



## **Association for Postal Commerce**


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1901 N. Fort Myer Dr., Ste 401 \* Arlington, VA 22209-1609 \* USA \* Ph.: +1 703 524 0096 \* Fax: +1 703 524 1871

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### **Postal News from September 2010:**

*September 30, 2010*

 The [National Association of Letter Carriers](#) has told its members that "On Tuesday, Senate Republicans unanimously blocked a proposal from Senate Majority Leader Harry Reid to provide a \$4 billion reduction in the \$5.5 billion retiree health payment due September 30 under the grossly unfair prefunding provision mandated by Congress in 2006. Reid's proposal would have deferred the \$4 billion payment to allow Congress time to reform the flawed prefunding provisions of the law and stabilized the Postal Service's recession-battered finances. A similar deferral was adopted in 2009. The USPS now projects a \$7 billion loss in 2010—nearly 80 percent of which is caused by a massive prefunding payment for future retiree health benefits that no other company or agency in America is required to make. USPS will needlessly waste its limited borrowing authority to make a prefunding payment that is unnecessary—the USPS already has already set aside more than \$35 billion in its future retiree health fund, enough to fund retiree benefits for decades. "Sadly, postal management must share the blame for this financial fiasco," NALC President Fredric V. Rolando said. "**The Postmaster General and his top executives wasted the entire year seeking unpopular measures** to eliminate Saturday delivery and stack the deck against employees in collective bargaining **rather than focusing on the prefunding reform backed by mailers and the entire postal community.**" Indeed, the Postal Service waited until mid-September to prepare a request for a deferral. Senate staffers told the NALC that postal management informed Senate leaders that the USPS could make the prefunding payment if relief was not provided. But making the full payment will leave the USPS with a dangerously low cash position."

 From the Office of [Senator Susan Collins](#): "U.S. Senator Susan Collins, Ranking Member of the Senate Homeland Security and Governmental Affairs Committee and author of the 2006 Postal Accountability and Enhancement Act, today applauded the Postal Regulatory Commission's (PRC) unanimous decision to reject the U.S. Postal Service's requested rate hikes. "American consumers and businesses that rely on the Postal Service won a major victory today," said Senator Collins. "I am pleased with this decision, which I argued was required by the language of the 2006 postal reform law. "By rejecting these proposed rate hikes, the PRC has given the Postal Service an opportunity to improve its operations and thrive. The Postal Service now needs to redouble its efforts to cut costs, develop new services to increase volume, re-invent its business model and work with the Administration to remedy an overpayment to the federal retirement fund. I will continue to press the Administration and Postal Service on these vital reforms," Senator Collins said. Senator Collins also cited the findings of three recent investigations into Postal Service operations that she requested the Inspector General (IG) conduct. The three probes found stunning evidence of waste, fraud and abuse, especially in the contracting area. "



The latest issue of the [PostCom Bulletin](#) is available online. In this issue:

- According to **the Postal Regulatory Commission**, “[it] **has unanimously decided it must deny the Postal Service’s Request for rate increases in excess of the price cap.**”
- Chairman Goldway said, “From the outset, we devoted ourselves to a careful study of the law. The Commission and our staff have worked to determine the law’s intent, to clearly understand its provisions and to define our responsibilities in order to apply it fairly. Notwithstanding the complexity and difficulty of the issues before us, the Commissioners’ deliberations have been collegial. The decision we have come to is a consensus and is unanimous. We concluded we must deny the request.”
- Commission Blair said, “I support the Commission’s denial of the exigency increase requested by the Postal Service. However, I offer a concurring opinion which would deny the Postal Service the requested increase because it did not meet the threshold test of showing the existence of “extraordinary or exceptional circumstances” as required by the Postal Accountability and Enhancement Act.”
- Commissioner Langley said, “I concur with the Commission’s determination that the drop in mail volume attributed to the recent recession constitutes an extraordinary or exceptional circumstance, but that the Postal Service fails to demonstrate that its liquidity crisis is due to the recession.”

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**At the Postal Regulatory Commission:** R2010-4 Order No. 547 - Order Denying Request for Exigent Rate Adjustments

Link to today's audiocast: <http://www.prc.gov/prc-docs/home/whatsnew/Press%20Conference%209-30-2010.mp3>  
[http://www.prc.gov/docs/70/70341/Order\\_547.doc](http://www.prc.gov/docs/70/70341/Order_547.doc)  
[http://www.prc.gov/docs/70/70341/Order\\_547.pdf](http://www.prc.gov/docs/70/70341/Order_547.pdf)

- RM2010-14 United States Postal Service Request for Semi-Permanent Exception from Periodic Reporting of Service Performance Measurement Link: <http://www.prc.gov/docs/70/70344/RM2010-14%20exception%20request.pdf>
- R2010-4 PRC-LR-R2010-4/1 - Estimation of Cash Flows  
[http://www.prc.gov/docs/70/70347/Cash%20flow%20PRC%20LR%20R2010-4\\_1.doc](http://www.prc.gov/docs/70/70347/Cash%20flow%20PRC%20LR%20R2010-4_1.doc)  
[http://www.prc.gov/docs/70/70347/PRC\\_LR\\_R2020-4\\_1.xlsx](http://www.prc.gov/docs/70/70347/PRC_LR_R2020-4_1.xlsx)





The [Affordable Mail Alliance](#) – an unprecedented coalition of more than 1,200 non-profits, Fortune 500 companies, small businesses, major trade associations, consumer groups, and citizens representing the vast majority of the mail sent in the United States – said today that the decision of the Postal Regulatory Commission (PRC) to reject the rate hikes proposed by the Postal Service is good for businesses, and will actually benefit the USPS in the long run. While today’s decision will help the Postal Service retain volume and revenue, there is still more work to do. Blue ribbon commissions and government auditors have reported for decades that the Postal Service needs to streamline its inefficiently large network of undersized and obsolete mail processing plants. And although contracts with several major employee groups are up for renegotiation, the unions have signaled that they will strongly resist any major concessions. Additionally, Congress should also take a hard look at the Postal Service’s current obligations for prefunding its retiree health benefits program, a major cost burden. This prepayment schedule is another major contributor to the Postal Service’s financial problems.


[Senate Collins](#) requested IG audit that finds Postal Service has more than \$800 million in unnecessary costs.


[Forbes](#) has reported that "The Teamsters Union made its presence felt at FedEx's annual meeting Tuesday, reintroducing a proposal to remove the company's founder Fred Smith from his chairman post."


 [Yahoo! News](#) has reported that "Russia's VEB revives postal bank idea."

 [KETK](#) has reported that "The Lufkin Processing and Distribution Site could close one part down. As a result, employees and mail would be shifted around. U.S. Congressman Louie Gohmert says he got a letter in the mail from the U.S. Postal Service. It stated it would be "fiscally irresponsible" not to consolidate. Gohmert says, "It seemed to me the study would be irrelevant because they dictated the results before the study was even done." He says they shouldn't make a decision before looking at the results of the study. Gohmert says, "this is the kind of wrong-headed thinking that I believe has gotten the Postal Service in the problem they are in."

 [Reuters](#) has reported that "French state-owned bank Caisse des Depots is to take a 1.5 billion-euro (\$2 billion) stake in mail operator La Poste as part of a capital increase as the postal market speeds towards full liberalisation in Europe."


 [Direct Marketing News](#) has reported that "The US Postal Service would be financially sustainable even if annual mail volume were to drop another 75 billion pieces to 100 billion pieces a year. However, it would require price increases in excess of inflation, a report released by the Postal Service's Office of Inspector General (OIG) indicated. The USPS projected that mail volume will decline to 150 billion pieces over the next 10 years in its March 2 action plan. Against that projection, the OIG asked the George Mason University School of Public Policy to study whether the Postal Service can remain solvent at much lower volume levels. The answer is "yes," up to a point, and at considerably higher prices than mailers pay today. Such price hikes raise the possibility of tipping the Postal Service into a "death spiral," where price increases drive out customers, the report noted. However, the study said that is not a certainty." *[EdNote: In your dreams!]*


 The [Washington Post](#) has reported that "Americans can still send and receive mail, but the U.S. Postal Service might not have much left in the bank after this week, as it's set to announce billions of dollars in losses as early as Thursday. It's also waiting for postal regulators to announce Thursday whether they approve of a proposed 5.6 percent postage-rate increase, to start in January. The proposed increase faces stiff resistance from business groups and lawmakers, who say that the USPS should instead make deeper spending cuts to meet its financial obligations. GOP opposition kept Congress from permitting the Postal Service to postpone paying \$5.5 billion required by law to prefund retiree health benefits. "The Postal Service does not want to make the tough decisions, which include cuts in personnel, pay and benefits. Instead, they are relying on a generous taxpayer bailout that will not solve any of their mid- or long-term problems," said Rep. Darrell Issa (R-Calif.), who opposes the rate increase and congressional relief. "Taxpayers should not be made to bail out a business-as-usual Postal Service," Issa said."

 [Government Executive](#) has reported that "The U.S. Postal Service has one day to meet a \$5.5 billion obligation to its retiree health fund, and Congress' temporary spending bill provides the agency no relief. In legislation introduced on Tuesday to fund government operations through Dec. 3, lawmakers decided not to grant the Postal Service a \$4 billion bailout. Required by a 2006 provision to prefund its retiree health benefits at approximately \$5 billion annually, USPS is the only federal agency with that obligation. Congress granted relief from the prefunding requirement for fiscal 2009, and postal officials asked for similar assistance for the fiscal 2010 budget cycle. With one day left in the fiscal year, the Postal Service is trying to decide how to proceed."


## **Mailers' Technical Advisory Committee (MTAC)**


MTAC postal co-chair Stephen Kearney has provided an [update on a number of issues](#) of interest to mailers. Check it out.


 As the [Suffolk News Herald](#) has noted, "In a community the size of Chuckatuck, the post office has historically been a hub of local social activity. Residents with P.O. boxes would see one another during their daily visits, stop and say hello, ask about family members, businesses, church and the like and then head off. With a handful of mail or stamps or a package or two, they would head home or to work caught up on the village news. That was a long time ago."


 The [Wall Street Journal](#) has reported that "FedEx Corp. Chief Executive Fred Smith said Wednesday that an acquisition in Europe isn't strategically essential, throwing some cold water on persistent speculation that the company might bid for TNT NV's express business. "We don't have to do anything in Europe" in terms of an acquisition, Smith said, responding to an audience question at the end of FedEx's meeting for investors and lenders in Memphis, Tenn. "We don't feel in Europe there is a competitive danger or that it's essential for us to make an acquisition," he said."


*September 29, 2010*

 The [Associated Press](#) has reported that "Seven U.S. Postal Service workers have been indicted on charges they sent thousands of pounds of marijuana through the mail to Puerto Rico while shipping cocaine and heroin to the U.S. mainland, federal authorities said Wednesday. The mail carriers in San Juan are accused of running a smuggling ring that shipped drugs between Puerto Rico, Texas, California and Arizona beginning in 2003."

 **DMM Advisory: Contents of Periodicals Mail.** We updated the mailing standards regarding permissible mailpiece components in Periodicals which became effective on August 9, 2010, and were incorporated in section 707.3.0 of the *Domestic Mail Manual* (DMM®) on September 7. The revised standards removed the current advertising limitation on loose supplements, with the exception of unwrapped copies of loose addressed supplements included in a mailing for an authorized Periodicals publication. Additionally, we also revised the requirements on pages, specifically multi-layer pages, giving publishers more latitude in page design. We have also updated and simplified provisions concerning the mailing of products and product samples. Finally, the standards governing protective covers and attachments have been updated for consistency with past rulings. These standards contain only those DMM revisions that are consistent with the expressed wishes of numerous publishers and Periodicals association representatives.

 According to the [Courier, Express, and Postal Observer](#), "The Postal Service is broke. It has expenses far above revenue and has contract agreements and accounts receivables far above its ability to pay. Besides payroll its largest obligations are to the Federal government and transportation companies like FedEx. It cannot afford to offer the services it is required to provide. A recent report from the USPS Office of Inspector General states that the Postal Service is even less likely to be financially viable under the current operating model if volumes continue to decline. In this financial state the Postal Service must default in its obligations to the Federal Government and force Congress and the administration to choose between restructuring and liquidation. Clearly, liquidation is not an option as the economic impact of ending mail service would be catastrophic and shifting mail delivery to the private sector would require a significant gap in time when no service would exist. Default would force OMB and Congress to act and should force changes both at the Board of Governors (BOG) and senior management. As such, the BOG and Postal management need to take an action that should cost them their jobs."

 From [Kurt M. Campbell](#) Assistant Secretary, Bureau of East Asian and Pacific Affairs Testimony Before the House Committee on Foreign Affairs Subcommittee on Asia, the Pacific, and the Global Environment: "We have unique historical ties with the Freely Associated States (FAS) of the Republic of Palau, the Republic of the Marshall Islands (RMI), and the Federated States of Micronesia (FSM). The three FAS are an important component of the U.S. position in the Pacific. Our Compacts of Free Association codify relationships between the United States and these former components of the Trust Territory that are unprecedented in U.S. diplomatic history. Each member of the FAS is a sovereign country, and our dealings with the FAS fall within the scope of foreign policy, but our ties with them differ from those with other nations in several fundamental ways. On September 3, the United States and the Government of Palau successfully concluded the 15-year review of the Compact of Free Association and signed an agreement that includes a \$250 million package of assistance through FY 2024. Included in this figure are \$21 million to subsidize postal service to all the Freely Associated States."

 **At the Postal Regulatory Commission:** *The Postal Regulatory Commission will announce its decision on the Postal Service exigent price increase request at 11:00 a.m., Thursday, September 30, 2010 Hearing Room Postal Regulatory Commission 901 New York Avenue, NW, Suite 200 Washington DC 20268*

- CP2010-95 Order No. 546 - Order Adding Inbound Competitive Multi-Service Agreements With Foreign Postal Operators 1 to the Competitive Product List and Approving Included Agreement  
<http://www.prc.gov/docs/70/70337/Order546.docx>  
<http://www.prc.gov/docs/70/70337/Order546.pdf>
- MC2010-34 Order No. 546 - Order Adding Inbound Competitive Multi-Service Agreements With Foreign Postal Operators 1 to the Competitive Product List and Approving Included Agreement  
<http://www.prc.gov/docs/70/70337/Order546.docx>  
<http://www.prc.gov/docs/70/70337/Order546.pdf>


A new report has been posted today on the *U.S. Postal Service Office of Inspector General* website (<http://www.uspsog.gov/>). If you have additional questions concerning a report, please contact Agapi Doulaveris at 703.248.2286.


- **[Implications of Declining Mail Volumes for the Financial Sustainability of the Postal Service \(Report Number RARC-WP-10-006\)](#)**. The U.S. Postal Service Office of Inspector General commissioned a study by the George Mason University School of Public Policy (GMU) to look at the implications of declining mail volumes on the Postal Service's financial sustainability. GMU evaluated the Postal Service's financial sustainability at various volume levels and found that the Postal Service is financially sustainable down to volumes of 100 billion pieces per year. However, price increases above inflation will be necessary unless steps are taken to greatly reduce the Postal Service's cost structure. The study also analyzes the effect of various cost reduction initiatives on the Postal Service's financial sustainability.
- **[Postal Vehicle Services - Scheduling and Staffing - Atlanta District \(Report Number NL-AR-10-008\)](#)**. The Atlanta District began taking steps based on our audit to more efficiently and effectively manage Postal Vehicle Service (PVS) transportation processes and schedules, thereby reducing driver workhours as well as associated fuel use and damage claims. However, the Postal Service could use alternate schedules to include split days off and expand the use of part-time drivers for PVS operations where possible. This would allow managers to more efficiently staff operations and match workhours with workload. By making these changes, we estimate the Atlanta District could save about \$40.1 million over 10 years in labor and related costs.
- **[Revenue Generation Strategic Report \(Report Number MS-MA-10-002\)](#)**. Strategic opportunities exist for the Postal Service to generate additional revenue from new postal and non-postal products and services. We suggest opportunities for the Postal Service to further evaluate or re-evaluate in the future to diversify and expand its product and service offerings to ensure its financial viability. While several of the recommended changes may require legislative changes, implementing these suggestions could result in potential additional revenue of as much as \$9.7 billion for the Postal Service annually, while providing improved service to its customers.


*This week's "Pushing the Envelope" blog topic:*


- **A Lower Volume Postal Service?** We asked George Mason University School of Public Policy (GMU) to look at how various mail volumes would affect the Postal Service's financial position and cost structure. The results of GMU's work appear in a [paper](#) released today on our [website](#). They found that the Postal Service is financially sustainable at volume levels down to 100 billion pieces per year. How much mail do you think the Postal Service will deliver in 2020? [LINK](#) here to share your thoughts on this idea.


 The [Washington Post](#) has asked: "What if the Postal Service runs out of money?" See also [Federal Times](#).


 According to [Government Executive](#), "Things are getting serious for the Postal Service, Ed O'Keefe notes today. With Congress deciding not to provide \$4 billion in cash relief to USPS in the stopgap funding measure that took shape Tuesday, the agency faces a tough decision: whether or not it can afford to make a \$5.5 billion payment to prefund retiree health benefits on time. Either way, USPS could be looking at deep cuts in operational costs-- including furloughs of postal workers that could affect mail delivery."


 From [Business Wire](#): "Instantis, the leading on-demand provider of Enterprise Project Portfolio Management (EPPM) software used by business process and IT leaders to improve strategy execution and financial performance, announced today that the United States Postal Service has selected the EnterpriseTrack technology to manage its Continuous Improvement (CI) initiative."


 [TSRInfo](#) has reported that "Accepted lip service by the State Council, the full liberalization of the postal market has been rejected by the National by 102 votes against 82. The House of the people decided to wait for a report from the Federal Council. The idea of a postal bank was also rejected." See also [Le Temps](#).


 The [Washington Post](#) has posted a video featuring reporter Ed O'Keefe on Monday's Capital Insider on TBD TV discussing a watchdog report on employment contracts at the U.S. Postal Service.


 According to the [Charleston Daily Mail](#), "-The presidents of two postal union locals worry the proposed move of services from Huntington and Beckley to the Charleston facility will cause a delay in mail delivery. But a Postal Service official says that won't happen."

 [DutchNews](#) has reported that "Talks on a new pay and conditions agreement for postal delivery workers broke down earlier this week, opening the way for all 30,000 workers to be given a proper contract – even those working for budget firms. The bizarre twist stems from the conditions slapped on budget firms such as Sandd and Selett Mail when delivery was fully opened up to competition in July 2008. In that agreement, which was signed by ministers, unions and employers, Sandd and Selett committed themselves to formally employing at least 10% of their delivery workers by April 2010 and 80% by 2012. But so far they have fallen far short of reaching that."


 [Post & Parcel](#) has reported that "Canada Post is set to take on the internet search engines head on, with the launch of a new online advertising network later this year."


 The [Korea Herald](#) has reported that "The state-run postal service provider Korea Post is stepping up its efforts to help local information technology firms enter central Asian markets."


 [YourCanterbury](#) has reported that "Herne Bay and Whitstable delivery offices will be shut down as part of a Royal Mail restructure, meaning jobs will go. This is in addition to the planned closure of Canterbury's sorting office, which employs 250 people. It is not yet clear how many jobs will be lost in the Canterbury district but the company has admitted 400 of 3,700 jobs will be lost from four sites in Kent, including Canterbury."

 From [CisionWire](#): "The Board of Directors of Posten Norden has appointed Lars Idermark as new President and Group CEO. Fifty-three year old Mr Idermark is currently President and CEO of the Swedish Cooperative Union (KF)."


 [CEP News](#) (Courier-Express-Postal), published by the [MRU Consultancy](#), has reported that:

 This week Switzerland's National Council will decide about the full opening of the postal market.


 Poste Italiane wants to make secure online services its priority in the future.


 Postal unions protested against planned mass redundancies last Sunday in Chile.


 Courier and express services in Austria benefit from the economic rebound.


 The final decision whether FedEx will have to operate under the National Labor Relations Act (NLR) has been postponed again (CEP-News 27/10). Last week the Congress prolonged the

validity of the Federal Aviation Administration Reauthorization Bill again for another three months.

 With strikes and demonstrations France's five postal unions protested last Thursday against the planned conversion of La Poste into an incorporated company. They argue that the conversion was the first step into a gradual privatisation and called for a national referendum.

 It is still undecided whether TNT will need fresh equity after its split-up.

 The South African government obviously mulls over awarding a full banking licence to the state Post Bank. A spokesman said that the government would thereby create a state bank without nationalising other banks. South Africa's Post Bank is currently only allowed to offer savings accounts and investment products.


 The Italian post started Posteimpresa on Monday this week. This is a network of 500 post offices which offers 'tailor-made solutions for companies, freelancers, associations and local administrations'. According to Poste Italiane customers are offered a comprehensive range of products ranging from financial services, insurances and shipping to phone services, office supplies and online services.




The [MRU](#), founded in 1992, is the only consultancy in Europe, which has specialised in the market of courier-, express- and parcel services. For large-scale shippers and CEP-services in particular, the MRU provides interdisciplinary advice for all major questions of the market, as there are for example market entry, product design, organisation, and EDP. *To learn more about the stories reported above, contact CEP News. (We appreciate the courtesy extended by CEP News to help whet your appetite for more of what CEP offers.)*

*September 28, 2010*

 [RoadTransport.com](#) has asked: "Royal Mail: what does the future hold?"

 [Marketing](#) has reported that "Canada Post is partnering with e-commerce company CentrSource SA to create a new online service that will deliver time-sensitive local advertising offers, promotions and coupons to interested consumers."

 According to the [Daily Nation](#), "The future of the Postal Corporation of Kenya is shaky as the country heads to full blown internet use."




New reports have been posted today on the *U.S. Postal Service Office of Inspector General* website (<http://www.uspsoig.gov/>). If you have additional questions concerning a report, please contact Wally Olihovik at 703.248. 2201, or Agapi Doulaveris at 703.248.2286.

- [City Delivery Efficiency Review – Atlanta District \(Report Number DR-AR-10-009\)](#). The Atlanta District was not operating at peak efficiency and could reduce city delivery operating costs. Our benchmarking comparison determined the Atlanta District used approximately 9 minutes more per day than the national average for each carrier route, compared to the standard for that route. This equated to more than 87,000 workhours over 10 years.
- [Impact of Postal Accountability and Enhancement Act Price Caps \(Report Number CRR-AR-10-005\)](#). The Postal Accountability and Enhancement Act's (Postal Act of 2006) expedited the rate-making

process and introduced price predictability; however, it impacts the Postal Service's ability to appropriately cover costs within certain mail classes and provide sufficient profit margins to cover overhead costs. Specifically, seven domestic market-dominant products and services<sup>5</sup> did not cover their costs or contribute to covering overhead costs in FY 2009. Revenue loss resulting from these seven products could total approximately \$1.5 billion in FY 2010. Had management used all its available banked rate authority in FY 2009, the Postal Service could have captured approximately \$1.75 million of the \$1.5 billion revenue shortfall.

