

Developments in employment and working conditions in the EU postal sector 2006-2008

EUROFEDOP 2008 Trade Council Post and Telecom, Martigny (Switzerland), 9 May 2008
Patrick de Bas

Question for the audience (1)

How many people are employed in USPs in the EU postal sector?

- A. 1.2 mln
- B. 1.6 mln
- C. 2.1 mln

Question for the audience (2)

Which Member State (MS) employs the largest postal sector USP workforce?

- A. France
- B. Germany
- C. United Kingdom

Contents

- Employment and social aspects- topics
- Information sources
- State of play
- Developments in employment aspects
- Key findings and challenges

Employment and social aspects: topics

- Employment developments (direct, indirect)
- Share and evolution of civil servant's in employment (within USP, in postal sector)
- Share of flexible employment
- Labour productivity
- Employment conditions (USP, competitors)
- Role of social partners, incl. trade unions

Information sources

- EU postal sector studies
- Other available public sources (e.g. PostEurop, UPU, ILO, Eurostat, EUROFEDOP, Eurofound)
- ECORYS questionnaire for NRAs on expected impact of liberalisation on employment
- Interviews with social partners and representative organisations (EUROFEDOP, PostEurop, UNI-Europa, CNV)
- Workshop results

State of play: elements in the Community regulatory framework

Directive 2002/39/EC	Directive 2008/6/EC
Community tasks should ensure employment and social protection among MS	Community tasks should ensure employment and social protection among MS
Market-opening will help to expand the overall size of the postal markets, and any reduction in staff levels among the USPs due to such measures are likely to be offset by the resulting growth in employment among private operators and new entrants	Community and MS have interest in accomplishment of the internal market and potential for delivering growth and employment
	Directive is without prejudice to the competence of MS to regulate employment conditions, which should not lead to unfair competition
	Directive does not affect labour law and social security legislation of MS, which is applied by MS in accordance with national law which is in conformity with Community law

State of play: influence of restructuring, technology and consumer demand

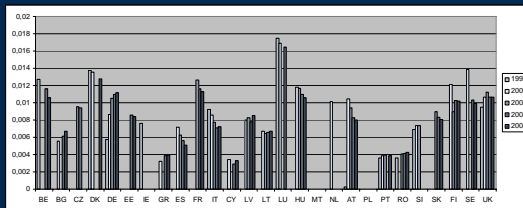
- Liberalisation: increased competition and market pressure for efficiency gains + market development, innovation and new (value added) services
- Large-scale processes of corporate restructuring and reorganisation of service delivery by traditional postal operators; new employment with CPOs
- Automation processes (replacement by machines, hybrid mail)



Both positive and negative impact on employment

Development in employment levels (1)

Total number of people employed in the domestic postal sector as % of total employment (1997 - 2005)



Source: Eurostat. Employment in the domestic postal sector: number of employees concerning postal and courier activities.

Development in employment levels (2)

- Since 2002, USP employment (headcount) has slightly decreased (by 0.7%). Employment trends differ from MS to MS reflecting the different reorganisation and modernisation activities of USPs.
- Civil servant employment decreased at a considerable higher rate than total employment by about 10% since 2002. This decrease is partially offset by employment growth in CPOs.

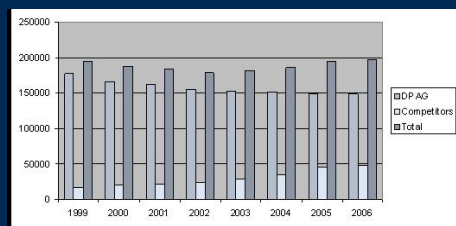
	2005	2006
NPO	1,429,733	1,416,715
CPO	>281,326	>352,776
Total EU-27	>1,711,059	>1,769,491

Development in employment levels (3)

- USP employment in the postal sector as a percentage of total domestic employment is stabilising or decreasing in the majority of the MS.
- Main distinguishing factors:
 - Countries with mature mail markets that have undergone restructuring already (CPO employment compensate reductions in reduced USP employment);
 - Countries with mature mail markets that are undergoing major restructuring at the moment (impact on employment to be felt the coming years)
 - Countries with potential for developing the mail market
- Move towards flexible working practices such as part-time work
- General reduction in the number of civil servants

