

CWU

THE WHOLE PICTURE

What's really happening in Royal Mail?

Crisis followed by miracle turnaround, followed by deeper crisis, followed by record profit announcement – all against a backdrop of continuous change. This is the life of a Royal Mail worker today.

The mixed messages coming from Royal Mail management is confusing at best and misleading at worst. The CWU is here for the long haul and we give you the whole picture!

This pamphlet is sent to you to tell you the real problems we face – to detail Royal Mail's next plans and to explain, how with your support, your Union intends to reshape the future and permanently raise the value and status of a postal worker's job.

The CWU has been campaigning for an investment in the company and the workforce. A price increase from the regulator Postcomm has been achieved. Now we are campaigning and negotiating with Government for further investment to safeguard your pensions and ensure a level playing field as competition becomes a growing reality.

We want to work together with Royal Mail and we are currently engaged in very important negotiations about your future. On some issues we will agree – on others there will be significant differences. For example both Royal Mail and CWU agree there is a need for major investment in the company. However, once investment is achieved Royal Mail and CWU part company on the best way to use that money. The details of this are explained in greater detail on page 2 and 3.

COMPETITION

From January 1st 2006 Royal Mail is operating in new territory. Since early 2003 we have already seen the impact of downstream access on our mail and distribution centres – now our competitors are free to collect, sort and deliver any mail. The only certainty in this new environment is that nothing is certain.



INSIDE...

- ROYAL MAIL'S REAL PLANS FOR YOU
- CWU VISION FOR THE FUTURE
- WALK SEQUENCING UPDATE
- YOUR PAY – 2006 AND BEYOND...

ROYAL MAIL RESPONSE

Royal Mail's priority in dealing with competition will be to continuously maintain and increase their profits. They plan to achieve this through massive cost cutting. Cuts in overall job numbers plus converting full time jobs to part time feature prominently on Royal Mail's agenda. They want to raise efficiency by investing all their money in automation. Royal Mail's agenda for change relies on the closure of Mail Centres and Distribution Centres and continually targeting Delivery Offices for massive savings.

One of our key competitors will be the Dutch Post Office. In the Netherlands postal workers' jobs are carried out by a low paid part time casual workforce – its no surprise Royal Mail have spent a lot of hours studying the operation over there. They want to mirror the Dutch system as closely as possible and take pay and terms and conditions to the bottom of the league to beat competitors.

CWU RESPONSE

The CWU want Royal Mail to work with the Union to safeguard the future of the industry. Deputy General Secretary Dave Ward has summed up the Union's view on competition by saying:

"We cannot live in denial about the challenge of competition – but neither can we allow Royal Mail to use it as a stick with which to beat CWU members in a race to the bottom. Instead the focus must be on quality services with quality people in a quality, well paid environment".

COMING UP...

Our new look VOICE is out in January 2006. Your new VOICE is now a postal edition just for postal members.

More news about your industry and your work place.

Read the new VOICE on your doormat on the 28th January 2006

Overt to you...

It's important for us to listen to your views on pay and Royal Mail's change agenda and we will be consulting further with you soon – in the meantime, any comments, views or ideas you have should be sent to email address:

comments2dward@cwu.org

Tel: 0208 971 7500



IN RECENT MONTHS Royal Mail have been bombarding you with information about competition and what they say is the big picture. The CWU will give you the whole picture. The truth is Royal Mail want to quickly

ROYAL MAIL'S PLANS – IS THIS THE RACE TO THE BOTTOM?

Royal Mail want to buy off the workforce through short-term handouts. Here we reveal that there are no free gifts. This is the real price you are paying for Share-in-Success.

- Royal Mail say hitting their profit target is their number one priority. To make this profit they are attacking your terms and conditions. They want to immediately cut costs to the tune of £370 million before April 2006, with seemingly no regard to quality of service or your working environment.

- Royal Mail want to spend all new investment money on automation, resulting in a possible further 40,000 job losses.

- Royal Mail wants to convert massive numbers of existing full time jobs to part time.

- Royal Mail wants you to fund the pension deficit by increasing your pension contributions. We believe they are actively considering making you retire later.

- Royal Mail wants to end job and finish – going back on previous promises they made to you.

- Royal Mail wants total flexibility through self motivated teams. The idea will be to create an environment of continuous daily improvement in your performance.