***Back by popular demand! We have reactivated a search engine for the PostCom web site. You'll find it on the upper end of the blue navigational bar on the home page. Try it!***


 **DMM Advisory: IMb™ Services Update. PostalOne!® Release 25.0:** On November 7, 2010, *PostalOne!* Release 25.0 will introduce the Full-Service eDoc Verification process. The Full-Service eDoc Verification process will identify eDoc verification errors in container and handling unit records for Full-Service mailings and display enhanced error information in the MicroStrategy Mail Data Quality Report. A new Business Service Administrator Verification Assessment Evaluator service type will be added to the Business Customer Gateway. Other features included in Release 25.0 include Full-Service ACST™ billing to invoice Full-Service mailers who incur charges for change-of-address service; enhancements to the MicroStrategy Mail Quality Reports; clarification about the re-acceptance of the Business Service Administrator agreement; and changes to the Manage Permits screen. Details on all *PostalOne!* Release 25.0 features can be located on [RIBBS®](#)>Intelligent Mail Services>Latest News>*PostalOne!* Release Notes – [PostalOne! Release 25.0 Notes](#).


**Full-Service Feedback Webinars:** The “Full-Service Feedback” webinars are tailored to provide mailers with details on the eDoc Verification process and enhancements to the MicroStrategy Mail Data Quality reports to support it. During the webinars, mailers will be shown how the new functionality will provide them with an opportunity to take advantage of the reconciliation process and use the feedback to correct Full-Service verification errors. The webinars will be on the following dates and times: September 30, 2010, at 10 a.m. (EDT), October 14, 2010, at 1 p.m. (EDT), and October 28, 2010, at 3 p.m. (EDT). Log in information on the Webinars will be posted on [RIBBS®](#) under *Intelligent Mail Latest News*.



#### **At the Postal Regulatory Commission:**


- CP2010-117 Order No. 545 - Order Approving Three Additional Global Expedited Package Services 3 Negotiated Service Agreements  
<http://www.prc.gov/docs/70/70319/Order545.doc>  
<http://www.prc.gov/docs/70/70319/Order545.pdf>
- CP2010-118 Order No. 545 - Order Approving Three Additional Global Expedited Package Services 3 Negotiated Service Agreements  
<http://www.prc.gov/docs/70/70319/Order545.doc>  
<http://www.prc.gov/docs/70/70319/Order545.pdf>


 According to the [New York Post](#), "here's an area of government that could use a big cut: the Postal service. The most recent audit of the USPS found **all sorts of fun low-level corruption and inefficiency**, including former postal employees who were hired back by the service to work as "contractors" at a higher salary than they were paid as full-time employees. "The Postal Service has awarded more than 2,700 contracts to former employees since 1991 and awarded 17 no-bid deals to former executives between 2006 and 2009, according to one of the audits. Most of those executives earned six-figure sums, the report said. One unnamed executive received a \$260,000 no-bid deal in July 2009 to train his successor just two months after retiring." The USPS is facing a \$230 billion 10-year budget gap. Couldn't privatizing some or all of the service make it more efficient and save taxpayers money?"


 The [Washington Post](#) is aghast. "Gridlock? What gridlock? The House and Senate can't seem to get their act together on spending bills, tax cuts or much of anything else. Ah, but they can take a few minutes to rename post offices before heading home to run reelection campaigns. The House will vote on a series of naming bills Tuesday



and actor Jimmy Stewart, civil rights icon Dorothy Height and former secretary of state George C. Marshall are among those slated for the honor."


 [Softpedia](#) has reported that "Security researchers from Vietnamese security vendor Bkis, warn of a new wave of spam emails distributing the Oficla trojan, which pose as package delivery failure notifications from the United States Postal Service (USPS). The rogue messages come with a subject of "USPS Delivery Problem NR#####" (where # is a random digit) and have a spoofed From field to appear as originating from a federal@usps.com address."


 [Print CEO](#) has reported that "**J.C. Penney continues its shift to electronic media with plans to quit its traditional catalog business in favor of e-commerce and retail store sales.** The Dallas Morning News reports that J.C. Penney has notified suppliers that it will stop publishing its remaining dozen specialty catalogs next year."


 As the [Wall Street Journal](#) has noted, "the digital revolution that is disrupting the economic model of the book industry is having an outsize impact on the careers of literary writers. The lower revenue from e-books comes amidst a decline in book sales that was already under way. The seemingly endless entertainment choices created by the Web have eaten into the time people spend reading books. The weak economy also is contributing to the slide."




[Logistics Manager](#) has reported that "DHL Express next month launches an advertising campaign focusing on its time-critical shipping capabilities."

 [Reuters](#) has reported that "United Parcel Service Inc is planning to set up a domestic postal service in China and will submit a license application to the Chinese postal regulator as early as this week, the Financial Times said. UPS will roll out a next-day delivery service and second and third-day delivery products soon after the State Post Bureau approves the company's license application, the paper said. "The opportunities are tremendous," Dan Brutto, president of UPS International, told the Financial Times."

 As [Direct Marketing News](#) has reported, "The US Postal Service saw a net loss of nearly \$1.6 billion in August, and a \$7.7 billion net loss for the first 11 months of its 2010 fiscal year. The organization ran a \$721 million net loss in August 2009, and a \$6.3 billion net loss for the first 11 months of its previous fiscal year, according to preliminary financial information published by the Postal Regulatory Commission."

 From [PRWeb](#): "Window Book, Inc.'s new informative white paper "Intelligent Mail Full-Service: Critical Steps to Understanding and Implementing" helps mailers and the postal industry better understand the critical changes happening with the United States Postal Service® (USPS®) - and how they can prepare themselves to survive and thrive in these challenging times."

 [Transport and Logistics News](#) has reported that "global postal industry cuts over half a million tonnes of CO2 in one year." See also [GreenBiz](#).

 News from [Transport Intelligence](#):


- [DHL eyes up opportunities in Japan](#)
  - [WTO raises forecast for trade growth in 2010](#)

 The latest issue of [Postal Technology International](#) is now available online. **Cover story:** Working capital - The trusted brand names of postal organisations around the world are helping to increase revenue generation through diversification, with e-commerce playing a major role. Helen Norman finds out how to make money The detail in retail: How is automation and technology going to affect retail in the coming years? Anya Hastwell finds out Northern highlights: In Posten Norden, Itella Group and Posten Norge, the Nordic region has three different postal organisations, each meeting the universal challenge of declining mail volumes in its own way. Matt Turner Tells how.





### **From the Federal Register:**

**Sunshine Act Meetings** **TIME AND DATE:** Wednesday, October 6, 2010 at 11 a.m. **PLACE:** Commission hearing room, 901 New York Avenue, NW., Suite 200, Washington, DC 20268-0001. **STATUS:** Most items on the agenda will be considered in a session open to public observation. Several items will be considered in a session closed to public observation. The open session will be audiocast. **MATTERS TO BE CONSIDERED: PORTIONS OPEN TO THE PUBLIC:** 1. Review of postal-related congressional activity. 2. Report on international activities. 3. Review of active cases. 4. Report on recent activities of the Joint Periodicals Task Force and status of the report to the Congress pursuant to section 708 of the PAEA. 5. Report on the October 1 budgetary meeting at OMB. 6. Report on vacancies and positions recently filled. **PORTIONS CLOSED TO THE PUBLIC:** 7. Discussion of pending litigation. 8. Discussion of confidential personnel issues. 9. Discussion of contracts involving confidential commercial information.

 [Hellmail](#) has reported that:

- [Online shoppers](#) now expect added value services such as SMS notification and real-time tracking information as standard, according to new research from Hermes, the UK's largest courier delivery network. The Parcel Deliveries Usage & Attitude Survey found that there is a growing unwillingness to pay for premium options such as guaranteed next-day and specific delivery days.
- [Swiss Post Solutions Wins Nationwide Contract](#)

 The [Washington Post](#) has reported that "The Internal Revenue Service plans to stop mailing instructions and paper forms for annual income tax returns, saving the agency about \$10 million a year as more Americans are filing online. The annual savings will be in printing and postage costs, the IRS said. The federal government continues to curtail its use of "snail mail" to save on paper, postage and printing costs. The Treasury Department announced plans in June to start making most government benefits payments through direct deposit by 2013 as part of the Obama administration's government efficiency reforms. The Postal Service would not comment Monday on the potential financial impact of fewer IRS mailings."


 [Newspaper & Technology Magazine](#) has reported that "Nearly five months after publishers Condé Nast, Hearst Magazines Meredith Corp., Time Inc. and Wenner Media launched the ad campaign "Magazines, The Power of Print," the campaign seems to be working based on information from syndicated research firm GfK MRI."

*September 27, 2010*

### ***PostCom welcomes its newest members:***



- [Hewlett-Packard Company](#) 16399 West Bernardo Drive Building 661 MS 654 San Diego, CA 92127, represented by **Hal Jones** Senior Marketing Strategist - Strategy & Planning.
- [PSC Info Group](#) 105 Montgomery Avenue Oaks, PA 19456, represented by **Ed Horowitz** Chief Operating Officer

 The [New York Times](#) has noted that "Bar codes, the tiny black and white boxes that have been popping up in magazines, on posters and on some billboards, are arriving on television. From the comfort of their sofas, mobile-phone users can scan a bar code embedded in commercials on certain evening shows on Bravo and instantly obtain additional information about a product and a discount to buy it. Using bar codes is starting to spread because more people are using smartphones, and many of those phones have the scanning application to read the codes."



**DMM Advisory: 2010 Holiday Shipping Dates for APOs/FPOs/DPOs.** The holiday season is right around the corner and we want to remind friends and families to mail early to ensure delivery of

holiday cards and packages by December 25 to APO/FPO/DPO destination addresses. As a reminder, all mail addressed to overseas military/diplomatic Post Offices is subject to certain conditions or restrictions regarding content, preparation and handling. Restrictions by individual APO/FPO/DPO ZIP Code can be found in each [Postal Bulletin](#) in the Pull-Out Information section. Go to [pe.usps.com](http://pe.usps.com) and click *Postal Bulletins* in the blue navigation bar.

Mail Addressed To	Express Mail Military Service (EMMS) <sup>1</sup>	First-Class Mail® Letters and Cards	Priority Mail®	Parcel Airlift Mail (PAL) <sup>2</sup>	Space Available Mail (SAM) <sup>3</sup>	Parcel Post®
APO/FPO/DPO AE ZIPs 090-092	Dec-18	Dec-10	Dec-10	Dec-3	Nov-26	Nov-12
APO/FPO/DPO AE ZIP 093	N/A	Dec-4	Dec-4	Dec-1	Nov-20	Nov-12
APO/FPO/DPO AE ZIPs 094-098	Dec-18	Dec-10	Dec-10	Dec-3	Nov-26	Nov-12
APO/FPO/DPO AA ZIP 340	Dec-18	Dec-10	Dec-10	Dec-3	Nov-26	Nov-12
APO/FPO/DPO AP ZIPs 962-966	Dec-18	Dec-10	Dec-10	Dec-3	Nov-26	Nov-12

<sup>1</sup> EMMS is available to selected military and diplomatic Post Offices. Check with your local Post Office to determine if this service is available to an APO/FPO/DPO address.

<sup>2</sup> PAL is a service that provides air transportation for parcels on a space-available basis. It is available for Parcel Post items not exceeding 30 pounds in weight and 60 inches in length and girth combined. The applicable PAL fee must be paid in addition to the regular surface price of postage for each addressed piece sent by PAL service.

<sup>3</sup> SAM parcels are paid at Parcel Post prices with maximum weight and size limits of 15 pounds and 60 inches in length and girth combined. SAM parcels are first transported domestically by surface and then to overseas destinations by air on a space-available basis.

Holiday shipping dates for domestic and international mail will be provided in a separate DMM Advisory.




New reports have been posted on the U.S. Postal Service Office of Inspector General website (<http://www.uspsoig.gov/>). If you have additional questions concerning a report, please contact Wally Olihovik at 703.248. 2201, or


Agapi Doulaveris at 703.248.2286.


- [Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management \(Report Number FT-AR-10-013\)](#)
- [Controls Over System for International Revenue and Volume, Outbound and International Origin-Destination Information System \(Report Number CRR-AR-10-006\)](#)


 As the [Postal Employees Network](#) has noted:

"Three investigations of the U.S. Postal Service (USPS) by the Postal Inspector General (IG), requested by Senator Susan Collins, have uncovered stunning evidence of contract mismanagement, ethical lapses, financial waste, and excessive executive perks that cost the Postal Service more than \$800 million a year in unnecessary costs. The IG examined three areas where the Postal Service could realize significant savings: employee benefits, contracting policies, and area and district field offices. Among the disturbing deficiencies uncovered by the IG are that: the USPS awarded 359 contracts to former Postal Service executives without competition. In three cases that the IG examined most closely, the former employees were hired at nearly twice their former pay to advise new executives, a practice which the IG found raised serious ethical concerns and hurts employee morale; the Postal Service pays 100 percent of its senior executives' health benefits, a perk that is not provided to comparable employees in any federal agency; postal employees participate in many of the same health insurance and life insurance programs as federal employees, yet the Postal Services pays a greater share of the premiums; **the Postal Service's contract management did not protect the USPS from waste, fraud, and abuse; the Postal Service could not even identify how many contracts were awarded without competition, and the IG found that 35 percent of the no-bid contracts lacked justification;** and significant savings could be achieved by consolidating the USPS's area and district field offices."

 The [BBC](#) has reported that "Complaints about Royal Mail's "sorry we missed you" cards have risen by a quarter in the past year, figures show."

 According to the [Wall Street Journal](#), **"Next to the public schools, the postal service may be the most inefficient monopoly in America.** Mail volume has fallen by 20% since 2007 as tens of billions of letters, birthday wishes and bill payments are now emailed. This trend has long been foreseeable, but the postal bureaucracy hasn't adapted. The same economic forces have buffeted Federal Express, UPS and thousands of private local couriers, but somehow they still manage to turn a profit. The difference is that private companies know how to control costs. In 2009, postal service costs grew by 6% even as its revenues predictably fell. Labor costs suck up about 80 cents of every postal service dollar, so any hope of getting to break-even will require cutting the 600,000 postal work force and union benefits. **The time has come to free the mail by amending the private express statutes—which confer a legal monopoly on first-class mail—and allow expanded choices for letter delivery.**

 The [Postalnews blog](#) has reported that "The U.S. Postal Service pays 100 percent of health insurance premiums for 835 of its top employees, an expensive perk that occurs at no other federal agency, Senator Susan Collins, Ranking Member of the Senate Homeland Security and Governmental Affairs Committee, confirmed Friday. The additional information comes one day after Senator Collins released the findings of three investigations of the Postal Service (USPS) by the Postal Inspector General (IG), which she had requested to determine whether the agency could realize additional efficiencies and cost savings in three areas: employee benefits, purchasing policies, and the area and district field office structure. Upon further questioning of the IG's office on Friday, Senator Collins learned that as of June 4, 2010, the USPS was paying 100 percent of health benefit premiums for 835 employees. The perk covers employees in the following categories: Postal Career Executives, Executive & Administrative, Other Executives levels, Postal Regulatory Commission, and Office of Inspector General Directors. She also confirmed that no other federal agency pays 100 percent of employee health insurance premiums. "It is unbelievable to me that the Postal Service – awash in red ink and asking for huge postal rate hikes, service reductions and relief from its financial obligations – is paying the full health care premiums for its top executives," said Senator Collins, whose committee has oversight jurisdiction of the Postal Service."

 The [New York Times](#) has reported that "Even though Netflix's arch rival Blockbuster has filed for bankruptcy protection, the victory lap will have to wait. The company that filled American mailboxes with red envelopes containing DVDs is already fighting the next war. Netflix's competition with Blockbuster is an artifact of another age — the DVD era. The main battlefield has shifted online, where consumers are streaming movies and television. Netflix faces a number of well-financed and innovative companies like Apple, Amazon and Google, as well as the cable TV providers. This time the war will not be won by the company that perfects the logistics of moving DVDs, but by whoever can best negotiate with Hollywood studios."

🇬🇧 According to [The Motley Fool](#), "After a review of the Royal Mail by Richard Hooper, the former Ofcom deputy chairman, it looks like the government is committed to transferring the Royal Mail to private ownership in one form or another. It might be sold to a private company, or it might be offloaded in a public offering to a mix of institutional and private investors, or something else -- the plans really are at a very early stage now, though part of it will involve a significant chunk of the shares going to Royal Mail staff. Naturally, the unions are aghast at the idea, with Billy Hayes, general secretary of the Communication Workers Union, predicting higher postal prices and job losses -- and he may well be right about that. But he also said he fears "the government may also be plotting to seize the pension assets." What, Billy, you mean they might steal the £8bn deficit?"

🇺🇸 *Et tu*, [Washington Times](#)? "Even as the U.S. Postal Service began sliding into the worst financial crisis in its history, some postal executives in recent years found a way to earn more money by resigning from their jobs and returning as highly paid contractors while doing essentially the same work. In three recent contracts awarded without competitive bidding, for instance, former Postal Service executives were hired to perform what contracting records described as "knowledge transfer," according to a review of the agency's multibillion-dollar contracting operation by the Postal Service's office of inspector general. "These contracts were put in place, even though highly experienced postal executives filled the positions vacated by the former executives," the inspector general's office concluded in a report, which was ordered by two senators amid a procurement scandal involving the agency's former top marketing officer."

**September 26, 2010**

🇺🇸 [Dead Tree Edition](#) has told its readers: "The U.S. Postal Service's cost to deliver a magazine or newspaper has been rising twice as fast as inflation for more than two decades, but don't blame employee pay levels. The real culprit is declining productivity, the Postal Service's own numbers indicate. Postal expert Halstein Stralberg blames "the ingrained Postal Service culture" for the Periodicals mess." [*EdNote: More of that honest, efficient, and economical management.*]

🇺🇸 The [Postalnews blog](#) has reported that "The Office of Personnel Management has responded to a report issued by the Postal Regulatory Commission that called for changes in the formula used to calculate the USPS's share of Civil Service pensions. OPM said in essence that while the report, prepared by The Segal Company, was useful, but too narrowly focused to provide a definitive resolution. More importantly, the OPM argued that it was powerless to modify the funding methodology without explicit instructions from Congress."

🇱🇰 The [Sunday Observer](#) has reported that "The Sri Lanka Postal Department which completes over 135 years has planned to launch several programs to improve its services. As the initial step of this program the Department expects to give motor cycles to deliver letters instead of bicycles."

**September 25, 2010**


🇺🇸 [The Motley Fool](#) has asked: "Will United Parcel Service's Next Quarter be a Bomb?"





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🇺🇸 [KATU](#) has reported that "Some voters in Damascus are crying foul over the race for mayor, saying someone is stuffing mailboxes and not paying for stamps. The voters say the postmaster knew about the mailings and called it a special arrangement. But according to a U.S. Postal Service representative, no special arrangement was made."


🇺🇸 In his letter to the [Washington Times](#), American Postal Workers Union William Burrus said that "Rep. Darryl Issa's Sept. 20 Commentary column, "Time for another government bailout," includes many inaccuracies about the U.S. Postal Service. It appears to be nothing but a political attack on government workers and labor unions. The Postal Service does not need a bailout and has not requested one. "


 The [Washington Post](#) has reported that "**Dozens of former top executives and hundreds of former employees** have returned to the agency in recent years **as private contractors**, sometimes **making double the salaries they made as full-time workers**, according to a new watchdog report. Three audits released this week said **the cash-strapped Postal Service is doing a poor job tracking its use of no-bid contracts**, contributes more to worker health and life insurance benefits than other federal agencies and should consider closing more of its regional offices to help address an anticipated \$230 billion, 10-year budget gap. The three reports come as the Postal Service is set to report billions of dollars in losses Wednesday because of declining mail volume, awaits permission from postal regulators to raise postage rates and is locked in negotiations with two of its largest unions." *[EdNote: And this is honest, efficient, and economical management?]*

 [Foster's Daily Democrat](#) has reported that "The United States Postal Service (USPS) recently awarded Portsmouth-based Bruce Mast & Associates, Inc. the contract to develop and deliver Pilot Programs for "Building Practical Business Skills for Lean/Six Sigma Black Belts" for its supervisory employees."

 The [Wichita Falls Times Record News](#) has reported that "Wichita Falls Mayor Glenn Barham urges residents to send a message to the U.S. Postal Service about the possibility of moving operations from the Wichita Falls Mail Processing Annex to a facility in Fort Worth."


 [SmarTrend](#) has reported that "Below are the top five companies in the Air Freight & Logistics industry as measured by relative performance. This analysis was compiled based on yesterday's trading activity as we search for stocks that have the potential to outperform. CH Robinson Worldwide ranks first with a loss of 1.42%; United Parcel Service ranks second with a loss of 1.67%; and Expeditors International of Washington ranks third with a loss of 1.94%. FedEx follows with a loss of 1.95% and UTi Worldwide rounds out the top five with a loss of 3.57%."


 From [PR Newswire](#): "Congress has voted to extend the Federal Aviation Administration Reauthorization Bill for another three months, delaying important job creation and safety provisions and a key measure to close the FedEx loophole giving the company special status. Teamsters General President Jim Hoffa urged Congress to stand up to FedEx, which has been blocking passage of the legislation. The extension, to Dec. 31, was passed by the House and Senate on Thursday."


 [Multichannel Merchant](#) has reported that "Direct merchants have myriad options for processing parcels shipped via FedEx, UPS and other carriers. There are many third-party systems in the marketplace as well as carrier-provided software that includes web-based, application programming interfaces (API), standalone and integrated client solutions."


*September 24, 2010*


 ***At the Postal Regulatory Commission:*** The [USPS Preliminary Financial Information for August 2010](#) has been posted on the PRC web site.


 [New Statesman](#) has reported that "Royal Mail has been taking enormous risks with its pension fund by betting billions of pounds in the stock market, an analyst has charged. While researching Royal Mail's pension plan, John Ralfe discovered that it had channelled £5.13bn to an off-balance sheet vehicle last year to buy derivatives that would pay significant returns if share prices went up. The money, effectively shielded from scrutiny by the public and Royal Mail's workers, had been divided to UK and overseas shares in a fashion similar to that used by hedge funds for investments."

 [Federal Times](#) has reported that "It's down-to-the-wire time again for the U.S. Postal Service as it seeks congressional help in dodging much of a \$5.5 billion payment due next Thursday into its retiree health benefit fund. "We're in discussions with committee staff," USPS spokesman Gerry McKiernan said today. While a continuing budget resolution is a likely vehicle for a partial waiver, he said, "there's nothing definitive yet."

 [MarketingWeek](#) has reported that "A potential merger of media regulator Ofcom with its postal counterpart has moved one step closer, after being mentioned in a leaked list of quangos under review."


 The [Telecom Paper](#) has reported that "Brazil's postal service ECT plans to equip its couriers with 1,800 smartphones. The devices will include a Java application developed internally by the company to alert them at the moment of delivery of parcels sent by the Sedex 10 service and Correios Shopping. The delivery confirmation will be sent free of charge by SMS to customers. The scheme will initially be tested in Bauru and extended to all of Brazil in early 2011. For the first year of operation, ECT has calculated that it will be necessary to buy 10 million corporate text messages from a market broker."

 [Novinite](#) has reported that "Bulgaria's government does not intend to privatize the state postal services company "Bulgarian Posts EAD." This has been declared in Parliament Friday by Transport Minister Alexander Tsvetkov who sought to refute accusations by the opposition with respect to alleged plans to privatize the state posts."

 [Yahoo! News](#) has noted that "To say that Netflix is having a pretty bad week is, well, putting it mildly. First, it marred what should have been a triumphant launch of its streaming-video service for Canada by hiring actors to pose as members of an "enthusiastic" crowd at a press conference. Then its normally level-headed CEO got a little too chummy with a reporter in Toronto, telling him that Americans are too "self-absorbed" to notice that Canadians will be paying less for streaming than U.S. users are. Oh, boy."