Development in employment levels (4)

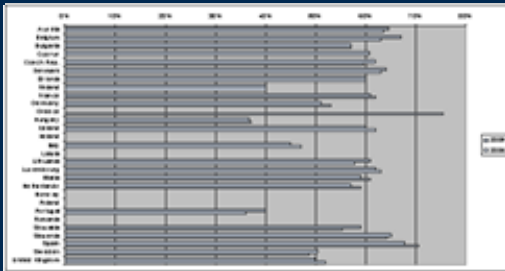
Employment German postal sector (headcount) for letter mail (1999-2006)



Source: Bundesnetzagentur (BNetzA)

Development in employment levels (5)

Ratio flexible employment (parttime, temporary staff) as percentage of total fulltime employment in the EU postal sector (1995, 2001, 2006)



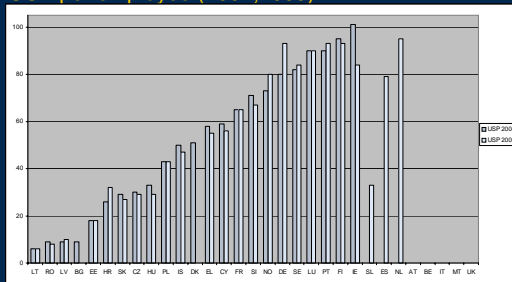
Source: UPU

Development in employment levels (6)

- Share of part-time staff is increasing due to restructuring and labour market developments
- Largest share of part-time staff observed in postal markets that are relatively open to competition
- New value added services and business development create new and often higher quality jobs (in particular indirect, e.g. upstream)

Labour productivity (in physical terms)

Number of letter post items (in 1000) distributed in USP per employee (2004,2005)



Source: Eurostat, Inquiry on Postal Services 2006, ECORYS questionnaire

Development in remuneration, contracts and working conditions (1)

- Indicators relevant to wage development:
 - Market dynamics (pressure on cost savings, technological development)
 - Situation on the labour market
 - Nature of the NPO and CPO
 - National (e.g. BE, ES, HU, NL) or sector-based (e.g. DE) minimum wages
 - Collective agreements (mostly within NPO)
 - Company agreements (mostly within NPO)
 - Type of contract (fixed versus flexible)
 - Civil servant versus contractual staff
 - Changes in job levels and according changes in wages
 - Age, education, experience employee

Development in remuneration, contracts and working conditions (2)

- Remuneration developments differ by MS depending on the development stage of the postal market
- Postal sector is relatively labour intensive (labour costs >80% of total cost in 1960-1980. In 2006 the average level lies between 50% and 70%)

Development in remuneration, contracts and working conditions (3)

Social dialogue and industrial relations

- Growing attention for the social and human aspects of postal sector development
- 'Contractualisation' of employment relationships at the expense of civil servant contracts
- In the majority of the MS, formalised industrial relations almost exclusively concern the NPO, while they are absent, or at most insignificant, among the CPOs. Trade union presence is particularly strong NPOs (in terms of union density; Eurofound, 2007)

Development in remuneration, contracts and working conditions (4)

Case study minimum wages in Germany

- Minimum wage agreement on sector level between trade union ver.di and Postal Services Employer's Association (dominated by DPAG) and applicable to all companies delivering (predominantly) addressed mail
- To some: a deliberate action to distort competition
- Lower minimum wages applied by TNT and PIN AG based on agreement between own employer's association and trade union *Gewerkschaft Neue Brief und Zustelldienste*

Development in remuneration, contracts and working conditions (5)

Case study minimum wages in Germany

- TNT filed a law suit questioning the validity of the minimum wage law for their operations (direct cost effect)
- TNT launched an official complaint on DPAG distorting competition in the German postal market to the EC
- Minimum wage agreement came on top of flaws in business model PIN AG. Main shareholder Axel Springer Verlag ultimately decided to pull the plug, resulting in some 40 out of 90 companies forming the PIN Group to have filed for insolvency
- Effect on average unit costs ca. 10% - impact on competition?!

