





The House Magazine of
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Tanner's Quarterly Trade Journal

This issue of our Journal is almost wholly taken up with Post Office matters, but we must as usual take a general look at the paper trade and keep you informed to the best of our ability as to likely trends.

The demand for paper and also envelopes and pockets is patchy. Throughout the world, except for the United States where the position has improved quite considerably, there is a surplus of capacity. Scandinavia, the E.E.C. and Canada are all short of work and the consumption of paper is spasmodic. Two good weeks for orders following by a poor week and this is symptomatic of the whole area.

Prices are therefore volatile, and large tonnage orders can frequently be placed at prices well below a profitable level in order to keep plant running. With overheads continually increasing particularly delivery costs this is a very worrying position for a capital intensive industry, and cannot continue for very long without the demise of several mills, converters and merchants. The year 1977 may well see quite a sorting out of the viable and non-viable companies.

Recently there have been rumblings from the pulp producers who are wishing to increase prices for the second half of the year. We do not however feel that this is a likelihood with present demand below normal production, and they will be forced to wait for the long awaited increase in demand, which for ever appears to be over the horizon.

The outlook is therefore one of *status quo*, with small increases in converted items, particularly envelopes and pockets, as a result of sharply increasing delivery costs, but much will depend on the outcome of the negotiations on stage three and the consistently high rate of inflation, which at present shows no sign of diminishing.

Postal and Telecommunication Services

Our Managing Director can never be accused at not having a GO at the Post Office on every conceivable occasion and he makes no excuse for taking up a great deal of space in this issue of our Journal.

Our customers and all our staff are engaged in print or stationery, and as such are deeply concerned with the postal service in this country. The cost of postage has already reached a stage where it is showing diminishing returns and it is being increased yet again.

By the time that this Journal is in print we shall no doubt have the Carter report to hand, and from the official and unofficial leaks we ourselves have received it appears to restate practically everything we have suggested over the last two years or so in our Journal.

The following extract from a debate in the House of Lords on 20th April, 1977 is so full of detail and fact that we feel it is in the interest of us all to read it in full even should we be left with room for little else.

The Earl of Kimberley rose to call attention to the organisation of the postal and telecommunication services; and to move for Papers. The noble Earl said: My Lords, I was very pleased to have won first prize in the raffle for the short debates. However, I have a certain number of misgivings, because the subject is very diverse and wide-ranging. I should like your Lordships, and particularly the noble Lord, Lord Winterbottom, to understand that I am not here in an aggressive or attacking mood. The object of the debate is in general to produce, I hope, some constructive suggestions to the Post Office.

It is a great pity, alas! that we do not have with us today the report of the Carter Commission, as was hoped would be the case before the last Recess. The noble Lord, Lord Winterbottom, kindly wrote to tell me that unfortunately the report would not be available.

The object of this debate is two-fold: first to provide a cheap and efficient postal service and, secondly, to provide a cheap and efficient telecommunications system because basically at the moment in this country I do not think we have either. Also at the moment, looking at the future, the prospects from the public's point of view do not appear too rosy for any chance of improvement in efficiency or cheapness. I hope that some of the criticisms and suggestions that are made today by other noble Lords as well as myself may lead to some general rethinking by the Post Office.

I start with the postal service. I am sure your Lordships are aware that the Post Office has a monopoly on letters but not on parcels or newspapers. In the Second Report of the Select Committee on Nationalised Industries, dated 3rd February, 1976, it was stated that

"... during the past 10 years the tariff for first-class letters had quadrupled, the quality and service had deteriorated and the traffic had declined".

So the general picture is not very good.

Since 1969 the main service changes that have occurred are basically as follows: the downgrading of head post offices; the closure of sub-post offices; the closure of post offices on Saturday afternoons; the withdrawal of the third delivery in London, the withdrawal of bank holiday collections, the withdrawal of Saturday afternoon collections; the ending of Saturday afternoon parcel despatches; the widening of the service differentials; between first-class and second-class mail; the withdrawal of Sunday collections—to which matter I shall return later—and the withdrawal of late evening collections. The Post Office claims that 93 per cent of first-class letters are delivered by the following working day, but this means that about 700,000 first-class letters every day are still subject to delay.

I should now like to discuss the price factor. So far as one can ascertain the only justification for the reduction in service would have been the holding of prices. But I am afraid that the record is unimpressive. In 1970, the cost was 5p for a 4oz first-class letter, which in metric terms was 2.08p for 113 g. But on 13th June this year, if the current proposals of the Post Office go

ahead, it will cost 12p for 113 g, which is nearly six times the price in 1970. With parcels, it is the same sad story. In 1970, a kilo cost 3s. or 15p, and the proposal is that on 13th June it will be 13s. or 66p. During the same period, the retail price index will have risen only from 100 to about 254.

