

# **ECONOMIC AFFAIRS PANEL**

## **FRIDAY, 5TH MAY 2006**

### **Postal Incorporation**

**Panel:**

Deputy G.P. Southern of St. Helier (Chairman)

Deputy A. Breckon of St. Saviour (Vice Chairman)

Connétable M.K. Jackson of St. Brelade

Deputy J.A. Martin of St. Helier

Deputy K.C. Lewis of St. Saviour

**Witnesses:**

3. Mr. M. Hamon, Local Branch Secretary for the Communication Workers Union, and Mr. L. Sampson, UK Representative for the Communication Workers Union

**3. Deputy G.P. Southern:**

It is important that you fully understand the conditions under which you appear in this hearing, and you will find a printed copy of the statement I am about to read you on the table in front of you: “The panel’s proceedings are covered by parliamentary privilege through Article 34 of the States of Jersey Law 2005 and as a result, you are protected from being sued or prosecuted from anything said during this hearing, although this privilege should obviously not be used.” The proceedings are being recorded, and transcriptions will be made available on the scrutiny website, and the function of this scrutiny panel is to examine the incorporation of the Post Office, given the changes in regulations to the fulfilments industry, and I understand that you would like to start us off by telling us something about your role nationally and in Jersey, so please feel free.

**Mr. L. Sampson (UK Representative for the Communication Workers Union):**

I suppose the best thing to do for me would be to set out the role of the communication workers, which is referred to as the CWU (Communication Workers Union). We are a national union which represents communication workers in telecom companies and in postal administrations. When I say telecoms companies, primarily that is BT (British Telecom), but it covers companies like Fujitsu, MATEL, telecoms supply companies in the UK. We also represent members in that industry in call centres, again in the UK. We represent postal workers in places like the Isle of Man, Guernsey and in Jersey, and of course, our biggest group of members are employed by Royal Mail (...several inaudible words) and POL (Post Office Limited). Our total membership is nearly about 325,000 people. I work for the Deputy General Secretary, who is in charge of the postal side of the union. His name is David Ward, and David Ward’s department, which is referred to as the DGSP (Deputy General Secretary (Postal))

department, has within it a number of policy advisers, 2 of us, and I am one of those, and I have a responsibility for pensions in the postal administrations that we represent members in, political policy in the UK, and I also, for my sins - and I do not know how I ended up with this - but I have responsibility for the Channel Islands, Guernsey and Jersey, and my role to the local representatives here is to act as a supplier of information, assistance in big negotiations, and I am also tied in to their local industrial relationships framework agreement, where they go to what is called a disagreement with management. My role is to come and assist in resolving those disagreements. My role as far as incorporation is concerned is one that I inherited from my predecessor. Where it started - and I was just reminded outside - it was 10 years ago. I joined the party about 5 years ago, where a number of decisions were taken by the union around the issue of incorporation, and that was that we were going to go with the incorporation, if I can use that phrase, and since I joined the party, the biggest negotiations that I have been involved in have been around the issues that we have discussed with Jersey Post management around pensions and the effect that would have when incorporation came in, and there have been some -- I am not going to say "detailed discussions" but locally, management take the opportunity whenever they can to tell us about the progress of the legislation and its effect as far as the business is concerned at a strategic level, so that is our role here today, or my role here today, although I am absolutely fully conversant with all of the questions and can take your questions today, and work in with Mick, the Local Branch Secretary.

**Deputy G.P. Southern:**

Okay, thanks for that. Do you have anything?

**Deputy J.A. Martin:**

Yes. So, given your experience, what do you expect from the incorporation process based on your experience of the UK model?

