

Debate No. 37

Oral Answers to Questions - 21 October 2003

Debate No. 37

ORAL ANSWERS TO QUESTIONS

POST OFFICE DEPARTMENT - CORPORATISATION

The Leader of the Opposition (Dr. N. Ramgoolam) (*By Private Notice*) asked the Minister of Information Technology and Telecommunications whether, having regard to the corporatisation of the Post Office Department, he will state -

percentage increase in postal tariffs for -

ordinary and registered letters;

small parcels, and

small and large box rentals;

financial results of the Post Office for the past 5 years;

improvements brought since such corporatisation and the divesting of the postal banking services to -

postal services delivered to the public, and

conditions of work of employees, and

names, qualifications and terms and conditions of service of all the Chief Executives and Chairpersons to date.

Mr Jeeha: Mr Speaker, Sir, I would like to thank the Leader of the Opposition for this Private Notice Question on the Postal Services as this gives me the opportunity to set the record straight as far as the corporatisation process is concerned.

Sir, the corporatisation process of the Postal Services, in fact started way back to 1995. In 1998, the then Government commissioned a report on the privatisation of that sector and the services of KPMG were enlisted for that study. The study had cost Government Rs7 m. but there has been no follow up thereafter.

Mr Speaker, Sir, it is a known fact that the mail volume is decreasing under pressure from technological substitution and this is affecting the financial viability of many postal administrations. Another threat comes from integrators which are present in almost all countries to compete with the postal services in terms of price and service quality. Therefore, there was an urgent need for necessary reforms to be brought to the manner in which the postal services have been operating so far, to enable it to improve its performance to effectively to compete with other operators on the market.

As from September 2000, my Ministry, in collaboration with the Postal Administration organised two facilitation sessions with employees of Postal Services and the unions as well. There was a consensus from the employees and the unions that there was an urgent need to corporatise the sector and three main dangers were pointed as facing the postal department -

threats from new operators like Fedex, Midex, DHL, Speedpost, TNT and the Internet including e-mail;

provision of the Post Office Act 1933 did not allow the post office to respond quickly and efficiently to these challenges and also did not permit the Postal Administration to engage in commercial activities such as full commercial banking, insurance, e-billing, e-Government, e-commerce, and

working environment was not conducive to offer improved conditions of work and status of the employees.

So, the employees and the unions unanimously agreed that the *status quo* could not longer be maintained and there was a need to accelerate the process of corporatisation. In this context, the trade unions, were called upon to fully participate in the drafting of the new legislation to bring about this corporatisation, namely the Postal Services Bill and the Post Office (Transfer of Undertaking Bill).

Mr Dulloo: On a point of order, Sir, the hon. Minister is repeating the speech he made at Second Reading of the Bill last year. There are specific questions on the agenda and the time is limited. He is abusing the time of the House.

The Prime Minister: Mr Speaker, on the same point of order, if you will allow me. The question itself in the opening paragraph relates "having regard to the corporatisation". It is perfectly in order for the Minister to give all the details concerned.

Mr Speaker: The House is aware that according to the Standing Orders the Chair has no control over the replies although it has control over the questions? But still, I impress upon the Minister to give all the information, if possible, asked in the question.

Mr Jeeha: Thank you, Sir.

So, as I was saying, the two pieces of legislation were passed in the National Assembly in October 2002 and were proclaimed on 01 March this year.

The Mauritius Post Ltd, a new company wholly owned by Government, was set up to take over the activities of the Postal Department and to initiate measures for the modernisation process and improvement in the working condition of the employees as well. A first Memorandum of Understanding was signed with the employees on 27 January. A second MoU was signed by the company and the employees in April 2003. Now, a procedural agreement ...

Mr Speaker: Hon. Minister, it is not because I have said that I have no control over the replies that you can go on and on with your speech. You have set down the basic facts about to the question and it is better that you give the information asked for in the question.

Mr Jeeha: I thought I was enlightening Members of the House on the process of the corporatisation and where we have reached.

So, Mr Speaker, Sir, we know that Mauritius Post Ltd now operates as a private company and it requires necessary funding to implement the necessary measures for the modernisation of the Services and these had prompted the company to apply for a tariff increase to the Postal Authority in March 2003.