I now come to overseas mail and the proposed increases in printed paper rates, which will especially damage exports. The service which is mainly used is known as the direct agents bag, and this cost 16p for 2lb. in February 1975. But, once again, it is proposed that in June there will be a charge of 40p for a kilo or 2½lb, and adjusted for metrication this is an increase of just over 125 per cent. Over 50 per cent of the output of publishers is exported and they have to compete with a subsidised American postal service. I have been given to understand that the postal business usually had a target of a 2 per cent return on revenue, yet on overseas mail it is attempting a return of 6 per cent.

Private industry is subjected to the most detailed examination and scrutiny before any price increases can be approved. The Post Office seeks to justify its current proposals, by its own admission, in its statement to the POUNC's report of 5th April 1977, on the grounds of "the possibility that inflation will be higher than assumed". The Post Office is asking to be allowed to anticipate inflation—something which no private firm would be allowed to do. It went on to say that there is a "possibility that traffic levels will be lower than assumed." If we take the history of Post Office forecasts, we should be very uneasy. For instance, in 1975 it forecast, and was targeted to make, a loss of £70 million on posts, but in fact the loss turned out to be only £9 million. Therefore, the first and second-class increases of about 20 per cent in September 1975 were not necessary.

Again, in productivity the record is poor. Since 1970, the throughput per employee has fallen by 12½ per cent, which is equivalent to about 1p on an ordinary letter. It is also noteworthy that administrative staff increased from 5,800 in 1970 to 6,744 in 1975/76. This is a 16 per cent increase and if you add on the TV licence records staff it is a 28 per cent increase. Concurrently, total traffic declined by 13 per cent and the number of operative staff remained at about 160,000. The cost of this increase in administration works out at over £11 million—enough to restore Sunday and late evening collections. The annual report and accounts do not give administrative staff growth for telecommunications but there is good reason to believe that their administrative record is far worse than that of posts.

I come now to postal customers—the commercial user, the charities and the general public—who have all lost faith in the postal service. The parcels service is being priced out of existence, as I have already said. Only 160 million parcels were carried last year, compared with over 240 million in the early sixties. The reduction of the first letter weight step to 50 grammes with so little notice, will affect the direct mail industry, which in turn will damage the Post Office itself. Delays in mechanisation have been such that few expect it ever to be introduced. The general pattern of postal services has been one where all users are asked to pay more and more for less and less, and are subjected to bewildering policies. Many users would like to make more use of the post, but they are often prevented from so doing by excessive prices and by continual uncertainty. What users need is an open approach from the Post Office, under which it makes public its plans and discusses them with all sections of customers.

I should like to give your Lordships one example of the Post Office's heavyhandedness. At Christmas time, just over a year ago, because of the cost of posting Christmas cards, a vicar advertised to his flock that local Christmas cards could be collected and delivered through his church. But he was informed very sharply by the local postmaster that he was infringing the Post Office's monopoly, and was therefore breaking the law. That is reported in Hansard for the Commons of 4th February 1976 at col. 1211.

To return to Sunday collections, not long ago the noble Lord, Lord Melchett, replied to a question of mine that the Post Office has said that it costs eight times more to collect mail on a Sunday than on a Saturday. I can well understand that, with overtime and this, that and the other it might cost two, three or perhaps four times as much, but I fail to understand—and nobody can explain the reason to me—why it should cost eight times as much. Maybe the noble Lord, Lord Winterbottom, can inform us of the reason when he replies.

I now come to a commercial which was done by Tommy Steele and shown on ITV the other day. I am not anti Tommy Steele but it was a long and very expensive commercial put out by the Post Office saying "Write and post more letters". Do we need to have this kind of thing to tell us what to do with the Post Office? It was an extremely expensive commercial to make, and it will be extremely expensive to pay for every time it is shown on ITV. If we are to have advertisements why cannot the Post Office advertise where we can post our letters on a Sunday

because there are some places where one can do that, although I have not been able to find out where they are. There are also some rural areas where there are two deliveries a day, one for letters and one for parcels. Again, I do not know where they are; but surely two deliveries in a rural area cannot be economical.

