Australia Post report points to massive cuts to jobs and services

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A federal government-commissioned consultants' report on Australia Post has endorsed the management's plans for drastic cuts in mail services that will eliminate at least another 10,000 jobs and pave the way for full privatisation.

Last month's "Background Report" by the Boston Consulting Group (BCG) reveals advanced plans to wind back postal deliveries from five days a week to three, outsource more Australia Post jobs and cut wages—all in order to make the business a more attractive proposition for corporate raiders.

Communications Minister Malcolm Turnbull commissioned the report in March, while on a "fact finding" mission to the US, with Australia Post CEO Ahmed Fahour.

The underlying purpose of the BCG report is to rubberstamp the drive by the Abbott government to prepare for privatisation, as demanded by its pre-budget Commission of Audit chaired by former Business Council of Australia president Tony Shepard.

The report states: "Overall, BCG agrees that the strategic assumptions underpinning Australia Post's case for postal reforms are valid, and reform to the letters business is urgently needed."

These so-called strategic assumptions include an artificial separation of declining letter-handling from Australia Post's growing and profitable parcels business. This separation is said to be necessary "from a commercial perspective"—that is, from the standpoint of corporate profit-making.

Another "assumption" is survey data supposedly showing that half of mail receivers would accept three-day delivery and very few would be willing to pay to maintain five-day delivery. In reality, there is overwhelming public opposition to cutting services. One survey found 75 percent of people opposed abolishing home delivery in favor of a post office box system of collection, while 94 percent rejected paying an extra $30 to retain home delivery.

The BCG admits that its assumptions are all derived from data provided by Australia Post itself, plus self-serving reviews provided by overseas postal services, such as Britain's Royal Mail, New Zealand Post and Canada Post, which have already been subjected to pro-market gutting or privatisation. Significantly, in every country where postal services were privatised, it led to sharp rises in charges, such as increases in the cost of postage stamps by as much as 67 percent in Denmark and 40 percent in Britain.

In addition to slashing delivery frequencies and services, the BCG canvasses "centralisation of operations across fewer processing sites and delivery centres," "increase automation," reduced "labour compensation rates," less overtime and greater use of "part-time and outsourced labour."

According to various estimates, this will mean eliminating at least 10,000 jobs—up to 40 percent of the existing workforce—on top of 900 jobs currently being axed. Since June 2009, more than 3,000 jobs, or about 10 percent of the total, have been destroyed in just five years.

Most of these jobs were scrapped under the previous Labor government, backed by the Communication Workers Union (CWU) division of the Communications Electrical Plumbing Union (CEPU). Now the Abbott Liberal-National Coalition government has begun a renewed offensive, following in Labor's path, again with the assistance of the CWU-CEPU.

Australia Post CEO Fahour, a former banker installed by the previous Labor government to prepare the corporation for sale, welcomed the BCG report, saying it "substantially supports our assessment of the

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challenges before us and impresses the urgency for regulatory reform." This was a complete fraud. The report's conclusions all had their origins in his office.

The CWU-CEPU quickly indicated its readiness to enforce the government's requirements. Responding to the BCG report, CEPU's New South Wales state secretary Jim Melcher said: "Australia Post workers would welcome working together with the government on a plan for maintaining and improving the quality services and financial security of the postal service."

Before the report's release, Melcher seized upon the government's claim that it was not immediately pursuing privatisation. Now the union will sit down and work with management to facilitate the destruction of 10,000 jobs over the next three years in the name of making Australia Post a viable business.

The union is already doing that with the 900 job losses announced last month. Complaining that Australia Post did not discuss the redundancies with it, the union lodged a dispute notice with the government's Fair Work tribunal, asking that it be included in the consultation process. The only purpose of this collaboration is to help the management achieve its job cuts without any resistance by postal workers.

For years, the CWU-CEPU has worked hand in glove with Australia Post and successive governments, both Labor and Coalition, to enforce the elimination of jobs and conditions, including penalty shift rates, in the name of making the business "competitive."

This policing role is backed by pseudo left groups, such as Socialist Alliance, whose *Green Left Weekly* on June 14 credited the union with forcing the government to retreat on privatisation. "The strong push by the 'Hands Off Aussie Post' campaign, backed by the CWU, has no doubt influenced the government's decision," it claimed.

In reality, the government is well aware of the union's readiness to enforce its restructuring. The only reason for not proceeding immediately to sell off Australia Post is that the business is not yet profitable enough to satisfy the demands of the corporate elite. Over the next several years, Australia Post will seek to rectify that—at the expense of jobs and conditions—with the union's help.

There is a global corporate assault on mail services and postal workers, enforced by the unions. In Holland, as the BCG report notes, the privatised PostNL now has a completely part-time delivery workforce, achieved "(after 3 years of negotiation) with union support."

Likewise, Post Danmark, partially privatised in 2005, has "more than halved the number of delivery offices," Royal Mail "plans to cut 1,600 jobs" and Canada Post's rationalisation is expected to "result in the loss of 6,000 to 8,000 jobs (from a workforce of around 70,000)."

Fighting this assault requires breaking out of the straitjacket of the trade unions, which have become nothing more than mechanisms for policing the dictates of big business, and unifying the struggles of postal and communications workers internationally on the basis of an alternative socialist perspective.

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