Trends in working conditions

- Increased provision of continuing training schemes
- Tendency to hire employees with higher educational qualifications due to introduction of higher value added services
- Rising number of postal operators develop policies for professional health and safety at work

Key findings and challenges

- Mitigating effects between USP and CPO employment: decline in USP employed is partially offset by increase in CPO employment
- Postal sector has always been relatively labour intensive with labour costs well above 80% of total cost in the period 1960-1980. In 2006 the average level lies between 50% and 70%
- Conflicting demands between de-regulation and social protection
- Trade union presence is generally low for alternative providers and high for traditional providers
- Tendency for workloads to increase, greater functional and temporal flexibility (e.g. use of shift work, part-time arrangements)
- Increase in the provision of training schemes
- Dispersed views from MS NRAs on the impact of liberalisation on employment and working conditions

REPORT OF THE NAIROBI POSTAL STRATEGY (NPS) TEAM

Matigny, 9 May 2008

Presentation by Marc Pouw

on behalf of Jean-Luc Dutordoit, Coordinator of the NPS Team and BIPT administrator

How has the work been organized?

October 2005
CA session

February 2008
CA + POC approval

August 2008
Nairobi Congress

SPG members

Chairman: Russian Federation (Mr. Syrtsov)

CA Members: Belgium, Cameroon, China (People's Rep.), Costa Rica, Romania

POC Members: Australia, Egypt, France, Russian Federation, United States of America

SPG structure

Result-based Management Team (USA)

Scenarios Team (USA)

Communication Team (Russia)

Nairobi Postal Strategy Team (Belgium)

Strategic Plan for the NPS drafting

Step 1 Elaboration of agreement on general principles

Step 2 Elaboration of agreement on general framework

Step 3 Drafting of Nairobi Postal Strategy

Done

Done

Done

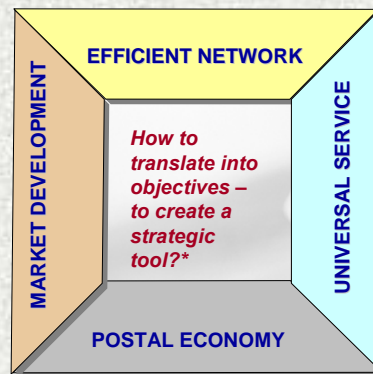
Nairobi Postal Strategy (NPS) – key drafting principles

- 1. Reflects the mission of the UPU as the UN agency representing the sector
- 2. Develops a single strategy for all stakeholders
- 3. Contains limited number of key objectives
- 4. States goals in quantifiable terms
- 5. Deals with processes, not with products

Important remarks:

1. Involves governments and authorities on a political level
2. Legibility of documents – executive summary

Four cornerstones of the world postal strategy...



* The global strategy is to be implemented in line with national and regional policies and regulations and the subsidiarity principle

Objective 1...

EFFICIENT NETWORK

...Improve interoperability, quality and efficiency of the three-dimensional postal network

A special focus by the UPU on better, accessible, secure, interoperable and efficient network, which is:

1. Enhance quality of service and efficiency of the postal network
2. Increase postal integrity, reliability and security
3. Develop interoperability and interconnection of national postal networks by adequate standards and procedures
4. Stimulate use of ICT to improve development of the postal network

POSTAL ECONOMY

Objective 2...

EFFICIENT NETWORK

...Stimulate a universal postal service adapted to the social, economic and technological environment

The mission of the UPU is to be the single worldwide forum for industry and government to work together in developing, adopting, improving the regulatory framework for the provision of and access to universal postal services on the following issues:

1. Stimulate the provision of good quality, affordable and innovative universal postal service, adapted to technological change
2. Develop the universal postal service regulation and criteria
3. Understand the options for financing the universal postal service
4. Improve access to universal postal service
5. Understand the economic and social benefits of a sustainable universal postal service

POSTAL ECONOMY

Objective 3...

EFFICIENT NETWORK

...Promote sustainable development of the postal sector and its economy

Provide support and assistance to membership promoting principles of sustainable development of the three dimensional postal sector

1. Improve remuneration systems between postal operators.
2. Develop statistical and analytical accounting procedures
3. Strengthen reform of the postal sector and UPU structure
4. Promote environmental protection and sustainable development including the social dimensions
5. Increase awareness of the role of the postal sector in the information society

MARKET DEVELOPMENT (vertical text on left)

UNIVERSAL SERVICE (vertical text on right)

POSTAL ECONOMY (trapezoidal shape at bottom)

Objective 4...