I should like now to turn to the telecommunications side, on which I know the noble Lord, Lord Ferrier, and probably the noble Lord, Lord Redesdale, are to speak. In the past, I have complained to your Lordships' House about the fact that when the STD does not work, and you have to get the operator, you are then charged the full operator rate. Why should we have to pay for this when the equipment is faulty? When the noble Lord, Lord Beswick, was in the "hot seat" he said in answer to a question on this point that the operators have to be paid. But they have to be paid whether they are getting calls or reading a book. A spokesman from the Department of Industry said to me the other day that if the full operator rate was not charged the public would cheat. To me, this seems a *non sequitur*. How would they cheat, if they were charged for a call at the normal STD rate? Surely nobody is going to ring up an operator by dialling 100 and wait for an answer if it is possible to get the number through STD!

On 16th March last, the noble Lord, Lord Ferrier said that £45 for installing a telephone is far too high, and in many instances causes great hardship to the old, the handicapped and ordinary people who live in sparsely populated areas. How right he was! Surely it would be better to pay a smaller installation fee and thereby perhaps generate more business.

Then there is the rental payable in advance. Perhaps it would be a good idea if every subscriber had to use "X" units, and to pay the rental even if he did not use them. But once he had used that amount of units the rental could be waived. Surely this would encourage more use of the telephone. I believe that only 50 per cent of the households of this country have telephones; so if we could increase substantially the number of telephones the whole service should in theory at any rate, become cheaper. As there seems to be little likelihood of the postal service becoming cheaper and every likelihood of fewer facilities being provided surely it must be right to try to increase the number of telephones. On 16th March at col 128 of Hansard, it was implied in your Lordships' House that the Post Office exercised its discretion on telephone installation charges. The noble Lord, Lord Winterbottom, was unable then to give any information on how often this discretion is exercised. Perhaps the noble Lord could do so today.

As I have said, it is most sad that the Carter Committee Report is not with us today, however I have heard a rumour that it has suggested that the postal and the telecommunication services should be separate entities. If the rumour is correct, it is probably a good idea, particularly as one service makes a loss while the other makes a profit and at the moment neither helps the other. However I should like to say one word of warning. If the services are to be split, there should be no increase in the aggregate staff employed, as occurred when the Corporation was set up in 1969. An enormous increase in staff took place then.

Before I finish, may I give one or two examples of money being frittered away, perhaps unnecessarily. At the Old Bailey the other day a witness was asked by the judge "What is your profession?" He replied "I am a Post Office delayer". The judge asked him what that meant, and he said "My job is to scrutinise second-class mail to make certain that it does not get delivered too quickly". Very often I have likened our country to Alice in Wonderland but that, I think is Through the Looking Glass. There is another perhaps unnecessary expense. If you watch commercial television you are likely to see a "commercial" of a bird sitting on a telephone wire saying "Use the telephone on Saturdays and Sundays" when you can use it at a cheaper rate. Most people who have a telephone realise that. Again, do we have to pay for this unnecessary advertising?

I have nearly finished and I am sure that your Lordships will be delighted to hear me say so. However, I should like to mention one other matter about which I feel the general public and all noble Lords feel very strongly. Why should the Post Office worker, or a small group of workers have the right to dictate to us whether we may have our mail delivered to South Africa—and also whether we may have our mail delivered to a film processing firm in London because a small group of workers disagreed with the way that firm was being run? The Post Office has a monopoly, and I maintain that thereby it has placed upon it a responsibility as well as a special obligation to deliver the mail.

Perhaps I may now make a few suggestions which I hope will be constructive. First, why not advertise where the Sunday service postal collection exists already? Why cannot post offices accept bulk postings on Sundays? They will do so in one area and if the noble Lord, Lord Winterbottom, would like to have details I will gladly give them to him afterwards. Inter-city deliveries are profitable, whereas deliveries in rural and isolated areas are not. However I believe that Scotland has very successfully started the

practice of delivering local mail by local bus services. Could not this system be adopted in the rural areas of England? Perhaps the parcel delivery system could be improved by amalgamating the parcel delivery service of British Rail National Carriers and British Road Services.

On 31st March the noble Lord, Lord Winterbottom, said:

"Do we want a commercial undertaking or a social service, for at the moment we have neither".

I should like to read one sentence out of the Post Office Act 1969. It comes from Section 9(1):

It shall be the duty of the Post Office (consistently with any directions given to it under the following provisions of this Part of this Act) so to exercise its powers as to meet the social, industrial and commercial needs of the British Islands in regard to matters that are subserved by those powers and, in particular, to provide throughout those Islands (save in so far as the provision thereof is, in its opinion, impracticable or not reasonably practicable) such services for the conveyance of letters and such telephone services as satisfy all reasonable demands for them".

