



Submission on the Future of the Post Office Network in Ireland

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Summary of Recommendations

- **Irish Rural Link is calling on the government to implement a plan of action to help sustain the Post Office Network as post offices are at the heart of rural communities while also providing a public good.**
- **IRL calls for a comprehensive statement on the precise remit of Ireland's commitment to applying Public service obligation to the provision of services to people living in rural areas.**
- **Irish Rural Link invites the Post Office Network to investigate the potential of post offices to offer ATM services.**
- **Irish Rural Link proposes that a Rural Protocol should be first consulted before the closure of any services in rural Ireland.**
- **Increase the number of government services offered by the Post Office Network, such services could include motor tax, electoral register, HSE payments, local authority payments; and CAO and Department of Education Examination Fees.**

Introduction

Irish Rural Link (IRL) is the national network of rural community groups, representing over 600 groups and thousands of individuals committed to socially, environmentally and economically sustainable rural communities. Irish Rural Link welcomes the opportunity to make this submission on the Future of the Post Office Network in Ireland to the Department of Communications, Energy and Natural Resources. Previously IRL has called on the government to implement a plan of action to help sustain the Post Office Network as post offices are at the heart of rural communities while also providing a public good. With this in mind, the organisation welcomes this public consultation and the government's commitment to investigating alternative methods to which the Post Office Network can become more sustainable.

According to the Post Office Network Business Development Group, “An Post is a commercial state company which runs the Irish postal system. There are two main elements to this system- the mail business which involves the collection, sorting and delivery of letters and other postal items and the retail business which involves postal and other counter-based financial services provided via the Post Office Network. The two elements are intertwined, e.g. post offices as mail collection and parcel pick-up points, where retail business helps the viability of the Post Offices.”¹

The need for support of public services in rural areas has never been so important and post offices are a central element to this. The local post office fulfils both economic and social functions. The social function can largely be forgotten about by policy makers and are evaluated in terms of their economic benefit rather than their social influence. For many rural areas, their post office is the life blood of the community providing people especially the elderly with a social setting. Their weekly trip to collect their pension may well be the only social interaction they have during the week; the closure of their post office would have an adverse effect on their mental health. The individuals that use rural offices to collect their welfare payments are the most marginalized people in society, these people lack the resources to travel longer distances to receive their payments due to deficiencies in the rural transport system.

¹ Initial Report to Minister White by the Post Office Network Business Development Group. (2015)

Welfare payments have to remain in the post office network, as forcing people to travel greater distances is just not feasible. The reason behind the closures of many rural post offices is that they are economically unsustainable. A worrying statistic for the Post Office Network is the fact that 66% of post office activity is in 300 of the 1,140 post offices. In order to maintain their existence an action plan needs to be implemented by all relevant stakeholders. The closure of further post offices will not only affect the people using the service but also the large number of people who are employed by the An Post network leading to increased unemployment in rural areas.

Post Offices have both economical and social functions but their future seems to very much rely on financial viability with little consideration given to their social function. To truly make the post office network viable, all interested parties must work together to identify new methods for post offices to earn alternative income.

Statistics on Post Office network

An Post is one of Ireland's largest indigenous commercial enterprises, both in terms of turnover and employment. An Post currently manages the administration of in excess of 2 million State Savings accounts on behalf of the National Treasury Management Agency, whilst ensuring over 700,000 customers receive their weekly Department of Social Protection (DSP) payments in Post Offices, with another 220,000 receiving monthly payments such as child benefit. Number of Post Offices An Post's retail networks are the largest network in the country with 1,140 Post Offices, 132 postal agents and almost 2,000 retailers who form the PostPoint network. The network employs over 4,000 people, most of which are in offices operated by postmasters who provide employment, facilitate economic activity and act as hubs for community engagement. Post offices serve 1.7 million customers every week and were voted Ireland's most trusted consumer brand in 2014.

The principal services provided through the post office network are:

- The processing of payments for the Department of Social Protection;
- Handling the full operation of the State Savings products for the National Treasury Management Agency;
- Billpay transactions for electricity, gas, telephone, waste etc;

- Collections of licences on behalf of a wider number of public bodies including TV licences and An Garda Síochána
- Money transmission services;
- Agency banking transactions on behalf of retail banks;
- Foreign exchange services;
- Selling and acceptance of postal services; and
- Other retail products such as gift vouchers, mobile top ups, passport express, iTunes vouchers.

