

Brussels, 30 August 2013

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To: ERGP and the European Commission DG Internal Market and Services

Contribution of UNI Europa Post & Logistics to the public consultation of the ERGP Report on specific issues related to cost allocation

Dear members of the ERGP,

UNI Europa unites national trade unions organising in service and skills sectors in 50 different countries. With 320 affiliated trade union organisations, UNI Europa represents 7 million workers of which 1,5 million are employed in the Post & Logistics sector. As the trade union representing a significant number of workers in the Post & Logistics market, UNI Europa welcomes this opportunity to respond to the public consultation on specific issues related to cost allocation from the ERGP.

I. Cost of Capital

UNI Europa sees the urgent need to see the fact that the majority of the USPs are still state-owned and that most of the companies providing universal services also offer a wide spectrum of additional services (e.g. financial services, parcel and express services, unaddressed mail, transport and logistics, storage and telecommunications, etc) as the only way to guarantee a sustainable future for the business. We strongly disagree with the net cost calculation of the universal services as this is in our experience necessarily obfuscates the complexity of a business structure with several levels and parts. To calculate simply a rate of return doesn't reflect at all the aim and duties of the company for society.

II. Cost of Delivery

UNI Europa appraises the outcome of the draft report on the calculation of the costs of delivery as inhuman and not feasible. By only saying that delivery represents 42% of the total costs hides the fact that this contains mainly working time and physical work. The definition of demographic factors of the type of delivery as cost drivers implicates the danger of shutting down unprofitable parts of the service which clearly breaks EU legislation. In our experience, the mode of delivery work is so diverse and different depending on personal conditions, special circumstances of the different delivery routes and on regional aspects that an overall calculation system simply does not work and will only serve to diminish quality services and costs money to the company and/or the NRA which means tax money. From our point of view the question of facilitating the job by more adequate tools for the postal deliverers and more training would be more cost efficient and gives profit to the business.

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III. Retail Network of points of contacts

UNI Europa can only repeat recent studies saying that outsourced postal outlets provide lower-quality services to customers raises dissatisfaction with the post. This implicates a further decrease in letter volume and a decline in profits. Proper customer service can't be a matter of time and is not measurable as such. Sufficient and well trained personnel providing a range of different services to the customers in post offices owned by the USP is the only sustainable way for the future. Any cost calculation should be based on customer satisfaction and quality service provision instead of time measurements and staff costs.

IV. Traffic Measurement

In the experience of UNI Europa systems for measuring traffic volume are inadequate and volumes are often not recorded accurately. We often encounter significant discrepancies between recorded traffic and the actual level of traffic passing through delivery offices. This is often due to insufficient verification processes in place at local level. Inaccurate traffic measurement leads to significant problems with workload planning in delivery offices, poor overtime planning and other staffing issues. These are issues that the union has raised repeatedly with Royal Mail in recent years in the UK. Furthermore, the measurement of traffic implicates the proposal of increasing prices. The ERGP has the objective to ensure that there is an affordable universal postal service for all. Central to this is a properly financed postal operator. It is important to note that mail volumes have been declining without any adjustment to current prices. Therefore the danger implicated by this measurement of traffic appears to raise the prices but we see it as fact that this decline will accelerate on foot of an increase in the price of a stamp.

Conclusion:

UNI Europa is of the view that cost allocation systems are only meaningful in certain parts of the postal industry. In areas like delivery or retail network it is more effective to measure service provision, quality and customer satisfaction as this will lead to long-term to higher or at least stable and sustainable letter volumes. The universal service providers shall focus on diversity and quality services with well trained and motivated staff. UNI Europa sees a real danger for the future of post by introducing such short sighted and inhuman calculations to raise working pressure and open doors for unnecessarily higher prices. Companies remain committed to cost reduction and improved efficiencies but there is a limit to the extent that these measures can mitigate against a decline in mail volumes, particularly when service quality is sacrificed as a result of these measures.

The EU Commission has appointed a high-level group to advise it on reducing administrative burdens linked to its legislation. These calculation systems are clearly administrative exercises where the benefit is doubtful. UNI Europa is against any form of wasting tax money and creating additional administrative burdens in the postal sectors by additional measurements and calculation systems.

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