

Irish Postmasters' Union

Six Point Plan to sustain the Post Office Network and support local communities

April 15, 2015

SUMMARY – What Parties and Politicians can do to support the Post Office Network

1. **Recognise the Post Office Network as a National Asset** and ensure its future by making it the provider of choice and the front office for all Government services such as Motor Tax, Hospital Charges, Local Authority Payments etc.
 2. **Secure the role of Post Offices in delivering Department of Social Protection (DSP) payments** either through cash and / or direct electronic payment and maintain the existing rates.
 3. **Provide funding for a Standard Bank Account through the Post Office Network** to ensure financial inclusion for all.
 4. **Quantify the social role which Post Offices provide** and the onus on the State to provide equality for citizens under Article 45 of the Constitution.
 5. **Instruct An Post to immediately cease any action, in relation to Post & Pay**, which could be construed as establishing an alternative Network.
 6. **Carry out a comprehensive commercial review of the Network** to ensure viability for the foreseeable future (5-7 Years).
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CONTEXT – The current position of the Post Office Network

Post Offices are the largest retail network in the country with 1,150 Offices, employing 3,700 people. 1,100 of these Offices are operated by Postmasters who are locally based SMEs providing employment, facilitating economic activity and providing community engagement. Post Offices serve 1.7 million customers every week and were voted Ireland's most trusted consumer brand in 2014.

The Irish Postmasters' Union is the representative body for 90% of Postmasters.

Concern about the future of the Post Office network has been growing, particularly following an independent report by Grant Thornton, published in February 2014. It concluded that hundreds of Offices would close by 2017, mainly due to the movement towards direct electronic transfer of social welfare payments.

There is very strong community support to keep struggling Post Offices open and it will be a major election issue, in both rural and urban areas. Communities are demanding leadership and solutions.

At present, there is no Government policy or plan in place for Post Offices and they are closing routinely. Each closure is normally followed by further business closures in the locality as commercial activity transfers out of communities to retail centres in major urban areas.

The IPU believes that **the Post Office can continue to be a significant hub of activity** – for local business, for the community and for Government services. Political responsibility, leadership, vision and commitment are needed.

Post Offices can remain in vibrant in the community through appropriate national policy and planning. The forthcoming General Election provides an opportunity for parties and politicians to articulate these commitments to communities and voters. In what follows are the key steps which can be taken.

SUPPORTING INFORMATION

1. Recognise the Post Office Network as a National Asset

The IPU is calling on Government to intervene and put in place policy and legislation which recognises the Post Office Network as a National Asset – and which provides greater powers to the Oireachtas to protect and develop the Network.

The IPU believes that the Government should amend the current structure whereby An Post has independent commercial charge over the Post Office Network. This current structure gives little say to the Oireachtas, or the communities which TDs and Senators represent, as to what the future of the Network is and does not take into account its social and community value.

The Oireachtas should be appropriately empowered to develop a binding *National Policy on the Future of the Post Office Network*. This structure should be in place and a Framework Policy adopted before the next General Election.

Under the structure, An Post would continue to discharge its existing responsibilities but would be mandated to work within an Oireachtas led Framework Policy which would be appropriately costed and funded.

It would include elements such as:

- A commitment regarding the size and geographic spread of the Network
- A commitment to developing Post Offices as community based front offices of Government
- National protocols and standards re: equipment, furnishings and branding
- A commitment to community based full-service Offices
- Agreed rates of Postmasters pay with proper mechanisms for negotiation.

Specifically in terms of developing the Network's role as a front Office of Government, additional services which Post Offices can provide include:

- A standard bank account
- Motor Tax renewals
- Driver Licence renewals
- Property tax

- Rates, rents and other Local Authority payments
- Hospital charges
- Electronic form generation.

There are also additional commercial services which can be developed such as:

- Insurance quotations
- Pension savings.

2. Secure the role of Post Offices in delivering DSP payments

The most financially valuable part of a Post Office's business is delivering social welfare payments. Postmasters are paid by Government for delivering these payments on a per transaction basis. 50% of all social welfare transactions take place via cash payment at Post Offices, which account for 30% of Post Office business.