We live in one of the finest Welfare States in the entire world. I humbly suggest to your Lordships that we should have a social service from the Post Office which should be viably run for the benefit of all. My Lords, need I say more? I beg to move for Papers.

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Lord Harmer-Nicholls: My Lords, I regret that my name was not attached to the list of speakers and, as a recompense, I shall be brief. Recently I became President of the National Wholesalers' Association and I was very impressed indeed by the recommendations that were put in by the British Stationery and Office Products Federation when the Post Office proposals for tariff increases were being discussed in March. Three of the points that were put in fit in properly to this debate initiated by the noble Earl, Lord Kimberley.

I see that my noble friend Lord Alport has left the Chamber. However, I agree with him absolutely about the esteem in which we should regard the Post Office. Indeed, the first very important Parliamentary office I held, 25 years ago almost exactly, was as the Parliamentary Private Secretary to the Assistant Postmaster-General—and one cannot have a much higher office than that! During that period I appreciated the esteem in which that great Department—which covers such a wide front and which is such an essential part of the make-up of this country—was held. I therefore agree completely with Lord Alport about it being a national service. However, we should remember that it is also one of the arms of industry. It is certainly one of the arms of the British Stationery Office products industry, a point they make perfectly plain when they say:

"We rely upon an efficient postal service for our livelihood and for our expansion and any increase in postal charges or changes in the service have an immediate effect on our industry".

What they are saying is that if, for reasons which on other grounds may be very good indeed, prices are put up, or the system is changed in such a way that it affects them, we may be inflicting unemployment on those industries which rely on this Department to exist at all.

Therefore while I find my noble friend's description of a national service very attractive and indeed true, it is also part of our industrial arm and there are three points which I think will pinpoint that. We ought to recognise that, while an organisation which has to cover the whole country has to rely to a large extent on what is known as rough justice in order to operate at all—because administratively it is so huge and so difficult—we must find ways, within the broad span of what is called rough justice, in which discretion and good sense can be used.

In this regard my one point concerns the question of Christmas cards. Very many people are employed in the manufacture of Christmas cards, which is an important section of our industrial make-up. When the cost of postage of Christmas cards was increased to the same level as that for letters and similar items it was found that, of the 1,000 million Christmas cards sold in 1975, 40 per cent were hand delivered because of the extra cost of the postage. From the point of view of the Post Office, if finance is one of its problems—and we know it is—perhaps it should

depart from rough justice by recognising that Christmas is a special time and that the sending of Christmas cards is a special activity confined to one particular time of the year. It could be that the Post Office, if it recognised this, would increase its own income while providing the satisfaction that a national service, as my noble friend Lord Alport said, would give to the public generally.

It might be said that an increase of $\frac{1}{2}$ p is hardly noticed, but one does not send only a single Christmas card. Ordinary families send several Christmas cards—some send many—and so the increase is not one $\frac{1}{2}$ p but several during that period of the year. This makes all the difference to the question of whether people buy Christmas cards, which in turn affects maintaining people in employment as well as giving income to the Post Office itself.

With regard to postal charges, it should be remembered that during the Post Office strike the pools promoters and various other big firms started their own delivery service, and this business has never been returned to the Post Office. It could be that, if an attractive price inducement were given, such organisations could be persuaded to use the Post Office service again, which would be better for everybody and produce more money for the Post Office itself.

As distinct from the Christmas card, there is the pictorial postcard, which is a very important part of the card industry. I should like to mention some figures which are involved here, and it is these figures which have caused me to intervene very briefly in the debate. In the pictorial postcard industry in 1973/74 sales totalled 359 million. In 1974/75 the figure had fallen to 198 million, and in 1975/76 it was down to 163 million. That is due to the extra cost on postal charges, which has discouraged this particular industry very much. The pictorial postcard, like the Christmas card, is a special item which goes with holidaymaking and similar pursuits, and so here a separation from what I call the rough justice could, I believe, be sensibly introduced. It is not without interest—and I did not know this—that many foreign countries, including the United States of America, West Germany, Holland, Belgium and the Scandinavian countries, as well as, I think, many others, reduce the postal charge for pictorial postcards to below the normal level for the very reasons that I am now arguing. So I believe that here again special discrimination could be made which would meet the needs of the general public—as a national service should do—and at the same time bring in extra income which the Post Office badly needs.