The new tariffs, as determined by the Postal Authority, have been published and will be effective as from 01 November 2003. I am tabling these new tariffs and we shall note that changes that concern us are in the ordinary letter which will be Rs2 as from 01 November. Registered letter will move from Rs6 to Rs8; foreign registered letters from Rs6 to Rs25; box rental : small - Rs300 to Rs500; large - Rs500 to Rs750.

The Leader of the Opposition may be pleased to note that there is no tariff for small parcels delivery.

Regarding the financial result of the Post Office department I would like to inform the House that this department was not operating on a commercial basis and as such it

had no financial statements. The Department, was however, issuing annual reports on its activities, including information on its revenue and expenses. I am informed that the annual report for the past 5 years have been made public and copies are available in the Library of the National Assembly. A statement showing the revenue and expenditure for the past 5 years is being tabled.

Mr Speaker, Sir, the Mauritius Post Ltd is improving the quality of its services to the public through the following -

- / collecting dues from the public regarding telephone and CWA bills;
- offices are offering banking services;
- t offices have been upgraded;
- ost offices have been opened at Vacoas, Flic en Flac, Midlands and Grand' Baie;
- ccess Points have already been installed in 25 post offices to provide internet connectivity to the public;
- ost.Net has been incorporated and will provide internet services to the public within 2 months' time;
- arger server for the EMS has been replaced for a better Track and Trace System, and
- r site has been taken at Albion Dock for sorting.

Regarding the conditions of work of the employees, much improvement has been made. I would like to summarise -

on exercises which were stalled in all grades since 1993 and involving all the employees of the postal services have been successfully implemented; some 150 officers from the Postmaster General, Deputy Postmaster General, Assistant Postmaster General down to the Postman level have been promoted;

g-in incentive allowance representing three increments or Rs900 whichever is the higher has been granted to all employees, including those who have not opted to join the company. For the Assistant Postman, the Rs900 represents 9 increments.

rking environment at the General Post Office (Sorting) has considerably improved with the relocating of the service of the sorting office services to a more spacious building at Albion Dock;

150 new staff have been recruited and this is now allowing the administration to grant leave to those of the staff which was not the case formerly because of staff shortages.

new recruits have been provided with appropriate training;

/ vans are being purchased and all the vans are equipped with radio telephone for security of staff and mail and,

rse, all acquired rights of employees are safeguarded including pension rights.

With regard to the last part of the question, Mr Speaker, Sir, Mr Lakshmana Lutchmenaraidoo was appointed as Executive Chairman of Mauritius Post Ltd from 01 August 2002 to 31 April 2003. As from 01 May 2003 to 31 August 2003 he acted as Non Executive Chairman. He has been replaced in that capacity by Mr Kishore Kumar Pertab, Barrister. I am also informed that Mauritius Post Limited will shortly recruit a Chief Executive Officer, Mr Giandeo Moteea, who holds a Masters Degree in Business Administration and who is also member of the Institute of Financial Services. I propose to circulate the other information required in due course.

Mr Speaker, Sir, it is not correct to say that there has been disinvestment from the Postal Banking Services. The Post Office Savings Bank has always worked under the aegis of the Ministry of Finance in accordance with the Post Office Savings Bank Act and the Postmaster General was only entrusted with its management. In fact, the postal services for the first time, through the Mauritius Post Ltd, has invested in a full-fledged commercial bank by acquiring about 44.5 % of the shares of Mauritius Post and Cooperative Bank Ltd and also having an employee of the postal services serving as a director on the Board.

Dr. Ramgoolam: May I ask a clarification from the Minister? Concerning the last part of the question on the terms and conditions of service of the Chief Executives and Chairpersons, did the Minister say that he is going to circulate the information? Can we have it now?

Mr Jeeha: I said I shall circulate it in due course.

Dr. Ramgoolam: Why does the Minister not circulate it now? Why cannot he tell how much he gets and what are the benefits that are being given to him?

Mr Jeeha: The terms and conditions are long. The Members said earlier that I am abusing the time of the House.

(Interruptions)

Mr Speaker: Order!