The Government is moving rapidly towards direct electronic transfer of welfare payments, which is essentially removing this business from Post Offices and handing it to the commercial banks. Hundreds of Offices will close if we move fully towards direct electronic transfer. This move also transfers the cost of the payment to welfare recipients (through bank charges), while collection is without cost at the Post Office.

A solution must be found whereby Post Offices are the future of social welfare payments. This can involve a mixture of continued cash payments and the development of a Post Office bank account for electronic payments.

Maintain the Existing Rate per Transaction for DSP

For the past year An Post has been moving to reduce Postmasters rate for welfare transactions even though the company has returned to profit and bonuses worth €800,000 were paid to An Post Managers.

An Post sought savings of €4.6m last Spring which was rejected by the IPU. An Arbitrator later recommended that the annual savings sought be reduced to €2.5m. Postmasters proposed the acceptance of the Arbitrator's level of cuts, for a three month period, subject to a Facilitation Process being put in place, to reach a longer term agreement. An Post rejected the IPU's proposal.

The issue remains unresolved but any change in the rate for DSP payments can only be agreed as part of a comprehensive and transparent review of the entire Post Office Network.

3. Provide funding for a Standard Bank Account through the Post Office Network

To significantly strengthen Post Offices' offering to the public, the IPU advocates for the development of Standard Bank Account provided through the Network. The facility would need initial State funding to establish it. It would be a highly secure community based facility which would:

- Strengthen Post Offices ability to provide electronic financial services (including electronic payment of social welfare)
- Help to provide financial inclusion
- Keep basic financial services available locally
- Provide small-scale loans for personal customers and small businesses.

4. Quantify the social role which Post Offices provide

Article 45 of the Irish Constitution states:

The State shall strive to promote the welfare of the whole people by securing and protecting as effectively as it may a social order in which justice and charity shall inform all the institutions of the national life....

The State pledges itself to safeguard with especial care the economic interests of the weaker sections of the community, and, where necessary, to contribute to the support of the infirm, the widow, the orphan, and the aged.

Post Offices social and community value is real and tangible. They play a central role in delivering on the principles of this Article by:

- Providing a social centrepiece in a community
- Making government and financial services locally available
- Supporting less well off people to manage their finances
- Encouraging money to be spent in the local economy.

Quantitative and qualitative research needs to be carried out to quantify what their 'whole value' in the local economy and community is. This would help to meaningfully empower and inform future State policy and investment regarding the size, distribution, offering and development of the Network.

5. Instruct An Post to immediately cease any action, in relation to Post & Pay

An Post's *Post and Pay* pilot project (small service post facilities at large retailers) is to be carried out at ten sites across the country. The Government will be receiving a report on the pilot scheme before any further decision on this type of service is reached.

Postmasters are strongly opposed to the move, which they see as an unnecessary threat to the Network. Postmasters are calling for this project to be stopped and policy commitment given to vetted, full service Post Offices which are community based.

6. Carry out a comprehensive review of the Network

The Cabinet established a cross-departmental working group in May 2014 to identify what each Government Department could do to place additional business and services through the Post Office Network. The sole outcome of the group was to establish a *Post Office Business Development Group*, which was launched in January 2015. This group is being chaired by entrepreneur Bobby Kerr and its brief is explore what new business can be delivered through the Post Office, reporting in early 2016.

While the IPU welcomes this group and is committed to full engagement with its work, a much more far reaching review is needed to answer strategic and planning questions such as:

- What size of Post Office Network is optimal within 5-7 years?
- If there are to be less Post Offices in the future, what is the exit process for existing Offices and their communities?
- What are the electronic offerings of Post Offices and how are Postmasters remunerated for these?

- What services can Post Offices provide as local offices for Government and how / when can these become available?
- What role can Post Offices play in supporting community based banking and financial inclusion?

Such a detailed review should be discussed and negotiated between Government, Postmasters, An Post, community / consumer groups and any other relevant stakeholders to inform a *National Policy on the Post Office Network* which would provide a citizen's based vision for the future of the Post Office Network.

While this review is taking place, all other points set out in this paper should be progressed with urgency and prior to the next General Election.