EFFICIENT NETWORK

...Foster growth of the postal market(s) and services

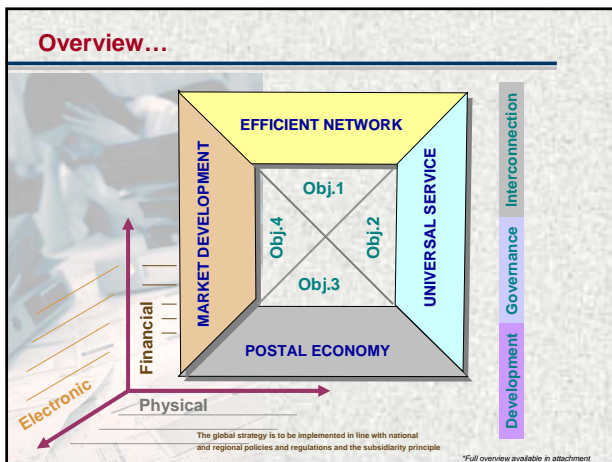
Undertake necessary actions by all postal actors (government, regulator, public/private postal operator, other stakeholders.) on issues related to the development of the postal market, specifically:

1. Provide market and sector research responding to customer needs
2. Modernise and diversify postal products and services
3. Stimulate growth of the market through the use of new technologies
4. Foster cooperation and interaction among all postal sector players

MARKET DEVELOPMENT (vertical text on left)

UNIVERSAL SERVICE (vertical text on right)

POSTAL ECONOMY (trapezoidal shape at bottom)



Structure of the NPS document

1. Nairobi Postal Strategy (NPS) overview	What inside?	A comprehensive table resuming NPS axes, dimensions, objectives and programs – for better visibility and easy perception of the document
2. Mission Statement of the Union		
3. Bucharest World Postal Strategy: lessons learned	→	Based on outcomes produced by the RBM Team on the BWPS achievements and IB report on implementation of the BWPS by the UPU.
4. Trends and developments in the postal world, related challenges for the UPU	→	Based on Scenarios of the developments of the postal industry up to the year 2012 (Scenarios Team) and results of the Dubai strategic conference (IB)
5. Strategic directions of the NPS	→	NPS Team and IB developments (see slides)
6. Performance indicators (quantifying key objectives)	→	Based on RBM and NPS Teams work.
+ Annex 1: Regional perspectives Annex 2: Action Plan Guidelines Executive summary	→	Contribution by restricted Unions + Input from regional Round Tables + basic strategic lines

- ### New times require new approaches...
- #### What makes us think that we do it differently?
- Focused approach: number of objectives and programmes reduced
 - Strong link with Union's budget
 - Deeper regionalization: feed-back from regions gathered and incorporated into strategic objectives and programmes
 - Attempt to prioritize objectives and programmes at first planning level
 - Goals defined in quantifiable terms (Result based management principle respected)
 - Comprehensive implementation plan included

Regional perspectives...

<ul style="list-style-type: none"> • Sound regulatory environment, quality of service, social responsibility, market development to become key issues for the strategy • Need to highlight the subsidiarity principle and stress the importance of UPU reform 	<ul style="list-style-type: none"> • Improvement of the quality of service and postal network efficiency • Development and applications of ICT • Importance of balanced development of physical, electronic and financial services • Strengthen postal financial services • Increase human resources potentials • Improvement in dialogue and communication between UPU and restricted unions • Better interaction and cooperation 	<ul style="list-style-type: none"> • Stress the need for postal reform, especially in the light of the changing regulatory environment • Cooperation between all postal operators and actors • Reform of the UPU structure • Regional approaches can be an adequate instrument to reduce the economic difference between particular regions of the world
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Now the challenge is yours!

Thank you!