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 The [Huffington Post](#) has reported that "Two unions representing workers for the financially strapped United States Postal Service (USPS) began negotiations over a new labor deal this month. It is trying to cut costs by trimming wages and benefits, which represents 78 percent of USPS costs. The service says that with mail services declining and labor costs high, it's trying to move to a workforce with fewer full-time workers and more part-time and seasonal hires. The chief labor negotiator for the USPS told the Washington Post that "everything is on the table," while the APWU's Burrus said in a statement that previous contract provisions have always had a "give and take." Which way the scale will tip will be determined during the next few months."



***At the [Postal Regulatory Commission](#): MC2010-36 Public Representative Comments in Response to the United States Postal Service Request to Transfer Commercial Standard Mail Parcels to the Competitive Product List <http://www.prc.gov/docs/70/70293/PRCommentsFinal.pdf>***



**The latest issue of the [PostCom Bulletin](#) is available online.** In this issue:

- Sen Collins, ranking member on the Homeland Security and Government Affairs Committee, has expressed her displeasure with the Postal Service and its decision making once again.
- Senator Tom Carper (D-DE), this week, introduced the Postal Operations Sustainment and Transformation (POST) Act of 2010. It addresses the current budget issues facing the Postal Service by proposing a series of provisions including: easing postal employee pension and retiree health costs; addressing postal employee wages and benefits; allowing partnerships with state and local governments; and giving the Postal Service leeway to close post offices, market certain non-postal items, and eliminate Saturday delivery.
- The USPS on September 21, 2010, published in the Federal Register a proposed rule that would change the time frame for providing address correction without charge for Full-Service Intelligent Mail First-Class Mail, Standard Mail and Bound Printed Matter (BPM) pieces. Address correction notices would be provided for these classes of mail, without charge, for no longer than 95 days after the first notice is made available by the USPS. No change is proposed to the 60-day time frame for Periodicals. There is no such time frame today for First-Class Mail, and the proposed rule formalizes the 95-day time frame for Standard


Mail and BPM pieces indicated by the USPS informally. The proposed rule also establishes the USPS' Guide to Move Update as a formal source for additional information on meeting the Move Update requirements; and establishes a one year grace period to exempt certain types of change-of-address orders from Move Update verifications.


- The USPS on September 17, 2010, published in the Federal Register an advance notice of proposed rulemaking establishing standards for the optional use of Intelligent Mail package barcodes (IMpb) no later than January 2011, with expected mandatory use required for IMpb on all domestic packages beginning in January 2012. Comments on the advance notice are due September 27, 2010.
- According to Representative Issa, "the declining demand for traditional mail delivery service presents a crisis for the U.S. Postal Service (USPS). A continued imbalance of costs and revenues means taxpayers could be asked to bail out the independent government agency, which is required by law to be self-funded."
- Fredric Rolando, President of the National Association of Letter Carriers spoke out against the "false claims that the Postal Service seeks a taxpayer bailout."
- The USPS needs to go to the next level. USPS promoting PO Boxes with test campaign. Anyone for three-day-a-week mail service? Postal Service lifeline shouldn't be severed. Plans to address USPS pension overpayment. At the PRC. FedEx Express expands first overnight service in US. USPS proposes changes to Express/Priority Mail Open & Distribute services.
- An update on DMM Advisories issued by the U.S. Postal Service.
- An update on postal rules and notices published in the Federal Register.
- An update from the USPS Office of Inspector General.
- A review of postal news from around the world.
- Postal previews.


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 Well, the first postal pathologist-coroner has checked in. The [Courier, Express, and Postal Observer](#) has told its readers that "Senator Tom Carper introduced a new postal bill, the "Postal Operations Sustainment and Transformation Act of 2010" (The POST Act of 2010), to modify the Postal Service's business model on September 23rd. The bill includes all of the legislative changes that the Postal Service requested as part of its action plan last March. The strong support that Postmaster General Potter shows for the bill in the press release from Senator Carper's office confirms that this bill can be thought of as the "Postal Service's bill." Unfortunately for Postmaster General Potter, Senator Carper's bill is effectively dead on arrival."

 [Multichannel Merchant](#) has asked: "Which Way will PRC Rule in Exigent Postal Rate Case?"


 The [Jerusalem Post](#) has reported that "Israel Postal Company announces purchase of automatic mail sorting equipment which will enable 70 percent of mail processed by company to be sorted automatically."


 According to [Barrons](#), "'Purple" and "Brown," as FedEx and UPS are known, are heading to the same place."


 According to the [Charleston Daily Mail](#), "The U.S. Postal Service faces rising costs and great reductions in volume as customers choose faster, less expensive electronic ways of sending messages. Unfortunately, the organization cannot simply reduce its work force by 17 percent to meet this drop in business. Congress saddled it with labor-union-friendly requirements."


 [MediaBizNet](#) has reported that Australian "Publishers and Print Post mail users could face 9.1 per cent postal hike next February."




 According to [Delaware Online](#), "American politics favors vagueness. Promise this or promise that and hope the public forgets. Well, Delaware's Sen. Tom Carper is calling their bluff with a bill that would go a long way in reorganizing the U.S. Postal Service and save consumers money. The Comprehensive Postal Services Act probably won't go anywhere this year because of other partisan battles befuddling Congress. But the Carper bill lays out a framework to change a government service that is quickly losing its original mission."

 The [Malta Independent](#) has reported that "Maltapost plc will have its own postal museum which is planned to exhibit artefacts related to the postal services collected over the years since the service was introduced in Malta."


 [Post & Parcel](#) has reported that "Postcodes will become more critical to the delivery of Auckland mail following the change to the super city structure says New Zealand Post. New Zealand Post addressing manager Geoff Pearce said that the current city names of Manukau, North Shore City and Waitakere in postal addresses will be replaced by Auckland from 1 November 2010."

 The [Namibia Economist](#) has reported that "In order to improve on service delivery, NamPost Couriers recently launched its rebranded vehicle fleet. The postal company invested N\$20 million in acquiring new vehicles as well as rebranding its fleet . The new vehicles increases NamPost Courier's fleet to 63 from the previous 57."


 **From the Federal Register: Postal Regulatory Commission NOTICES** Postal Rates , 58449–58450 [2010–23927] [\[TEXT\]](#) [\[PDF\]](#)

 Postal news from [Hellmail](#):

- [Global Postal Industry Cuts CO2 Emissions By Half A Million](#)
- [Spring Global Launches Four Returns Solutions](#)
- [Shiply Launches Handy Post Box Finder](#)
- [Swift Postal To Launch eBusiness Tool At Post Expo](#)
- [Estonian Post Hosts PostEurop AES](#)

 In the [Washington Times](#), National Association of Letter Carriers President Frederic Rolando wrote: "It's election time in an era of polarization, but that doesn't excuse misleading the public with claims that the U.S. Postal Service seeks a taxpayer bailout ("Time for another government bailout," Commentary, Sept. 21). Nor does it excuse congressional interference with bargaining between the Postal Service and its unions. Unfortunately, the article by Rep. Darryl Issa fails on both counts. The Postal Service doesn't seek a taxpayer bailout. It proposes to use a surplus in its pension account within the Civil Service Retirement System (paid for by postage rate payers and postal employees - its own funds, not taxpayer funds) to cover the cost of future retiree health benefits." *[EdNote: Rolando's right. Election year politics is no reason to overlook or mistate facts. Doing something to rectify the retirement-related funding stuff is neither a Democratic nor a Republic issue. It's a fairness issue -- particularly to the people who have been paying this money into the federal treasury. ]*

**September 23, 2010**

 From the [Consumer Postal Council](#): "Introducing the Postal Freedom Index – 2010 Edition. The Postal Freedom Index is a unique resource for research on the postal sector around the globe. The Index is built around two major indicators – Market Freedom and Market Competition – which serve as the yardsticks upon which countries are ranked. It currently includes thorough analyses for 23 countries (check back regularly as we add more) that discuss market liberalization, government or private ownership of providers, level of competition within markets, degree of regulation, and universal service. The Index is a product of the Arlington, VA-based Consumer Postal Council, a nonprofit organization committed to advancing the interests of the individual and small business monopoly consumers of postal services. [http://www.postalconsumers.org/postal\\_freedom\\_index/indexofpostalfreedom.shtml](http://www.postalconsumers.org/postal_freedom_index/indexofpostalfreedom.shtml)"

**At the Postal Regulatory Commission:**



- CP2010-95 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70278/Bilaterals%20Compet%20CHIR2%20notice.pdf>  
[http://www.prc.gov/docs/70/70278/Bilateral\\_Comp\\_IB\\_REDACTED\\_2010.9.23.xls](http://www.prc.gov/docs/70/70278/Bilateral_Comp_IB_REDACTED_2010.9.23.xls)
- MC2010-34 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70278/Bilaterals%20Compet%20CHIR2%20notice.pdf>  
[http://www.prc.gov/docs/70/70278/Bilateral\\_Comp\\_IB\\_REDACTED\\_2010.9.23.xls](http://www.prc.gov/docs/70/70278/Bilateral_Comp_IB_REDACTED_2010.9.23.xls)
- MC2010-35 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70280/Bilaterals%20MD%20CHIR2%20notice.pdf>
- R2010-5 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70280/Bilaterals%20MD%20CHIR2%20notice.pdf>
- R2010-6 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70280/Bilaterals%20MD%20CHIR2%20notice.pdf>
- CP2010-95 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70278/Bilaterals%20Compet%20CHIR2%20notice.pdf>  
[http://www.prc.gov/docs/70/70278/Bilateral\\_Comp\\_IB\\_REDACTED\\_2010.9.23.xls](http://www.prc.gov/docs/70/70278/Bilateral_Comp_IB_REDACTED_2010.9.23.xls)
- MC2010-34 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70278/Bilaterals%20Compet%20CHIR2%20notice.pdf>  
[http://www.prc.gov/docs/70/70278/Bilateral\\_Comp\\_IB\\_REDACTED\\_2010.9.23.xls](http://www.prc.gov/docs/70/70278/Bilateral_Comp_IB_REDACTED_2010.9.23.xls)
- MC2010-35 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70280/Bilaterals%20MD%20CHIR2%20notice.pdf>
- R2010-5 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70280/Bilaterals%20MD%20CHIR2%20notice.pdf>
- R2010-6 Notice of Filing Response to Chairman's Information Request No. 2  
<http://www.prc.gov/docs/70/70280/Bilaterals%20MD%20CHIR2%20notice.pdf>
- N2010-1 Notice of the United States Postal Service Regarding Filing of Surrebuttal Testimonies USPS-RT-1 Through USPS-RT-4  
<http://www.prc.gov/docs/70/70270/Notice.Atty.Witn.Pairs.pdf>
- N2010-1 Surrebuttal Testimony of Peter Boatwright on Behalf of United States Postal Service (USPS-RT-1)  
[http://www.prc.gov/docs/70/70271/Boatwright\\_final.pdf](http://www.prc.gov/docs/70/70271/Boatwright_final.pdf)
- N2010-1 Surrebuttal Testimony of Samuel Pulcrano on Behalf of United States Postal Service (USPS-RT-4)  
<http://www.prc.gov/docs/70/70274/RT-4.PULCRANO.FINAL.pdf>
- N2010-1 Surrebuttal Testimony of Melissa Starr on Behalf of United States Postal Service (USPS-RT-3)  
<http://www.prc.gov/docs/70/70273/RT-3.STARR.FINAL.pdf>  
<http://www.prc.gov/docs/70/70273/RT.3.Starr.Attach.xls>
- N2010-1 Surrebuttal Testimony of Alan Moore on Behalf of United States Postal Service (USPS-RT-2)  
<http://www.prc.gov/docs/70/70272/RT-2.MOORE.FINAL.pdf>
- N2010-1 USPS-LR-N2010-1/20 - Mailing Industry Consultation Materials Related to Pulcrano Surrebuttal Testimony  
[http://www.prc.gov/docs/70/70281/Tab%20A%20MTAC%20FINAL%207-13-09%20\(3\).pdf](http://www.prc.gov/docs/70/70281/Tab%20A%20MTAC%20FINAL%207-13-09%20(3).pdf)  
[http://www.prc.gov/docs/70/70281/Tab%20C%20Max%202%20Sam%20Aug%2016%202010%20\\_3\\_.pdf](http://www.prc.gov/docs/70/70281/Tab%20C%20Max%202%20Sam%20Aug%2016%202010%20_3_.pdf)  
<http://www.prc.gov/docs/70/70281/LR%2020%20Preface.pdf>  
[http://www.prc.gov/docs/70/70281/Tab\\_B\\_NPF\\_5\\_Day\\_April\\_2010\\_\(3\).pdf](http://www.prc.gov/docs/70/70281/Tab_B_NPF_5_Day_April_2010_(3).pdf)
- N2010-1 Notice of the United States Postal Service of Filing Library Reference USPS-LR-N2010-1/20  
<http://www.prc.gov/docs/70/70269/Notice.LR.20.pdf>



New reports have been posted recently on the *U.S. Postal Service Office of Inspector General* website (<http://www.uspsoig.gov/>). If you have additional questions concerning a report, please contact Wally Olihovik at 703.248. 2201, or Agapi Doulaveris at 703.248.2286.

- [Follow-Up Review of the Postal Service's Employee Benefit Programs \(Report Number HR-MA-10-001\)](#). The Postal Service has reduced its Federal Employees Health Benefits (FEHB) contribution rate by 1 percent per year from 2008 to 2010 with similar reductions planned in 2011 and 2012. However, its Federal Employees' Group Life Insurance (FEGLI) and FEHB contribution rates are still higher than those of the federal government. We determined the Postal Service can save approximately \$705 million in calendar year (CY) 2011 if it matches the federal government's FEGLI rate and uses the federal government formula to calculate its FEHB contribution rates.
- [Postal Service Area and District Office Field Structure \(Report Number FF-AR-10-224\(R\)\)](#). Although the Postal Service recently consolidated one area and six district offices, we identified three other options, done separately or in combination, to consolidate its field structure further:
  - Eliminate 14 offices by consolidating districts that have offices within 50 miles of another district office.
  - Eliminate four area and 32 district offices by consolidating those offices whose workhours and mail volume are both below the mean mail volume and workhours.
  - Eliminate duplicative staff positions and better position area management to work strategically with headquarters by relocating all area offices to headquarters.
- [U.S. Postal Service Purchasing Policies \(Report Number CA-AR-10-005\)](#). Congress directed the Postal Service to largely operate outside of the federal procurement regulatory environment with the mission of establishing a more efficient purchasing process. Although this provided increased contracting freedom and flexibility, necessary safeguards to balance these freedoms and ensure protection of the Postal Service's interests were not consistently established or followed. Thus, the Postal Service's procurement policies and procedures for awarding noncompetitive contracts are much less extensive than those mandated in the FAR for federal agencies.

*This week's "Pushing the Envelope" blog topic:*

- **5-Day Delivery? What About 3-Day?** Eliminating Saturday delivery has been heavily debated. This week's blog examines another delivery alternative. [LINK](#) here to share your thoughts on this idea.

**Audit Projects:** [LINK](#) here to visit our audit project pages. This week we opened the following new project(s): (Please share any information you may have that would help with this audit currently in progress by clicking on the link below):


- [10XG051DR000 - Delivery Efficiency Review - Northern Virginia District](#). Our objective is to assess the overall efficiency of city delivery operations and identify cost savings opportunities within the Northern Virginia District.
- [10XG052NL000 - Survey - Mail Transport Equipment - Equipment Needs, Distribution, and Use](#) Our objective is to obtain information on the policy and procedures over needs, distribution, and use of selected mail transport equipment (MTE). Survey work will be conducted on location or remotely at the U.S. Postal Service Headquarters as well as select processing plants, network distribution centers and other facilities and operations, as deemed necessary.
- [10YG021HR000 - Overtime Usage](#). Our objective is assess whether the Postal Service is effectively managing overtime usage; and determine the reason for significant increases in overtime usage.
- [External Public Key Infrastructure Services – Fiscal Year 2010 \(Report Number IS-AR-10-013\)](#)
- [The Effects of the Flats Sequencing System on Delivery Operations – Mid-America District \(Report Number DR-MA-10-001\)](#)





**Press Release:** "For more than two centuries, the U.S. Postal Service has issued postage stamps and postal stationery to portray the American experience to a world audience. Now, those stamps and stamped products


are Cradle to Cradle CertifiedCM. Products meet Cradle to Cradle requirements when every ingredient tested is either biodegradable or recyclable, when their toxicity is 100 parts per million or less, and when company operations are powered by renewable energy and consider people and ecosystems."


Today, [Sen. Tom Carper](#) (D-Del.) introduced the Postal Operations Sustainment and Transformation (POST) Act of 2010. The POST Act addresses the current budget issues plaguing the U.S. Postal Service by proposing a series of provisions including: easing postal employee pension and retiree health costs; addressing postal employee wages and benefits; allowing partnerships with state and local governments; and giving the Postal Service leeway to close post offices, market certain non-postal items, and eliminate Saturday delivery.


 *Wanna know what happens at real companies when economic times go south? [Media Daily News](#) has a piece reporting that 30% of the staff at Newsweek are going to receive pink slips.*


 [Post & Parcel](#) has reported that "The company describes Swift Customer Portal as an "innovative and unique product" which aims to "simplify the process of generating an online web portal". The core modules that Swift Customer Portal offers are: postal, philately, retail, utilities and bill payments, finance and money orders and stamp vendors. "Swift Customer Portal removes the complexity of having to decide between a mediocre e-commerce website and a fully-fledged high-tech portal," said Joseph Sultana, managing director of Swift Postal. "We are confident in our solution and believe that it will speed up the next generation for the postal industry."

 As [IT News Africa](#) has noted, "technological advances in the Kenyan market could soon render the Postal Corporation of Kenya (PCK) extinct as most people opt to communicate through email or SMS rather than conventional mail. Post Master General Hussein Ali said they were planning to place more emphasis on technology use in their operations as the only way the state-owned corporation could remain in business. "In future we will be focusing more on boosting our EMS (Express Mail Service), parcels and financial services businesses as our main streams of revenue as well as meeting changing consumer needs," said the former Police Commissioner."


 [Politico](#) has published **an opinion piece about the Postal Service by Sen. Susan Collins**. Here's a teaser: "There is a financial truism that every American family knows instinctively and every economist knows by rote: When goods are priced too high or services lose value, people cut back on spending. That can be counted on — like clockwork. And sometimes, when consumers cut back, they also turn away. Customer sensitivities to pricing and service are known market responses. Successful entrepreneurs find the right balance and work to keep it — using innovation to draw new customers, maintain current ones and increase the franchise. **Not so with the U.S. Postal Service**. Now the Postal Service, stalled in a lackluster business model, is again seeking rate hikes. The proposed increases, averaging 4 percent to 6 percent, would far exceed the rate of inflation. For one class of mail, the proposed increase would be 23 percent." Read more: <http://www.politico.com/news/stories/0910/42554.html#ixzz10LxbCh5R>


 The [Daytona Beach News-Journal](#) has reported that "The "Daytona Beach" postmark is in jeopardy along with more than 100 jobs. The U.S. Postal Service will close its facility at 500 Bill France Blvd. if it adopts the recommendations of a feasibility study. The move could spell the end of the postmark on all but stamped first-class mail hand-delivered to other area post offices. The idea of any loss of the postmark, however, does not sit well with the local tourism industry."


 According to the [Kansas City Star](#), "Three post office branches in the Kansas City area will close for good at the end of business Nov 19. Affected employees will be reassigned in accordance with their collective bargaining agreements."


 The [Cape Breton Post](#) has reported that "A county council in northern Nova Scotia is expressing concern over Canada Post's plan to change some of its rural mail service."


 **At the Postal Regulatory Commission: Postal Regulatory Commission NOTICES** Exceptions from Periodic Reporting Rules , 57989–57995 [2010–23788] [\[TEXT\]](#) [\[PDF\]](#) New Postal Product , 57995–57996 [2010–23851] [\[TEXT\]](#) [\[PDF\]](#)

 The [Alexandria Town Talk](#) has reported that "The U.S. Postal Service will study moving mail-processing jobs currently housed in Alexandria and consolidating those jobs in Shreveport."


 The [Washington Post](#) has reported that "Sen. Thomas R. Carper (D-Del.), a longtime supporter of postal leadership, on Thursday will unveil a postal reform bill designed to give the Postal Service more flexibility on major operational and financial decisions without congressional approval. It echoes proposals pushed by Postmaster General John E. Potter. But with lawmakers tied up in tax cut debates and little else before the midterm election recess, Carper's legislation isn't likely to advance this year. Lawmakers are expected to provide financial relief to the Postal Service in a temporary measure that would fund other federal agencies, according to multiple sources. The continuing resolution would reduce for one year the Postal Service's annual \$6 billion payment to pre-fund retiree health benefits."


 The [Wall Street Journal](#) has noted that "Privatizing the Royal Mail will not be easy. Right now, a share in the business does not look an attractive offering and overseas operators are unlikely to be queuing up to grab a slice. This month brought publication of a report commissioned by the government which builds on work done two years ago. It characterizes the Royal Mail as under serious threat, having failed to modernize sufficiently and now trapped in a declining market and saddled with a pension deficit which at the last count in March this year had reached £8 billion (\$12.5 billion). The author of the report, Richard Hooper, is adamant that the deficit will have to be removed. Taking it directly onto the public books may not seem an attractive option, given the dire state of the national accounts, but it amounts to little more than a book-keeping exercise since the state is ultimately responsible for the pensions. Then the Mail must speed up its modernization program."


 The [Scotsman](#) has reported that "a row has broken out over the future of the Royal Mail after a leaked letter from Business Secretary Vince Cable suggested that remote parts of the UK could lose their universal service guarantee in a privatisation. The letter from Mr Cable to Tory Chancellor George Osborne said his department might build in flexibility into the Royal Mail Bill to scale back a six-day service to five. Some have read this to mean the end of Saturday post in parts of the Highland and Islands."


 From [Online PR News](#): "Swiss Post, the Swiss postal service, has contracted Bizerba/Pesa for the delivery of 100 self-service scales for its "Post at the Partner" concept. These scales will enable customers in the so-called "postal agencies" to weigh and frank their letters and parcels themselves."


*September 22, 2010*


 [TMCNet](#) has noted that "Crawford Technologies, a provider of print-stream transformation and document re-engineering software solutions, and Zumbox, a provider of digital postal mail services, announced a partnership that will enable digital delivery via Zumbox as an integrated alternative output channel for their customers. According to a release, the CrawfordTech Zumbox enablers will allow service providers and large mailers to support Xerox Metacode/LCDS, AFP, Postscript, PDF, PDF/A, PCL and Line data print streams. "The Zumbox enablers from CrawfordTech will vastly simplify implementation of digital postal mail," said John Payne, CEO. "The ability to quickly deploy digital postal mail with low integration costs and fast time to market will be a great benefit." By offering a complete solution for the delivery and storage of digital postal mail, Zumbox eliminates the need for mailboxes, file drawers and bankers boxes with a central, secure digital repository for mail and documents based upon household residence address. CrawfordTech produces software for international government agencies and banking, insurance, telecommunications, utilities and service provider companies. Zumbox is a paperless postal system."


 The [Observer](#) has reported that "Uganda Post Limited Managing Director, James Arinaitwe, has said the company will adopt use of information technology innovations to match growing competition from private courier firms. Some of the new innovations will be equipping telecentres in rural areas and installation of CCTV cameras at the mail sorting centres. Arinaitwe spoke after listening to presentations from chief executive officers of the British, South African and Australian postal services at the Conference for Commonwealth Posts Administrations (CCPA) at Speke Resort Munyonyo, last week."