**Mr. L. Sampson:**

If I can answer that in 2 parts: if I can answer it from the Jersey point of view first, and then it would be useful if I could share with you our experiences with the Regulator, et cetera, in the UK. If I take the first part, as I say, when I joined the party 5 years ago, our initial view was that incorporation was almost set in train, and I am not so sure, if it had happened much before that, that the political atmosphere that the union was in might have been one of resistance. But when it was proposed 10 years ago, when it had just produced what was called a Green Paper in our union, where a new business model that the union was putting forward, where there was a freeing up of postal administration to be more commercially viable, where there was going to be a regulator introduced, where we could have greater freedom to develop our markets, i.e. our members' jobs, and through that concept, we were trying to produce greater security of employment and better terms of conditions. So, the issue with incorporation as far as Jersey was concerned was very much similar to the line that we were talking to government in the UK on at that same time. So we saw over here the same sort of benefits flowing from that, that the

company itself would have greater commercial freedoms, we would - and do not take this as an insult - see less people like you at our pay negotiations; we would have the ability to negotiate in a more freer way directly with the employer on those areas around terms and conditions of employment than what we currently feel we are able to exercise on behalf of our members. I can give you an example of that, which I think amply amplifies it. During our recent pay talks, which are, what, 2 years old, Mick, yes?

**Mr. M. Hamon (Local Branch Secretary for the Communication Workers Union):**

Yes.

**Mr. L. Sampson:**

Management have come to us on a number of occasions where we had had this system in place of paying allowances to postal workers for different elements of work that they did. You got it for night work or for driving, you know, there is a whole raft of them. We had recognised that they needed to be sorted out: in some ways, even got rid of, and we wanted to take that opportunity of changing that pay arrangement and doing things with that money, if you like - if I can be as bland as that on it. In those negotiations, when we got to the rut and we were agreeing to get rid of them, what we were presented with, which is unusual for me, was a predetermined box that said: "If you die out allowances, that is the system that you will be using." It is a system which is used by the States to buy out. We could not negotiate it. We could not take that, and I found that, because I am - if I can use this - a new breed of union official who likes to rob bits from one bit and use it to fund something else, and if I can use my term, duck and dive around the negotiating table to find a good deal, and that was very prescriptive for us. It was not a comfortable position. We came to an agreement on it, because we could not do anything with it, so we saw incorporation delivering more freedom for us, or do see it as delivering more freedom in that environment. As far as the company is concerned, I am supposing it is going to be like every other company. It is going to be looking to invest and develop its services, which again we see as a positive for our members, because if its products and its services are being developed and we are looking at investment into the company, we can only see that as a positive step forward. I know we are going to talk about other things around that, but in a broad sense, that is what we see of getting out of incorporation. What is our experience in the UK like? Well, I thought long and hard about how I would answer that question today, and one of the things I think we would do today - and provide you with - is we have not produced documents for Jersey around Regulatory control, commercial freedoms being developed et cetera. We have done that as far as the UK is concerned, so the documents we have produced on that, although under the Regulatory set up in the UK, the comments we make in there are as relevant to Jersey as they are to the UK. I have brought them with me today, which I willingly pass onto you so you can look at them at your leisure. Our experience with the Regulator can be summed up this way: we believe, as a union, that the Regulator has taken the agreement, as a regulator, further than what they should have done. They have become almost like zealots about competition. They are free marketers - some of the language we use in our pamphlets and booklets - where competition is the byword for everything, even, in our view, at the expense of the USO (universal service obligations), and

one of the things I would say to you today is the experience we have learnt from the Regulator is that it is a regulator in the UK, in our opinion, with no political control at all. It is a failure of the 2000 Act that brought it into place; that it did not have ultimate political control over what it does, over its price regimes, over its controls that it administers on behalf of itself as a regulator, and we have got a strong policy to government to have that reviewed, and we are pursuing that. So our experience is that they are a body, and you could say, or you would say that, would you not, you are a trade union, but we passionately believe that they have gone too far. An example would be the liberalisation of the UK market done in January this year, at least 2 to 3 years in front of European legislation in the postal markets. Why? Who knows. They have provided us with answers, but we would be here longer today, but we have questioned and challenged that.

**Deputy G.P. Southern:**

And in particular, the safeguard that you are seeking in the UK, do you feel that that is contained in our own legislation, with what you have seen of it? Has it happened in Guernsey; have they done it any better?