Please send your comments to BIPT:

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With a copy to Mr. J. Pawsey IB/UPU (Jeremy.PAWSEY@upu.int)

Postliberalisierung in der Schweiz

„Der wahrscheinlich grösste Unterschied zwischen Telecom und Postmarkt ist, dass Kupferleitungen nicht gewerkschaftlich organisiert sind.“
(Prof. Dr. Martin Hellwig)

EUROFEDOP 2008

Urs Trinkner, Head of regulatory strategy
Generalsekretariat, International and Regulatory Affairs

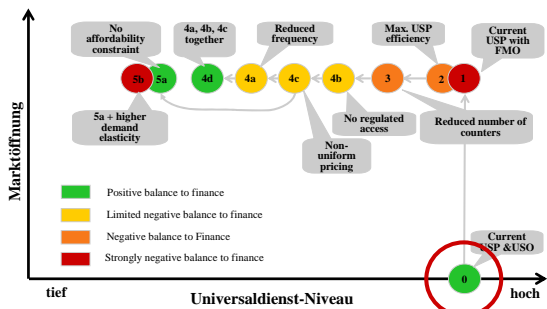
politisch

Liberalisierung oder Monopol? Haltung der Schweizerischen Post

- Keine eigentliche Meinung.
- Restmonopol als bestes Finanzierungsinstrument für einen hohen Universaldienst.
- Aber: Realistisches Szenario ist Liberalisierung.
- Unternehmerische Aufgabe also die Vorbereitung auf die Liberalisierung.
- Sowie: Entstehen für faire Wettbewerbsbedingungen, in denen die Post bestehen kann. Das heisst...
 - Level Playing Field
 - Unternehmerische Freiheiten
 - Marktkonforme, zeitgemässe Grundversorgung, tragfähige Finanzierung

Postliberalisierung Schweiz
Urs Trinkner, 8.5.08, Seite 2

Auswirkungen Marktöffnung: PWC Studie Schweiz Universaldienstverpflichtungen stellen im Markt Probleme



Wettbewerb und Universaldienst beissen sich!

Postliberalisierung Schweiz
Urs Trinkner, 8.5.08, Seite 3

Source: PWC-CH 2006

Neue Gesetzesvorlagen Machen es allen ein wenig recht. Allen?

**Universaldienst
Konsumentenschutz**

**(Selektiver)
Nachvollzug**

**Regionalpolitik
Ausgabenpolitik
Wirtschaftspolitik**

Sozialpolitik

Postliberalisierung Schweiz
Urs Trinkner, 8.5.08, Seite 4

Auswirkungen bezüglich der Arbeitsbedingungen Meist unklar

Universaldienst:

- + Wenn sich sonst nichts ändert, mehr Arbeitsplätze
- +/- Je nach Umsetzung weniger oder mehr Markteintritte

Regionalpolitik

- + Vorerst Erhalt von Arbeitsplätzen
- +/- Je nach Umsetzung weniger oder mehr Markteintritte

Sozialpolitik

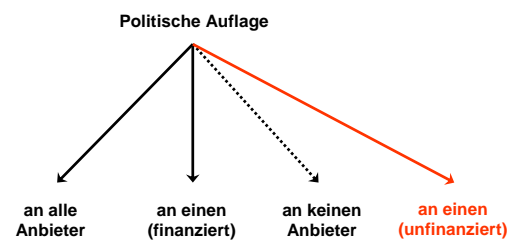
- + Höhere Löhne
- +/- Je nach Umsetzung weniger oder mehr Markteintritte

Auswirkungen per saldo?

Frage der Umsetzung!

Postliberalisierung Schweiz
Urs Trinkner, 8.5.08, Seite 5

Politische Auflagen in einem liberalisierten Markt 3 tragfähige Varianten – 1 problematische Variante



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Urs Trinkner, 8.5.08, Seite 6

Wie die Auflagen vergeben? Kein Patentrezept

Politische Auflage

	An alle	An einen (finanziert)	An keinen	An einen (unfinanziert)
Universaldienst				
Einheitspreis	●	●	●	●
Infrastruktur	●	●	●	●
Zahlungsverkehr	●	●	●	●
Regionalpolitik	●	●	●	●
Sozialpolitik	●	●	●	●

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Urs Tröskner, 8.5.08, Seite 7

Wie die Auflagen vergeben? Vorschlag Bundesrat

Politische Auflage

	An alle	An einen (finanziert)	An keinen	An einen (unfinanziert)
Universaldienst				
Einheitspreis	○	○	○	● ¹⁾
Infrastruktur	○	○	○	● ²⁾
Zahlungsverkehr	○	○	○	○
Regionalpolitik	○	○	○	●
Sozialpolitik	●	○	○	●

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Urs Tröskner, 8.5.08, Seite 8

1) Finanzierungskonzept unwirksam
2) Abhängig von Vorgaben

Was sagt die UVEK Studie zum neuen Postgesetz? Entspricht Szenario mit Kostenunterdeckung im Stammhaus!