My next point was made very well earlier by my noble friend from the Front Bench. When what I understand is called the weight step on packages was reduced from 60 grammes to 50 grammes, calendars and certain Christmas cards and postcards were brought within the range that was affected. The argument that an extra $\frac{1}{2}$ p would not make much difference is completely shattered when not only has an extra $\frac{1}{2}$ p to be paid on the postage, but, by a reduction in the weight step from 60 grammes to 50 grammes, covering many calendars and postcards, a further $3\frac{1}{2}$ p is put on the cost. So the actual extra impost on the posting of calendars and certain cards is not $\frac{1}{2}$ p, which can be passed off as being not very much, but 4p each time. That is the point that my noble friend made, and this situation is having a disastrous effect on the prospects of an important industry, which employs many people and which is, I believe, an essential part of the general industrial make-up of this country. These points may be small when taken separately, but they are a very important part of maintaining general efficiency in one of our basic industries, and I hope that at the appropriate time they will be taken fully and properly into account.

[Editor's note: This scheme has been deferred TEMPORARILY.]

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Baroness Ward of North Tyneside: My Lords, can the noble Lord kindly reply to the very important points which were made by my noble friend Lord Harmar-Nicholls? Will the noble Lord refer them to the appropriate Department for consideration? Those are the kinds of things in which the ordinary public are interested. The noble Lord has hardly commented on them. May I have an answer to those most important points, please?

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Lord Winterbottom: My Lords, the noble Lord, Lord Harmar-Nicholls, was courteous enough to mention to me that he had to leave before the end of the debate. There is a convention in this House that I do not have to reply to points raised by noble Lords who are not in their places. But the debate will be studied and the points made by the noble Lord, Lord Harmar-Nicholls, with doubtless be noted.

The Earl of Kimberley:

. . . The noble Lord, Lord Harmar-Nicholls, who told me he had to leave, talked about Christmas card manufacturers and that there were 1,000 million cards in 1975. He also said that 40 per cent of the cards were hand delivered. If my simple arithmetic is correct, if that 40 per cent had been posted, say with a 4½p stamp at Christmas, it would have generated revenue for the Post Office of something like £25 million. So perhaps the noble Lord, Lord Winterbottom, could ask somebody to look into that particular point and see whether it might be feasible next Christmas.

Miss Doris Smith

Late in April we were sad to say goodbye to our receptionist/telephone operator Doris Smith. Doris had been with us for 17 years and never was there a better exchange operator. Even with Post Office engineers climbing over her board to put right lines which had gone out of use, or with staff who had got out of bed the wrong side or with irate customers (oh yes, we occasionally get them!) Doris never flapped and carried on with her job efficiently.

Full of fun and ever ready for a good laugh, Doris was popular with our staff and very many customers, who frequently enjoyed a quick chat before being connected to their extension.

Doris retired early, when the opportunity of a flat in Hastings came up, and we wish her the good health and happiness in the future, which she richly deserves.

We welcome a newcomer in her place Miss Jacqueline Wood. Jackie will when the new exchange is fitted take over all communications, telephone and telex and we know that you will keep her busy.

Telex

Please note that our answer back code has been altered to Tanner G., Crayford and Leeds being omitted. The full code is therefore:—

For Crayford — 896048 Tanner G.
For Leeds — 557201 Tanner G.

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As we go to press some substantial changes are taking place in our staff. Anthony Tanner one of our Directors, has decided that he requires a change from the paper trade and leaves us shortly for other interests. John Muir our Commercial Manager who has been with the Company over 40 years is taking a slightly early retirement. John who lives in North London has had to travel to Crayford and back daily since we closed the London Office and we know that come the winter he will be pleased to have his feet up in front of the fire rather than waiting on the station for the train which may or may not run!

We thank both of them for the unstinted service they have rendered the Company, and wish them the best of luck.

The two jobs of Commercial Manager and Stock Distribution are being amalgamated into the Commercial Manager and we are fortunate in securing the services of Michael Kerlogue to fill the position as from 8th June. Mike was formerly with the Donnar Paper Mill, and latterly Sales Manager of Howard Smith Papers, so he brings with him experience, youthfulness and energy.

To assist him we are recalling from 'the road' Paul Dalton. Many of our customers will recall Paul when he was in our Sales office, and now with some experience as a representative, Paul will add his knowledge and expertise as Stock Sales Manager.

In Leeds Jeremy Akeroyd has departed and Mike Booth after a short spell as a representative returns to the office as Office Manager.

For many years now our Managing Director has insisted that our inside sales staff must have a spell on the road as representatives to gain the necessary experience. This seems to be working out with these latest changes and should benefit all concerned.

The necessary replacements for Paul Dalton and Mike Booth will be obtained in due course, and all customers concerned will be notified as and when this occurs.

Do you realise that it costs as much to amuse a child today as it did to educate his father?