**Mr. L. Sampson:**

My view of Guernsey is that I think the Regulator in Guernsey: 2 things happened in Guernsey. One was the Regulator's comments after the Christmas debacle, where they came in and reviewed the services, and I thought that was an extremely valuable exercise for all concerned, and I believe that is one of the principle roles of him, is to keep looking at the service, keep looking at the quality and putting pressures. It is not to make policy, it is to ensure that right principles and right ingredients are in place that deliver what they are designed to protect and ensure is being done by the company. Where I think they have crossed the line in the UK is that they have gone over that line and said that we can do that, but: "What we must do is put pressure on that company commercially, and therefore we are opening up the market. We need to get them people in there, because the market is so big, it can take it, do not worry." Your legislation, I think I would have to say I am going to suck and see on that. Certainly, I think there is enough safeguards within what I have seen of it. I am not going to profess to be an expert on it. I do not go to bed every night reading the legislation, and I am sure you do not, but I think my advice to you would be: "Keep the kettle boiling on it from a political point of view." I think it is one of those things where you have to keep taking the views of the stakeholders who are involved in it, particularly the unions and management and you have to take on board the views of the customers et cetera in that, and the legislation that covers it should ensure that the best product comes out of it. It is that balance, if you like. I think this is what my advice to you would be, to ensure that that balance is right, it does not favour one over the other. Difficult for you.

**Deputy A. Breckon:**

You mentioned there a competitive environment. Would you like to comment, and indeed, do you have

any concerns about the conditions of service and security of employment there was in relation of members from a competitive environment in postal in whatever shape they might be likely to come in?

**Mr. L. Sampson:**

Well, the question is definitely changed, definitely changed on us. I try to pick my words carefully here. When you are in a monopoly situation, you are in the civil service, if you like. I mean, I worked for Royal Mail for 25 years. It was not during the civil services times, but it was in that period just after it. I think, if I had to be brutally honest with you, there is a closeted, cosy world you are in. Things are just laid out before you, as a worker, if you like. There is not that much pressure on you. I do not think the management are stretched in those sort of situations, but certainly the trade unions are not. In fact, it almost encourages - in my experience, because I was part of that regime - banging the table and saying: "No, no" all the time. "We would like to introduce this new change." "No, I am not having that - out we go." I think historically, if you look at the levels of industrial action et cetera, that will prove that, but the pressures that are on us now through commercialisation, if you like, bring to the table that we have sat at with management more changes and greater emphasis in areas where we traditionally have not been. I mean, I was listening to your debate earlier about fulfilment and, you know, the business pressures that are on Jersey Post management. Well, to some degree, I do not want to know that, because it does cloud your mind too much, but the other side of me, I do have to know it, because it is no good me sitting in front of Jersey Post or in front of our members with Mick saying: "We think we want an 18 per cent pay rise" and the company is going belly up. It is a waste of time, and it is no good Jersey Post going to the wall, because we do not end up with any members, and I am being brutally honest with you there. So, we have a great deal of difficulty dealing with that balancing act, because I will be honest with you, the rank and file member of our union, who does not see this picture, does not have those pressures, when you are in a mass meeting, is going: "I want this. I want, I want." He does not understand - or she does not understand - all those intricacies that we have to deal with, so it is difficult for us, and at this point in time, I would find it very difficult to say whether we are successful in that, we just plough on with it.

**Deputy A. Breckon:**

Do you see a competitive, flexible workforce as a sort of opportunity or a threat?

