Posti seeks operational flexibility through collective agreement negotiations â€“proposal does not include any pay cuts in the next agreement period

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Service Sector Employers Palta and the Finnish Post and Logistics Union PAU have continued their negotiations on the collective agreement of Posti employees today, October 9, 2019.

"The negotiations aim to find viable solutions to increase Posti's operational flexibility and allow Posti to meet the challenges in the highly competitive market that is going through a major transformation. Posti's proposal does not include any pay cuts in the next agreement period. The objective is to achieve flexible terms that correspond with those used by competitors," says Tuomas Aarto, Director General at Palta.

"One concrete example of the solutions being sought is the delivery of letters in connection with the early-morning delivery of newspapers. This is currently prohibited by a separate agreement between Posti and PAU. There are 16 delivery companies in Finland in addition to Posti that deliver letters as morning delivery," Aarto continues.

"We do not seek pay cuts for the next agreement period in the collective agreement negotiations between Palta and PAU, but we urgently need to find solutions to increase our operational flexibility and to maintain our competitiveness. Posti is going through historical changes due to paper mail volumes falling at an accelerating pace. Today we make approximately five addressed deliveries on average to each Finnish household each week. In a couple of years, this figure will fall to three," says Yrjö Eskola, SVP, Postal Services at Posti Group Oyj.

"We will continue delivering items as long as there are items to deliver, but the transformation reshaping the entire postal sector is moving ahead fast and will raise the prices of letter deliveries to an unsustainable level unless we take new action to curb the rising costs," Eskola states.

The negotiations apply to approximately 10,000 employees, most of whom work in mail delivery. Parcel sorting personnel, who were previously mentioned in connection with the negotiations, are not affected. The negotiations will continue on Monday October 14.

Posti going through historical changes:

change is inevitable but painful – new growth being sought from e-commerce and logistics

Posti's operations are financed with the service fees paid by customers – the company does not receive state subsidy for its operations. Posti needs to remain competitive against other delivery companies in the market. About 96 percent of Posti's delivery volumes are open to competition (business letters, magazines, parcels and other deliveries). The share of regulated universal service is approximately 4 percent of all deliveries.

Changes in the postal industry in both Finland and abroad result from a rapid digitalization process. Letter delivery volumes have halved in Finland during the past ten years, and this year the volumes are falling by approximately 15 percent due to, for example, the public sector abandoning paper mail. For Posti, this means an annual revenue loss of approximately EUR 70 million.

While the fall in paper mail volumes has eaten into Posti's revenue, the company has managed to grow its revenue from parcel, e-commerce and logistics business, in accordance with its strategy. In the future, Posti's growth will come increasingly from e-commerce and logistics.

Source: Posti

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