- Royal Mail want to transform the whole operational pipeline – finding the cheapest possible way to collect, sort and deliver 80 million items a day to 27 million addresses. They intend to close Mail Centres and Distribution Centres and completely change working arrangements in delivery.

- Royal Mail's pay strategy will increasingly revolve around one off lump sum payments and phoney share schemes at the expense of higher guaranteed basic pay.

- Royal Mail want to introduce monthly pay with no associated benefits.

- Royal Mail want to restructure your pay package, redistributing existing monies to create winners and losers.

There are no free gifts. This is the real price you are paying for share-in-success.

Reward should be about higher basic pay and a better work/life balance. It is not about one-off payments, phoney shares or raffles.

introduce massive changes that will drastically affect your working life. The Union acknowledge we are in a new environment and we want all our members and the company to have a successful future.

We are now in vital negotiations that will shape your future. In this part of the pamphlet we want you to know what Royal Mail are really saying and how the Union intend to respond to these challenges.

CWU VISION – A RACE TO THE TOP

It is important to us that you know the real aims and objectives of the Union. We want to be totally clear on what we stand for.

- Raising the status and value of a postal workers job.
- Higher basic pay – a better way for CWU members to have a lasting share in the success of the company.
- A better work life balance for you – shorter hours, better annual leave, quality time away from work. Family friendly policies that will make a positive difference to your life.
- Maximising job security for all. Achieving the right balance between full time and part time employment. Defending full time employment from conversion to part time, while at the same time ending discrimination against part time workers and improving their rights.
- Safeguarding our members' pensions. We will ensure the government and Royal Mail fund the pension deficit in full.

- Dignity, respect and equality for everybody in your workplace.
- Defend National pay bargaining and continue to deal with legitimate cost of living issues through our National agreements on RRIS and London Weighting.
- Better training and equipment – a quality service, with quality people, working in a quality environment. The only way to really deal with competition.
- An innovative approach to change – shaping your future job in a way that is acceptable to you with fairer systems that provide manageable workload.
- A successful publicly owned company, dealing with competition by expanding our products and services and giving the customers what they really want.

- Our immediate aim is to achieve proper negotiation on the employers current planned cuts and a share of any agreed savings.

Royal Mail want to invest in automation.

CWU want to invest in you.

WALK SEQUENCING

THE CWU is facing one of its biggest challenges in its history. The introduction of new technology capable of preparing mail down to delivery point is only a matter of months away. Royal Mail wants to transform the industry, increasing efficiency by investing £2 billion in automation, and is actively preparing for the introduction of the automated process, known as 'walk sequencing'. These machines could have a dramatic impact, not just on overall job numbers, but also on job design and working patterns.

The plan follows trials using 'legacy equipment' at Southampton Mail Centre and Royal Mail also believes that it is possible to use the new system in delivery offices, as in Holland. The business has already purchased 12 walk sequencing machines. These are extensively used by national mail carrier TPG in Holland, where more than 95 per cent of traffic is automated.

Whilst it is difficult at this early stage to predict the total impact of postal liberalisation, the full introduction of competition from January 2006 will see Royal Mail operating in a hugely different business environment.

Every part of the business will be affected by Royal Mail's agenda for change. The impact on job numbers, and terms and conditions could be massive and must be the primary concern of the union. The CWU is therefore currently in discussions with management regarding walk way sequencing trials, in three areas, which are likely to include one mail centre and one or two delivery offices per area.

The Dutch experience, with near full-automation, flexibility, casualisation and weak trade unions, is a potent reminder of what could be around the corner. Whilst the union cannot afford to stick its head in the sand and pretend that greater automation is not going to happen, we must deploy an effective strategy which protects jobs and improves terms and conditions for our members, whilst safeguarding the future of Rail Mail.

Walk Sequencing is only one of a number of initiatives which make up Royal Mail's vision of the future. The CWU also has a vision of the future. Our task now is to engage management in comprehensive talks about how to secure positive change across the whole of the industry.

"Walk Sequencing coupled with liberalisation pose the most potent threat this union has ever faced. It is a time for clear heads, clear thinking and unity if we are to deal with this threat effectively" said assistant secretary (Outdoor) Bob Gibson.

The Royal Mail's agenda for change requires a CWU strategy for members; equipping union activists with the information and tools required will be our priority over the coming weeks and months.



Union Deputy General Secretary Dave Ward talks about his passion to raise the value and status of a postal worker's job

YES WE HAVE made real progress in the last two pay deals and introduced the five day week – but we know its not enough and you deserve more.