 The [Wall Street Journal](#) has reported that "The chief executive of Dutch postal and express group TNT NV (TNT.AE, TNTTY) said it is still unclear if a corporate split will require the company to raise fresh equity. Some analysts have suggested TNT will have to raise new equity over the next year, as it splits its mail and express operations into separate companies."


 According to the [Postalnews Blog](#), "Darrell Issa was in favor of postal "bailout" before he was against it." [The blog also has reported](#) that "The National Association of Letter Carriers released this letter to the editor of the Washington Times responding to yesterday's column by Congressman Darrell Issa claiming, among other things, that the US Postal Service was seeking a "taxpayer bailout."


 According to [The Mail](#), "Tens of thousands of postmen are to be offered cheap shares in the Royal Mail - in a bid to head off strike action over the Government's controversial privatisation plans." See also the [Financial Times](#).


 [Bloomberg](#) has reported that "The U.K.'s Office of Fair Trading said it is consulting with some companies that buy gold from customers through the mail because they may have breached consumer-protection legislation."


 [FedEx Express](#), a subsidiary of FedEx Corp. and the world's largest express transportation company, is making significant enhancements to select domestic service offerings, including an expansion of FedEx First Overnight, the addition of FedEx First Overnight Saturday, and extended on-call pickup times. FedEx Express now delivers by 8 a.m. to more ZIP codes than UPS Next Day Early A.M. and has doubled its FedEx First Overnight ZIP code coverage in the last five years. The service has also expanded to include Saturday delivery, enhancing the unmatched Saturday offerings of FedEx. Additionally, FedEx Express has improved its on-call pickup window for customers, adding crucial time to the business day.


 From [PR Newswire](#): "Zeta Interactive, a leading full-service digital marketing agency, today announced the launch of its nationwide "Simply Savings" digital coupon initiative through its highly acclaimed digital publishing and email marketing platform, Zeta Next Page. The program, which was developed in partnership with leading direct response marketing company Take5 Solutions, represents a new approach to digital coupon assembly and distribution. "Simply Savings" is the first in a series of "eSavers" that will ultimately enable retailers to push email communications with relevant coupons and online offers into the inboxes of interested consumers. This proactive push strategy puts offers directly in front of consumers, so they don't need to wade through myriads of irrelevant and random offers on various web sites. Zeta Interactive developed a comprehensive audience targeting strategy, ensuring retailers can provide their prospective consumers with offers that fit their specific interests and shopping habits. Among the audience targeting strategies included in the program were income-based, demographic, geographic, and several others."

 [Hellmail](#) has reported that "Traditionally, the Mailing Preference Service has always been just short of a legal requirement. It has always been industry best practise and a requirement of the DMA Code of Practise, but should MPS Screening now be performed on all cold prospect mailings under the CAP Code? Richard Hartland, technical director data8 commented, "The 12th edition of The UK Code of Non-Broadcast Advertising, Sales Promotion and Direct Marketing (CAP code) came into force on 1 September 2010. Complying with the code can help direct marketers avoid reputational and commercial damage that can come with an upheld ASA adjudication. The CAP Code is not statutory but it is not without teeth: any consumer on a prospect list could initiate a complaint to the ASA, and now media and industry organisations that subscribe to the CAP Code are refusing advertising space to anyone who breaks the Code".


 The [National Association of Letter Carriers](#) has told its members that "In recent days, the nation's postal workers have been subjected to some misleading attacks in the news media. Last Thursday, for example, a panel of conservative guests on the Fox Business Network's "Money Rocks" program trotted out the notion that the United States Postal Service is no longer relevant and should be privatized. Then, California Rep. Darryl Issa penned an op-ed piece for Tuesday's Washington Times that blithely ignores many of the financial realities the Postal Service faces. For example, much of his column dealt with a supposed taxpayer bail-out of the Service—when in fact no one is requesting a bail-out or help from taxpayers."


 The [Kenya Broadcasting Corporation](#) has noted that "Vice President Kalonzo Musyoka has said there is need for global society to embrace new technologies as a means to addressing emerging developmental challenges including narrowing the poverty gap amongst the people. Mr. Musyoka particularly, cited the role of technology in communication that enables people to interact and share experiences in tackling issues affecting them. The Vice President made the remarks on Tuesday when he received the Director General, Universal Postal Union (UPU), Edouard Dayan, who paid him a courtesy call at his Jogoo House Office."


 The [BBC](#) has reported that "Royal Mail workers will be offered at least 10% of the business's shares if it is privatised."


 From the [Washington Post](#): "Your schedule," Linda Scott of PBS remarked to Hoyer at Tuesday morning's meeting, "looks pretty light." She asked whether Democrats are "telling you they need to be back home, rather than naming post offices?" "We always name post offices," Hoyer replied with irritation. "It's a worthwhile endeavor to do that, and people really do appreciate it, particularly when it's their name and their community. The Democrats are unable to rally themselves around tax cuts for millions of Americans, and their leader is defending . . . postal namings."


 [CEP News](#) (Courier-Express-Postal), published by the [MRU Consultancy](#), has reported that:


 The provision of the universal service in Spain costs 170m euros to 220m euros every year. 30 to 32m euros of these costs are not covered by Correos's earnings. This gap is to be closed by a fund to which all postal companies will have to contribute.


 Portuguese Correios faced a consistent decline in the first half year 2010.


 This Monday Dutch TNT Post and the unions started negotiations over planned job cuts.


 Swiss Post, union Kommunikation and the employees association transfair agreed upon a package of measures for 'perspectives on employment security'.


 The EU Commission countered speculations about delaying the liberalisation of postal markets. Internal market commissioner Michel Barnier said upon request that the Commission does not plan to postpone the full liberalisation.

 Erenice Guerra, chief of cabinet, stepped down last week in the matter of allegedly manipulated tendering procedures at Brazilian ECT Correios.

 Swiss Post International intends to grow in Austria in its core business, parcels and unaddressed mail.


 Bangladesh plans to set up standardised legal framework conditions for courier and postal services.


 German union ver.di will make a new attempt to introduce a statutory minimum wage for the delivery staff.


 According to a report by news agency ANP (14.09), Opta, Netherlands's regulatory authority, is currently investigating claims that TNT Post is failing to meet the compulsory delivery quality targets (E+1=95 %).





The [MRU](#), founded in 1992, is the only consultancy in Europe, which has specialised in the market of courier-, express- and parcel services. For large-scale shippers and CEP-services in particular, the MRU provides interdisciplinary advice for all major questions of the market, as there are for example market entry, product design, organisation, and EDP. *To learn more about the stories reported above, contact [CEP News](#). (We appreciate the courtesy extended by CEP News to help whet your appetite for more of what CEP offers.)*


 The [Scottish Daily Record](#) has reported that "Saturday postal deliveries face the axe under Con-Dem plans to sell the Royal Mail. Business Secretary Vince Cable is willing to allow a privatised company to offer only a five-day service. Legislation paving the way for the sell-off is expected to be introduced next month."

 [KTRE](#) has reported that "The U.S. Postal Service's 13 percent drop in business last year could change the route your mail takes through East Texas. The postal service is treading water financially. With the drop in revenue, the processing and distribution center in Lufkin may shut down to keep the postal service afloat."

 [WKYT](#) has reported that "Some postal workers in Pike County are rallying to keep their post office operations plant open. The U.S. Postal Service is doing a study to determine whether to keep it open or consolidate it with a plant in Charleston, West Virginia. Postal employees here are circulating a petition and local officials are asking people to unite together to keep the post office processing plant open. Union Postal Workers say their jobs are in jeopardy and held a rally with local elected officials in the Pikeville City Park."

 The [Yahoo! Tech Blog](#) has reported that "The "Watch Instantly" video-streaming service on Netflix has been so popular with users that execs have occasionally floated the idea of a streaming-only plan that wouldn't involve any DVDs by mail. Well, the streaming-only idea for Netflix is about to become a reality — in Canada. So, why did Netflix decide to go with a streaming-only plan for Canada? As Hastings said in October when first announcing that Netflix was heading into overseas markets (ReadWriteWeb noted), it's because of the "tricky" proposition of shipping DVDs through non-U.S. postal services."

 [ePhotoZine](#) has reported that "Verbatim is launching a simple and ingenious solution for combining digital media with paper: the Red dot „Best of the Best“ Award-winning Verbatim Store „n“ Go Clip-it USB Drive. Available in a range of vibrant colours, Verbatim's Clip-it USB drive combines flash storage with the functionality of a paperclip. An extremely practical office solution for daily use in any business and ideal for keeping the paper work in order at home too! The Verbatim Clip-it USB Drive is now available with storage capacities of 2GB and 4GB costing £6.99 and £8.99 respectively (RRP). "Clip-it USB Drive" can easily be attached to documents or other objects just as you would use a paperclip: Winner of two Red Dot 2010 Design Awards: Designer and „Best of the Best“ Available in a range of vibrant colours: Yellow, Green, Pink, Blue, Orange as well as Black and White, Storage capacities of 2GB and 4GB Designed by Arman Emami, Clip-it has been awarded the accolade of Red Dot 'Best of the Best' 2010. The Clip-it USB drive makes it easier for you to keep all your data together in one place, and is a very practical solution to provide hardcopy and electronic files at the same time."

 [The Standard](#) has reported that "World Postal Corporation heads will be meeting in Nairobi on Wednesday for a two-day workshop to discuss the downward trend of mailing services that mar the industry's future. The conference organised by Universal Postal Union (UPU) will also take stock of progress made in implementing the world postal strategy and tackle questions such as how post services can remain relevant in the face of technological advances and changing consumer behaviours."

*September 21, 2010*




### [Welcome to PostCom Radio](#)


*Join PostCom President Gene Del Polito and Grayhair Software Vice President for Postal Affairs Angelo Anagnostopoulos and Grayhair Software Vice President for Product Development Raymond Chin in a discussion on **managed services** for mail users.*





***DMM Advisory: Address Correction Notices for Letters and Flats Qualifying for Full-Service Intelligent Mail and Changes to Move Update Standards.*** Today the [Federal Register](#) published our proposed rule to change the timeframe for providing address correction without charge for First-Class Mail®, Standard Mail®, and Bound Printed Matter (BPM) pieces that are eligible for Full-Service Intelligent Mail® prices. Our proposal states that address correction notices would be provided for the classes of mail noted above, without charge, for no longer than 95 days after the first notice is made available. This is in alignment with the current Move Update timeframe. Customers are encouraged to respond on or before October 21, 2010. The proposed rule can be viewed on the Postal Explorer® website at [pe.usps.com](http://pe.usps.com) by clicking on "[Federal Register Notices](#)" in the left frame.





 According to [Rep. Darryl Issa](#) writing in the Washington Times, "The declining demand for traditional mail delivery service presents a crisis for the U.S. Postal Service (USPS). A continued imbalance of costs and revenues means taxpayers could be asked to bail out the independent government agency, which is required by law to be self-funded. As labor contract renegotiations between USPS and its employee unions commence this fall, Congress should reject requests to delay again billions of dollars in future retiree health insurance obligations that USPS is required to meet annually. The problems need to be addressed now. Postponing billions in unmet obligations won't help."


 From [Stock Market Wire](#): "Global information services company Experian has acquired substantially all the assets of online credit monitoring services provider Mighty Net. The purchase price is \$207.5m which will be funded from Experian's existing cash resources."


 The [Kenya Broadcasting Corporation](#) has reported that "The Postal Corporation of Kenya is considering automating its services to increase both volume and trust among its customers. Permanent Secretary in the ministry of information Dr Bitange Ndemo said the automation process and tracking of mail would ensure efficient sending and receiving of mail enabling the post office to compete with the private sector players."

 [Hellmail](#) has reported that "The need for fresh thinking in the postal sector has never been greater, especially in driving innovation to meet the evolving demands of consumer and business customers. This was the main finding to emerge from the first annual 'Trends and Innovation in the Postal Market (TIP)' conference that took place 13-14 September in Lausanne, Switzerland. The high-level two-day conference saw leading players in the postal industry look to the future with a sharpened focus on driving innovation within the sector, and gathered some 100 delegates from the postal sector, industry and business, regulatory bodies and international organisations. Contributors included leading figures from Post operators, consultancies, academia, the European Commission and the UPU."


 A writer for the [American Reporter](#) says "that the U.S. Postal Service needs to be put into the loop on email and Internet service. It should become the nation's largest provider of email - USPS.us - and then phase in Internet services, as determined by its performance in the marketplace. And, like that email spam that went around years ago, I believe it should charge a very, very little charge for email, and a very reasonable charge for the Internet."

 [Reuters](#) has reported that "South Africa may consider giving its state postal bank a full banking licence, a senior official for the ruling party said on Tuesday, a move that could increase competition in the crowded banking industry."

 [Post & Parcel](#) has reported that "ICCREA, a holding company for cooperative banks and Poste Italiane, the state-owned company that runs the country's postal service, said they are conducting the so-called due diligence on MedioCredito. The companies said then that they may buy Rome-based MedioCredito as part of a government plan to create a lender to help boost growth in southern Italy by offering loans to individuals and businesses."


 The [Washington Post](#) has a story on a "A Philadelphia postal carrier has been accused of storing nearly 13,000 pieces of undelivered mail in the garage of his home." *[EdNote: Somebody ought to tell these people. People who rob banks get caught. Postal workers who "store" mail get caught. Bottom line. If you do it, you're gonna get caught.]*


 **From the Federal Register: Postal Service PROPOSED RULES** Address Correction Notices for Letters and Flats Qualifying for Full-Service Intelligent Mail, etc. , 57410–57412 [2010–23578] [\[TEXT\]](#) [\[PDF\]](#)

 The [Times Record News](#) has reported that "The Postal Service is contemplating "a decision to study whether it would be beneficial to consolidate some of the operations of Wichita Falls' Mail Processing Annex into a center in Fort Worth."


 Here's another one from [Direct Marketing News](#): "The US Postal Service is conducting a test marketing program in four markets promoting its Post Office Box Service, commonly known to consumers as "PO boxes." The service


provides consumers and businesses secure mail delivery to a post office receptacle for an annual fee. Campbell Ewald and Draft FCB, the USPS' two agencies of record, worked on the effort."


 [Direct Marketing News](#) has a story on "Valpak, the deliverer of the Blue Envelope of coupons to millions of households each month, will reveal a daily deals e-mail newsletter and website in November. Kim Dominguez, director of marketing at Cox Target Media, which owns and operates Valpak, explains to Direct Marketing News how the direct marketing company is navigating the switch to digital marketing." *[EdNote: Wow! The darling of the U.S. Postal Service. The defender of postal rate increases is looking to get out of the mail. Will wonders never cease?]*


 [Postal Technology International](#) has reported that "Jersey Post will launch state-of-the-art IT and technical services next year as a result of a new deal with leading IT firm Syntel. The services will range from postage on-line, which enables customers to pay for and print postage labels at home, to business customer systems enabling on-line billing and payment capabilities."

*September 20, 2010*

 [ePolitix](#) has reported that "The Royal Mail is "not in financial good health", Ed Davey told a Liberal Democrat fringe event in Liverpool today. He said that "the scale of the financial problem is massive" for the organisation and cannot be resolved either by existing government loans or reconciliation of its pensions deficit problem."


 The [Southeast Missourian](#) has reported that "In an effort to save Saturday mail delivery, members of the local American Postal Workers Union talked with customers and distributed flyers Monday at Cape Girardeau's downtown post office on Frederick Street."


 [Monsters and Critics](#) has reported that "The Russian government is planning to fire at least 100,000 civil servants in order to save 43 billion rubles (about 1.4 billion dollars) by 2013. Ahead of Monday's move, Russia's public postal service had already announced it would cut at least 33,000 of its 415,000- strong workforce."


 [Federal Times](#) has suggested that if you "Hate the U.S. Postal Service's proposal for five-day-a-week mail service? Consider the possibility of every-other-day delivery."




From [Canada NewsWire](#): "Lisa Lisson, a native Canadian and 18-year veteran of the FedEx organization, has been named president of FedEx Express Canada Ltd."



 [Banking Business Review](#) has reported that "Western Union and DHL Express have entered into a memorandum of understanding (MoU) to expand their cooperation to introduce international business payment services to DHL customers throughout Europe."

 The [National Association of Postmasters](#) has reported that "Phil Jones, the NAPUS Legal Defense Plan attorney, complained the USPS is being controlled by bean counters that only are concerned with the bottom line."


 The [Postalnews Blog](#) has reported that "The Senate last week confirmed the appointment of Dennis J. Toner, of Delaware, to be a Governor of the United States Postal Service for the remainder of the term expiring December 8, 2012. Toner's main qualification for the job of overseeing the USPS is apparently his former job as deputy chief of staff for Joe Biden. Toner won't be the only Governor with no obvious postal or business expertise- he joins fellow governors Mickey Barnett and Ellen Williams, both GOP lobbyists, and James H. Bilbray, a former Nevada Congressman and associate of Harry Reid." *[EdNote: There are days you've just got to wonder . . . Why in blazes do we have a Board of Governors anyway? They never learn anything about postal. They fail to hold postal management accountable. Their policies, if the exigent case is an example, are off-base. And they know little about how the Postal Service could better market and grow its business. They can't seem to master opening up their public*


*meetings via webcasting. They never open up themselves at public meetings to public input. So, why are we paying them \$30,000 a year?]*

 The [Wall Street Journal](#) has reported that "Wal-Mart Stores Inc. is experimenting with allowing customers to buy merchandise online and have it delivered free to urban FedEx Corp. locations, a bid to boost sales in big cities where the retailer has little to no store presence. The tests, which started this summer in Los Angeles and Boston, allow customers to direct purchases made on Walmart.com to FedEx Office outlets at no cost, mimicking a Wal-Mart offering called Site to Store that lets online buyers send items to the retailer's stores free. Wal-Mart has no stores in Boston and only two in Los Angeles, but FedEx has many locations in both." See also the [Courier, Express, and Postal Observer](#).


  The [Herald](#) has reported that "The Liberal Democrats yesterday announced a "copper-bottomed guarantee" that the Royal Mail would not lose its universal service obligation, despite controversial privatisation plans. Tavish Scott, the Scottish LibDem leader, made the pledge following fears that selling off the business would jeopardise services. The universal service obligation ensures that a letter is delivered to any part of the country in the same time for the same price. While it is seen as vital for many remote communities it is also expensive. Ministers insist that the difficulties surrounding the Royal Mail, including a £10 billion pension deficit, mean whole or part privatisation is the best solution. But unions have warned that the move could lead to wide-scale redundancies, poorer service and price rises." See also the [Press and Journal](#).


 From [Seeking Alpha](#): "The Small Parcel Oligopoly: How We Got Here."

 The [Financial Times](#) has reported that "The long-debated privatisation of the UK's Royal Mail service is back on the agenda, and this time it looks serious. Most business commentary has focused on the price. But the real question is how far a flotation is feasible, and what it would achieve. Begin with the obvious point that in economic terms, only a small part of the business is for sale. The big stuff – the pension fund – stays with the taxpayer."

 The [New Vision](#) has reported that "THE Government will merge Posta Uganda services with those of the district information call centres when the laying of the National Backbone Infrastructure or the fibre optic cable is completed, the ICT minister said last week."


### ***September 19, 2010***

 [Melodika.net](#) has reported that "DST Output today announced that it placed 167 on this year's InformationWeek 500, an annual listing of the nation's most innovative users of business technology. The 2010 list was revealed last night at a gala awards ceremony at the exclusive InformationWeek 500 Conference taking place at the St. Regis Monarch Beach Resort, Dana Point, CA."


 The [Armenian News Network](#) has reported that "Manager of Haypost CJSC Juan Pablo Gchijian said that after the reconstruction of post offices of Armenia's national postal operator Haypost and introduction of new technologies, Armenian consumers will have the opportunity to receive the goods purchased abroad via internet without customs clearance."


 The [Press Association](#) has reported that "The Liberal Democrats offered a "copper-bottomed guarantee" that mail will continue to be delivered anywhere across the United Kingdom at the same price."


### ***September 18, 2010***


 The [Curry Coastal Pilot](#) has noted that "While Saturday mail delivery is important to so many people in so many ways, there's one impact of Saturday mail service that we had not considered until Oregon Secretary of State Kate Brown testified this week before the Postal Regulatory Commission: Oregon's successful 30-year history with vote-by-mail elections. Voting by mail is a huge success in Oregon. Brown's statistics are the proof: 70 percent of voters approved the move to vote-by-mail, costs have gone down 42 percent despite inflation, and voter participation has

gone up, running near 85 percent in the past two presidential elections. Two more points made by Brown deserve mention. Vote by mail has increased the discussion time between candidates and voters, and it has proven to be secure against fraud."

 According to the [News Chief](#), "There is no doubt that the Postal Service is facing the same economic hardships as almost every sector of the economy. A reduction in service is not the way to convince the public that it is essential, however; in fact, it will likely push more people away. And as the Postal Service pushes away customers, it will also push away or drive out of business those companies that depend on the mail delivery system for everyday functions. The spiral will continue."


 The [Washington Post](#) has a story about a GOP mail group that "wears 2 hats."


 [Federal Times](#) has reported that "If he gets the job of Office of Management and Budget director, Jacob Lew will push the Office of Personnel Management to respond to findings that the U.S. Postal Service overpaid its pension obligations by tens of billions of dollars, according to a written answer he provided on a Senate Homeland Security and Governmental Affairs Committee questionnaire. The specific question noted that separate analyses by the USPS inspector general and an independent consultant hired by the Postal Regulatory Commission estimate the overpayments at anywhere from \$50 billion to \$75 billion. While OPM has committed to respond, it has not done so."

 [DM News](#) has reported that "The US Postal Service is considering a letter and flat-sized product that would offer customers sending time-sensitive documents the speed and consistency of Priority Mail with delivery confirmation, but at a lower price than the flagship product. Tentatively called "Critical Mail," the product would offer delivery in one to three days, and give consumers the ability to track the piece in progress. It would likely have two price points, one for a letter and a higher price for a flat mail piece. Dave Lewin, Postal Service PR representative, confirmed Critical Mail is a product in development, but said details are under review. "We are optimistic we will have an offering in the near future," he said. "We think it will be a popular offering that fills a niche, and we've gotten positive feedback from the organizations we have shared the idea with."

 **From the Federal Register: Postal Regulatory Commission NOTICES** New Postal Products , 57303–57304 [2010–23404] [\[TEXT\]](#) [\[PDF\]](#) Periodic Reporting Proposals , 57304–57305 [2010–23371] [\[TEXT\]](#) [\[PDF\]](#)

 [PanArmenia](#) has reported that "in May 2010, Haypost signed a comprehensive agreement on cooperation with the French national postal operator, La Post. According to the agreement, competitive and high-quality services should be provided in Armenia. La Post Foreign Relations Director said that under the agreement La Post should assist introduction of modern technologies and improvement of skills of Haypost employees. Besides, the list of services provided will be enlarged."

 As [Multichannel Merchant](#) has noted, "FedEx Corp. plans to combine its FedEx Freight and FedEx National LTL operations under the FedEx Freight banner, effective Jan. 30. FedEx will lay off about 1,700 full-time employees and close about 100 facilities. The company said that the move will help FedEx reduce operational costs, and provide customers a choice of priority or economy less-than-truckload (LTL) freight services from one integrated company."