Mr Jeeha: I am going to circulate the information. The hon. Leader of the Opposition asks a question concerning the allowance paid to the non Executive Chairman. It is Rs20,000 per month.

As far as the new CEO is concerned, I need to obtain the information from Mauritius Post Ltd. With regard to Mr Lutchmeenaraidoo who acted in a capacity of Executive Chairman of Mauritius Post Ltd. he was receiving a remuneration of Rs200,000 per month.

Dr. Ramgoolam: I do not think that this information is not available. We want to know the salary, the fringe benefits and holidays he is entitled to. Can we have the information now? That is the whole idea of the Private Notice Question.

Mr Jeeha: I do not have the information with me now, but I shall circulate it in due course, as I said, in my reply.

Dr. Ramgoolam: Mr Speaker, we would not ask further questions if the Minister cannot even provide the answer to the question that I asked. This is not something that has been done yesterday. He has been appointed some time back. What is the reason of this cover-up?

Mr Speaker: If the Minister has the information, why he should have any objection in giving it?

Mr Jeeha: I do not have the information with me.

Mr Speaker: If the Minister does not have the information, he should say to the Member that he does not have it.

Mr Jeeha: I have said to the Member that I do not have the information now. I am going to circulate it in due course. There is a non Executive Chairman at the Mauritius Post Ltd in the person of Mr Pertab who is a barrister and who draws a monthly allowance of Rs20,000.

Dr. Ramgoolam: Mr Speaker, Sir, I insist that the hon. Minister gives us the detail. He had two hours' notice to get the information. What is the problem of giving us the information.

Mr Jeeha: I shall circulate the information, Sir.

Dr. Ramgoolam: I want to ask the hon. Minister why cannot he give us the information now. What is he trying to hide?

Mr Jeeha: Mr Speaker, Sir, I do not have the information with me now.

(Interruptions)

Mr Speaker: Order!

Mr Duval: Mr Speaker, I do not think the Minister has given even a basic idea of the salary of the new Chief Executive. Has he given that figure?

Dr. Ramgoolam: No, he has not!

Mr Jeeha: Mr Speaker, Sir, I do not have the information. Mauritius Post Ltd is a company. I must ask them the information and I will circulate it.

Dr. Ramgoolam: The Minister has been given two hours' notice. He has appointed the person, but he does not know how much he is going to pay him and he has accepted the job! This is what the Minister is telling us. This is a new paradigm now. People are appointed; they do not know how much they are going to be paid, but they accept the job! This is what the Minister of Information Technology is telling us now.

Mr Speaker: The Minister has been asked to get information from the company. We all know that it is a company. We thought he will be having the information. If the Minister does not have the information he should say so clearly so that Members would not come back again and again with the same question. If he does not have it right now he will obtain it from the company, maybe he will come up with a statement later on. But he has to say that he does not have the information.

Mr Jeeha: I said in my reply that I propose to circulate the information required in due course. I said it very clearly.

(Interruptions)

Mr Speaker: Order, please!

Mr Jeeha: Secondly, it is not the Minister who appoints the CEO of a private company. Mauritius Post Ltd. is registered under the Companies Act. There is a Board. They have advertised the post. They are going to appoint and when they will sign the contract I shall obtain the information and I shall circulate it to the House.

(Interruptions)

Mr Speaker: Order, please!

Dr. Boolell: Mr Speaker, Sir, when the Bill for the corporatisation was introduced into the House, the Minister spelt out in no uncertain terms that transparency would be the name of the game, and, apparently, this is a Government which believes in good governance. In the name of good governance and transparency why is it that there is cover-up? And this is a blatant cover-up on behalf of Government, Mr Speaker, Sir!

(Interruptions)

Mr Speaker: Order!

The Prime Minister: On a point of order, Mr Speaker, Sir. You rule time and again that no statement should be made. The hon. Member makes the statement that there is a cover-up. There is absolutely no cover-up. We shall obtain from the company all the information required and lay it on the Table of the Assembly, Mr Speaker, Sir.

Dr. David: On a point of order, Mr Speaker, Sir. The Prime Minister is answering for the Minister.

