



**CHAMBERS**  
**IRELAND**  
IN BUSINESS FOR BUSINESS

**Submission to the DCENR  
on the Initial Report to Minister White  
from the Post Office Business Development Group**

**20 July 2015**

## **Introduction**

Chambers Ireland is the largest business network in the State. With almost 50 Chambers located in every major town and city in the country, we are well positioned to understand the needs and concerns of the business community and to represent their views.

We welcome the findings of the Kerr Report and the efforts by the Department of Energy, Communications and Natural Resources to secure the future of the Post Office network.

## **The Post Office Network**

The Irish postal network has an excellent reach across the country, especially in rural areas where they often represent the last corporate entity.

Chambers Ireland believes there is ample opportunity to utilise the vast majority of the 1,140 post offices located throughout Ireland and build on the trusted brand that is An Post and which has been developed through decades of close cooperation and interaction with local communities.

In our view, future-proofing and sustaining the services provided through the postal network serves a strategic national interest. Not only do our post offices provide the state with an opportunity to reach into rural areas (and hence minimise the perceived distance between rural and urban Ireland), the post office network is also an important piece of infrastructure which helps sustain job opportunities in local communities.

We acknowledge that post offices play an important social role in society in addition to their core business role. Nevertheless, in order to ensure the ongoing viability of post offices Chambers Ireland believes that future strategies for the network must view An Post as a commercial entity first and foremost, but one capable of delivering ancillary social benefits.

The heavy reliance of post offices on the Department of Social Protection (DSP) services renders An Post vulnerable to changing Government policies and evolving customer preferences, including expectations of citizens engaging with Government primarily through electronic avenues. Consequently, we welcome the recommendation that An Post diversify the services currently offered through its post offices.

## **Delivering Financial Services**

It is the view of Chambers Ireland that post office can play an important role in the delivery of financial services. We note how An Post has invested significantly in its network, and currently benefits from a state-of-the-art technology system on a par with any in the financial services sector.

At present, all post offices throughout the country are highly technologically automated and capable of providing any of An Post's services. This ability provides an excellent starting point for post offices to rethink the services on offer to secure the survival of the network. We welcome the suggestion of the Kerr report that post offices expand their provision of financial services and increase their revenue share deriving from such activities. We acknowledge the observation that An Post may be particularly well-placed to provide services to a social cohort not currently being served by the main retail banks.

In recognition of electronic transactions overtaking traditional ways of doing business, it would be appropriate that An Post further develop its debit and credit card business with a particular focus on elderly customers and customers who may be unlikely to obtain payment cards through banks.

In addition, there is scope for further expanding the range of financial services offered by post offices on behalf of Government. We welcome recent plans by DSP to provide micro loans to recipients of welfare supports and support the view that such services can be effectively delivered by post offices which are already experienced in handling cash transactions. There are significant social benefits to be reaped by local communities who can avail of micro credit loans at appropriate interest rates.

We note how Government recently consulted on the possible implementation of mandatory pension provision. Should a scheme for universal pensions be adopted, we consider An Post a potential partner for Government to oversee the collection of any contributions and ultimately the pay-out of pensions. This is very much an opportunity for the longer term, but one which should be considered in the context of the final report.

The postal network should also continue to attract new business from customers outside its traditional markets. We believe this can be achieved by offering innovative ways of doing money transactions. Building on its experience as a mobile network operator, it may be of interest for An Post to develop leading market mobile pay solutions that would attract users of smart phones. We note how mobile pay apps have received wide attraction elsewhere in parallel with money transactions becoming ever more cash less. As an example, we suggest that An Post explores the possibility of becoming the provider of a similar product to 'Mobile Pay' (an app developed by Danske Bank which allows users to transfer money to others, pay in shops and buy online using only their mobile phones). Following its launch in 2013, every second smart phone user in Denmark now avails of this app on a day-to-day basis. Consequently, we believe that a similar product will be in high demand here and that such high-technology offers can underpin An Post's transition to a leading payments and financial services provider.

### **Delivering State Services**

Chambers Ireland considers the postal network ideal for delivering state services outside the main urban areas. We note the acknowledgement in the Kerr Report that postmasters already have a track record in delivering public services efficiently, including DSP payments, state pensions and licence renewals.

Given that An Post is a business entity it is, however, important that the services outsourced to post offices are profitable and can be delivered more efficiently than through state agencies. Noting the finding of the Grant Thornton report of 2012, it is evident that post offices are well-placed to deliver state services and that outsourcing may lead to significant savings for the tax payer.<sup>1</sup> Consequently, we recommend Government to undertake rigorous cost-benefit analyses of delivering state services through other organisations and companies, among these the network of post offices.

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<sup>1</sup> In its report, Grant Thornton estimated that expansion of services delivered through the post office network could generate up to €80m in savings, much of which would otherwise be funded by the tax payer. Assuming responsibility for motor tax payments alone could result in public savings of €60 million over a five year period.

As previously mentioned, we accept that there is a significant social value attributed to the presence of post offices in local communities. In recognition hereof, we recommend that Government consider the social and local impact when accessing tenders. Chambers Ireland believes that there is a particular opportunity to facilitate and support local economic development through the strategic application of public procurement processes. While we recognise that there remains an imperative amongst contracting authorities to reduce costs, there are strong arguments for developing more nuanced procurement processes in order to stimulate economic activity and ensure better long term returns for the tax payer.

### **Other Services**

As set out in the Kerr report, there is a need to expand the provision of high speed broadband into rural areas in order to facilitate economic growth, improve the competitiveness of our businesses, and facilitate more e-commerce activities by rural enterprises. We believe there is scope for An Post to take part in the roll out of the national broadband. For example, broadband fees could be paid through the post office network and the post offices themselves may be turned in to broadband hubs, providing WiFi in local areas.

In addition to broadband roll-out, we believe that post offices can act as local tourist offices. Tourism forms a key part of rural Ireland's economic strategy, yet many tourist offices and information centres have been closed over the last number of years. Drawing on post offices' local expertise and their close interaction with local communities, they could be turned into local information centres providing advice to tourists.

This role could be combined with the recommendation of the report, namely that post offices play a role as a hub for the development of social enterprise. For example, post offices could be used to display local art, food, and other products and in this way contribute to the economic sustainability and development of rural Ireland.

### **Conclusion**

Post offices have a strong track record in the efficient delivery of services and benefit from close links to their communities. Against this background Chambers Ireland believes there is opportunity for An Post to further expand the services provided by post offices in order to ensure the survival of the network. Specifically, we recommend that post offices explore more opportunities within the financial services sector and place themselves as key contributors to local economic development by assuming broadband and tourism information responsibilities.

While it is crucial that the services provided by post offices are profitable for An Post, the state can play a key role in supporting the survival of the network. We therefore encourage Government to identify potential services that are suitable for outsourcing and through this deepen the collaborative relationship it currently enjoys with postmasters throughout the country.