 **DMM Advisory: IMb™ Services Update PostalOne!® Release 24.1.3 (September 19, 2010):** *PostalOne!* Release 24.1.3 will be deployed to production on September 19 during the scheduled maintenance window of 4:00 a.m. – 8:00 a.m. (CST). Release 24.1.3 will also be deployed to Test Environment for Mailers (TEM) on Monday, September 20, between 4:00 a.m. – 8:00 a.m. (CST). The release notes have been posted on RIBBS® under [PostalOne! Release 24.1.3 notes](#).

- **usps.com Server Outages (September 18 and September 19):** There will be an outage of all usps.com servers over the weekend beginning September 18. The outage on Saturday, September 18, will occur from 2:00 a.m. – 4:00 a.m. (CST). The outage on Sunday will occur during the normal maintenance window of 4:00 a.m. – 8:00 a.m. (CST).
- **Mail Data Quality Reports Outage (September 19, 2010):** Mail Data Quality Reports will be unavailable on Sunday, September 19, 2010, from 4:00 a.m. - 8:00 a.m. (CST) due to a system upgrade. There will be no additional outage/impact to the *PostalOne!* system.
- **Facility Access and Shipment Tracking (FAST)® - RIBBS Updates**
- **Origin Entry Facilities** - In order to assist with Full Service documentation, a listing of FAST Origin Entry facility information is now available on RIBBS. To access this file, please navigate to [ribbs.usps.gov](http://ribbs.usps.gov), and go to the FAST/Surface Visibility page via the “Site Index A-Z” link across the top. The "FAST Origin Entry Facilities" file is located in the “Important Links” box.
- **Customer / Supplier Agreements** - The Guide to Customer / Supplier Agreements (CSAs) has been revised. The updated CSA Guide is located on RIBBS under *Intelligent Mail Services/Guides and Specs/Important Links*.



A report has been posted on the U.S. Postal Service Office of Inspector General website (<http://www.uspsoig.gov/>). If you have additional questions concerning this report, please contact Agapi Doulaveris at 703.248.2286. **[The Effects of the Flats Sequencing System on Delivery Operations – Columbus District \(Report Number DR-MA-10-002\)](#)**. The five Columbus District delivery units reviewed improved delivery operations during Flats Sequencing System (FSS) full production. These units cut operating costs by \$546,252 and reduced city carrier office hours, manual distribution clerk workhours, and city carrier routes. Although the FSS improved delivery operations, these delivery units received over 8.5 million flat mailpieces that were not processed on FSS.


*September 17, 2010*

 **DMM Advisory: Published Federal Register Notices.** The following two *Federal Register* notices were published today and are now posted on the Postal Explorer® website at [pe.usps.com](http://pe.usps.com). We encourage you to check them out:

- **Intelligent Mail Package Barcode** — This advanced notice of proposed rulemaking incorporates standards for the optional use of Intelligent Mail® package barcodes (IMpb) no later than January 2011; and requires the mandatory use of IMpb on all domestic packages beginning in January 2012. The IMpb will provide valuable piece-level package information. We’re looking forward to receiving and considering mailing industry feedback on the proposed timeline before publishing the final standards. Customers are encouraged to respond on or before September 27, 2010.
- **Express Mail Open and Distribute and Priority Mail Open and Distribute** — We are proposing to revise the service commitment for Express Mail Open and Distribute as a guaranteed end of day product to reflect the way it is processed. We are also proposing to add a minimum five-pound weight requirement for Express Mail® Open and Distribute and Priority Mail® Open and Distribute sacks so that they won’t be mistaken for empty sacks and delayed in handling. Customers are encouraged to respond on or before October 18, 2010.

 **At the Postal Regulatory Commission:** The [12-month average change in CPI-U](#) has been posted on

the PRC web site. Through August 2010, **the CPI-U is 1.477%**.

 According to the [Courier, Express, and Postal Observer](#), "FedEx's earnings announcement and conference provided some insights into the parcel market and the increasing integration of the Postal Services delivery network with the marketing and distribution capabilities of FedEx. The comments relating to FedEx Smart Post seem to indicate that United Parcel Service and other carriers that compete in the market for delivering small parcels to households, whether by their own drivers or by the Postal Service may be losing market share to FedEx."




**The latest issue of the [PostCom Bulletin](#) is available online.** In this issue:

- HOT STUFF!! "The Obama administration is pressing lawmakers to jump-start its signature healthcare and Wall Street reform efforts by including some of their elements in a spending bill that must pass in coming weeks, according to documents obtained by Reuters. The administration has also requested \$5.5 billion for the Postal Service's retirement fund." See also the Associated Press, which has reported that the Obama administration is looking to "permit the cash-strapped Postal Service to forego a scheduled \$5.5 billion payment into a health care fund for retirees."
- In his annual state of the business address to the mailing industry, Postmaster General John E. Potter today stressed that long-term sustainability for the Postal Service will be achieved through fundamental change.
- The Postal Regulatory Commission (PRC) has issued its final rule adopting analytical principles regarding workshare discount methodology in Docket No. RM2009-3 (Consideration of Workshare Discount Rate Design). It found that First-Class Mail Single-Piece and Presort mail have a worksharing relationship and therefore a linkage when setting price discounts, and that Standard Saturation mail serves a unique market. The Commission has also established guidelines to help determine the scope of worksharing activities. The Commission is initiating Docket RM2010-13 to consider proposals to identify appropriate benchmarks to use to measure the costs avoided by worksharing and establish discounts in the future.
- The USPS Office of Inspector General this week published the results of the fifth in its series of self-initiated audits of color-coding for Standard Mail and mail condition reporting. The Austin, TX, Processing & Distribution Center (P&DC) audit marks the fifth such audit completed by the OIG since the USPS updated its Standard Mail color-coding policy in mid-2008, and the fourth such audit to reveal significant deficiencies. The OIG found that the Austin P&DC did not properly color code 86 percent of the containers, held mail arriving at the dock and incorrectly coded it one day late, and under-reported its delayed mail volume by approximately 1.1 million pieces.
- The Washington Post recently posted an editorial, by Professor Murray Comarow - a long-time student of things postal - on the Postal Service regarding the commencement of contract talks between two of the major postal unions and the U.S. Postal Service. *[Editor's Note: There's an error here. Professor Comarow's letter was not published by the Washington Post, but is simply being presented here. We regret the error.]*
- Other items on Congressional to-do list. UPS leaves 'Brown' for new love. PRC grants proceeding for analytic principle change #38. USPS begins rural letter carrier contract negotiations. MTAC begins workgroup #140. USPS highlighted as government innovator. FedEx 1st quarter earnings surge.
- An update on postal rules and notices published in the Federal Register.
- An update from the USPS Office of Inspector General.
- A review of postal news from around the world.
- Postal previews.


*Hey! You've not been getting the weekly PostCom Bulletin--the best postal newsletter anywhere...bar none? [Send us by email](#) your name, company, company title, postal and email address. Get a chance to see what you've been missing.*





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 As [one marketing blog](#) has noted, "According to research conducted by Zussi Research for the digital marketing show ad:tech London, traditional advertising is perceived by consumers as more informative, entertaining, and necessary than online advertising. Consumers — including those in the coveted 18-34-year-old bracket — actually prefer direct mail and newspapers over online marketing."


 [Logistics Manager](#) has reported that "the DHL disaster response team will extend its deployment in Pakistan by a further two weeks, as recommended by the UN."

 [Is4Profit](#) has noted that "The Government must ensure any modernisation of Royal Mail retains the “universal service obligation” which small businesses are so reliant on, the British Chambers of Commerce (BCC) has said. BCC spokesman Sam Turvey, said small businesses are heavily reliant on Royal Mail because of the cost issues involved with alternatives."


 According to [PrintWeek](#), "Direct mail printers have backed government plans to privatise Royal Mail, but warned that many challenges lie ahead for whoever takes charge at the mail operator."

 As the [Express & Star](#) has noted, "For many of companies, sending post is a vital way of keeping in touch with their existing clients, of informing them about their goods and services and of attempting to reach new customers. Mail shots, newsletters, leaflets and brochures represent vital lines of communication between the providers and the consumers. The problem is, though, that conventional methods of post are simply too expensive to justify large bulk deliveries. Recently, however, many companies have been looking into the possibility of switching to a hybrid mail system, an innovative alternative to the more traditional, and substantially more expensive, postal service."


 **At the Postal Regulatory Commission:** [Senator Lisa Murkowski](#) told the Postal Regulatory Commission that maintaining Saturday delivery was essential to the well-being of the people of Alaska.


 [Portugal News Online](#) has reported that "Scores of postal workers marched on Monday morning through Lisbon in small groups in an unauthorised march ending in a rally outside parliament."


 **From the Federal Register:** [Postal Regulatory Commission](#) **NOTICES** New Postal Product , 57087–57088 [2010–23203] [\[TEXT\]](#) [\[PDF\]](#)


 [Foster's Daily Democrat](#) has reported that "The U.S. Postal Service is challenging \$350,000 in fines stemming from citations alleging workers were exposed to electrical hazards at a mail processing and distribution center on Heritage Avenue. The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) issued five separate citations to the Postal Service on Aug. 19 alleging "willful violations" of safety standards that were the result of inspections prompted by employee complaints. "They have contested and the matter is in litigation," said OSHA spokesman Ted Fitzgerald."

*September 16, 2010*


 According to [Business Week](#), "FedEx Corp. indicated Thursday that the global economic recovery remains uneven. While strength in international shipments is boosting net income, FedEx is cutting 1,700 jobs in its U.S. freight business to offset losses there."


 According to [DutchNews](#), "TNT Post will only have to sack some 4,500 postal delivery workers under its ongoing reorganisation, not 11,000 as originally feared, personnel chief Gerard Aben is quoted as saying by news agency ANP."


 From [Canada NewsWire](#): "As Canada Post moves to modernize its operations with millions of dollars of new investments, the Crown Corporation is quietly introducing a series of service cuts, the post office's largest union says."


 RPost has released its first email application for BlackBerry® that embeds Registered Email®, email encryption, and esignature services into the BlackBerry's standard email client. BlackBerry users now have the option to "Send" or "Send Registered™" for email in which they would like to retain records of legal delivery proof, or send encrypted email to recipients off the BlackBerry network.

**CENTER FOR RESEARCH IN REGULATED INDUSTRIES** **Call for Papers – the Center for Research in Regulated Industries is now accepting abstracts for next year's conferences. Advanced Workshop on Regulation and Competition's Eastern and Western Conferences and 19th Postal Conference: (1) 30th Annual Eastern Conference, Skytop, Pennsylvania, U.S., May 18-20, 2011, Skytop Lodge, Abstracts Due: January 6, 2011, <http://crri.rutgers.edu/call/ECWC11%20Call%20for%20Papers.doc>; (2) 24th Annual Western Conference, Monterey, California, U.S., June 15-17, 2011, Portola Hotel & Spa, Abstracts Due: November 30, 2010, <http://crri.rutgers.edu/call/ECWC11%20Call%20for%20Papers.doc> (3) 9th Conference on Postal and Delivery Economics, June 1-4, 2011, Radisson Blu, St Helier, Jersey, Abstracts Due: December 15, 2010, <http://crri.rutgers.edu/call/PC11%20Call%20Papers.doc>. More information about the Call for Papers is available at <http://crri.rutgers.edu/call/>**


 The [Charleston Gazette](#) has reported that "The U.S. Postal Service wants to hear what residents and businesses think about a proposal to consolidate its Beckley processing operation into its Charleston plant."


 The [Wall Street Journal](#) has reported that "Dutch express and postal company TNT NV said Thursday that it expects up to 4,500 forced redundancies at its troubled mail unit, rebutting allegations from labor unions that it plans more than 8,000 forced job cuts. TNT plans to shed 11,000 jobs at its struggling mail unit by the end of 2012, as it seeks to cut costs to offset declining mail volumes." *[EdNote: As for the Postal Service? Well, there will be no layoffs, no furloughs, and no offers for early retirement. Now, there's creativity for you.]*

 According to [Media Daily News](#), "Apple is expected to announce soon a new subscription plan for newspapers, which hope tablets like the iPad will eventually provide a new source of profit as media companies struggle with declining print circulation and advertising revenue. While a handful of national papers already offer app subscriptions to iPad users, major metropolitan papers across the country are getting ready to roll out their own publication apps and have been in discussions with Apple." *[EdNote: Great! So do they have a plan for the mail?]*

 From [Business Wire](#): "Strong demand for our services resulted in higher volumes and better revenue per shipment at FedEx Express and FedEx Ground," said Frederick W. Smith, FedEx Corp. chairman, president and chief executive officer. "This increased demand comes from improved global economic conditions and the benefit provided by the strength and flexibility of our unparalleled global networks, which we've improved during the downturn to deliver even more reliability and value to our customers."

 **From the Federal Register: Postal Service RULES** Revisions to Requirements for Authority to Manufacture and Distribute Postage Evidencing Systems , 56471–56472 [2010–23031] [\[TEXT\]](#) [\[PDF\]](#)

 [WBAY](#) has reported that "The Oshkosh City Council passed a resolution Wednesday night in support of postal workers fighting to save a distribution facility. Right now a study is being conducted that could move operations to either Green Bay or Milwaukee. In a fight that's gone on for weeks, Oshkosh postal workers aren't giving up."


 Postal news from [Hellmail](#):


 [Norway Post Appeals Against ESA Anti-Competitive Ruling](#)


 [New Study - Discontinuing Paper Statements Can Damage Customer Relationships](#)


 [Finnish Regulator Publishes Postal Survey](#)




 The [Azerbaijan Business Center](#) has reported that "he Swiss State Secretariat for Economic Affairs is likely to allot a grant to Azerpocht (Azerbaijan postal operator) for Financial Services Development Project. Novruz Mammadov, the head of the Postal Office of the Ministry of Communications & Information Technologies, says that the grant agreement will be signed before the end of this year."


 In his annual state of the business address to the mailing industry, [Postmaster General John E. Potter](#) stressed that long-term sustainability for the Postal Service will be achieved through fundamental change. Despite cutting spending by \$3 billion in 2010, the Postal Service continues to seek meaningful change for greater control over business decisions, including delivery frequency, pricing and products, public policy and workforce flexibility. The Postmaster General also looked forward, telling PCC members that new flat-rate products and a Priority Mail "Regional Rate Box" are being developed and will be available as of January 2011. Other successful innovations in mail will return, including the Summer Sale, an expansion of the Saturation Mail Sale and a new incentive program included in the exigent price filing, "Reply Rides Free," that would allow mailers to use bill and statement mailings for advertising messages. Potter also challenged PCCs and the mailing industry to embrace change, asking for their best ideas on new products and services the Postal Service could pursue and encouraging them to become a part of the Postal Service's "era of innovation."


 **HOT STUFF!!** "The Obama administration is pressing lawmakers to jump-start its signature healthcare and Wall Street reform efforts by including some of their elements in a spending bill that must pass in coming weeks, according to documents obtained by [Reuters](#). **The administration has also requested \$5.5 billion for the Postal Service's retirement fund.**" See also the [Associated Press](#), which has reported that the Obama administration is looking to "**permit the cash-strapped Postal Service to forego a scheduled \$5.5 billion payment into a health care fund for retirees.**"


 [The Guardian](#) has a piece on "The mood in the Royal Mail sorting office" by Roy Mayall.


 [Information Week](#) has reported that "The U.S. Postal Service's Intelligent Mail service represents a new era for the 230-year-old mail system, which still delivers letters and packages by mule in rural Arizona. Introduced last year and based on a more complex bar code that makes it possible to track individual pieces of mail, Intelligent Mail is more efficient while giving mega users such as banks and retailers better visibility into their direct mail efforts. Intelligent Mail is one of 15 projects -- 10 by federal agencies, five by state and local governments -- selected by the editors of InformationWeek Government for recognition in our 2010 Government IT Innovators contest."

*September 15, 2010*

 [CNET](#) has reported that "Nokia and Intuit are teaming up to offer small businesses a new service designed to grab more customers through mobile marketing. Unveiled at Nokia World 2010 on Wednesday, the new service will target mobile subscribers with a series of ads and personalized offers for products and services that they can buy in their own neighborhoods. The goal is to help small and medium businesses (SMBs) better reach and communicate with their local customers."

 A special edition of the Postal Service's [Business Mail Acceptance Newsletter](#) concerning the procedures and standards for flats deflection testing has been posted on this site.

 **At the Postal Regulatory Commission:** Posted on the PRC homepage. PRC Budget Meeting for FY 2012 Meeting Audiocast [http://www.prc.gov/prc-docs/home/whatsnew/budget\\_fy2012.mp3](http://www.prc.gov/prc-docs/home/whatsnew/budget_fy2012.mp3) September 10, 2010. September 13th Hearing N2010-1 Hearing Audiocast [http://www.prc.gov/prc-docs/home/whatsnew/Hearing\\_N2010-1\\_09-13-2010--1.mp3](http://www.prc.gov/prc-docs/home/whatsnew/Hearing_N2010-1_09-13-2010--1.mp3) [EdNote: Kudos! At least one postal authority knows how to open its proceedings to the public. Let's hope others learn how as well.]

 [Melodika.net](#) has reported that "Marc A. Courtois, Chairman of the Board of Directors of Canada Post, has announced that the Office of the Ombudsman at Canada Post has been awarded one of the prestigious Canada Awards for Excellence by the National Quality Institute."

🇵🇰 The [Pakistan Observer](#) has reported that "Pakistan Post has extended Rs.19,930,000 immediate relief to its flood affected employees in the country under the head of house building advances."

🇮🇳 The [Economic Times](#) has reported that "Neopost India, part of the Neopost Group, has unveiled in Delhi its DigifrankPlus machines using remotely managed franking system (RMFS), which will soon replace the electronic franking machines in India. With this, India Post joins the leading posts of the world in using remotely managed franking system."

🇳🇱 [Post & Parcel](#) has reported that "There have been a number of reports in the Dutch media in the past few days suggesting that there are structural problems with the quality of postal deliveries. In response, Harry Koorstra, a member of TNT's Board of Management and group managing director mail, said: "TNT Post continues to provide a high quality service. We do everything possible to deliver the mail on time and to the right address, all the more now in these changing times."

🇬🇧 According to [Road Transport](#), "Royal Mail Group's rivals are likely to snap up parts of Parcelforce after the government confirmed it will be privatised."

🇺🇸 [Benzinga](#) has reported that "Descartes Systems Group, a federated global network logistics solutions provider, announced that it has enhanced its Descartes Route Planner On-demand solution to enable carriers to comply with the United States Postal Service (USPS) requirement to track and report to the USPS the status of active highway contract routes."

🇩🇪 [CEP News](#) (Courier-Express-Postal), published by the [MRU Consultancy](#), has reported that:

🇬🇧 Royal Mail will be completely privatised. The government plans to introduce the according bill to the Lower House this autumn.

🇬🇧 Royal Mail's pension fund significantly reduced its deficit last year.

🇩🇪 Deutsche Post plans to continue its strict savings policy in the light of the declining letter mail business. Profits in the letter mail business are decreasing since then - despite an increased efficiency.

🇦🇹 Austrian Post tried to 'acquire customers in the past years with prices that do not cover costs'. On request of CEP-News, Austrian Post disclosed that it was not a true reflection of reality that the prices offered are at below cost.

🇪🇺 The EU Commission wants to carry out a study on intra-community crossborder parcel delivery. The authority argues that cross border parcel volumes were much lower than domestic parcel volumes. The commission assumes that the tariffs for cross border parcels are one of the reasons for the low volume and the limited growth.

🇦🇹 Parcel service Hermes delivered altogether 8.7m parcels in Austria last year.


🇬🇧 British online retailers are missing out sales in the billions. A current report shows that 42% of Britain's webshops don't offer any deliveries outside the U.K.

🇫🇷 French La Poste will start to use rail transports in its letter distribution network in the next years.


🇩🇪 Parcel service GLS offers its customers in Germany the new ShopDelivery- Service.





The [MRU](#), founded in 1992, is the only consultancy in Europe, which has specialised in the market of courier-, express- and parcel services. For large-scale shippers and CEP-services in particular, the MRU provides interdisciplinary advice for all major questions of the market, as there are for example market entry, product design, organisation, and EDP. [To learn more about the stories reported above, contact CEP News.](#) (We appreciate the courtesy extended by CEP News to help whet your appetite for more of what CEP offers.)


 [The Telegraph](#) has reported that "Postal unions have threatened to try to unseat Tory and Liberal Democrat MPs in marginal constituencies unless they vote against the Government's controversial plans to privatise Royal Mail." See also the [Daily Mail](#).

 According to the [Alamogordo Daily News](#), "a postal rate increase is bad business."

 Postal news from [Hellmail](#):

 [Transport of pallets and large items](#), which represent around 10% of logistics services provided by Estonian Post, has seen an increase in turnover of 100% compared to last year.

 [Russian Post](#) has criticised what it described as 'artificial restrictions' on the way in which Russian pensioners gain access to pension payments. From the 1st September, pensioners in the Pavlovsky Posad region of Moscow had their pensions paid via the JSCB Bank of Moscow, effectively severing Russian Post's part in the distribution of pensions and social benefits.

 According to [Dead Tree Edition](#), "At a time when the U.S. Postal Service should be trying to downsize by getting employees to retire early, it instead continues finding ways to discourage early retirements."

*September 14, 2010*

### **Mailers' Technical Advisory Committee (MTAC)**

Beginning May 2011, to be eligible for automation discounts on your letter-size and flat-size mailpieces, you will need to start using the Intelligent Mail barcode in place of the POSTNET barcode. In May 2011, the POSTNET barcode will be ineligible for automation prices and the IMb must be used to claim automation prices with either the Full-Service or the Basic option.

Mailers have deposited more than 50 billion mailpieces with IMb and the numbers keep increasing. Are you ready to come onboard?


To help you transition to the IMb, the Postal Service is conducting weekly webinars, "Migrating to the IMb." These webinars will provide information on how to implement the IMb and how to use Intelligent Mail services for First-Class Mail, Standard Mail, Periodicals letters and flats, and Reply Mail. The next sessions are:


- Sept. 17, noon to 1:30 p.m. (all times Eastern)
- Sept. 23, noon to 1:30 p.m.
- Sept. 28, 10:00 a.m. to 11:30 a.m.
- Oct. 7, 11:00 a.m. to 12:30 p.m.
- Oct. 12, 2:30 p.m. to 4:00 p.m.

There are 500 "seats" – or ports – available for each of these online sessions. For more information, please go to the RIBBS website at <http://ribbs.usps.gov>.





From the [Affordable Mail Alliance](#): "The Postal Service wants to raise postal rates ten times the rate of inflation. This is the wrong message to send a nation that desperately needs to stimulate economic growth. It's time to tell the Postal Regulatory Commission: a bill for a rate hike like this is not the message that should be sent to America. Greater-than-inflation postal rate increases will diminish mail's value as an engine for economic growth and will punish those the postal system is supposed to serve. And the Postal Service doesn't need a rate increase to keep running this year or next. USPS has admitted that it will have enough money to keep delivering the mail until the end of FY 2011 with or without a rate increase. After that, it can survive—and thrive—if it controls its bloated costs. It's not only a bad idea, it's bad policy, bad economics, and it's a bill we need to send right back."


 The [Financial Express](#) has reported that "Bangladesh Post Office (BPO) has signed deals with five public universities for submission of fee for application forms for admission into these universities, BPO chief said."


 [Advertising Age](#) has reported that "Magazine readership among the affluent plunged 16% in the past year as the group spent 12% more time using the internet and sharply stepped up purchases of e-readers and tablet computers, according to the annual Ipsos Mendelsohn Affluent Survey. The survey of heads of household making at least \$100,000 annually also finds that, despite the widespread belief that millennials are more likely to reject or avoid advertising than their elders, younger affluent consumers are actually more interested in ads in all media, including magazines, than their elders."


