

WE ANSWER YOUR QUESTIONS ABOUT SHARES, PENSIONS AND PRIVATISATION

Bleeding us dry...



1

What are Leighton's plans for the industry?

Allan Leighton wants to borrow £4.5 billion from financial institutions on the back of Royal Mail's property portfolio.

The first thing he wants to raise the money for is to invest in purchasing more new technology machines. The priority for the business in this area is walk sequencing machines, which have proved highly effective in the trials and Royal Mail want to introduce these machines into all delivery units with the desire to remove IPS and Prep, thereby reducing jobs in delivery offices.

The second part of this money, according to well leaked articles, is that Allan Leighton wants to buy a 20% share of the Post Office. This means that Leighton will pay approximately £2 billion to the government for a 20% stake of the business.

He then intends to give shares to all employees. These shares cannot be sold on the open market, but can be purchased by other individuals within your office.

2

Why are shares such a bad idea?

The union believes that such a move will be disastrous for the membership. It will not motivate a single individual. On the contrary it will develop a two-tier workforce, those who have shares and those who do not.

The fact is that such a share scheme is only designed to ensure that wages and conditions are kept constantly down.

Indeed, Leighton is a prominent speaker at management training schools the world over and is often attributed to telling delegates at conferences:

"Giving staff more involvement in the running of the business kept them happy and this meant managers could get away with paying them less."

In addition, Leighton's plans include gambling with your deferred pay, i.e.: your pension.

Moreover, once the law is changed to allow Leighton's plans, it is just one tiny step to full scale privatisation. You only have to look at every privatised industry from Gas to British Telecom. The same pattern emerges – thousands of job losses and a real worsening in terms and conditions.

3

Where does the Labour government stand on this issue?

Despite the Labour Party committing to the following statement in their manifesto:

"We have given the Royal Mail greater commercial freedom and have no plans to privatise it. Our ambition is to see a publicly owned Royal Mail fully restored to good health, providing customers with an excellent service and its employees with rewarding employment."

Allan Leighton has been almost constantly lobbying the government on the above issue. Indeed, Alan Johnson, our ex-General Secretary and now minister for the Department of Trade and Industry, is a great supporter of Leighton's idea.

The belief is that Johnson has asked George Bain to conduct a review into the Post Office and to recommend such an idea.

The union hopes this is not the case.

However, the jury is out as often these so-called independent reports have only been commissioned to get the government off the hook.

4

How will this affect our pension scheme?

The one major obstacle stopping Allan Leighton's plans is the current money Royal Mail owes to the pensions scheme.

Royal Mail has a legal requirement to repay any deficit to the pension scheme, which currently stands at £4.5 billion.

Handicapped with this deficit, no financial institution will lend Royal Mail and Allan Leighton the £4.5 billion he requires to buy new machines and to realise his share offer.

The way Leighton plans to get around this is to convince the government to take control of the pension scheme.

The attraction from the government's point of view is that the deficit has to be paid over 40 years, but with the current assets of the pension scheme they will see a benefit immediately.

5

Would it be such a bad idea if the government took over the pension scheme?

Yes!

Every government run pension—whether it be the civil service, teachers or the NHS—will now see new starters having to work until they are 65 before they can claim their final pension.

Leighton plans to hand over your deferred pay, knowing in all probability that your future pension will be under threat from government plans to raise the retirement age and end the final salary scheme.

6

But Allan Leighton and Royal Mail say this is the only way to save the pension scheme.

This is perhaps the biggest con of the lot. The fact is that the pension scheme is not in crisis. Far from it—it is one of the top 5 pension schemes in the country with assets of approximately £18 billion.

Royal Mail's pension fund is in trouble due to the combination of the general downturn of the stock market in recent years, and the fact that they took a pensions holiday during the late 80s and early 90s when they stopped paying their share into your pension.

In addition, the scale of redundancies means a loss of income to the fund.

However, Royal Mail has 40 years to pay off this amount and, as history shows, the deficit may well reduce as the stock market increases.

7

What does the union want?

The union believes that the way to improve the industry is to invest in the staff that provide the service—not by some phoney share scheme which is designed to buy the workforce into managing the decline of the industry.

The union is convinced that an employee share scheme would result in pitting worker against worker and lead to a demoralised workforce at the worst possible time when the Royal Mail is open to competition.

Moreover, once 20% of the Post Office has been handed over to an employee share scheme, the industry is just a stone's throw away from full-scale privatisation.

The history of privatised companies is littered with thousands of job losses, a general worsening in terms and conditions, the erosion of the pension scheme and a reduced service for the customer.

8

How can we move forward on this issue?

The union would welcome more involvement of the workforce and the union in securing the future success of the business.

