

Royal Mail Privatisation: The Coalition might be wise to reconsider reinventing the wheel before they help all those on our universal postal service to fall off...

Adam Tugwell | 10 July 2013



[News today that the Government is now set to sell-off Royal Mail](#) has encouraged some good debate, but has also reminded us of the earth-sized difference in the polarity of thought that the idea of private ownership of public-wide services creates, even before considering that neither Government nor private ownership of such 'businesses' may be the right answer.

In the 80's, sell offs of Nationally owned 'businesses' were commonplace and we are now in the unfortunate position of witnessing and experiencing first hand what happens when companies providing public-wide services with a *de facto* monopoly change hands and then end up in the control of owners or shareholders who have few scruples when it comes to making money.

Utility and Energy Companies are effectively awash with cash but go unhindered by Government or Regulators as they continually raise prices by milking the cash cow that is a guaranteed substantial customer base.

In Royal Mail's case, there is a difference in that there is a variation in the product or services offered. Whereas with electricity, gas or water, even a vast array of contracts and customer discount packages would not change the basic product that every customer buys.

Nonetheless, examples like BT's reluctance to roll out broadband to very remote areas could perhaps set the clearest example of what happens and will happen when unprofitable - and what are in effect subsidised forms of mail delivery - end up in private hands.

The terms of the sell off, it may well be designed to dictate a continuation of service that will keep everyone happy right now. But anyone who thinks that an outside entity, even the government, with no significant retained shareholder relationship, can attempt to dictate the terms under which a stand-alone, profit-led business will operate alone in an otherwise highly competitive field, will have quite another thing coming once the business has changed hands and the directors, accountants, project managers and marketers have had their way.

The inherent risk in the privatisation of Royal Mail is that over time, clever pricing strategies and manipulation of the operation or service offering will effectively price-out deliveries to areas where Post Offices are already becoming comparatively scarce.

There is a real chance that resident groups and voluntary organisations will end up attempting to pick up the pieces from yet another Government plan that was ill-conceived and not thought-through, based on arguably little more than a fag-packet plan.

This is completely avoidable and would be fundamentally wrong.

Whether we have a problem with National debt or not, selling off public assets to balance the books is hardly the mark of innovation. It's certainly not the *modus operandi* of Ministers who listen carefully to the lessons learned from history or consider the impacts of their actions upon our tomorrows in the same way that they worry about their todays'.

Like other public-wide services which were sold off before, Royal Mail is an organisation serving every household and business in the Country; responsibly placed in the care of a Government which was Elected to consider and prioritise the needs of all those people and organisations located throughout our Country.

Perhaps it's time this Government reconsiders reinventing the wheel before they help all those on our universal postal service to fall off.

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