The changing nature of technology has had an increasingly negative effect on the revenue generated by the post office network. Advances in technology means less mail is being sent while more individuals are using online banking, illuminating the need for people to visit and use the post office's financial services. According to the Grant Thornton report², "over a five year period, An Post has seen revenues fall from 876 million in 2007 to 806.7 million in 2011 representing an 8% decline in just five years. In particular revenues from traditional mail services have suffered a sharp decline (20%) over the five years as a result of increased substitution, deregulation and competition.

² Grant Thornton (2012) The future of the Post Office Network in Ireland- A Review of Potential Service Contracts on behalf of the Irish Postmasters Union.

PUBLIC SERVICE OBLIGATION

The Post Office Network has been an integral part of Irish society for centuries both economically and socially. Up to recent decades, there has been a post office in every town and village across Ireland.

Public service obligations (PSOs) are where the Government seeks to regulate the provision of services to vulnerable communities, which includes people living in rural isolated areas.

The obligation applies to telecoms, postal services, electricity, gas and railways at the European level and as implemented in four EU countries. In effect it means that for certain public services which by their nature are non profit making because of dispersed settlement patterns, the only way forward is subsidisation.

In terms of the Postal services there is an urgent need for government to define its implementation of its PSOs, particularly as they apply to An Post. Failure to that means that we are out of step with our European counterparts, and as a result policies that disadvantage people in rural areas will be even more disproportionate against the poorer members of the community.

It is in that context that IRL calls for a comprehensive statement on the precise remit of Ireland's commitment to applying Public service obligation to the provision of services to people living in rural areas.

Rural Protocol

In rural Ireland, services have a habit of closing especially in recent years due to the economic climate and decline in the rural population. Among the more prominent are the Post Office branches, Bank branches, national schools, pubs, shops and not to mention the occasional downgrade of hospitals from time to time. The loss of such services affect the most vulnerable in our society namely the elderly and citizens which disabilities that do not have the capacity to access them.

Irish Rural Link has long been proposing that a Rural Protocol should be first consulted before the closure of any services in rural Ireland. Such a protocol might save a great deal of negative energy and anxiety expended by rural communities in order to defend, what seems to be an ongoing attempt to disenfranchise rural areas.

A protocol in simple terms it is a voluntary code entered into by stakeholders involved in the provision of services to communities. It challenges the proposers of closures to manage it in a

way that allows the community to have an input. It starts by engaging with the area in question in the task of conducting a socio economic analysis in terms of reasons for closure and the consequences of same. It also allows the community to examine the issues involved and perhaps put forward proposals that could offset the need for a closure. It equally puts some obligations on the organisation, government or private company that proposes closure.

Following closures, an automatic nomination of a Government task force would occur, which would conduct a dialogue with all stakeholders in the area, with a view of improving the conditions, so that the bank branch, Credit union, post office branch or any other service facing closure might benefit from increased community commitment. We are proposing that the management of such a protocol would rest with the office of Minister for Rural Development.

Future Opportunities for the Post Office Network

1-Financial Services

As outlined previously, services in rural areas have been in sharp decline especially financial services. Rural areas have faced significant closures of banks and post offices. Without the access to financial services, residents are left without access to cash and other financial transactions. The lack of a high speed broadband connection and training means that for many rural residents online banking is not a viable option. Customers of local post offices are traditionally the most vulnerable in Irish society namely the elderly and those on a fixed income. Given the isolated nature of rural areas, the local post office can act as the only financial focal point due to the lack of public transport and access to private transport.

Given the increasing loss of services in rural Ireland, towns and villages must adapt to a changing society. Ferbane in West Offaly is a prime example of a town that is adapting to a modern rural Ireland. Ulster Bank took the decision to close the Ferbane branch due to its unviability. The local residents staged two protests against the closures, resulting in the local community group brokering an agreement with Ulster Bank. The deal involved transferring some of the financial services available in the bank to the local post office. The transferring of the services strengthens the post office and improves its sustainability. A worrying aspect for many local residents about the closure was the loss of the local ATM but after the agreement the ATM remained in the town. Many other rural areas have no access to an ATM

due to the lost of the local bank. An option for increasing the sustainability of the post office network is offering an ATM service to many rural post offices, allowing the local residents access to cash especially those who do not have access to online banking or cash. With this in mind, Irish Rural Link invites the Post Office Network to investigate the potential of post offices to offer ATM services.

