



Submission Regarding the Future of the Post Office Network

Introduction

Chambers Ireland is pleased to make this submission to the Joint Oireachtas Committee on Transport and Communications. Our representatives are happy to discuss any of the issues raised in greater detail and are willing to meet with members of the Committee.

We note the Committee's interest in a number of specific issues:

1. The effects of closure or changes in the role of Post Offices on individuals;
2. The effects of closure or changes in the role of Post Offices on communities; and
3. Practical initiatives that might sustain the Post Office network.

The arguments regarding the importance of Post offices, particularly in rural areas, are well rehearsed. They are essential for individuals, who otherwise may experience unacceptable levels of social exclusion and they are providers of essential services in many communities throughout Ireland.

However, it is important to recognise the interconnectivity between individuals, communities and businesses within any local area. As an organisation that represents the interests of Ireland's business community, from large multinational companies to small and medium enterprises, we contend that the maintenance of Ireland's Post Office network is essential. The strength of these companies and the ease with which they can do business has many positive benefits for rural areas and the communities of people that live in them.

While An Post has a commercial mandate from the Government, it should also have a social obligation to meet the needs of its customers. While the closure of rural Post Offices is often justified on economic grounds and non-viability, this does not take into account the many commercial services they provide. The Post Office network is an important service, especially for remotely and rurally based businesses who are members of the Chamber Network.

In this context, we believe the Universal Service Obligation (USO) that facilitates five day delivery and collection around the State must be maintained. The network of Post Offices around Ireland is an essential piece of infrastructure and should be viewed as no less essential than other types of infrastructure networks such as electricity, telecoms, water and gas. The maintenance of a wide and well serviced network strengthens its ability to trade. Branch closures may lead to a negative feedback loop of weakened services that ultimately undermines the business case for five day delivery and collection.

We believe that the pricing and service offerings available to An Post as the designated USO need to be maintained. This is essential for all our members. They must have access to the full range of services currently available through Post Offices and An Post whether they are in Connemara or Dublin City Centre.

Why must the existing network be maintained?

Job creation

It is a priority of this Government to help businesses to retain existing staff and create new employment opportunities. The sustainability of many businesses in rural areas depends on the products, services and connectivity offered by the Post Office network. While electronic order fulfilment and purchasing will continue to grow, the postal network is a vital element in the delivery of these goods to both businesses and customers.

The cost of doing business

The Post Office network benefits from certain intrinsic advantages such as name recognition and economies of scale; however, it also benefits from the fact that it is a network where less profitable parts of the business are supported by more profitable parts. Dismantling the Post Office network could allow competitors to 'cherry pick' services in more profitable areas, while An Post (under its Universal Service Obligation) would be required to continue services in less profitable areas. This would most likely lead to a decline in service and a diminution in the ability to provide a USO. This would ultimately lead to increases in prices and the cost of doing business.

Equality and Fairness

The maintenance of the existing Post Office network is an issue of fairness. While Chambers Ireland is an organisation that seeks to promote competition, we recognise the importance of that competition taking place on a level playing field. To this end, it is essential that companies operating in rural areas enjoy the same services and opportunities as those in urban areas.

The decline in traditional mail and the impact on business

Speaking in the Dáil on 25th January 2012, Minister for Communications, Energy and Natural Resources said, "An Post is facing challenges in its postal and mail business from the revolution in communication technologies." There is little doubt that communications are now more likely to take place through electronic technologies; however, a local Post Office remains essential to those in the business community whose profitability depends on the distribution and shipping of goods through the Post Office network. The Post Office is also the place where many businesses purchase material for packaging and shipping.

How can the existing network be supported?

Business banking arrangements

Given the growing number of bank branches closing, particularly in rural areas, there is an increasing need for the services they traditionally supplied. An Post has agreed to promote services for Allied Irish Bank (AIB) and National Irish Bank (NIB) to deliver many personal banking services.

However, there is room for these relationships to be strengthened and developed. Local Post Offices could become an accepted alternative site for businesses to conduct a full range of banking transactions. Given that much business banking needs to be conducted on a face-to-face basis, this

could develop as far as the Post Office supplying space for visiting bank representatives to meet clients to discuss a full range of banking matters including credit supply and business development.

Furthermore, An Post may also play a vital role in the delivery of any future universal bank account, which would allow all citizens to make and receive payments electronically, and would combat the risk of financial exclusion.

Encourage savings in other areas

As with all services provided by the state and semi-state bodies, efficiencies must be identified throughout An Post and the Post Office network. Cost containments are preferable to the closure of rural post offices. This may include:

1. The end of no-bid purchasing: all future purchases to go through a tendering process.
2. Non-replacement of staff.
3. Work process improvements.
4. Reduced overtime and greater flexibility in shift patterns.
5. Changes in the workforce benefit structure: this could include a move toward Career Average Revalued Earnings (CARE) pensions, which have been introduced in other commercial semi-state companies such as ESB.

Chambers Ireland would like to thank the Committee for the opportunity to contribute to this consultation process. Our representatives are available to discuss any of these issues further with the Committee.

Chambers Ireland
18th October 2012