**Mr. L. Sampson:**

Well, it was interesting in the phrasing of the question, because it is not one I am familiar with, but I am an experienced enough trained negotiator to think my interpretation of it is it is sort of managerial jargon, if you like, for saying that we have got to have people who, you know, can chop and change and move around. I have a view about, you know, how staff or employees are organised in their daily tasks. Royal Mail, who we have a lot of dealings with, have historically, certainly up until about the last 5 years ago, operated a type of management which we used to call slide rule. You know, there would be a

massive posting coming through one door in the sorting office and they would go, “Right, get 10 men over there to man it. Stop what they are doing there.” They would get on that job and then they would say: “Oh no, 5 of you go back, and go back and do that job over there.” Totally inefficient ways of working. Now, if that is what competitive, flexible working is, the union would resist that. If it is about the union saying to management: “Be honest and tell us what these changes are. Be honest and tell us where you want this workforce to go with new products and services, and let us spend time to talk about that, and let us negotiate with each other on how we can best get the staff in the right place to deal with that” then we are up for that, if that is what competitive, flexible would be. I think we have got a track record, as a union. I have sat in front of one other committee. I have checked the name of it today, which is your HR Committee when we was in our pay talks, when we listed the sort of environments that we have been in with Jersey Post management, where I think our record goes before us. It is an excellent record, to deal with it. But if it is about saying to a frontline manager: “You have got total beck and call of this workforce in front of you, moving them about wherever you want to, because we think that is the only way we can get that edge over the competitor” that is not what I would see as a sensible way forward for us.

**Deputy A. Breckon:**

There was an official document I would just like to quote to you from Jersey in the international postal environment. This was from 1996, and this is the Postal Office service: “It also needs to be free to negotiate employment conditions and rates of pay which reflect market forces and are based on business forces. Incorporation is sought as soon as possible.” How would you interpret that, in your experience?

**Mr. L. Sampson:**

Well, I mean, I suppose our local talks that we have just been involved with in the ancillary grade would be a good example of that. I mean, Mick can give some background to that. I think that would be useful, Mick.

**Mr. M. Hamon:**

We had a scenario where some sections of the work, Jersey Post were talking about outsourcing it, and obviously we do not like to see things outsourced. We prefer to keep it in-house, and we negotiated a new grade to do that piece of work. **[Interruption]** All the way through, we are just chopping and changing to meet the demand.

**Deputy A. Breckon:**

So, generally you would say it was an opportunity, being a more relaxed structure, rather than being (... several inaudible words)?

**Mr. L. Sampson:**

Yes. I mean, let us be really upfront with on that, you know, put our card on the table. An employer comes to a union and says: "We have got this element of work here. We would like to take that work and put it over there. They are in a warehouse unit miles away from anybody else. They would be un-unionised. That is what we are planning to do." The union has got 2 decisions at that stage. It either says: "Get on and do it." I suppose it has got a third one. It can say: "Well, we will take some industrial action and fight you tooth and nail" or it says: "Let us take a pragmatic view of this. Is there another way of dealing with that problem?" We took that third choice. We negotiated with Jersey Post management a new grade, a different rate of pay. We maintained some terms and conditions for those people, pensions and holidays et cetera, but we have introduced a new grade. Now, I do not personally think we get enough credit. You know, I am the type of person who likes people to say to me: "Well done, that was a good way of dealing with it" and that is what we did do. Locally, these people need to be applauded for that. They did not take the first option of saying no, they did not take the second option of saying they will fight you on the beaches. They said: "Third, we will take the more pragmatic, the proactive approach" and that is what we have done. Now, is that good for us? Yes. We have suddenly now got - how many, 20, 10?

**Mr. M. Hamon:**

No, it is 10.

**Mr. L. Sampson:**

10 new members of our union. Good. They are going to be saying to us: "We want more money" of course, but then, night follows day, does it not? That is the way of the world.

**Deputy G.P. Southern:**

Kevin, do you want to come in on there, because you have mentioned --

**Deputy K.C. Lewis:**

Do you think I can answer it?

**Deputy G.P. Southern:**

No.

**Deputy K.C. Lewis:**

Offshore Solutions Limited is currently non-unionised. What effect does this have on your ability to negotiate with the employer, and have you any plans to address this?

