

Edinburgh MP condemns privatisation of Royal Mail



Mark Lazarowicz strongly condemned the Government's decision announced today to privatise Royal Mail in the coming year. It will be one of the largest privatisations to take place and follows the Government's decision earlier this year to re-privatise the East Coast Main Line.

Mark said:- "The Government has nationalised Royal Mail's liabilities in the form of the pension fund in which there was a large shortfall and is now intent on privatising the profits.

"It argues that it is necessary to subject Royal Mail to commercial discipline and give it access to private sector capital but Royal Mail's overall operating profits more than doubled over the last year from £152m in 2011-12 to £403m in 2013-13. A privatised Royal Mail might continue to operate the universal service provision of delivering 6 days a week to anywhere in the UK for the same price but for how long if its commercial rivals don't have to? As with the East Coast Main Line, ideology seems to have won out over common sense – it will be private investors who benefit from its commercial success not the taxpayer or customers."

Mark continued:- "In the 1980s the then Conservative Government under Margaret Thatcher decided against privatisation of the Post Office (Royal Mail and the Post Office were at that time still part of the same public company)."

"The universal service provision is particularly important in Scotland as it has more remote areas than other parts of the

UK and a report by Citizens Advice Scotland published in December found that people living in the Highlands and Islands already faced higher charges from online retailers – on average an extra £15 in the case of those in the Highlands and nearly £19 for people in Island communities where retailers were prepared to deliver at all.”

The SNP have also issued a statement which says that privatisation poses a huge threat to all customers in Scotland.

Commenting on Business Secretary Vince Cable’s announcement that the government will sell Royal Mail through a flotation on the London Stock Exchange, SNP MP and spokesperson for postal services Mike Weir said:-“The UK government’s decision to privatise the Royal Mail poses real danger to the postal service, and in particular, the universal service obligation which is of huge importance to Scotland. A privatised postal service in a competitive market will undoubtedly put pressure on government to reduce the terms of the USO, as its competitors “cherry pick” the profitable urban routes leading to a reduced service in rural and less affluent areas.

“77 per cent of Scots are totally opposed to the privatisation of Royal Mail- more than any other part of the UK. Vince Cable has spouted nonsense about independence being a threat to post offices yet Scotland could be losing their post offices due to a UK government they did not elect. Only with independence can Scotland be assured of a mail service that meets the needs of Scotland and our communities rather than the money men of London.

“It is a nonsense that a public flotation on the stock exchange will make any difference to the eventual outcome. In previous Tory privatisations they trumpeted the idea of mass shareholding but the truth is that many were soon sold, the numbers of people holding shares peaked in 1997 and has steadily declined since.

"Most of the privatised companies, such as the energy companies, were soon taken over and most have now ended up as divisions of overseas companies. It is highly likely that Royal Mail will soon end up losing its independence and becoming part of one of the larger European mail companies, or worse still, fall into the hands of those seeking to asset strip the organisation.

"The only protection to the consumer is Ofcom, who have already lifted the price cap on most products, allowed competitors to establish delivery services on profitable routes and confirmed that they have no power to stop the introduction of different prices for different areas of the country."

Last month in response to suggestions that the No campaign would seek to use the future of post offices in their campaign, Willie Marshall, Secretary of Communications Union (CWU) Scotland, Number 2 Branch, said:

"Privatising Royal Mail will be the biggest threat to customers and employees all over Scotland but particularly in remote and rural areas if the universal service obligation is ditched. People know perfectly well that an independent Scottish government would protect those services in a way that Westminster simply won't."