

Opening Speech
Joint Oireachtas Committee Meeting
on Wednesday 1 June 2022
Future of the Post Office Network

I wish to thank the Committee for the opportunity to give an update today on the future of the Post Office network.

As colleagues will be aware, An Post is a commercial State body with a mandate to act commercially. It has statutory responsibility for the State's postal service and for the post office network.

Postmasters are independent SMEs contracted by An Post to run post offices and the Department does not have a direct relationship or contract with them. They are not State employees, nor are they employees of An Post and as such they are not paid a fixed salary. Their income is derived on a fee per transaction basis.

The agreement reached between An Post and the Irish Postmasters Union (IPU) in 2018, which was supported by 80% of the IPU membership, has underpinned significant change and investment to redefine the Post Office network including

reducing the number of Post Offices, modernising the Postmaster contract and an acceptance that new business lines were required, along with capital investment in the network.

This is a vital part of the delivery of An Post's Strategic Plan. To implement the Plan, the cost of which was estimated to be in the region of €150m, the Government provided a long-term low interest loan of €30m to the company in December 2017 to support and protect the renewal of the post office network (€15m) and the continued fulfilment of a 5 day per week mails delivery service (€15m).

As set out in the Programme for Government, we are committed to a sustainable An Post and post office network as a key component of the economic and social infrastructure throughout Ireland. I have met with the Chairperson and the Chief Executive of An Post and they fully understand the Government position. I have met with the Irish Postmasters' Union; I addressed their annual conference in October last year and will do so again on the 4 June.

The Government recognises the importance of a high-value and high-quality Post Office network to our citizens right across the country, as well as the central and trusted role of

postmasters in our communities. Its social value was particularly evident during the pandemic and the demonstrated commitment of staff and management to supporting our communities, in particular the elderly and vulnerable, has been commendable.

Through its network of 900 post offices, An Post continued to provide key Government services to citizens; including through its existing commercial contracts with the Department of Social Protection and the National Treasury Management Agency.

The financial challenges facing Postmasters are well documented and arise mainly from the decline in mail volumes and the move to electronic transactions in both the mail and post office network. The pandemic has exacerbated these challenges and impacted the transformation programme for the post office network.

In recognition of this and the significant role played by Postmasters during the pandemic, I worked with An Post and introduced the pandemic relief fund in 2021, which was worth €8.5 million over an 18-month period. This commenced on 1 July 2021 and will continue until the end of this year. The fund aims to incentivise new business by increasing product

commissions while also incorporating an element of protection for business declines due to the pandemic.

In addition, An Post undertook to invest €400,000 over the 18-month period in Postmaster training to help equip Postmasters with the skills and information they need to maximise the business through their Post Offices.

I recognise that there are genuine concerns around the future of the Post Office Network and a potential 'cliff-edge' scenario where significant numbers of Postmasters would choose to retire at around the same time in late June/early July. This would potentially see citizens losing their local post office and the wealth of services available to them through that office.

I am pleased to advise the Committee that, as announced earlier today, I have secured Government approval for a proposal which will see a funding intervention by Government of €10m/annum over a three-year fixed term 2023 – 2025 to be distributed by An Post to the Post Office Network. This is the first time Government has agreed to introduce such a package.

It will help to support a sustainable, nationwide post office network in line with the commitment in the Programme for Government. It also aims to ensure access to important

services of social value across the Post Office network and that there is a network of sufficient scale in place for the public to access these services across the country. It also provides clarity for Postmasters in terms of any decision they may need to make about their future. It will be disbursed in a manner that seeks to mitigate the genuine financial challenges faced by many of our Post Offices while acknowledging the need for continued commerciality and modernisation, as has been the Company's strategic goal for the Network in line with its Agreement with the IPU.

An Post is a strong commercial Semi-State and its Strategy seeks to build on its growth and diversification. The network is one of the Company's core strengths and the continued development of the network and its services is a vital component to its sustainability. An Post will continue to actively seek and win new business and to explore opportunities to develop new or enhanced product lines for the Post Office network. I understand there are a number of initiatives under active consideration by the Company.

Government is committed to working with An Post and Postmasters to ensure that the network continues to play a strong role in delivering State services and will continue to

engage on the issue to ensure we can protect and safeguard the network in line with the Programme for Government.

The one-off nature of this intervention seeks to copper-fasten the transformation underway and incentivise a network of strong, commercially focused enterprises.

Decisions regarding retirement or closure are ones for each of the independent Post Masters to take. Government's intervention does not mean that some post offices will not close, due to retirement or personal decisions, but rather they should not close due to lack of Government support. It is the intention of Government to avoid those decisions being necessary on foot of economic hardship. In cases where a Post Master indicates they intend to retire or take up another opportunity, the contract to run that post office will be advertised at least once.

Government hopes that closures will decelerate to facilitate initiatives by the Company to take off and bear fruit, to permit time to assess the findings of Census 2022 and whether demographic changes might change the trajectory of rural businesses and to allow for the Transformation Programme to conclude and new commercial practices to be adopted.

Once again, I would like to thank you for the opportunity to address the Committee.