(Interruptions)

Dr. Boolell: Mr Speaker, Sir, I said that there is cover-up and Government is deliberately trying not to release the information. I insist that there is cover-up.

(Interruptions)

Mr Speaker: Order, please! Would the Members put questions, if they have any, please? I do not want any speech.

Mr Duval: Mr Speaker, even with the little information that we have concerning the *faramineux* salary of the former Chief Executive, can the Minister tell us why the salary of the former Chief Executive is substantially higher than what he was getting in his previous employment?

Mr Jeeha: Mr Speaker, Sir, this is a question of the negotiation between the Board of the company and any prospective employee. As I said very clearly, the Minister or the Government cannot interfere in a negotiation process. Anyway, Mr Speaker, Sir, since the hon. Member is trying to be nasty, I do not know whether this Government has ever paid a cake server Rs75,000 a month, Mr Speaker, Sir. This is unjust!

(Interruptions)

Mr Duval: Does not the Minister agree that every cent in the Post Office is the public money belonging to the taxpayers and should be accounted for here in this House.

Mr Jeeha: Mr Speaker, Sir, the hon. Member is a Chartered Accountant. He knows that Mauritius Post Ltd is a ...

Dr. David: Can the hon. Minister refer to the profession of the hon.

Member?

(Interruptions)

Mr Speaker: Order, please!

Can the hon. Member say why he took the floor without the permission of the Chair?

Dr. David: Mr Speaker, on a point of order ...

Mr Speaker: What is the point of order? Let me tell Members one thing. Raising futile points or order is in itself a breach of the orders.

Dr. David: Can I mention one thing, Mr Speaker, Sir? You ruled last time that the profession of any Member should not be dropped in the House. This is what the Minister did!

Mr Speaker: The Minister did not say it in a way which is to the prejudice of the Member.

(Interruptions)

Can the hon. Member keep quiet, please? When the Minister gave the information, did the Minister say it in a way that was prejudicial to the hon. Member? It is to the hon.

Member's credit when the Minister said that he is a professional. I remind the hon. Member again that if he takes futile points of order he will be guilty of breach of orders.

Mr Jeeha: Mr Speaker, Sir, the point that I wanted to make is that previously there was an hon. Member who spoke about transparency. Now, there is a Member who is speaking about accountability. The point that I wanted to make is that Mauritius Post Ltd is a company. Its accounts will be audited. There will be auditors and internal control. We are more concerned

than the Member of the protection of public funds. He should be reassured about that.

Dr. Ramgoolam: May I ask the Minister whether corporatisation means massive price increases for the public in order to pay fat cat revenues to political nominees or jobs for the boys?

Mr Jeeha: I do not follow the Leader of the Opposition on that, Mr Speaker, Sir.

Dr. Ramgoolam: The Minister has tabled the information and has not read it out - I don't know why the fixed assets are on it. But, the Post Office has been making profits year after year. On 30 June 2000, the profits amounted to Rs28 m. Can I, therefore, ask him why is it that a company that has been making massive profits for so long should be allowed to increase the different prices of all items?

Mr Jeeha: Mr Speaker, Sir, the basic principle underlying the setting of tariffs is that tariffs should reflect the underlying cost of providing the services. The cost of providing this service per item delivered in Mauritius before PRB was Rs3.74 cs and Rs5 post PRB. The Leader of the Opposition is referring to the surplus – not profit – of revenue over expenditure that was realised by the Mauritius Post Ltd. But, there are certain things that the postal department did not have to incur when it was working under the ambit of Government, which it has to meet now. I am going to enumerate just a few of them –

The pension right of employees only, taken over by Mauritius Posts Ltd, is Rs144 m. It has to be spread over the next 10 years. So, annually, it is Rs27m.

Insurance was not provided for before and is to the tune of Rs5 m. per annum.

Maintenance of buildings and equipment amounts to Rs12 m.

Depreciation is to the tune of Rs37m. per annum.

Wages increase, post PRB, is Rs30 m. Wages increase, following the

MoU signed by employees, is Rs20 m.

An additional sum of Rs131 m. has to be found to preserve the jobs of all the employees.