**Mr. L. Sampson:**

Yes. Well, we will deal with the first issue first. Yes, we have. We are currently putting together a

recruitment strategy, which our organising department is working with the local branch on it. We have developed a new rate of union fees, that these would be targeted on these individuals, and our approach is (...several inaudible words) **[Laughter]** Our view, let us be open - and you might as well hear this - our view is that we want to recruit these people. We want them into our union, and we have got a figure, that once we have hit that figure, we are going to go knocking on the door for recognition rights, because we see that as right. I will be totally honest with you on this. We have asked Jersey Post on a number of occasions for union access and rights to those workers. I do not understand why they will not give it to us. I really do not. We are going to ask for better terms and conditions; that is a fact of life, but our track record is good on that. We are not barbarians, we are not lunatics in that type of environment, and our tactics around the ancillary grade would again be ample examples of why we would want to do that and how we could be good in that environment. We do not like a non-unionised workforce inside Jersey Post. I make no bones about that, and we will do everything we can in the time we have got to put that right, if we can. Now, that does not mean we are going to send people down there with baseball bats and make people sign on the dotted line. We believe our track record, what we offer members, the services we provide them are good enough for people to join. We can get the figure right for the membership contribution right. It is unarguable you should join our union. As far as the management is concerned, then they should open the door and let us in, because they will be pleasantly surprised - more time with me, that cannot be bad, can it?

**Deputy G.P. Southern:**

I can see John smiling. **[Laughter]**

**Mr. L. Sampson:**

He always smiles when I talk. It is when you are on your own, he kicks me. **[Laughter]**

**The Connétable of St. Brelade:**

The JCRA (Jersey Competition Regulatory Authority) referred to efficiency savings, and indeed, JP (Jersey Post) have made considerable efficiency savings over the past year or so. What level do you think, do you perceive, these efficiency savings have been achieved?

**Mr. L. Sampson:**

I would think that, yes, primarily through the round resizing.

**Mr. M. Hamon:**

Round resizing, the general review of the indoor duties, outdoor duties. We tied up a lot of areas which were not cost effective and have now been made cost effective, and a lot of saving has been made that way.



**The Connétable of St. Brelade:**

Do you see, from the workers' point of view any further development there, particularly in view of the fact that there could be competition coming on board? Are there any further efficiencies that you feel could be gained from within?

**Mr. L. Sampson:**

I think most times, you can always find some sort of efficiencies to make. It is a question of finding them and flagging them up and trying to negotiate a way through them. That is the way we always do it.

**The Connétable of St. Brelade:**

Well, the primary pressures really comes back to the same thing. If post-incorporation, presuming the JP goes in and gets incorporated, there will inevitably be further pressures on efficiencies. How do you see this affecting members?

**Mr. L. Sampson:**

Well, I think we might --

**Deputy G.P. Southern:**

Can I rephrase it, and you have obviously done incorporation management, you have made substantial moves already. How much further can you go than that? Certainly the emphasis from JCRA will be efficiency savings. That is their first focus when they come in. They are going to squeeze it. I am looking at the question, how much room is there to squeeze?

**Mr. L. Sampson:**

We took the view about 4 or 5 years, perhaps say 4 years ago, that we focus our members' visions on where we were going. In fact, we had to offer them a vision, and our gut feeling out here at the time from the local committee was that where people's minds always went to was their pay packet. You know, you could take the canteen away from them, you know, take their 2 eggs and toast away. They would be moaning about it, but if their pay was addressed, that was a big issue for them: pay, pensions, housing, tenants, all this core stuff. The strategic review which was bandied around at that time which covers a host of different issues we saw as an opportunity, because it grabbed hold of a number of changes which were going to come as efficiencies - you know, your words - and what we tried to do was develop a policy in our committee with our membership which said: "If this change is coming, you know, can we stop it? Do we want to stop it? Is it part and parcel of a modern postal administration, i.e. your working life? What do we get out of it?" So we latched onto it and put what we call the terms of reference around it, a big agreement for us. Now, our reasons for that was to try and build a sort of understanding, if you like, with our membership that change meant some form of benefit. Now, your question is about when does change stop? When is the well dry? I have a view it never does run dry,