**Mailers' Technical Advisory Committee (MTAC)** The Postal Service has embarked on a strategic initiative of [Enterprise Payment](#) to offer state-of-the art payment options across postal products and services. As part of the initiative we are undertaking a corporate wide analysis of USPS customer payment options as they exist today and performing a customer needs analysis to understand the solutions that will need to be offered to meet customer payment needs. This Workgroup will define gaps in the current payment options and customer payment needs for the enterprise payment initiative. The workgroup will focus on the following: Phase 1: (Complete by October 15, 2010) Define gaps in the current payment options. Define customer payment needs for the enterprise payment initiative. Phase 2: Provide input for solutions designed under the enterprise payment initiative.


 The postal service developed a new product. It is called "[Critical Mail](#)". It is less than the cost of Priority Mail but has all the attributes. Full Delivery Confirmation Tracking and 2-3 delivery. It is in test phase with full ramp up in January of 2011.


 ***At the Postal Regulatory Commission:*** The Postal Regulatory Commission has issued an "[Order Adopting Analytical Principles Regarding Workshare Discount Methodology](#)" regarding Docket No. RM2009-3 finding that **First-Class Single-Piece and Presort mail have a worksharing relationship and therefore a linkage when setting price discounts**. Worksharing refers to activities such as sorting and transportation that are performed by the mailer instead of the Postal Service in exchange for price discounts. Because Standard High Density and Standard Saturation Mail serve separate markets, the section 3622(e) limitations on workshare discounts do not apply to the rate relationship between those two categories."


 From [Business Wire](#): "Crawford Technologies Inc., a leader in print-stream transformation and document re-engineering software solutions, and Zumbox, the leader in digital postal mail services, today announced a partnership to provide Zumbox enablers that will enable digital delivery via Zumbox as an integrated alternative output channel for their customers. The CrawfordTech Zumbox enablers will make it fast and simple for print service providers and large mailers to take advantage of digital delivery via Zumbox due to the enablers' ability to support Xerox Metacode/LCDS, AFP, Postscript, PDF, PDF/A, PCL and Line data print streams."


 The [Financial Express](#) has reported that "The government is set to frame rules to bring courier service and mailing operators under a specific guideline in a bid to speed up the service and electronic money transfer. A review committee has recently finalised the draft of 'mailing operators and courier service rules-2010'. The draft will be placed to the ministry of post and telecommunication for its nod. The ministry is forming a licensing authority for the courier service and mailing operators. The review committee has held a series of meetings in the last two months to finalise the rules."


 According to [Experian QAS](#), "Companies employing address validation tools for their direct marketing efforts need a strong and effective Royal Mail in operation."


 [Mad.co.uk](#) has reported that "Royal Mail has appointed MasterCard's vice president for brand marketing in the UK and Ireland, Ben Rhodes to the role of brand director."


 According to the [Financial Times](#), "The UK's Royal Mail has needed to break free of the government for decades. Without the financial discipline of private capital, the postal service will struggle to continue its modernisation programme. The biggest challenge to privatisation, though, is finding a buyer."


 The [Yorkshire Evening Post](#) has reported that "Postal workers who were refused time off to celebrate a religious holiday are considering legal action against Royal Mail."


 [Dutch News](#) has reported that "Telecom watchdog Opta is investigating claims that TNT Post is failing to deliver mail properly in some parts of the country, news agency ANP reports. The investigation began last year after reports of problems in some parts of the Randstad, the central urban area of the Netherlands, ANP says. TNT Post claims 97% of items are delivered correctly and on time. The company is in the process of slashing its delivery staff by some 11,000 because of competition from bulk contract delivery firms such as Sandd."

 [Startups.co.uk](#) has reported that "A survey of 5,000 companies found that just 23% still view mail as necessary. Londoners were found to value the postal service the least with 11% saying that 'snail mail' was important to their business. By comparison, the postal service was most prized in Yorkshire where 37% of businesses described the daily delivery as essential."

 The [Tanzania Daily News](#) has reported that "The Tanzania Postal Bank (TPB) has been commissioned by the Tanzania Revenue Authority (TRA) as its agent to collect various taxes."


 [ComputerWeekly](#) has reported that "A report has highlighted the colossal failures of the UK postal service in mitigating its decline in the face of advances in digital media. While the e-fulfilment market is growing, it is proving to be no simple matter for the postal service to address, says the report. The services, which overlap with offerings from express couriers, is highly competitive and puts huge pressure on costs, prices and profit margins. Royal Mail, like all other traditional 'analogue' businesses, should also assume that the pounds in the analogue world often convert to pennies in the digital world. Physical mail is competing with 'free' digital communications."


 [Hellmail](#) has reported that "Catalogue and online retail trade body the Catalogue Exchange has unveiled the names of its specialist supplier members who'll be gathering next month at ECMOD2010, Europe's leading conference and exhibition for the multi-channel sector."


 The [Wall Street Journal](#) has reported that "Package-delivery giant United Parcel Service Inc. is launching a global ad campaign to promote its expanding logistics business to small and medium-sized businesses that want to sell their wares globally."


*September 13, 2010*

 From [USPS News Link](#): "With the addition of 471 new ZIP codes — a 2-year project that ended this month — the free Carrier Pickup service offered by USPS is now available at 99.97 percent of all mail delivery addresses in the nation."

 **At the Postal Regulatory Commission:** The [Postal Regulatory Commission](#) has granted the Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Changes in Analytic Principles (Proposals Three–Eight), filed September 8, 2010. The Commission establishes Docket No. RM2010-12 to consider the matters raised by the Postal Service's Petition. Interested persons may submit comments on Proposals Three through Eight no later than October 8, 2010. 4.

 Press Release: "The U.S. Postal Service, faced with the most dramatic mail volume drop in its history, today began contract negotiations with the National Rural Letter Carriers Association (NRLCA). The current contract expires at midnight, Nov. 20. Employees represented by the NRLCA primarily deliver mail in rural and suburban areas. The NRLCA represents 67,000 career employees and 48,000 non-career employees who substitute for career employees on their days off."

 According to [Creative Disruption](#), "The moral of the Royal Mail: transform your core business early..."

 The [Washington Post](#) recently posted an editorial on the Postal Service regarding the commencement of contract talks between two of the major postal unions and the U.S. Postal Service. The following is a letter to the editor written by Professor Murray Comarow, a long-time student of things postal:

Your editorial [Mail drop, 9-7-10] supporting the Postal Service's efforts to reduce labor costs, will surely be blasted by the postal unions. William Burris is president of the American Postal Workers Union, the first of the four postal unions to negotiate a new labor contract. He said to delegates at a recent convention: "We can point with pride to the fact that our members were shielded from the tragic effects of layoffs and downsizing."

The editorial refers to the Postal Service as "company." It is not. It is, in the words of a July 29, 2010 report from the Congressional Research Service, "a self-supporting government agency that covers its operating costs with revenues generated through the sales of postage and related products and services." USPS is not supported by taxpayers.

You refer to a "panel" of arbitrators that takes over when there is a management/union impasse. That is technically correct, but one panel member is selected by the union and one by management. The Chairman rules. His unappealable decision directs the distribution of almost 80 percent of postal revenues. To use the FY 2009 figure of \$68.1 billion in revenues, that would amount to about \$53.5 billion at his sole discretion of an individual who is not accountable to anyone.

No other federal agency, and to my knowledge, no major corporation, is forced by law to entrust most of its revenues to an arbitrator's notion of fairness. A statute requiring the arbitration to take the service's finances into account is not a "vital reform." It's more a feel-good provision, to which I would not object, but how would it be enforced? A survey of former arbitrators might be fun. "Did you consider the Service's financial condition when you made your decision?" Response: "Of course. Both parties laid the situation out."

The favored position of postal unions in respect to health premiums and life insurance is more extreme than the editorial indicates. USPS employees pay 20% of their health care premiums; other feds pay 28 percent. Life insurance is free for USPS employees; other feds pay 33% of the premium. What theory of public policy can support this?

The Postal Service may not be doing itself or its customers justice by its negotiating stance. Its chief labor executive, Anthony Vegliante, recently remarked that the last thing the USPS wants is arbitration because "then a third party is making decisions for you and your business." Don't think for a minute that the unions won't exploit that. Their members reportedly average more than \$80,000 a year in wages and benefits. It will take skill and determination to bring this down, even moderately.


The Postal Board of Governors has never formally recommended legislation that would revoke the arbitration provision, nor have mailers, to my everlasting astonishment. Both should have done so years ago.



This week's "Pushing the Envelope" blog topic: [Congress Faces a Decision](#). In a recent study by the Economic Policy Institute, they made a number of recommendations to Congress regarding the Postal Service's operational losses and prefunding of retiree benefits.


**[New Audit Projects](#)**: here to visit our audit project pages. This week we opened the following new project(s): (Please share any information you may have that would help with this audit currently in progress by clicking on the link below):


- [10RG031MS000 - Retail Customer Service Operations Re-alignment](#). Our objective is to determine whether the Postal Service can reduce costs by re-aligning post office operations. We will review Retail Customer Service activities to determine whether the Postal Service can re-align operations to improve operational efficiency and reduce costs.


 **At the Postal Regulatory Commission:** Schedule of live audio broadcasts for three public hearings to be held on September 13, 14 and 16 to enter rebuttal testimony in Docket N2010-1. All hearings begin at 9:30 AM. Links to the audio will be posted here approximately 10 minutes prior to the broadcasts.


 [Media Daily News](#) has reported that:

- The amount of [money spent by U.S. marketers to gather online data](#) describing digital audience characteristics, transactions and "clickstream" behaviors will more than double over the next two years, reaching \$840 million in 2012, according to new projections from the Winterberry Group.
- [Ad spending](#) in U.S. media monitored by ad tracking firm Kantar Media expanded 5.7% during the first half, and 5.4% during the second quarter of 2010, according to estimates released this morning. The figures show that TV led the first half rebound, especially spot TV, which surged 25.1% during the period due to demand from automotive and retail marketers, as well as cyclical demand from political advertisers. Newspaper free standing inserts (FSIs) posted the second largest growth rate among the major media sectors. Expenditures rose 7.6% percent as consumer packaged goods marketers aggressively targeted value-conscious consumers with couponing programs. Local newspaper spending fell 4.6%, and has declined for 19 consecutive quarters.


 [Ukrainian News](#) has reported that "The state postal communications enterprise Ukrposhta has moved forward with an initiative of 20-percent rise in the rates for universal postal services from January 1, 2011, company director Yevhen Zayats has told during a call-in show by the newspaper Komsomolskaya Pravda In Ukraine."

 According to [Multichannel Merchant](#), "the USPS less than two weeks earlier had filed an exigent rate case with the Postal Regulatory Commission. If the rate case is passed and increases are implemented Jan. 2, 2011, postage for Standard Mail flats, or catalogs, would go up 5.1%. Well, that's not much of an incentive to jump into the print catalog business — or to stay in it."


 According to the [Washington Post](#), there are "Two things to watch -- and neither involves ending Saturday mail delivery or closing post offices -- two no-go options in an election year. Expect Sen. Tom Carper (D-Del.) to introduce a postal reform bill that addresses a long-simmering dispute between USPS and the Office of Personnel Management regarding overpayments -- by as much as \$75 billion -- to the old Civil Service Retirement System. The bill might help close the Postal Service's estimated 10-year, \$280 billion budget gap. Also -- for the second year in a row, lawmakers are likely to address the \$5.5 billion in prepayments that USPS must make to its retiree health benefits by allowing it to pay less than required."


 The [Courier, Express, and Postal Observer](#) has reported that "In August, Eastern Connection announced an alliance with TNT Express. This alliance gives international shippers in Eastern Connection's service area from Maine to Virginia better access to TNT Express's extensive international network. Regional distribution of parcel shipments is growing as internationally sourced goods are transported by air or a combination of ship and rail to distribution points near the ultimate destination and then transported to the ultimate destination by a parcel carrier. While UPS and FedEx Ground can and do serve these customers, regional carriers working directly with shippers or with companies like TNT Express and non-asset based transportation companies, such as Expeditors International, can provide the last 100 mile service at competitive rates and service levels."

*September 12, 2010*


 According to the [Daily Monitor](#), "Uganda will yet again host another commonwealth related function after hosting the Commonwealth Heads of Government Meeting in 2007. The Commonwealth Postal Administration


(CCPA) conference scheduled for September 17 and 20 in Kampala, will discuss postal issues; aimed at providing a forum for discussing matters of mutual interest like terms of mail exchange among the member states."


 According to [The Scotsman](#), "many have tried and failed but Business Secretary Vince Cable will be determined not to add his name to the list of those who promised to privatise the Royal Mail and was sent packing."


 [The Telegraph](#) has reported that "Richard Hooper likes life's ironies. One, says the author of the Government's just-published report on the future of British postal services, is that the 50-page tome was printed by rival Deutsche Bundespost. Deutsche now owns the UK's Stationery Office, which it bought in the kind of diversification that Hooper wants Royal Mail to embark upon. "It's a wonderful irony," he says. When Hooper's report, the snappily-titled Saving The Royal Mail's Universal Postal Services Sector in the Digital Age, was published by the Government last Friday, Billy Hayes, general secretary of the Communication Workers Union, argued that privatisation would be "old politics; the failed politics of history". "I've got the statement in front of me," Hooper says. "I've had meetings with the union and we do disagree on the question of private sector capital. They know my position. I know theirs. We basically agree to disagree. Their argument is exactly the opposite of mine. "They say that private sector capital would destroy the universal postal services. My argument is exactly the opposite. It will, in fact, maintain and sustain it."


*September 11, 2010*


 The [Aberdeen Press and Journal](#) has reported that "Postal workers were braced for a bitter battle with the government last night after ministers decided to press ahead with privatisation plans." [*EdNote: Let me guess . . . They'll go on strike. That'll really be a smart move, right?*]


 [ThisIsMoney](#) has reported that "A fresh wave of postal strikes was looming last night as unions reacted with fury to plans to privatise the Royal Mail within months." [*EdNote: What did I tell ya? When the only tool you know how to use is a hammer, everything looks like a nail.*]


 According to the [Western Mail](#), "The likeliest candidate to buy a stake in Royal Mail is Dutch operator TNT, which said last night it wanted to see "true competition" in the UK postal market."


 [UK Net Guide](#) has reported that "Plans to introduce legislation relating to the privatisation of Royal Mail have been confirmed by Vince Cable. The business secretary said that updates to Richard Hooper's report into the future of Royal Mail published yesterday (September 10th) show the way forward for the government-owned postal service." See also [The Independent](#).

 According to the [Kalamazoo Gazette](#), "The Postal Service-Office Depot arrangement is a practical example of how the government and the postal service have found innovative ideas to maintain or even expand service while reducing costs."


 [Postalnews Blog](#) has reported that "Draft legislative provisions are floating around the Senate that 1) eliminate the prohibition against closing, for financial reasons only, small rural post offices and 2) gut the statutory Post Office Closing Provisions that are designed to protect rural communities."

 The [Appalachian News-Express](#) has reported that "A pending U.S. Postal Service study could result in major changes to mail-handling operations in Pikeville, and one official said more than a dozen jobs are on the line."


 According to the [Lafayette Journal Courier](#), "The U.S. Postal Service is branching out -- not with more post offices, but with retailers that are adding its products and services to their lineups."


 **From the Federal Register: Postal Regulatory Commission NOTICES Meetings; Sunshine Act , 55618 [2010-22802] [\[TEXT\]](#) [\[PDF\]](#)**  
**Postal Service NOTICES Meetings; Sunshine Act , 55618 [2010-22876] [\[TEXT\]](#) [\[PDF\]](#)**





 Postal news from [Hellmail](#):

- [Hooper Report 2010 - At A Glance](#)
- [Royal Mail 2010 Hooper Report Published](#)
- [CWU Describes Royal Mail Sell Off Plan As Politically Motivated](#)
- [Cut Price Parcel Service To Run Until October](#)

 [SmartTrend](#) has noted "the top five cash rich companies in the Air Freight & Logistics industry as ranked by Cash Equivalents (CE). Analysts use CE as a measure to compare the cash cushion of companies in the same industry. United Parcel Service ranks first with CE of \$4.01B; FedEx ranks second with CE of \$1.95B; and Expeditors International of Washington (NASDAQ:EXPD) ranks third with CE of \$961M."

 [Government Executive](#) has reported that "The U.S. Postal Service's plans to consolidate operations to reduce costs are forcing some workers to move to new cities or take inconvenient shifts to keep their jobs." *[EdNote: You wanna talk inconvenience and uprooting? Talk to the private sector. At least postal workers still have jobs. Many in the private sector don't.]*

 From [PR Newswire](#): "The U.S. Postal Service's sustainability goals and plans were posted by the White House today on its new website, [whitehouse.gov/administration/eop/ceq](http://whitehouse.gov/administration/eop/ceq). The website presents federal government goals for clean energy, reducing waste and greenhouse gas reduction. The Postal Service's Strategic Sustainability Performance Plan joins other agency plans to help reach the Obama Administration's green goals."


 [USAToday](#) has reported that "Britain's new government has confirmed that it plans to privatize Royal Mail, the British postal system, the BBC reports. Royal Mail is the entity that collects, sort and delivers the mail. Postal Office Limited operates the nationwide network of post office branches and will remain in government hands."


September 10, 2010



**[Now hear this: "This Week In Postal".....the latest podcast posted now!](#)**

 [Hellmail](#) has noted that the "Royal Mail 2010 Hooper Report has been published." *[EdNote: This is must-read stuff as a prelude to upcoming discussions on further American postal reform.]*

 The [Daily Mail](#) has reported that "The universal postal service could collapse unless the Royal Mail is sold off to the highest bidder by next year, a new report says today. Unions are furious that the explosive report, commissioned by ministers, has given the green light to privatisation. The controversial move will mean the company's £10.3 billion pension fund deficit shifting onto the taxpayer."

 The [Future of UK Postal Services](#) 9th Annual Conference: A crucial assessment of commercial and political developments



**The latest issue of the [PostCom Bulletin](#) is available online.** In this issue:


- The USPS Office of Inspector General (OIG) audited the controls over advertising cost reporting of the Postal Service. Its objectives were to determine whether advertising costs were accurately reported to the Postal Regulatory Commission (PRC) and whether Priority Mail advertising costs were shifted to other products in an attempt to make Priority Mail appear to be more successful. The non-monetary impact of the misallocations of costs from FY2008 through FY2010 totals \$75,007,596.


- The Postal Regulatory Commission (PRC) on September 3, 2010, issued its order concerning the Postal Service's request for semi-permanent exceptions from periodic reporting of service performance measurement for various market-dominant services. Although the PRC granted the USPS 27 out of the 31 exceptions it requested, it denied the Postal Service's exception requests for Standard Mail High Density parcels, Saturation Parcels, and Carrier Route parcels; Within County Periodicals; and Inbound Surface Parcel Post (at UPU Rates). For these services, the PRC ordered the Postal Service to "explore other measurement options, or the use of appropriate proxies for reporting service performance."
- The USPS on September 7, 2010, published in the Federal Register its final rule revising its mailing standards to require submission of electronic documentation for all co-mailings and co-palletized mailings effective January 2, 2011.
- USPS has strong case for union concessions. Updated FSS documents on USPS' site. DM job search time almost doubles. Decade of USPS mismanagement is costing publishers and catalogs. USPS ad costs may have been misreported. Unions denounce USPS attempts to 'work the refs.' Hey USPS, what's the big deal? MTAC workgroup on confirm.
- An update on DMM Advisories issues by the U.S. Postal Service.
- An update on postal rules and notices published in the Federal Register.
- An update from the USPS Office of Inspector General.
- A review of postal news from around the world.
- Postal previews.


*Hey! You've not been getting the weekly PostCom Bulletin--the best postal newsletter anywhere...bar none? [Send us by email](#) your name, company, company title, postal and email address. Get a chance to see what you've been missing.*




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 The Wall Street Journal has reported that "A sophisticated derivatives strategy helped the £26 billion (\$40 billion) pension fund for the U.K.'s Royal Mail Group earn 29% on its money last year, reducing the fund's deficit and potentially helping along the company's possible privatization. The Royal Mail Pension Plan took advantage of the recovery in financial markets during the year by doubling its exposure to equity futures. These contracts, which cost relatively little, let a fund profit if equities rise, but it loses if they fall."


 [Balkans Business News](#) has reported that "Minister of Telecommunications and Information Society Jasna Matic announced today that the electronic signing of Serbian government documents will be introduced soon. Certificates for electronic signature, which is required for the use of the electronic portal, are issued by postal company Posta Srbije, the Serbian Chamber of Commerce (PKS) and the Ministry of the Interior, said Matic."


 [Government Executive](#) has reported that "House and Senate staffers owed \$9.3 million in overdue taxes at the end of last year, the Washington Post reports. In the executive branch, according to IRS data, nearly 28,000 Postal Service workers owe more than \$283 million."


 As [The Mirror](#) put it, "Radical proposals to sell off Royal Mail will finally be unveiled today - triggering renewed fears of savage cuts to jobs and services. The controversial privatisation, which would unleash the biggest shake-up in the postal giant's history, is recommended in a report commissioned by the ConDems."


 [The Telegraph](#) has reported that "Postmen could be offered as much as 20 per cent of the shares in Royal Mail in an audacious bid by ministers to buy their support for the state-controlled organisation's controversial privatisation." See also the [BBC](#).


 [Hellmail](#) has reported that:


 [Swiss Post International UK](#) has launched an innovative returns solution for distance retailers with an international customer base. The new solution means that mail order and online shoppers can return small goods free of charge from 18 European countries.


 The [Communication Workers Union](#) said today that the Royal Mail was not only successful but in the midst of a modernisation plan and that not only was privatisation unpopular, it would allow the government to get its hands on £26 billion in pension fund assets.

 [Alternative parcel delivery service](#), myHermes.co.uk, has introduced a hot new pricing band to increase its offering for customers sending parcels in the UK. The new price band, valid until 25 October, is for parcels weighing 0-1kg and is just £2.75 excluding VAT. Not only is the price competitive with main rival Royal Mail, customers can enjoy the luxury of having their parcel collected from their door and not having to queue at the post office. Parcels are collected and delivered up to six days a week.


 According to the [Star-Ledger](#), "A 309-employee postal facility in Whippany is scheduled to cease handling mail by the end of this month, according to officials representing workers in the facility. While union officials yesterday called the move an effort to speed up the closure of the West Jersey Processing and Distribution Center."


 [Global Times](#) has reported that "Western Union has more than doubled the number of banks offering its services from three to eight over the past year, expanding its network to more than 25,000 locations in China, a senior official from the US-based money transfer firm said Thursday."

 From [Canada NewsWire](#): "Denis Lemelin is delivering an important message for the future of Canada Post. Speaking at the Conference Board of Canada, the leader of the country's largest union of postal workers described the challenges of new technology and declining letter volumes as well as a growing concern for the environmental impact of mail delivery. While these issues are shaking up the post office, Lemelin, National President of the Canadian Union of Postal Workers, says his members are optimistic about the most trusted institution in the land. The union's solution? Think outside the mailbox and offer innovative services, such as banking. There is a demand for such service in rural and low-income areas. Between 1993 and 2003, for example, Newfoundland and Labrador lost 23% of their bank branches."

 The [Financial Times](#) has reported that "Royal Mail urgently needs private capital to resolve deepening problems and preserve the universal postal service, according to a government-commissioned report that will kick off the Con-Lib coalition's ambitious plan to privatise the state-owned operator." See also the [UK Press Association](#) and the [Belfast Telegraph](#).