Szenario	kein Netzzugang	Netzzugang
Hohe Kosten – Postnetz leicht reduziert – Löhne unverändert – Stellenabbau leicht verzögert	Szenario, welches am ehesten der Vernehmlassungsvorlage entspricht* – Marktanteil Post: 70% – Grundversorgung nicht durch Post finanzierbar (Kostenunterdeckung im Stammhaus von 4%)	– Marktanteil Post: 47% – Grundversorgung nicht durch Post finanzierbar (Kostenunterdeckung im Stammhaus von 7%)
Tiefe Kosten – Postnetz stärker reduziert – Löhne um 30% gesenkt – Stellenabbau	– Marktanteil Post: 100% – Grundversorgung durch Post finanzierbar	– Marktanteil Post: 71% – Grundversorgung durch Post finanzierbar

*Jedoch sehen die beiden Vorlagen zusätzlich einen Regionalauftrag für die Post sowie weitere Nachteile vor. Die Marktanteilsverluste und die Kostenunterdeckung im Stammhaus wären dadurch noch höher.

Postliberalisierung Schweiz
Urs Tröskner, 8.5.08, Seite 9

Wie die Auflagen vergeben? Mögliche Verbesserungen der Vorlage

Politische Auflage

	An alle	An einen (finanziert)	An keinen	An einen (unfinanziert)
Universaldienst				
Einheitspreis	○	○	●	○
Infrastruktur	○	●	●	○
Zahlungsverkehr	○	●	●	● ¹⁾
Regionalpolitik	○ ²⁾	●	●	○
Sozialpolitik	●	○	○	○


Postliberalisierung Schweiz
Urs Tröskner, 8.5.08, Seite 10

1) Falls tragbare Vorgaben
2) Kaum realistisch

Zusammenfassung Gemeinsames Interesse!

- Liberalisierung und Grundversorgung und andere politische Auflagen beissen sich meistens.
- Die Auflagen haben zwar kurzfristig einen Beschäftigungseffekt, haben aber schnell gegenteilige längerfristige Auswirkungen im Wettbewerb.
- Jedwede politische Auflage sollte im Markt entweder
 - für alle Anbieter gelten,
 - nur für einen gelten, dieser aber hierfür abgegolten werden,
 - für keinen Anbieter gelten (=Verzicht auf Auflage).
- Für diese Grundsätze haben Gewerkschaften und Postgesellschaften ein **gemeinsames Interesse**.
- Die gegenwärtige Gesetzesvorlage der Schweiz stellt diese Grundsätze in wichtigen Punkten nicht sicher und muss deshalb angepasst werden.

Postliberalisierung Schweiz
Urs Tröskner, 8.5.08, Seite 11



Backup

Unterschiedliche Arbeitsbedingungen?

Post

- Anständiger Nettolohn
- AHV bezahlt
- Beitrag Pensionskasse
- 25 Ferientage
- Bezahlte Pausen
- Fringe Benefits
- usw...
- Arbeitsplatz (z.B. Sortiergestell)
- Arbeitsgeräte (z.B. Fahrzeug)

- Arbeitskleidung

Wettbewerber?