because I always think the glass is half full. There is always something there. I do not know what it is. We do not often read about debate; perhaps we should. That is the criticism from us. We have tried to take a more strategic view, but I do not want (...several inaudible words) but we are people that are coming out of the dark ages in this world. We are not enlightened enough at this stage to say: "Do you know what, I think we could do that with 3 parcel jobs instead of 4 and save one of them jobs." That is still miles and miles away from us. However, what I do think we are capable of doing is working with management in the areas that they identify - that they identify, let me stress that - where they believe those efficiencies can be made. For instance, this year we have had early closing, we have the issue of paid meal breaks at certain periods of the year, we have had the ancillary grade, the outsourcing of work. Those are all in that mix where we come forward. Now, I do not know if the well will ever dry up on that. I tend to think it will not. I think there will always be measures, always areas where we can find efficiencies. The caveat for us on that is that we must be able to, in that environment, to say to our membership: "That change means a benefit for you as well, in whatever shape or form that comes, better pensions, better pay, better leave, a short working week, whatever." We rule nothing out and nothing in in that environment, but that is the environment, if you like, the dome that we are trying to build over Jersey Post from the union's point of view in that world, the world of, you know, incorporation in the future for us. I do not know if that answers your question.

**The Connétable of St. Brelade:**

Yes, but in the face of competition - I think this is probably the crux of the matter - in the face of competition post-incorporation, will that be maintained? I think that is the point; do you think that will be maintained?

**Mr. L. Sampson:**

Certainly, the pressures on us will be a lot harder than what they have been, and I do not want us to think that we all sort of, like, wrap arms around each other and chant a mantra at one another at Jersey Post. We do not. We have fallouts and that is part of a healthy relationship as well, but what I would come back to in certain circumstances with Jersey Post is that at the end of the day, if we are not providing the good quality of service, if the workforce - who I still to this day argue are the frontline, the most important and valuable asset - if we do not maintain the principle of constantly raising the status and value of those people, then it does not make any difference who the competition is, Jersey Post will not be able to compete. The advantage they have got at the moment is in fact the staff and the systems they have got in place. That is what gives them the edge. They would be foolish to try and undermine that: foolish. Now, does that mean that we have still got 300 people doing, you know, 300 jobs that, really, 250 could do? I do not know; that is something we would have to talk to them about, but I am saying to you today, from a union point of view, we are not frightened of that debate - bring it on. But clearly, what we will not do is we will not become so blinded to it that, you know, we end up slashing each other's necks to make sure we make a saving just so that everybody can get thruppence out of it.

That is not our world, but what we are is, and what we are prepared to do is sit there and talk about those things and move the business forward, where we think we are getting something out of it. We do not want to see it go to the wall, do we? That would be absolutely crazy for us.

**Deputy G.P. Southern:**

The original project in 2000 concerning incorporation of Jersey Post mentioned that there was no requirement to allow new members of staff access to the PPCRS post-incorporation. On your understanding, is that still the case? What is happening on pensions?

**Mr. L. Sampson:**

Well, I mean, the pensions negotiations we went through, I found them quite enjoyable. I guess other people found them pretty tortuous. They were possibly the longest set of talks. We joined with our colleagues in the CMA in the talks as well. That was useful for us. It built some bridges, although I know there has been changes around their relationship with Jersey Post.

**Deputy G.P. Southern:**

CMA?

**Mr. L. Sampson:**

The managements union, because the scheme covers all grades, we decided that we would approach it jointly. I found the talks to be productive, I felt them to be good, and certainly the agreement we got at the end of it produced, I think, you know, the classic statement, a win win for both sides. We did joint communications on the end of it, at the end of the negotiations. Certainly the presentation we gave to our mass meeting went down well. Pensions are a historically difficult area to get over to people, but certainly we tried to distil the message down as simply as we could, and we secured those benefits that we believe that we have got for our people going forward, which is maintenance of the scheme, maintenance of the scheme membership for both existing and new members. You know, a big tick for it all. I mean, I have not come prepared to go through all of the agreement, and I do not think you particularly want that, but we have sought to go in to give some levels of protection for people around their pensions, you know, pre and post-incorporation, and tick both boxes on that. A good set of talks.