*September 9, 2010*

 From [PR Urgent](#): "Manufacturers are choosing Newgistics for reliable SmartLabel® parcel shipping programs. Newgistics' Smartlabel® Shipping is the preferred choice of manufacturers with high volume parcel shipping demands. Tracking keeps manufacturers in the loop all the way to their customer's receiving door. Shippers are coming to Newgistics, the smart choice for Smartlabel® shipping options. Billions in sales ride on fast accurate delivery from manufacturers to companies that depend on their supply. Newgistics has the solution. Newgistics is known for an advanced, reliable shipping program that delivers. For additional information retailers are invited to visit the company web site at <http://www.newgistics.com>."

 The [Financial Post](#) has reported that "Mississauga, Ont.-based delivery company Purolator Holdings Ltd. has snagged a senior executive from U.S. shipping giant FedEx Corp. to serve as its new chief executive, the company said Thursday. Tom Schmitt, who has held positions as senior vice president of FedEx Solutions and chief executive of FedEx's Global Supply Chain Services, begins his new job immediately."


**Mailers' Technical Advisory  
Committee (MTAC)**


The Mailers Technical Advisory Committee has created a new "CONFIRM User Group." Objective: To provide an ongoing forum for

the Postal Service and users of the CONFIRM program to facilitate communications and address and resolve issues pertaining to the CONFIRM program. For more information, contact [ernie.harris@usps.gov](mailto:ernie.harris@usps.gov).





A new report has been posted on the *U.S. Postal Service Office of Inspector General* website (<http://www.uspsoig.gov/>). If you have additional questions concerning this report, please contact Agapi Doulaveris at 703.248.2286. [Color-Coding of Standard Mail and Mail Condition Reporting at the Austin Processing and Distribution Center \(Report Number NO-AR-10-010\)](#)


 [BBC](#) has reported that "Postal workers have been sorting mail on the streets of west London before delivering them after a local sorting office was closed weeks ago. Workers collect the mail from a depot in Park Royal before being driven to north Kensington where they arrange the bundles on their trolleys for delivery. The sorting takes place either at the back of the van or on the street. Royal Mail said it will investigate the handling of the post during the "temporary arrangement".


 The [San Francisco Chronicle](#) has reported that "Robert Setrakian, a San Francisco businessman who had multiple interests in banking, government, politics and the literary arts, died in San Francisco on Sept. 2 at the age of 86. The cause was a heart attack, said his son, Scott Setrakian. Though Mr. Setrakian had a long and active career as an executive in everything from banking to the U.S. Postal Service, he was perhaps best known for his connection with the writer William Saroyan."




 [The Telegraph](#) has reported that "Part-time post offices in rural areas could be forced to close because Post Office Limited is not supporting them, a new report says today."

 According to [Euronews](#), "Hold up liberalisation of Europe's postal services. That was the call of demonstrators representing more than 150 trade unions from across Europe. They gathered in Strasbourg with several European Parliament members who say the sector is not yet ready for opening up. They are demanding a moratorium on further moves in that direction."


 [Post & Parcel](#) has reported that "Customers using Estonian Post branches will now have the opportunity to purchase car insurance in store. Estonian Post and IIZI Insurance Broker have signed a cooperation agreement, under which different companies can now offer motor vehicle insurance service via post offices."

 According to [Dead Tree Edition](#), "Postal officials set out recently to justify big rate increases for catalogs and publications, but all they proved was that they have been mismanaging the handling of flat mail for more than a decade." [EdNote: Amen, brother.]

 Postal news from [Hellmail](#):


- [Marketforce Conference - Positive And Thought-Provoking Platform](#)
- [Rural post offices Under Threat From Neglect By Post Office Limited](#)
- [Wall Street Journal Introduces Postcode Anywhere To Billing](#)


 [Long-time newspaper industry MTAC representative Max Heath](#) explains why he and the members of his industry oppose the Postal Service's exigency rate request.


 The [Washington Times](#) has reported that "Made popular by the "If it fits, it ships" slogan in television ads, the Priority Mail initiative is seen as a bright spot during otherwise tough economic times for the U.S. Postal Service, where multibillion-dollar deficits and declining mail volume have officials moving to cut a day of delivery. But questions have surfaced about whether the campaign is as profitable as it seems. The inspector general estimated in a recent audit that **about \$75 million in advertising costs involving Priority Mail and other competitive products were misstated from fiscal 2008 to fiscal 2010.** "The Postal Service did not accurately report advertising costs to the [Postal Regulatory Commission]," the audit concluded. "Specifically, the Postal Service understated priority


mail advertising costs, which made the product appear to be more profitable." [EdNote: Read the article. Then you decide. Just when is enough, enough?]


**September 8, 2010**

 [Home Media Magazine](#) has reported that "Characterizing Netflix's pre-Labor Day legal musings as "a last bit of summer frivolity," online video game rental service GameFly has implored the online DVD rental pioneer to mind its own business....Netflix has built a \$2 billion-a-year business on a deal with the Postal Service that allows the vast majority of Netflix return DVD mailers to bypass automated letter processing at no extra charge," GameFly said in the filing. GameFly alleges the Postal Service refuses to offer comparable terms to it or any other DVD rental service."

 According to [Target Marketing](#), "The more things change on Target Marketing's Top 50 Mailers list, the more they stay the same. As I write this, mail volume continues to plummet; the U.S. Postal Service reported a drop just shy of another billion pieces for the third quarter of its 2010 fiscal year. So with increasingly less First-Class and Standard Mail in circulation, what do consumers find in their mailboxes these days?"


 American Postal Workers Union President [William Burrus](#) has denounced efforts by the Postal Service to influence the outcome of contract negotiations by issuing demands in public forums. "It is extremely disappointing that the Postal Service is attempting to circumvent the bargaining process through the issuance of demands in the media," Burrus said. "Unfortunately, the Postal Service has begun posturing and manipulating numbers," the union president said. "Management is 'working the refs' in an effort to influence the outcome of contract negotiations."

 According to [The Spectator](#), "Some day soon – unless the coalition has already lost its bottle – a bill will be introduced to 'part-privatise' Royal Mail. It has to be done. But it will be a tough sell, for four reasons."


 From [Canada NewsWire](#): "The Canadian Union of Postal Workers is celebrating the landmark decision by an arbitrator to award significant "punitive and preventative damages" after union representatives were barred from speaking to union members at Canada Post employee meetings held last year. It is rare for arbitrators to impose heavy financial penalties but in this case, over \$30,000 has been awarded to CUPW and its representatives who encountered a hostile reception from management at the meetings and who were banned from Canada Post's premises. The arbitrator, Guy Dulude, strongly condemned what he called "malicious schemes" on the part of Canada Post to "silence the Union and exercise undue influence."





The [Affordable Mail Alliance](#) has started its count-down clock to the day of the Postal Regulatory Commission decision on the exigency case.


 The [Wall Street Journal](#) has reported that "Insurers plan to raise premiums on some Americans as a result of the health overhaul as soon as next month, complicating Democrats' efforts to trumpet their signature achievement ahead of elections. Aetna Inc., some BlueCross BlueShield plans and other smaller carriers have asked for premium increases of between 1% and 9% to pay for extra benefits required under the law, according to filings with state regulators. These and other insurers say Congress's landmark refashioning of U.S. health coverage, which passed in March after a brutal fight, is causing them to pass on more costs to consumers than Democrats predicted. The rate increases largely apply to policies for individuals and small businesses and don't include people covered by a big employer or Medicare."


 [CEP News](#) (Courier-Express-Postal), published by the [MRU Consultancy](#), has reported that:


 This week the government-commissioned report about Royal Mail's future will be presented. Daily news »Daily Telegraph« (04.09) says that the updated 'Hooper report' would recommend a swift sale of Royal Mail.

 Austrian Post will close its controversial 'career and development centres' until the end of this year.

 The partial privatisation of Eesti Post which was announced at the end of 2008 is off the agenda for now.



 Organised crime poses an increasing threat to Netherland's forwarding and logistics industry.



 CitySprint (turnover 2008: 51.5m euros), by its own account the biggest private same-day network in Britain, is striving to grow through acquisitions.

 DHL announced to expand the capacity of the so called 'parcel stations' at 45 heavily frequented locations in major German cities.




The [MRU](#), founded in 1992, is the only consultancy in Europe, which has specialised in the market of courier-, express- and parcel services. For large-scale shippers and CEP-services in particular, the MRU provides interdisciplinary advice for all major questions of the market, as there are for example market entry, product design, organisation, and EDP. *To learn more about the stories reported above, contact CEP News. (We appreciate the courtesy extended by CEP News to help whet your appetite for more of what CEP offers.)*



  [Transport Intelligence](#) has reported that "TNT has unveiled the express industry's first full electric vehicle fleet in China. Produced by Dongfeng Motor, one of China's leading automobile manufacturers, TNT's Chinese electric vehicle fleet is locally designed, manufactured and assembled. After a successful three-month trial operation, the electric delivery fleet is now fully operational in Shanghai."

  [FoxBusiness](#) has reported that "Dutch postal and express company TNT NV plans to invest EUR170 million over the next few years to strengthen its position in the Chinese domestic road delivery market."

### **DMM Advisory: Submitting Electronic Documentation with Comailed and**

**Copalletized Mailings.** The *Federal Register* published our final rule to require mailers preparing comailed or copalletized mailings — or mail owners who contribute mailpieces to a consolidated comailed or copalletized mailing — to submit electronic documentation to the USPS® by an approved method. The new standards are effective January 2, 2011, and the entire final rule can be viewed on the Postal Explorer® website at [pe.usps.com](http://pe.usps.com) by clicking on "[Federal Register Notices](#)" in the left frame.


 The [Gloucester County Times](#) has reported that "Third-party arbitration between the United States Postal Service and the American Postal Workers Union has come to an end and the two parties are awaiting a decision. More than 500 jobs were relocated when the Philadelphia Logistics and Distribution Center at the Pureland Industrial Complex in Logan Township was closed in February."

  [Hellmail](#) has reported that "Dutch mail company ABC Mail Group has acquired the international distribution and fulfillment activities of Link2Biz International NV based in Kortenberg, Belgium. With this acquisition the ABC Mail Group looks set to strengthen its position in B2C Logistics in the Benelux and expand its European mail and parcel distribution network. Link2Biz International has a strong position in the international mail market in Belgium and offers pick and pack services to significant customers in the Benelux."

 **At the Postal Regulatory Commission:** The Commission will meet in CLOSED session at 10 a.m. on Thursday, September 9, 2010 to consider Deliberations and Decision in Docket R2010-4, Rate Adjustment

due to Extraordinary or Exceptional Circumstances. The Commission will hold an OPEN meeting at 2:30 p.m. on Friday, September 10 to consider and adopt its Fiscal Year 2012 budget. Both meetings will be conducted in the Commission Conference Room at Commission Headquarters, 901 New York Ave., NW, Suite 200.

*September 7, 2010*


 [North Fort Myers Neighbor](#) has reported that "A local promotion in advance of Active Aging Week, September 20 to 26 will link scouts with seniors for a pen pal program coordinated by the Postal Service Consumer Advisory Council with local scout leaders. Post Offices in Cape Coral, North Ft Myers and the Page Field Post Office will carry a special gift pack for purchase which will include two packages of note cards, a full sheet of scouting First-Class mail postage stamps and a pre-paid postage envelope for sending the gift pack to a local scout leader. The gift pack sells for \$15.78 and is also available by mail order."



This week's "Pushing the Envelope" blog topic: **Pay for Performance**. Designing a pay-for-performance (PFP) program is not always easy. What do you think makes for a good system of rewarding performance? [LINK](#) here to the blog to tell us what you think.


***New Audit Projects:** [LINK](#) here to visit our audit project pages. This week we opened the following new project(s): (Please share any information you may have that would help with this audit currently in progress by clicking on the link below):*


- **10RG023IT000 - Information Resource Access.** Our objective is to determine if information resource access processes and controls adequately support business requirements. Through January 31, 2011, we will explore whether internal consumers of Postal Service information resources obtain adequate and timely access to the data and information required to perform their functional area responsibilities.

 [York Press](#) has reported that "almost 170 York postal sorting jobs could be at risk after Royal Mail confirmed it is proposing to transfer the work to Leeds."





According to the [Affordable Mail Alliance](#), "Underscoring the recklessness of the massive rate increase proposed by the United States Postal Service on July 6, American Postal Workers Union President William Burrus made clear on Friday that his Union does not believe the Service is currently in an unprecedented financial position. He made it clear that the Union will not back away from its contract demands during the current round of negotiations with the Postal Service, despite its supposed financial crisis. This furthers the case against the Postal Service request for a rate hike 10 times the rate of inflation. "President Burrus' statements confirm that the Postal Service's current condition is not the product of a sudden crisis," said Jerry Cerasale, Affordable Mail Alliance spokesperson and Senior Vice President, Government Affairs of the Direct Marketing Association. "This is yet more evidence that a rate hike 10 times the rate of inflation is unnecessary and unproductive – for postal customers and the Postal Service itself. Such a rate increase would delay the cost controls and other reforms that are long overdue."

 [Columbo Page](#) has reported that "Sri Lanka Post has stepped into boost the tourism industry in the country by issuing seven new stamps and a first day cover that promote Sri Lanka's attractions."

 **DMM Advisory: September DMM Update.** Postal Explorer® ([pe.usps.com](http://pe.usps.com)) is your source for up-to-date mailing standards. The *Domestic Mail Manual* is fully searchable on Postal Explorer and features fly-out menus, cross-reference links, and an extensive subject index. Today we updated our mailing standards to capture the following changes:

- **Alternative Addressing Format Options**  
We revised [507.1.0](#) and [602.3.0](#) to permit the use of certificates of mailing, Confirm service, Delivery Confirmation, and special handling extra services when using an alternative address format.
- **Contents of Periodicals Mail**  
We revised [707.3.0](#) to incorporate "content" changes to the standards governing pages, supplements, products and product samples, and mailpiece design.
- **New Endorsement for Returned Mailpieces**  
We revised [Exhibit 507.1.4.1](#) to add a new endorsement, "Returned to Sender, Item Contains Nonmailable Contents," for mailpieces that are returned due to contents that are nonmailable.
- **Commercial Flats Clarification**  
We revised [301.1.0](#) to update commercial flats text with minor editorial updates, and to rearrange the DMM reference text for better flow.
- **Clarification of Standards for Parcel Select**  
We revised [453.3.0](#) to remove standards for loyalty and growth rebates. We also revised [602.1.5.3](#) to note that all Parcel Select pieces must have a return address.
- **Delivery Address Visibility in Window Envelopes**  
We revised [202.2.1](#) and [302.2.1](#) to add a reference to current standards that require the delivery address to be completely visible within a window envelope, when used.
- **New Font Size Option for Optional Endorsement Lines**  
We revised [708.7.2](#) to provide a new font size option for mailers applying an optional endorsement line (OEL) to their mailpieces that do not bear a traditional Address Change Service (ACS) participant code.
- **Confirmation Services to the Northern Mariana Islands—ZIP Code 96952**  
We revised [503.9.2.4](#) and [503.10.2.3](#) to eliminate the Northern Mariana Islands (ZIP Code 96952) from the tables of ineligible ZIP Codes to receive Delivery Confirmation and Signature Confirmation services.


 The [Courier, Express, and Postal Observer](#) wants to know: "By cutting hours, is the Postal Service trying to discourage retail business? Customers have to really want to use the Postal Service given the limited number of hours. How does the USPS expect to compete when there is a FedEx location that is open from 7:30 a.m. - 9:00 p.m. weekdays, 10:00 a.m. - 6:00 p.m. Saturday, and 12 noon - 6:00 p.m Sunday only 7 miles away and self-service boxes located as close as 2 miles away? How does the USPS expect to compete when there is a UPS location that is open from 8:30 a.m. - 6:30 p.m. weekdays, and 8:30 a.m. - 6:30 p.m.. Saturday less than 7 miles away and self-service boxes located as close as 2.5 miles away?"

 You can find a presentation on the new Royal Mail Intelligent Stamp on [YouTube](#).





[Transport Intelligence](#) has reported that:


- [Deutsche Post DHL](#) has reported good figures for the second quarter 2010 driven by a very strong performance in freight forwarding.
- DHL has announced that it will intensify its development and positioning in the Greater China Area. [Ken Allen, Global CEO of DHL Express](#) will join the Board of its DHL-Sinotrans Joint Venture in China.
- DHL has announced that it has become [the exclusive international express delivery provider for Stretchy Shapes](#), the market leader in 'fun-shaped' bracelets. DHL Express said that it was helping the Birmingham, Ala.-based company meet the exploding demand from retailers for its products by expediting Stretchy Shapes' imports from Asia to the US market.

 From PR Newswire: "[Streamlite Inc.](#), a national business-to-consumer lightweight package delivery company, unveils its new name and the business strategy behind its transformation. Formerly MailExpress, Atlanta-based Streamlite ([www.streamliteinc.com](#)) specializes in reliable, trackable, guaranteed delivery of lightweight packages (under five pounds) at a low cost."





 [Dataquest](#) has noted that "The Indian Postal Services, with more than 155,000 post offices across the country and close to half a million employees, is the most widely distributed post office system in the world. It reaches far-flung areas in India, including in high terrains, islands and other inaccessible regions. In addition to its traditional role as distributor of mails, in India, post offices offer savings accounts with bank-like cheque book facilities, and act as the distribution outlets for a few other government services. The plan is to develop it into a full-fledged bank and a financial supershop. With their reach, post offices can effectively help in governments ambitious financial inclusion plan."

 [Radio Liberty](#) has reported that "French labor unions have launched a nationwide strike to protest pension reform proposals by President Nicolas Sarkozy. The 24-hour labor stoppage is set to disrupt public transport, air traffic and the postal service." See also [CNN International](#) and [BBC](#).


 As the [Washington Post](#) has noted, "Having slashed costs in almost every way Congress will allow, the Postal Service now seeks concessions from its employees in labor negotiations that began last Wednesday. Given that labor costs, at \$56 billion per year, make up 78 percent of the company's budget, we think that management has a strong argument. No one would contend that postal workers lead a cushy existence. But their compensation is, in some respects, more generous than that received by others in comparable situations. They are protected by a no-layoff clause. The company pays 79 percent of each employee's health insurance premiums, as opposed to the 72 percent that other federal agencies pay. (The average private employer pays 70 percent.) Eliminating this discrepancy would save more than half a billion dollars per year. Given the declining volume of mail, it also makes sense to use more part-time and seasonal workers."

#### *September 6, 2010*


 According to the [Courier, Express, and Postal Observer](#), "For the Postal Services, safety issues could affect the Postal Service if the safety issues reflect deterioration of basic systems (i.e. plumbing, ventilation, electrical) that require the facility to be closed. Such problems have closed retail facilities but have yet to close any processing facility. Even if the problem is less severe, it can have an impact on service. All facilities require regular maintenance and upgrades to basic systems as well as installation of new generations of material handling and automation equipment."


 The [Associated Press](#) has noted that "Whenever companies start hiring freely again, job-seekers with specialized skills and education will have plenty of good opportunities. Others will face a choice: Take a job with low pay - or none at all. Economists foresee fewer moderately paid factory supervisors, postal workers and office administrators."

#### *September 5, 2010*

 The [Financial Express](#) has reported that "country's courier service firms are doing brisk business facilitating people to send gifts and Zakat clothes to recipients on the occasion of Eid-ul-Fitr. Thousands of people are sending different kinds of parcels to their near and dear ones across the country through different courier service firms. The government postal department is very late in delivering parcels to the receivers; that is why people are very eager to use private services, sources said."


 [Scoop](#) has reported that "The majority of New Zealand Post Group services will be operating as normal in quake-affected areas in Canterbury. There will be postal deliveries as usual apart from areas where access is restricted. Deliveries were suspended on Saturday in the immediate aftermath of the quake. New Zealand Post Group's courier services – Pace, CourierPost and Roadstar are operational – and it will be business as usual apart from areas where access is restricted."


 [The Mirror](#) has reported that "David Cameron is facing furious protests over fresh plans to sell Royal Mail."


 As [Hellmail](#) has noted, "The UK coalition government looks set for a lively if not bruising confrontation with the Communication Workers Union over the coming months if it follows recommendations to part privatise the Royal


Mail, which, according to the Telegraph newspaper, are to be announced next week. The recommendations are expected to mirror those of the 2008 Hooper report but it is thought that the new government will seek to appease postal workers with some kind of share scheme. The CWU is fiercely opposed to privatisation, saying that Royal Mail now makes a profit and that privatising the service would lead to a worse service and higher prices." See also [The Telegraph](#) and [WalesOnline](#).

*September 4, 2010*

 According to [Bloomberg](#), "A U.K. government-commissioned report will call for swift action to sell Royal Mail Group Ltd., which is saddled with a 10 billion-pound (\$15 billion) pension deficit, the Daily Telegraph newspaper reported. The report, to be released next week, will say private investment is the only way to save the universal postal service and the government must take prompt action before bidders go away."

 **From the Federal Register: Postal Regulatory Commission NOTICES** New Postal Products , 54401–54402 [2010–22155] [\[TEXT\]](#) [\[PDF\]](#) Post Office Closings , 54402–54403 [2010–22159] [\[TEXT\]](#) [\[PDF\]](#) **Postal Service RULES** Submission of Electronic Documentation With Comailed and Copalletized Mailings , 54287–54290 [2010–22134] [\[TEXT\]](#) [\[PDF\]](#)

 According to [11Alive](#), "Are you inadvertently putting your health and well-being at risk? You just might be if you aren't careful about prescription drugs that are mailed to your home. If your medications sit for hours in your mailbox before you are able to actually bring them inside your house, the integrity of your medicine could be severely compromised since many prescription drugs can degrade after being exposed to high temperatures."


 [WZVN](#) has reported that "Workers at the Cape Coral Post Office say their manager baked them a dessert that looked like something you'd find in a toilet. The attempt at bathroom humor backfired in a big way. Workers at the Cape Coral Post Office were not amused by the cake crafted by the post office manager. The manager made the cake to look like poop because the office received a bad score from a mystery shopper." [*EdNote: You know . . . . You just can't make this stuff up.*]

*September 3, 2010*




New reports have been posted today on the *U.S. Postal Service Office of Inspector General* website (<http://www.uspsoig.gov/>). If you have additional questions concerning a report, please contact Wally Olihovik at 703.248. 2201, or Agapi Doulaveris at 703.248.2286.

- [Advertising Cost Reporting \(Report Number CRR-AR-10-004\)](#)
- [Electronic Postmark Program License Fees \(Report Number MS-MA-10-001\)](#)

 [Dead Tree Edition](#) has told its readers that "Thanks to its own witnesses, the Postal Service has blown its chances for getting exigent rate increases approved, a postal expert wrote this week."



**[Now hear this: "This Week In Postal".....the latest podcast posted now!](#)**

 The [Magill Report](#) has noted that "**Job prospects for out-of-work direct marketers have taken a sharp turn for the worse** in the last 12 months, according to a study released earlier today by Bernhart Associates Executive Search. Nearly one third of the 448 respondents—who are all unemployed—said they have been looking for work

for more than 18 months, according to Bernhart. Moreover, the median length of unemployment among direct marketers is 12 months, significantly up from 6.5 months in a similar study Bernhart conducted a year ago.