- Stücklohn, ev. fixer Bestandteil
- (nein)
- (nein)
- (nein)
- (nein)
- (nein)

- Sortieren im Wohnzimmer
- Fahrzeug, Leasing & Benzin Sache der „Vertragspartner“ (Mitarbeiter)
- Beteiligung an Arbeitskleidung
- Abzüge bei Fehlern (Malussysteme)

A perspective on the development of the EU regulatory approach

Martigny, 9th May 2008
by Jan Vannieuwenhuysse

Disclaimer: All information or opinions expressed in this presentation are those of the author and don't represent the views of the BIPT

The package

With this package, the Commission is:

- Making proposals to the EP and Council for changes to the EU telecom rules
- Taking immediate action to reduce regulation in the sector
- Inviting Member States to agree a common approach for dealing with the 'digital dividend'

Main Proposals for Change

- Strengthening consumer rights
- Reinforcing national regulators
- Promoting the wireless economy
- Completing the Single Market - A new European Authority

Strengthening consumers' rights

- Pricing & supply conditions
- Number portability
- Network and information security
- Emergency access via «112»
- eAccessibility

Reinforcing national regulators

- A new remedy - functional separation
- Stronger safeguards for NRA independence
- More powers & resources

Separation

- Gas, electricity or telecommunications market are characterized by the presence of vertically integrated, (ex)-state owned monopolies
- Problem of "vertical leveraging"
 - Dominant undertaking attempts to extend its dominance from a wholesale upstream market in which it has the ownership of some bottlenecks to the retail downstream markets where it faces competition
- Categories of separation:
 - Accounting (separate financial accounts)
 - Functional (network in different business unit)
 - Structural (network as daughter company)
 - Ownership (network has different "owners")

Separation

- Vertical leveraging strategies:
 - Refusal of access
 - Price discrimination
 - Quality discrimination
 - Delaying tactics
 - Cross- subsidiation
 -

Market analyses

- According to the following consecutive steps:
 - Commission Recommendation – List of markets
 - NRA defines market
 - NRA designates the SMP operators
 - Remedies
- The current EU access directive does not include vertical separation remedies going beyond accounting separation
- In some countries is functional separation available as a remedy following a competition law proceeding

Functional Separation: a new remedy

- Aim is to ensure fair and equal access to bottleneck network assets
- Entails separate management of an operator's infrastructure and retail operations; does not imply 'ownership unbundling'
- To be used where justified; not appropriate in all Member States

Functional Separation: an new remedy

- Prior to imposing functional separation, an NRA must:
- Identify persisting competition problems/market failures in several relevant markets
 - Analyse the impact of the proposed separation (dynamic character)
 - Receive Commission approval

Pro's and contra's of functional separation

- Pro's
 - Equivalences of inputs ensured
- Contra's
 - Loss of efficiencies as a result of vertical de-integration
 - Impact on NGN -> no coordinated investments
 - Weaker incentives to invest in alternative infrastructures (cable, wireless, ..)
 - Lack of incentives for network part to invest, loss of quality
 - Technology is changing very fast in telecom
 - With existing rules in the access directive when correctly applied the equivalence of inputs can be ensured

ERG Opinion

- ERG has expressed its concerns about the non discrimination by equivalence of inputs introduced by British Functional Separation model by stating:
 - *"...this is an especially intrusive form of remedy as it constitutes an instruction to the SMP player not only what is to be achieved but also the means by which it should be achieved. Further, by denying to the SMP player the benefits of any economies of scope it tends to raise the costs. Therefore, in circumstances where an "equivalence of input" remedy is justified, an NRA would need to safeguard against the possibility that the competition benefits may be insufficient to justify the increased costs to the SMP player" (Revised ERG common Position on the approach to Appropriate remedies, May 2006, page 93)*

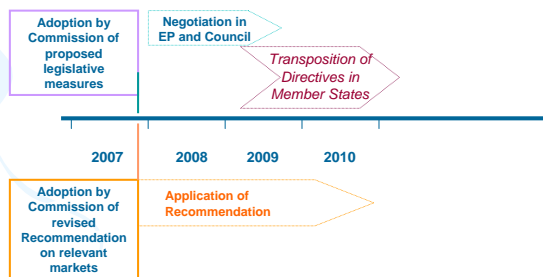
Spectrum management

- Apply principles of technology and service neutrality
- Designate bands where EU wide spectrum trading would apply
- Encourage licence-free spectrum use
- Harmonisation of authorisation conditions for pan-European services
- common procedures for selecting suppliers

Completing the Single A new European Authority

- Working with national regulators to achieve consistent EU best practice
- Facilitating the roll-out of pan-European services
- Incorporating tasks currently undertaken by the European Regulators Group (ERG) and the European Network & Information Security Agency (ENISA)

Timeline for implementation



Any questions?

Thank you for listening.