**Deputy G.P. Southern:**

Presumably, that was a fairly essential element?

**Mr. L. Sampson:**

Oh, yes. I mean, for us, it was a massive issue. I mean, it took, in my working life, I would say for a period of, say, 6 or 7 weeks of intense work at Wimbledon. Certainly, we brought our legal people involved in it. I mean, why I know it was big is because our union, we spent a lot of money on it. I

mean, we have got, like, 300 members here and they all pay the same dues as somebody does in Liverpool, so the money that comes out of those to run the union here is not a great deal of money, but we spent a hell of a lot of money on that issue for our union members here, which is something we have told them about, because that is what a union about, it is about saying: “Your problem is my problem. If it needs that sorting out, we sort that out. Let us get on with it.” So we did, we spent a lot of time on it, and it was a good agreement, as far as we are concerned.

**Deputy G.P. Southern:**

Do you want to come back in?

**Deputy A. Breckon:**

Just an issue, you mentioned some changes in conditions. Are you aware of some of the buyouts of allowance and (...inaudible) payments and things like that, and what the payback period was for the postal workers?

**Mr. L. Sampson:**

Sorry, from what we dealt with in the pay talks?

**Deputy A. Breckon:**

Terms and conditions of the postal workers, there were some buyouts of that, and you mentioned earlier about the sort of thing that human resources come back, or you said they had methodology for doing that, and did that determine the outcome, really, or was it negotiable?

**Mr. L. Sampson:**

No, it was not, and that was the problem with it. I mean, I will be quite frank with you. I found the whole of that last lot of pay talks to be the most frustrating set of talks I had ever been in. You know, politically, you had made the decision that pay would be increased above a certain amount. We took a view, our research people had pored over the accounts as best we could and the information we had of Jersey Post, the company was in a fairly good financial position. We were embarking on extensive negotiations in a raft of different areas which we saw increases in productivity and efficiency. We had given commitments in a great deal of areas we, I have got to be blunt with you, if Royal Mail had been presented with the same scenario, would have paid thousands of pounds to be in that position, and did we call it wrong? I think we did. We went to the pay talks expecting to get a better payback for that. We did not, in my opinion. They might say different, but I do not think we did. I do not think today a Jersey postal worker in that first and second year of that pay deal has got what they deserve an hour. Does that play on my mind? Of course it does. I will be quite frank with you, my bottom line in pay talks is RPI. I do. People criticise me for that, but I think if inflation is running 3 per cent, just to keep pace with it, a worker is entitled to that. That is my case to argue. What I found very bad for us was not

being able to do that. On those issues of the allowances, that was a big play for us. We took a vote of all our members over whether they wanted to deal with it in one particular way; they did not. We offered the chance to consolidate it into their pay, but it produced such a small amount. It smoked itself out. We ended up going down the buyout route, and we prepared for that. You know, I will give you an example. In Royal Mail terms, it would be 3 years buyout. In some instances, it is pay protection given as well as a buyout. Now, some people go: "Oh, this is crazy. How can they? No wonder they run at a loss" but those are the sort of the ingredients we have in them type of deals. In this one, none of that. Over: it came over the table. I found that frustrating.

**Deputy A. Breckon:**

Would you like to comment on what effect you think that might have had on grass roots - if I can call it that - morale and how they are looking forward to incorporation? Do they see more of the same, or are they confident and cock-a-hoop over it?

**Mr. L. Sampson:**

We certainly have said to our members that incorporation would hopefully enable us to deal with pay, for argument's sake, in a more freer atmosphere than where it is at the moment, where we would be judged and examined and decisions would be made on the performance of the company and our input into that and what we generate. Now, quid pro quo for that, of course if the company is going down the tubes, you are not going to get what you think you are entitled to, but we are prepared to go with that risk in the climate and the other things I have said. Where do I think they are at the moment? I still think they are riding that horse with us. I still think they are opting on that. Where do they feel with that? If you was getting £1,200 under that system, you thought it was a good deal. If you was getting £6, you thought it was rubbish. What I was trying to do was find a way of ensuring that the guy who got £1,200 got it, but the guy who got £6 got £500 (...several inaudible words) but that is where we wanted to go with it.

