



**Submission by the Irish Postmasters' Union (IPU) to the
Government Inter-Departmental Group to examine the feasibility of directing more
Government business to the Post Office Network.**

July 12th, 2021

The Grant Thornton Report 'Review of the economic and financial sustainability of the Irish Post Office Network' commissioned by the IPU and published in September 2020 concludes that the Post Office Network in Ireland has a social value 'between €344 million and €776 million' yet requires immediate financial support to ensure its survival.

The Report recommends that 'the only realistic solution that provides the effective and efficient approach necessary within the timelines required is the approval of an annual Public Service Obligation worth circa €17 million to compensate for the projected funding shortfall from 2021 onwards.'

The Government response to the Report has been twofold:

1. The establishment of this Group to examine the feasibility of directing more Government business to the Post Office Network to address the financial shortfall identified by Grant Thornton.
2. The agreement of interim financial support for the Network, for a period of 18 months from July 2021, to ensure that the Network does not collapse in the interim.

The IPU has, for a number of years, been calling for and identified, a range of Government services which could and should be made available throughout the Network. These include:

- Provider of choice and the front office for ALL Government Services – 'The State on your Doorstep'
- Post Offices, rather than commercial financial institutions, should be the default payment option for all Government services
- Motor Tax payment. Although this service is predominantly online, the provision or otherwise of the service has become a touchstone, as an indicator of Government intentions towards the Network.

- Identity and verification services including the Electoral Register and Public Service Cards.
- Printing of all Government forms on a 'Just in Time' basis
- Facilitating the completion of 'on-line' Government application forms.
- Mandating the residual Pandemic Unemployment Payment for collection at Post Offices as a control measure to reduce the risk of fraud.

The Union recognises that some or all of these proposals are currently being examined by this Group and expects that a number of Government Services will be identified which can be made available through the Post Office Network.

This will then pose the question about how these services will be paid for.

It is our view, given the financial challenges facing the Network and the need to achieve an operating stability, that the only way to ensure this is through a retainer type of fixed payment, to the value recommended by Grant Thornton.

This retainer would be paid in return for the universal provision of new and future Government services to all citizens.

Such a payment would underpin the 'Social Value of the Network' as identified in the Grant Thornton Report. It would also play a significant role in supporting local economies, due to a multiplier effect a local Post Office brings to other local businesses, which has been estimated to be at least 2:1.

It would also support social inclusion in accessing core citizen services, particularly for those who are not transacting online.

Transition to this type of model has already taken place in other Post Office Networks across Europe including in the UK, France, Spain, Italy, Belgium and Finland. In each of these countries an increased role for the State was deemed necessary to sustain the Network and was applied based on the economic and social merits of doing so.

Viewed wholistically, investment in the Irish Post Office Network provides a very strong economic, social and community return for the State. A Red C poll in 2020 found that 86% of Irish adults supported the Government allocating funding to keep Post Offices open.

The IPU would argue that the Grant Thornton social valuation of the Network has only been increased by the role played by the Network in the COVID-19 pandemic. Furthermore, the recent HSE cyber-attack has heightened the need for a reliable offline alternative for core social, communications and financial services.

In summary, the Network:

- Underpins the economic activity in 885 urban and rural communities
- Facilitates an annual injection of €4.6 billion in welfare cash payments into local economies
- Provides services to 1.3 million customers every week
- Reduces carbon footprint by making these services available locally
- Is Flexible, Accessible, Cost-effective, Trusted.
- The Grant Thornton analysis (published September, 2020) concluded that the Network:
 - Has a social value of €344m - €776m.
 - Generates revenue of €53m.
 - Costs €70m to operate.
 - Has an annual Funding shortfall of €17m that should be met by Government.
 - Would provide significant value for money for the State as an investment.

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