The facts demonstrate you remain trapped in low basic pay. No way would Royal Mail settle for average quality of service – so why are they happy to see you languishing £80.00 a week below UK average basic pay.

The Union's view is there is no substitute for guaranteed money in your pocket. Higher basic pay gives you more security – will permanently raise the value and status of your job – and is key to securing a better work life balance for CWU members.

Our new pay campaign is focused on comparing your basic pay with the UK national average, which is a moving target that increases annually. Our first step is to catch that target, then match the national average and ultimately overtake it in the shortest possible timeframe. It will be a difficult task, but it can be achieved with your support. Yours is a skilled, demanding job. As the demands upon you grow, your pay should reflect this.

Competition means we are all working in a new environment. Whilst acknowledging some things will change, we cannot allow Royal Mail to use competition as an excuse to sidestep the real debate – how do we motivate the workforce to deliver a successful company whilst permanently raising the value and status of your job?

A Fresh Approach to Pay

The Union wants to be innovative in raising levels of basic pay. While Royal Mail constantly tell you that change is essential to survive, they continue to use the same tired approach to annual pay negotiations. Up until now, Royal Mail has never made a clear upfront investment in its most important asset – you. This must change. Higher basic pay will only be achieved through a combination of new investment and greater efficiency.

What do I mean by new investment?

For the first time ever we must convince Royal Mail to put new investment money straight into your pay packet. New investment must boost your basic pay and not just be spent by Royal Mail on their plans for automation.

What do I mean by greater efficiency?

We cannot defend genuine inefficiency. What we must do is make Royal Mail pay for efficiency. In the future any money secured through efficiency savings should support permanent improvements to pay and reduced working hours, not one-off bonuses. We want you to have professional pay for doing a professional job.

How Will We Achieve This?

We all need to be truthful about the challenges we face rather than hiding behind the blame culture.

Your support is key. It is time for Union members and their Representatives to pull in the same direction and focus our energies on the issues that affect your working life.

We don't always deal with change effectively. We have concentrated too much on improving terms for those who leave, rather than improve terms for you who stay. We will fight to ensure there are no compulsory redundancies – but we must concentrate on raising the value and status of your jobs.

With your support we will take a very firm stance with Royal Mail – creating a successful company, whilst grasping the opportunity to match your pay and conditions to the real value your job has to the business.



THIS IS A CRUCIAL time of change for Royal Mail. We are seeing a new proposal to privatise it. We are facing competition and have seen lengthy negotiations around the new price control; vital for the industry's future income.

We know that we have to have solutions which work for postal workers and postal customers. The best future for both is a public service. Parts of our industry will continue to be loss making and a cross subsidy between the profitable and the loss making part is vital. Royal Mail is alone in providing a universal service and this must be protected. To ensure this we are campaigning for a statutory review of the introduction of competition.

As General Secretary, it is my responsibility to ensure a favourable political settlement for Royal Mail. We identified that the key problem facing Royal Mail was under-investment. Successive governments have taken money out of the industry on the assumption that it will be privatised. We have campaigned with your support, against this position. Together, we have been successful so far – and we will continue to defend the public ownership of Royal Mail.

We have campaigned for two demands: that the regulator, Postcomm introduces a price control which allows for additional investment; that the government allows profits raised in Royal Mail to be retained by Royal Mail, the so called "nil dividend".

Postcomm may have recognised the need for new money for Royal Mail. This will allow some problems of under-investment to be addressed and make an important contribution to stabilising the pension fund.

The government continues to examine price control. We are lobbying government on Royal Mail retaining its profits and it was pleasing to note that the Parliamentary Select Committee recommended the extension of the "nil dividend".

If we are successful in this, then we have some stability in the industry – probably for the duration of this parliament.

As a union, we are convinced that political campaigning goes hand in hand with our industrial demands. A favourable political settlement for Royal mail will give your negotiators the best framework to use their skills on your behalf on issues of wages, pensions and general working conditions. This pamphlet outlines our industrial demands and strategy.

Billy Hayes General Secretary

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| ROYAL MAIL BASIC PAY | CWU PAY STRATEGY |
| £311.50 | NATIONAL AVERAGE BASIC PAY |
| NATIONAL AVERAGE BASIC PAY | CATCH IT, MATCH IT, OVERTAKE IT. |
| £390.60 | |