**Deputy A. Breckon:**

On morale, what sort of effect did this have? I mean, is there dissatisfaction, dissent, or are people going along with it in general terms?

**Mr. L. Sampson:**

(...several inaudible words)

**Mr. M. Hamon:**

I would say the thoughts on incorporation have changed somewhat from when we first started. When we first started, everybody was up for it and happy with it, and it has dragged on for so long I think some people now have swayed the other way, but I still think we have got a big majority there on the

floor, I would say, in play with the incorporation. It is just the longer it goes on, the more we lose.

**Mr. L. Sampson:**

I mean, my view about how it affects morale, I think these type of things are -- you know, they are sort of climatic, are they not? You know, when it is the big issue of the day, then people say: "Well, I do not think the job is good anymore. I think it is rubbish." At the moment, I am not that close enough to it to say it definitely affects morale. My reading of it, when I sit and listen to the committee and speak to the other representatives who make up our committee is that it is in the background all the time, and I think there is a need for it to be brought to a head and one decision made one way or the other. That is life on those sort of things. We can then get on and move forward, and the issues that affect morale, I think, are more of the basic, frontline stuff, you know? You know, how does the manager treat you that morning, you know? "Am I getting the right level of annual leave" or: "Is my job too big?" That sort of stuff.

**Deputy A. Breckon:**

Is there any issues closer to home? So, do you represent Jersey Telecom?

**Mr. L. Sampson:**

No.

**Deputy A. Breckon:**

You do not?

**Mr. L. Sampson:**

No.

**Deputy A. Breckon:**

Are you aware of anything that has happened there since they have incorporatised that might be of relevance to us?

**Mr. L. Sampson:**

No, the only time I got any information was round when we talking about the pensions issue and we met. I think you met with a couple of them.

**Mr. M. Hamon:**

Yes, I did.

**Deputy A. Breckon:**

And what, in your experience in Guernsey and the Regulator there and their situation, have we anything

to learn from there? Have you anything to learn from there?

**Mr. L. Sampson:**

As I said earlier, I found their Regulator to be a lot more focused on the standard of the service that is provided, and as I quote, you know, the debacle that went on on that Christmas 3 or 4 years ago, I mean, that Regulator was, you know - excuse my language - he was out of the trap like the fastest greyhound you have ever seen, you know, and pored over that postal administration and produced that report, which was absolutely damning. Now, it was damning. We felt comfortable with it, because the people who were being damned, we were damned, and they wanted to be damned. In fact, they wanted to be shot, most of them, they were, like, atrocious. They should not have been running, you know, a garden party. You know, they were -- I am trying to pick my words without swearing. **[Laughter]** It was very, very bad, you know, but what it enabled us to do, through the Regulator, I mean, the Regulator did not sit in the room with us with management, but with the board there, we had to go away and think up something new. We had to invent something, and I will be quite frank with you, the union went away and the Union Secretary over there is not an easy man, George Janes(?), he is a hard man, he an intelligent man, he knows his membership very, very well, but we developed this concept of partnership working, where we would come together at a very high strategic level, we would talk about things in an open, confidential way. We identify issues that should go off through project boards and be dealt with with union participation, and we have managed to quietly flatten things down and that has only been good. Now, I do not know, does that produce more on the bottom line for the company? I do not pore over their accounts until we get to the pay talks, but I definitely see there has been benefits there through that, and the Regulator, God forgive me for saying this, is one of the architects of moving that forward. My experience has only been with that on there.

**Deputy G.P. Southern:**

Anybody else? No, nothing? Well, thank you very much for your time. I think it is important that we did ascertain the viewpoint of the workers in the union. I think you have expressed yourself very clearly.