The latest issue of the [PostCom Bulletin](#) is available online. In this issue:


- The Association for Postal Commerce has told the Postal Regulatory Commission that "changes to products, including changes in conditions of eligibility and the modification of rate relationships, are outside the scope of a filing under §3622(d)(1)(E). Whether advanced by the Postal Service itself or by a third party, they must be dismissed."
- The Affordable Mail Alliance told the Postal Regulatory Commission that "[t]o find that . . . Business-as-usual incrementalism satisfies the statutory requirement of "honest, efficient and economical management" would make the \$115 billion loss projection a self-fulfilling prophecy. For many reasons, "the Postal Service's Request should be denied in its entirety."
- Anthony Vegliante, the U.S. Postal Service Chief Human Resources Officer and Executive Vice President, spoke about the contract negotiations that begun this week with two of the four unions, including the largest, the American Postal Workers Union, AFL-CIO (APWU).
- According to postal commentator Gene Del Polito, "Mail is still today an important part of our nation's economic infrastructure. Its purpose, more so now than ever before, is to facilitate the transaction of business communication and commerce. The Postal Regulatory Commission plays a key role in determining whether the postal infrastructure facilitates or impedes those vital business transactions. This, more than any consideration of Postal Service grand plans, political strategies, or inside-the-beltway gamesmanship, should be foremost in the minds of the Commissioners."
- The USPS Office of the Inspector General (OIG) this week released an August 30, 2010, audit report on business mail verification procedures at specific Business Mail Entry Units (BMEUs) in the Triboro District. The OIG audit concluded that business mail verification procedures were in place and effective at some of the audited BMEU sites, but not at others. Deficiencies included acceptance employees not performing the required in-depth presort verification procedures in some cases, and not correctly following procedures in selecting sample trays for verification.
- The Courier, Express, and Postal Observer has noted that "Third Sector reported the results of a TNT Post announced the results of a survey that it conducted in Great Britain on the effectiveness of mail for gaining contributions by mail. The results illustrate not only why mail is an effective marketing tool for non-profits but also how postal operators in competitive markets work to expand sales."
- According to the Courier, Express, and Postal Observer, "the GDP numbers released last week were disappointing. Yet, the numbers for the Postal Service and advertising in general were not that bad. Why is that? It is simply that sales to domestic purchasers -- which include consumers, businesses and the government -- rose 4.3%. An industry that depends on its ability to grow the sales of firms that sell products and services to consumers and business, having customers whose business is growing faster than the economy is good news."
- PSA and DMA ask PRC for information request. Young consumers trust offline pitches more than online - Epsilon. Mail still preferred. Amazon wants to go head-to-head with Netflix. Is this a threat?
- An update on DMM Advisories issues by the U.S. Postal Service.
- An update on postal rules and notices published in the Federal Register.
- An update from the USPS Office of Inspector General.
- A review of postal news from around the world.
- Postal previews.


Hey! You've not been getting the weekly PostCom Bulletin--the best postal newsletter anywhere...bar none? [Send us by email](#) your name, company, company title, postal and email address. Get a chance to see what you've been missing.





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The [Affordable Mail Alliance](#) – a growing coalition of non-profits, Fortune 500 companies, small businesses, major trade associations, consumer groups, and citizens representing the vast majority of the mail sent in the United States – filed comments urging the Postal Regulatory Commission to help rein in the USPS's excessive costs by denying the proposed rate hike. "The Post Office needs to reevaluate their approach," said Jerry Cerasale, Affordable Mail Alliance Spokesperson and Senior Vice President of the Direct Marketing Association. "Instead of trying to keep things afloat with a giant tax on consumers, the USPS should focus on improving management and controlling costs to get out of this mess. To do otherwise is just bad business."


 [Politico](#) has noted that "The U.S. economy added a better than expected 67,000 private sector jobs in August. The unemployment rate increased from 9.5 percent to 9.6 percent."


 According to the [National Review](#), "If your business is down and you want to keep the customers you have left and start making a profit again, you have to cut costs. There is no way around it. It's adapt or die. Well, the [postal] union doesn't see it this way. As is often the case, it seems that the union is under the impression that the USPS's job is to hire unionized employees, not to deliver mail."


 [Logistics Manager](#) has reported that "Regeneris, the mobile phone repair and recycling specialist, has joined forces with DHL Supply Chain in a four year multi-million pound deal to offer a rapid repair and return service. The operation will be based at DHL's Normanton site. Regeneris will provide the expert repair and refurbishment of mobile devices, as well as the systems to drive down service costs. It will make use of DHL's expertise in reverse logistics to reduce inventory levels."


 The [Toronto Sun](#) has reported that "Hawks mercilessly strafing posties have halted mail delivery to a southwest neighbourhood. Adult hawks apparently protective of their offspring have made life intolerable for mail-carriers serving homes around Bay View Dr. S.W., said Canada Post spokeswoman Teresa Williams. "The hawks had been attacking carriers since June," said Williams."

 The [BBC](#) has reported that "The Royal Mail has launched the world's first "intelligent" stamp, the first to work with image recognition technology. The stamp, part of the Royal Mail's latest Great British Railways edition, will launch online content via an iPhone or Android smartphone. Users place the camera over the stamp, which then launches the online content. The Royal Mail said intelligent stamps "mark the next step in the evolution of our stamps, bringing them firmly into the 21st Century."

 According to [India Blooms](#), "The Department of Post is in the process of drafting a new regulation for the postal sector. This is a necessity since the present act regulating the sector – the Indian Post Office Act 1898 - is outdated. In fact, the earlier attempt to make an amendment to the Act of 1898 received significant criticism from the courier companies, various ministries and industry associations. Private companies opposed various provisions of the amendment including use of a weight and price multiple to define a reserved area for India Post in letter and express mail services segments, asking larger companies to contribute to USO funding, proposing a roll-back of the FDI from 100% to 49% and suggesting a regulator for this sector. While many of these issues are likely to be better addressed in the new regulation the need and the role of the regulator is still a bone of contention."

 The [Detroit News](#) has reported that "Mail service will be restored as early as today to a senior citizen apartment high-rise with a bedbug problem, a postal official said. A pregnant letter carrier last week stopped delivering mail to the Warren West Apartments after encountering exterminators in hazmat gear spraying the building for bedbugs."

 The [Contra Costa Times](#) has reported that "San Rafael residents and businesses say recent postal route changes have severed years-long relationships with their letter carriers and resulted in unreliable mail delivery."

 The [BBC](#) has reported that "Plans to modernise postal services in Kent could lead to 400 job cuts and the closure of four sorting offices. Royal Mail wants to build a "super sorting office" on a derelict site in Strood which would be big enough to take new technology to sort mail. If the plans go ahead, Royal Mail centres would close in


Canterbury, Maidstone, Dartford and Tonbridge. Dave Banbury, from the Kent branch of the postal workers' union, the CWU, said the plans were bad for morale."


*September 2, 2010*


### **At the Postal Regulatory Commission:**

- The [Association for Postal Commerce](#) has told the Postal Regulatory Commission that "changes to products, including changes in conditions of eligibility and the modification of rate relationships, are outside the scope of a filing under §3622(d)(1)(E). Whether advanced by the Postal Service itself or by a third party, they must be dismissed.
- The [Affordable Mail Alliance](#) told the Postal Regulatory Commission that "[t]o find that . . . Business-as-usual incrementalism satisfies the statutory requirement of "honest, efficient and economical management" would make the \$115 billion loss projection a self-fulfilling prophecy. For many reasons, "the Postal Service's Request should be denied in its entirety."
- *All other reply comments can be found on the Postal Regulatory Commission web site under the [Daily Listing](#) for September 2, 2010.*


 As the [Heritage Foundation](#) has noted, "**The U.S. Postal Service employs three times as many union members as the domestic auto industry.**"


 [European Voice](#) has reported that "The European Court of Justice (ECJ) today ruled that Deutsche Post, Germany's national postal operator, does not have to repay €572 million in state aid to the German government. The ECJ rejected an appeal brought by the European Commission against a decision by the General Court in July 2008 annulling a Commission decision that the money was illegal state aid and should be repaid." See also [Europolitics](#).


 According to the [Courier, Express, and Postal Observer](#), "The Washington Post reported the beginning of negotiations between the Postal Service and its four major unions today. The negotiations will take between six months and a year. If no agreement is negotiated it goes to arbitration. Given the differences between the Postal Service and its unions on major issues and the difficulty that union leadership would have in trying to convince the rank-and-file to accept any of the changes that the Postal Service is proposing, an arbitrated settlement appears likely."


 **DMM Advisory: IMb™ Services Update. FAST® Release 15.0.0** will deploy on November 7, 2010. Updated [FAST 15.0.0 Release Notes](#) are available at [http://ribbs.usps.gov/fast/documents/tech\\_guides/FASTRelease/](http://ribbs.usps.gov/fast/documents/tech_guides/FASTRelease/). The key features of this release are:


- Users now have the capability to choose to receive emails for stand-alone content association.
- The FAST Web Services messaging will be updated to account for previous error messages.


 [Postal Technology International](#) has reported that "Finnish operator Itella will be testing online newspaper delivery with the electronic iPad reading device at the end of the year. The test will be executed in cooperation with the Borgåbladet newspaper. In the test, the electronic version of the newspaper will be delivered to NetPosti, an electronic mailbox provided by Itella. The objective is to involve five to 10 mail recipient households who already participate in the experiment carried out in Anttila, Porvoo, concerning the electronic delivery of letter mail."


 The [Maritime Union of Australia](#) has reported that "ITF campaign to get message of workers' rights across to global delivery firm UPS starts in Sydney and does the world rounds. The global Action Day was kicked-off in Oceania by members of the Australian Transport Unions Federation (RTBU, TWU and MUA) led by the ITF President Paddy Crumlin (MUA). The group of top union leaders and truck, train and maritime workers protested outside the UPS facility near Sydney Airport."

 [The Standard](#) has reported that "Canada Post is promising to return mail delivery to some north St. Catharines residents — if the city installs a sidewalk in front of their homes. About 25 irate residents of the south side of Lakeshore Rd. between Vine and Geneva streets descended on St. Catharines MP Rick Dykstra's office Wednesday morning to complain about Canada Post's sudden cancellation of their mail service."


 The [Detroit News](#) has reported that "Rain, sleet, and snow can't stop postal carriers from completing their rounds -- but the **fear of bedbugs has halted mail delivery to a senior citizen high-rise** apartment building. The decision to stop delivering mail to the Warren West Apartments came last week, after a mail carrier encountered exterminators in the lobby, postal officials said. When the carrier was informed the building was being sprayed for bedbugs, she decided to stay away."


 The [Washington Post](#) has reported that "The U.S. Postal Service, headed toward a loss of at least \$7 billion this fiscal year, opened contract talks with its largest union Wednesday seeking cost cuts that could reshape the nation's mail-delivery system. In addition to concessions on wages, health benefits and working conditions, the Postal Service says it must pare its full-time workforce and expand the use of part-timers to stay afloat. Postal officials said that with declining workloads -- Americans have sent 20 percent fewer letters and packages since 2007 -- they can **no longer guarantee eight-hour shifts for clerks, mail handlers, carriers and other workers. A shift to part-time and seasonal work** will probably be just one sticking point in contract talks that could be the most acrimonious in years as the economic slump and the shift to the Internet continue to eat away at the Postal Service's core business. **Union officials said** that while they recognize the Postal Service's precarious finances, **they will fight to preserve hard-won working conditions and benefits that include the most generous health-care package in the federal government.** Negotiations could last six months to a year, Postal Service officials say. If arbitrators step in, the Postal Service could ask Congress to pass legislation that would require them to consider the agency's financial condition." See also [GovExec](#).

 According to [Modern Materials Handling](#), "When it comes to versatility and cost, wood, plastic and steel pallets are still the kings of the hill when it comes to the materials used for pallet construction. Together, they account for more than 90% of the pallets on the market. Still, increasing freight costs, new export regulations, and growing concerns over product contamination have pallet users looking for alternatives to traditional pallets."

 [Online Media Daily](#) has reported that "Coupon Clippers Flocking To Online Deals. The majority -- 54% -- of U.S. coupon users now get their fill of deals online. Still, 80% of U.S. respondents report receiving their coupons in newspapers, and 69% said they prefer receiving coupons by mail."

*September 1, 2010*

 [Bloomberg Business Week](#) has reported that "Amazon.com Inc. has approached media companies including Time Warner Inc. with plans to start an online video subscription service to rival Netflix Inc., said three people with knowledge of the talks."


 The [Postalnews Blog](#) has reported that "In comments filed with the Postal Regulatory Commission (PRC) this week, Netflix has accused Gamefly, the game rentals-by-mail company, of attempting "to manipulate the Postal Service, through the PRC, into offering it favorable mailing rates." **Netflix also issued a warning that a decision in GameFly's favor could "result in reduced DVD shipment growth from Netflix as well as accelerate the ultimate decline of DVD shipments as Netflix would shift more resource to the digital delivery of content"**. The PRC is in the process of investigating claims by Gamefly that the USPS gives Netflix a better deal than it offers Gamefly for mailing DVDs."




The following reports were posted today on the *U.S. Postal Service Office of Inspector General* website (<http://www.uspsoig.gov/>). If you have additional questions concerning a report, please contact Wally Olihovik at 703.248. 2201, or Agapi Doulaveris at 703.248.2286.

- [Business Mail Entry Units Mail Verification Procedures \(Report Number MS-AR-10-005\)](#)
- [Internal Controls over Powered Industrial Vehicles at Sites Without the Powered Industrial Vehicle Management System \(Report Number NO-AR-10-009\).](#)
- [Postal Service Patent Management \(Report Number DA-MA-10-004\)](#)


[Premium Pay at Bedford Park Computerized Forwarding System Unit \(Report Number MS-AR-10-006\)](#)


 The [Daily Mail](#) has reported that "Royal Mail workers fiddled figures for nearly four years to try to make the performance of First Class post look more impressive, it was revealed today. An 18-month investigation by the regulator Postcomm today uncovered 'irrefutable evidence' of the 'deliberate and organised' activity. In a devastating analysis, it described how a 'large number' of postmen, including their managers, tried to cheat key performance statistics. Royal Mail has a target that 93 per cent of First Class letters must arrive the next working day after being posted."


 As [Folio](#) has noted about the business of magazine publishing, "Normally, making a profit is accomplished by one or a combination of two options: reduce expenses and/or raise revenues. Unfortunately for the USPS—outside of work-sharing programs—it can only raise revenues, and exorbitantly so, as in **the recent USPS exigent request to raise rates for magazines by 8 percent! This**—if continued unabated—**could easily close the doors for many printed magazines where a digital alternative is not as effective.** Why can't the USPS reduce its expenses sufficiently to avoid raising rates so much? Union obligations and particularly their retirement benefits. In my opinion, the solution is three-fold: Publishers have aligned themselves with other mailers (overall about 1,000 mailers and associations including the Magazine Publishers Association of America) to form the Affordable Mail Alliance to fight the latest proposed postal rates."





**PostCom Members! [A special postal issues update on the Postal Service's labor contract negotiations has been posted on this site.](#)**


 The [U.S. Postal Service begins contract negotiations today](#) with the largest of its four unions, the American Postal Workers Union, AFL-CIO (APWU). The APWU represents employees who work as clerks, mechanics, vehicle drivers, custodians and some administrative positions. The current contract expires midnight, Nov. 20. Three other unions represent most other postal employees. Employees represented by the National Association of Letter Carriers, AFL-CIO (NALC) deliver in metropolitan areas; National Rural Letter Carriers' Association (NRLCA) employees deliver primarily in rural and suburban areas; and, employees represented by the National Postal Mail Handlers Union, AFL-CIO (NPMHU) work in mail processing plants and Post Offices. Contract negotiations for the NRLCA begin September 13. The NALC and NPMHU begin negotiations next year approximately 90-days prior to the contract expiration date.


 [American Postal Workers Union President William Burrus](#) told his members that "Every contract negotiation brings special challenges, and this will be no different," APWU President William Burrus said at the opening session. "Mail volume is depressed and revenue is down, but we have faced similar circumstances before. "The history of the Postal Service is replete with forecasts of doom and gloom, but such dire predictions have not prevented us from exploring every opportunity to achieve agreement." "Once again naysayers warn of the imminent demise of the Postal Service," he said. "They demand wholesale changes to the foundation we have built over our 40-year history, ignoring the fact that each provision in the expiring contract has a history of give-and-take, the basic element of contract negotiations." "The road will be difficult and the outcome uncertain, but there are components of an agreement awaiting our discovery. I pledge the best efforts of the American Postal Workers Union to find a way to negotiate a new collective bargaining agreement. "


 [Bloomberg](#) has noted that "The U.S. Postal Service, which lost \$5.1 billion in the first half of this year, will seek to cut costs by paring the size of its full-time workforce in contract talks with its largest labor union that start today. "Labor cost is a big piece of our success or not success because it affects prices," Anthony Vegliante, the service's chief human resources officer, told reporters in Washington, without discussing bargaining strategies. "We have to look forward and adjust things." See also the [Washington Post](#).


 [Baynet.com](#) has reported that "Gilbert Ennis, age 56, of Lanham, Maryland, pleaded guilty today to stealing \$59,958.21 in postal stamps from the Marbury Post Office in Charles County where he was the postmaster. As part of his plea agreement, Ennis has agreed to resign from the U.S. Postal Service and pay restitution of \$59,958.21 from his federal retirement account."


 [CEP News](#) (Courier-Express-Postal), published by the [MRU Consultancy](#), has reported that:


 The post's results have grown considerably more than expected'. Bernard Delpit, La Poste's CFO, had really good news last week. La Poste's turnover rose by 3.1% to 10.59bn euros, while the operating result soared by 50% to 678m euros.


 TNT's subsidiary Belgische Distributiedienst (BD) is obviously up for sale. According to unanimous media reports TNT intends to divest Belgium's leading catalogue delivery service. BD (turnover 2009: 91.6m euros, profit: 8.6m euros) has 27 regional depots in Belgium. Altogether the company dispatches 4bn unaddressed items with its 3,000 self-employed deliverers per year. BD has a market share of 75% in this segment.

 Swiss Post's profit soared while turnover grew moderately in the first half year.


 Posten Norden, the merger of Post Denmark and Posten AB, increased its profit despite a decline in turnover in the first half of the year.


 Like in the first quarter Posten Norge's profit significantly increased despite a 2.2% decline in turnover.


 In October Deutsche Post will start the Security Cup to eliminate errors in its E-Postbrief service. Teams which want to take part in the search for errors must register themselves and will be seeded with 3,000 euros. The teams have to use their own tools and equipment and must agree to not touch any private data they come across during their work.


 More than one million candidates applied for one of the 6,565 jobs at Brazilian Correios in the last weeks.


 **Deutsche Post could save up to 140m euros annually by outsourcing the entire parcel delivery in Germany.**


 Qantas Freight will offer its courier and express services under the brand name Qantas Courier in the future.


 Belgian La Poste's rebranding takes shape. In September the new name and logo of bpost will be made popular as part of a media campaign promoting the slogan 'The post is bpost - ready for tomorrow'.

 State owned investment trust Khazanah Nasional will decide about the disposal of its 32% stake in Pos Malaysia until the end of this year

 Finnish post Itella is testing the digitalisation of letters and subsequent transmission by email since March.

 After the difficult business year 2009, GLS Netherlands now records significantly rising parcel volumes.


 James Arinaitwe, managing director of Posta Uganda, and some of his executives might stand trial. An investigation which was sanctioned by the parliament comes to the conclusion that Arinaitwe and several managers are guilty of 'abuse of office, influence peddling and nepotism'.


 Red faces at Royal Mail. Several thousand households in Scotland unsolicitedly received a porn catalogue. It is still unclear how the brochure, where one may choose from 350 different titles (e.g. 'The Horny Handyman'), could be legally sent through the post.





The [MRU](#), founded in 1992, is the only consultancy in Europe, which has specialised in the market of courier-, express- and parcel services. For large-scale shippers and CEP-services in particular, the MRU provides interdisciplinary advice for all major questions of the market, as there are for example market entry, product design, organisation, and EDP. *To learn more about the stories reported above, contact [CEP News](#). (We appreciate the courtesy extended by CEP News to help whet your appetite for more of what CEP offers.)*




 [Multichannel Merchant](#) has told its readers that "Transportation is a huge expense in distribution, so shaving costs in this area is often an operations priority. Simply comparing parcel shipping rates is not enough, however: You need to evaluate all of the associated and trickle-down costs that drive your total transportation spend, including the cleanliness of your customer address data. Your success in controlling costs and providing a positive service experience may directly relate to how well your customer address file is managed and updated. The financial and inventory losses tied to packages that are undeliverable due to bad addresses can be as much as 4% of a marketer's address file. And with address correction fees costing as much as \$10 per incident through some carriers, total costs to support these losses can be debilitating--not to mention the negative effect on the customer shopping experience."

 [People's Daily](#) has reported that "Private mail will face higher duties under new customs regulations that take effect today, a move widely expected to hamper haiwai daigou, or representative overseas shopping services. The General Administration of Customs will collect duties if the import duty payable on individual mail items is worth more than 50 yuan (\$7.34). Previously, the duty on personal mail to and from Hong Kong and Macao was exempt if the value did not exceed 400 yuan (\$58.75), and for those to and from other areas, the exemption amount was 500 yuan (\$73.44). The change is aimed at fixing loopholes in the tariff system and cracking down on tax evasion through mail, said the announcement."


 [FoxBusiness](#) has reported that "Dutch postal and express group TNT NV said Wednesday it will increase its rates for sending mail within the Netherlands and to destinations in Europe."

 [Marketwatch](#) has reported that "Harte-Hanks, Inc. has announced that it had acquired Information Arts (UK) Limited yesterday, August 31, 2010. Information Arts, based in High Wycombe in the United Kingdom, is a provider of data-driven marketing insight to business-to-business marketers across Europe -- and increasingly across the globe. The company delivers a compelling road map of how data insight will dramatically improve multichannel marketing effectiveness and retention programs. This insight is derived from profiling, segmentation, modeling and other analytics, and drives engagements that include marketing data management, data hygiene, data acquisition and data planning."

 In response to the wildfires in Russia, [local DHL employees](#) have provided their active support in delivering essential goods such as clothes, food, household items and stationery to the affected people. The pro-bono initiative by DHL Express Russia also included the collection of goods as well as a fund raising activity to support the purchase fire fighting equipment and protective clothing for volunteers helping to fight the fires.

 [Hellmail](#) has reported that:

- IT company [Postcode Anywhere](#) will take business stateside next month, as part of a UK Trade and Investment initiative to foster links between British and American companies.
- [Swiss Post](#) described its half-year profit as 'pleasing'. In the first half of 2010, Swiss Post generated Group profit of 484 million Swiss francs - an increase of 35 percent on the same period last year. Swiss Post posted good results in all four markets.
- The [UK postal regulator Postcomm](#), today announced that an investigation into Royal Mail's monitoring of quality of service performance has concluded that the company failed to comply with Licence Conditions 4.8 (a) (ii) and (iii) which relate to independent monitoring of performance. However, the investigation found that the actual quality of service figures had not been affected in any material way, that Royal Mail had not benefitted financially from the conduct investigated and that there was no adverse impact on Royal Mail's customers.

 The [Phoenix Business Journal](#) has reported that "The U.S. Postal Service is looking for local retailers to provide services on its behalf. Specifically, the USPS is looking for businesses in the following ZIP Codes: 85016, 85026, 85201, 85224, 85255, 85257, 85258, 85260, 85308 and 85374. Those cover portions of Phoenix, Chandler, Glendale, Mesa, Scottsdale, Sun City and Surprise."