The Leader of the Opposition will agree with us that, with the corporatisation process, none of the employees has lost his job, and we have, over and above, recruited 150 more employees.

(Interruptions)

Mr Speaker: Order!

Dr. Ramgoolam: The hon. Minister just made the argument that he should not have corporatised the postal services. I don't know whether he listens to what he says. But, is he aware whether money was transferred to the Consolidated Fund during these years?

Mr Jeeha: I have to check the information, but I think there was a transfer.

(Interruptions)

I don't have the precise information; I have to check. As far as what the hon. Leader of the Opposition said earlier, I don't agree with him. There is one thing we have to understand. We cannot just politic about the postal services. Mr Speaker, Sir, today, with the fast development in technology, a lot of people are using e-mails instead of the traditional postal network to deliver letters. There is a lot of pressure from rapid courier services, and we have to do something to protect the employment, to keep the standard of living and ensure that an adequate salary is provided to the staff working in the postal services. With regard to the revision of tariffs, the application was not made to Government but to the postal authority, which has been set up under the Postal Services Act as an independent regulator. They have reviewed the figures submitted and, in their total independence, have provided the regulation and the order which is in front of the House today.

Dr. Ramgoolam: If the Minister has a look at the sheet that he has circulated about the revenues and surplus, he will see that there were in 1998 Rs11 m. profits, in 1999 Rs27 m. surplus, in 2000 Rs28m., in 2001 Rs15 m., in 2002 Rs18 m., and that is without the assets. Can I ask him, therefore, why should an essential public service – let's not forget that it is a public service – that is covering more than the cost of its operation - and is, in fact, showing a surplus and transferring money to the Consolidated Fund - should have price increases of more than 100% in some cases? How can he justify this?

Mr Jeeha: It seems that the Leader of the Opposition did not get the point that I made earlier. This is what happened five years ago. Even over the last 10 years, the Post Office Services have been generating surpluses. But, Mr Speaker, Sir, if we want to make the Postal Services more efficient, more responsive and we want to give it the means to operate as a profitable company, we have to make provision for a better postal tariff that reflects the underlying cost. Just for the information of the Leader of the Opposition, the cost of the first 50 grams of a letter in Mauritius today has moved from Rs1 to Rs2. Mr Speaker, Sir, let us see what is happening in India. The first 20 grams is being sold at Indian Rs5. So, if we convert it to 50 grams, it is Rs8.12 cs. This is India!

(Interruptions)

Mr Speaker: Order, please!

Mr Jeeha: In Singapore...

(Interruptions)

The Member has to understand. Figures are figures! In Singapore, Mr Speaker, Sir, the first 20 grams...

(Interruptions)

Mr Speaker: It seems that nobody is interested to listen. It is better for the Minister to resume his seat.

Dr. Ramgoolam: The Minister is comparing India with Mauritius, Mr Speaker, Sir. There is a limit! I am sure you have been to India and you know the size of India! Let's compare like with like. He has not convinced anyone about the post office having made all these profits. The Minister has, in fact, made arguments for not going through corporatisation and paying fat cats - to the Chief Executive - the amount that he has been paying. Can I ask the Minister what are the financial implications of these increases?

Mr Jeeha: Mr Speaker, Sir, I don't agree with what the Leader of the Opposition is saying. He says that we cannot compare India with Mauritius. Mr Speaker, Sir, he

knows that India is organised on a State system. In every State in India, the same postal tariff that the India post determines through the national budget of the Indian Government applies. Every year, this is reviewed. If the Leader of the Opposition and Members can go on the web site of the India post, they will find the tariff. I am not bluffing on that. I was talking about Singapore, which is of a comparable size as Mauritius. In Singapore, Mr Speaker, a 20-gram letter is charged 20 Singaporean dollar cents. So, for a 50-gram letter, equivalent to what we have in Mauritius, it comes to Rs8.40 cs. Here, the tariff is Rs2, and the Leader of the Opposition is shouting.