But this must come through genuine consultation about new products and improved terms and conditions—not a token gimmick such as a share option—which is more about massaging Leighton's ego than a genuine attempt to motivate the staff and secure a vibrant future for the industry.

But we need to put pressure on the government and Royal Mail to ensure that consultation takes place.

This means building the campaign against shares and privatisation in every region, branch and workplace.

FALSE FRIENDS

Alan Johnson and the Guild Socialists

By Norman Candy, London divisional rep (pc)



Those were the days. Alan Johnson campaigning with postal workers

Apparently Alan Johnson, one time General Secretary of the CWU and now Minister for Trade and Industry, finds it odd that his old trade union is opposed to proposals put forward by Royal Mail chairman, Allan Leighton, to introduce employee share ownership into the industry.

It is not that difficult to understand why postal workers believe that Leighton's plans will ultimately lead to full privatisation, job losses, pensions crisis and lower pay rises.

Johnson now claims that he has been a firm supporter of employee share schemes since his days with the CWU. He even goes as far as to claim that he gained his inspiration for share ownership from the founding fathers of the union.

Recently he stated in an interview with the Daily Telegraph "The Guild Socialists who formed the Union of Post Office Workers believed in giving workers a stake in the organisation. I was looking for ways to do that when I was in the union and I'll be doing that as a minister."

The first point about that statement is that although some of those who helped form the Union of Post Office Workers supported 'Guild Socialist' ideas it would be untrue to say that the Union was formed by 'Guild Socialists'.

The 'Guild Socialists' advocated a system of industrial self-government through National Workers – controlled Guilds based on a theory originated by Arthur J Penty in his 'Restoration of the Guild System (1906)'.

After World War 1 several working Guilds were formed but by the mid 1920s the movement had collapsed. Basically they wished to return to a

pre industrial form of social organisation. What must have seemed a good idea at the time was rejected by most workers and political thinkers in favour of mainstream socialism.

Although, with one notable exception, and this was Sir Oswald Mosley. He never ceased to support the idea and incorporated some of its ideas into the doctrines of his British Union of Fascists.

You may remember that Johnson, in support of abolishing the Labour Party's Clause Four, famously remarked that the Clause was as relevant to CWU members as a Gary Glitter L.P. How strange that Johnson should look back to a discredited early nineteenth century political theory for his inspiration.

It is more likely that after failing to convince CWU members of the benefits of the ill named 'Employee Agenda' just before he left for the House of Commons he sees an employee share scheme as a back door method of achieving the same objective.

In the mid 1990s when confronted with the members' rejection in a ballot of an 'Attendance Procedure' he nevertheless went ahead and signed it.

Anyone wishing to read about the real history of the people who built the union should read: The History of Postal Agitation by H.G. Swift and Post Office Workers – A Trade Union and Social History by Alan Clinton.

Allan Leighton

by Cliff Clavin

Allan Leighton would like to be remembered as the man who shook up Royal Mail, saw it privatised and our union tamed.

He has a reputation in business for "fixing" ailing businesses. But that is just business speak for cost cutting, always at the expense of the lowest paid whose jobs and conditions he attacks.

Leighton likes to pose as "one of the lads" who claims he isn't a fat cat. His proof is that he only earns £30,000 a year. What a load of rubbish!

First of all Leighton received a £165,000 bonus last year for his two-day week with Royal Mail. And what he doesn't want you to know is that he can take this "modest" salary because he has so much money sloshing in from elsewhere.

The last time I looked (it changes all the time) he was a director of four other companies. In the business world they call this "going plural". It's just fine for bosses like Leighton, but if they find workers doing two jobs to make ends meet they call it a disgrace.

Leighton was the chairman of Bhs Ltd (shops) and the deputy chairman of Selfridges & Co. He was a non-executive director of BSKYB and director of George Weston Ltd (a subsidiary of Associated British Foods). And he has cut back! A year ago the list stood at nine and his combined salaries at around £750,000.

But that's only the tip of a much larger iceberg. Every year one or more of these firms comes up with a juicy



bonus. Last year, for example, Leighton collected over £1.6 million from Bhs. In any case Leighton could work for free from now until he dies and still be fabulously wealthy.

He made a fortune from his reign at Asda, the supermarket giant. According to the BBC, Leighton collected £80 million when Wal-Mart bought Asda.

The Labour Research Department added at the time, "Leighton has eight sets of options outstanding on a total of over 2.8 million shares. Leighton's profit from these options will be £3,992,729."

Today I don't know if it comes as a surprise that he's a member of the Labour Party.

Leighton says that he gets hundreds of e-mails a week from staff and that most of his best ideas have come from talking directly to staff. It is doubtful if any of these come from Royal Mail staff who know Leighton as the multi-millionaire who is slashing jobs, threatening our union and driving though harder work.

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