Government Services

The social welfare contact and the National Treasury Management Agency saving contact remain an integral part of the Post Office Network, accounting for 56% of total revenue. It is fair to say that the Department of Social Protection is the single most important contract for An Post. With such a large proportion of An Post's revenue relying on the DSP contact, alternative methods of earning revenue must be investigated. As government contacts account for such a high proportion of revenue, it would be beneficial to add additional government services to the Post Office Network. Such additional services could include:

- Motor tax
- Electoral register
- HSE Payments
- Local Authority Payments
- CAO and Department of Education Examination Fees.

It is important to acknowledge that rural communities are not looking for hand outs from central government rather the opportunity to expand and develop the local economy by making them more economically sustainable.

Mirco Credit

Both the Grant Thornton and Post Office Network Business Development Group outlined the potential of An Post to deliver micro credit to Small and Middle Enterprises. Making affordable loans available, potentially through a partnership between An Post and Credit Unions, to the marginalized in society could offer significant economic and social dividends. With SME's making up a large proportion of the rural economy, the introduction of an

alternative credit source could be beneficial for driving the local economy and creating employment.

Social Enterprise

It is becoming more evident that even in a national economic recovery local communities can remain burdened with high levels of unemployment, dependency and disadvantage. According to the Commission for the Economic Development of Rural Areas (CEDRA³), unemployment levels in rural areas increased by 192% compared to 114 % in urban areas. These figures indicate there is a demand to create employment in rural areas. Social and community enterprises have potential to create employment while also providing services that the private and state sector cannot provide. Communities with socially enterprising leaders have the skills, flexibility and enterprise to do what the private and state sector are not doing. The micro credit outlined previously can act as a form of finance to start social enterprises within the local community while also acting as an access point for cash transactions for the enterprises.

³ Report of the Commission for the Economic Development of Rural Areas (2014) Energising Ireland's Rural Economy

Conclusion

The Post Office Network is a well established element of Irish society in operation for centuries. The network at one time or another has had a foothold in every town and village in the country. Due to the changing nature of rural Ireland and customer behavior, the post office network's long term future is under threat. An Post's revenue has significantly declined in recent years, forcing the closure of many rural post offices especially. With the welfare contract now under threat, there is a danger further post offices could be forced to close. The economic importance of the Post Office Network is well established but the closure also has profound social effects. For many the local post office acts as a social focal point, for many elderly people especially, the weekly trip to collect their welfare payments might be their only social interaction for the week. When considering the possibility of closing post offices, an appropriate socio economic analysis must be conducted to examine the social effect of the closure and the effects it has on its customers.

Given the importance of post offices to the local community, it is importance to investigate how the network can become more sustainable into the future, to do so the post office network must build on its strengths and diversify its products. One method government can support An Post is to allocate more government services to the post office network such as motor tax, hospital charges etc. While if communities wish to sustain their local post office, they are encouraged to use them.

Irish Rural Link the Organisation

Irish Rural Link (IRL), formed in 1991, is a national network of organisations and individuals campaigning for sustainable rural development in Ireland and Europe. IRL, a non-profit organisation, has grown significantly since its inception and now directly represents over 300 community groups with a combined membership of 25,000.

The network provides a structure through which rural groups and individuals, representing disadvantaged rural communities, can articulate their common needs and priorities, share their experiences and present their case to policy-makers at local, national and European Level.

Irish Rural Link is the only group represented at the national social partnership talks solely representing rural communities' interests.

'Our vision is of vibrant, inclusive and sustainable rural communities that contribute to an equitable and just society'

Irish Rural Link's aims are:

- To articulate and facilitate the voices of rural communities in local, regional, national and European policy arenas, especially those experiencing poverty, social exclusion and the challenge of change in the 21st century.
- To promote local and community development in rural communities in order to strengthen and build the capacity of rural community groups to act as primary movers through practical assistance and advice.
- To research, critique and disseminate policies relating to rural communities including issues such as sustainability, social exclusion, equality and poverty
- To facilitate cross-border networking between rural communities

'Our mission is to influence and inform local, regional, national and European development policies and programmes in favour of rural communities especially those who are marginalised as a result of poverty and social exclusion in rural areas.'