Dr. Ramgoolam: Probably the hon. Minister did not know that Mauritius is not comparable in size to India, but he has learnt it now. I hope he goes to India soon and finds out what is the size of India. It is not comparable. It is unbelievable that a Minister does not even know that. Secondly, he talked about Singapore. Compare like with like! Is the pay in Singapore the same? Are the conditions the same? Compare like with like! I know that the hon. Prime Minister said that this country *est le mieux géré au monde*, but compare like with like. The Minister cannot justify how a company that is making massive profits to go private just to pay fat cats! That's the only reason why he has done it! I again ask the Minister whether he can explain the financial implications of this.

Mr Jeeha: The financial implications of what?

Dr. Ramgoolam: In other words, all these rates have been increased. What are the financial implications?

Mr Jeeha: Mr Speaker, Sir, the objective is to get the Postal Services operate on a break-even position and to make a decent return on their investment.

Mr Duval: The Minister cannot say that the Mauritius Post will at the same time break even and make a return on investment. Either it breaks even or makes a return. Return is profit. What financials are we expecting? Are we expecting a profit or not? This is what we want to know.

Mr Jeeha: First of all, Sir, after a break even, then you make a reasonable return and profit. So, profit is the objective. Otherwise, no sensible business can sustain.

Mr Dulloo: Mr Speaker, Sir, there has been this transfer of undertaking and the hon. Minister referred to the agreement between the workers and the management. May I ask him what progress has been achieved in the redeployment? Because the workers are not accepting to be redeployed from Government services to this corporate organisation. May we know what is happening along this line?

Mr Jeeha: Sir, I thank the hon. Member for this question. Right from the beginning of this corporatisation process, we have been involved in continuous dialogue with the employees and with the trade unions as well, the representative of the employees and this has been a continuous process. There are two agreements that have already been signed. There is a procedural agreement now that needs to be signed by the Mauritius Post Ltd. with the employees; and after that there will be negotiation on the totality of the working condition, status and the welfare of the employees. In the spirit of this permanent and constant dialogue with the trade unions and the employees, Mr Speaker, Sir, we are also holding tomorrow a meeting - that is going to be chaired by the hon. Prime Minister - with the executives of the Mauritius Post Ltd. to see how we can co-operate further with the employees and the trade unions as well and to find a common ground wherever there are issues where there are disagreements.

As far as the question of employees not opting to join the company is concerned, to my information there are some 50 employees who have not signed the option form, but we have until March next year to complete the negotiation process.

Dr. Ramgoolam: Can I just impress upon the Minister, I heard him say that the salary of Mr Lutchmeenaraidoo was Rs200,000 a month.

(Interruptions)

That's only the allowance, what about the salary and the wages?

Mr Duval: Fringe benefits.

(Interruptions)

Dr. Ramgoolam: Can I impress upon him that he circulates all these details by this afternoon so that we can see and compare it.

Mr Jeeha: This is what I said, Sir.

PRIME MINISTER (FORMER) - OVERSEAS MISSIONS - SEPTEMBER 2000 - SEPTEMBER 2003

(No. B/649) Dr. A. Boolell (Second Member for Vieux Grand Port and Rose Belle) asked the Prime Minister, Minister of Defence and Home Affairs and Minister of External Communications whether he will state the number of overseas missions undertaken by the then Prime Minister during the period September 2000 and September 2003 and indicate -

purpose thereof,

total costs in terms of air fares and other allowances paid for

Prime Minister and

accompanying members of his family if any.

The Prime Minister: Sir, the information is being compiled and will be placed in the Library of the National Assembly in due course.

PUBLICATIONS - ADVERTISING FEES PAID BY GOVERNMENT - SEPTEMBER 2000 TO OCTOBER 2003

(No. B/650) Dr. A. Boolell (Second Member for Vieux Grand Port and Rose Belle) asked the Prime Minister, Minister of Defence & Home Affairs, and Minister of External Communications whether he will give a full list of publications, other than weeklies and dailies, to which advertising fees have been paid by Government since September 2000 to date and the respective amounts paid to each of them.

The Prime Minister: Sir, the information is being compiled and will be placed in the library of the National Assembly shortly.

Dr. Boolell: Can I ask the Prime Minister whether payment in respect of parastatal and statutory bodies will also be included?

The Prime Minister: Well, if the Member wants the information, I will provide it.