in the European Union which have introduced private sector capital – TNT (Netherlands), Deutsche Post (Germany) Post Danmark, Austrian Post, Posten (Sweden) and De Post – LA Poste (Belgium) have higher stamp prices than the United Kingdom. For example, a 50g letter costs nearly twice as much to post in the Netherlands than the United Kingdom. Private sector investors will want their return on capital.

### **5) Universal service obligation**

The obligation to deliver to all UK households six days a week is greater than in many other European countries which guarantee deliveries for only five

days. In parts of the Netherlands where TNT operates, there are only two deliveries per week.

#### **6) Ownership of other postal services**

20 of the 27 main postal operators in the European Union are 100% publicly owned as is the US postal service.

#### **7) Progressive trade union**

The CWU is a modern progressive trade union willing to negotiate with management on the modernisation of the Royal Mail. This is an extract from our submission to the Hooper Report:

“The CWU do not believe that the decline is inevitable. As the dominant and sole provider of most services Royal Mail can help shape the market like no other firm. If it becomes demand-led and adapts to customers’ needs then it can help expand the market. With innovative products (tailored to meet customer needs) greater use of new technology in (areas like data conveyance, mail production and track and trace) and a greater commitment from RM management we believe the company can be successful and help stimulate market growth in the future.”

#### **8) Potential for growth in Royal Mail and the Post Office**

An extensive study of the changes taking place in the industry by Pitney Bowes ‘Electronic Substitution for Mail: Models and Results; Myth and Reality’ shows that the future of business communication is multi-channel and “mail will continue to find new niches in which it is the most effective medium, either standalone or in combination with technologies in today’s multi-channel world

The study challenges the following ‘myths’ about mail. It shows that there are many untapped opportunities to grow mail, such as for “customer acquisition, building customer loyalty and retention, cross-selling and low-cost package delivery for burgeoning internet sales”. It argues that rather than being rapid and extensive, substitution has been partial and gradual, reflecting the complexity of mail itself.

Others have suggested that the Post Office could become a People’s Bank with considerable customer appeal in light of the credit crunch. The CWU would like to see the creation of a register of business

addresses with a guaranteed early delivery scheme available to them.

#### **9) Compensation fund**

Since other operators use the universal service obligation infrastructure, it is only surely right that they should pay for its upkeep. It would be possible for the Government to establishment some additional support for the universal service obligation either based on operator contributions or a supplement on the current access price. Other countries in Europe are looking at ways to protect their universal service obligations with such policies.

#### **10) Structure of Royal Mail**

Royal Mail Holdings plc owns Royal Mail Group Limited, which in turns operates the brands Royal Mail (UK letters), Parcel force Worldwide (UK parcels) and General Logistics Systems. Post Office Ltd., which provides counter services, is a wholly owned subsidiary.

Royal Mail Holdings is a public limited company in which the Secretary of State for Business, Enterprise and Regulatory Reform owns 50,004 ordinary shares plus 1 special share, and the Treasury Solicitor holds 1 ordinary share.

The Hooper Report wants to part-privatise the Royal Mail Group and keep Post Office Limited in public ownership. It is hard to see that a ‘commercial partner’ in Royal Mail would see this as a tenable long term solution with different parts of the Group having different ownership structures and objectives. There would be an obvious danger that part-privatisation would inevitably follow by calls for full privatisation.

The simple message from the CWU is; -  
**Ensure you write to your M.P.  
Support the campaign to keep Royal Mail a wholly publicly owned company. Support the CWU in ensuring that we have a progressive company that protects our pension rights, modernises in a way that secures our public service obligations and looks to grow the business not downsize it with their current “slash and burn” policies.**

**John Tracey - Bradford & District  
Amal Branch**

*Now is the time to work safely across the whole of the North East. If you want to save your jobs and ensure hours are put back into your office whether you're full time or part time.*

- Do not start before your time.*
- Take at least part of your meal relief before leaving the office.*
- Use Royal Mail conveyance vehicles.*
- Weigh your bags prior to delivery.*
- Only push one York container at a time.*
- Ensure you do not break the speed limit when driving Royal Mail vehicles.*

*Name of local Branch Secretary*