

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM CHUMARSÁID, GNÍOMHÚ AR SON NA HAERÁIDE AGUS COMHSHAOL

## JOINT COMMITTEE ON COMMUNICATIONS, CLIMATE ACTION AND EN- VIRONMENT

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*Dé Máirt, 17 Meán Fómhair 2019*

*Tuesday, 17 September 2019*

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The Joint Committee met at 3 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies

Seanadóirí / Senators

Mick Barry,	Terry Leyden.
David Cullinane,	
Timmy Dooley,	
Michael Lowry,	
Eamon Ryan.	

\* In éagmais / In the absence of Deputy Bríd Smith.

I láthair / In attendance: Deputies Margaret Murphy O'Mahony, Paul Murphy, Denis Naughten and Donnchadh Ó Laoghaire.

Teachta / Deputy Hildegarde Naughton sa Chathaoir / in the Chair.

## **Post Office Closures: An Post**

**Chairman:** I welcome to our meeting this afternoon An Post representatives, Mr. David McRedmond, chief executive officer; Ms Debbie Byrne, managing director with An Post retail; and Mr. Garrett Bridgeman, managing director of An Post mails and parcels.

I draw the attention of our guests to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by me, as Chair, to cease giving evidence on a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

I advise witnesses that any opening statement they make to the committee will be published on the committee website following the meeting.

I remind members of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

I remind members and witnesses to turn off their mobile phones as they interfere with the sound system.

I invite Mr. McRedmond to make his opening statement.

**Mr. David McRedmond:** I thank the Chairman and members for having us here. I appreciate that the committee had to postpone our appearance on a previous date. That happened because we were announcing the closure of the Cork mail centre and it was of the utmost importance to us that we told the employees first. I appreciate the committee's consideration in that regard.

As the committee will be aware, An Post's strategy over the past three years has been to evolve into two businesses, namely, the mail and parcels business, of which Mr. Garrett Bridgeman is the managing director, and the retail business, which is the post office network plus An Post Insurance and An Post Money, of which Ms Debbie Byrne is the managing director.

I have submitted an opening statement which I will take as read. We are here to answer members' questions.

**Chairman:** I was reading the opening statement. Do I take it that-----

**Senator Terry Leyden:** Will the statement be circulated?

**Chairman:** It has been circulated.

**Senator Terry Leyden:** Through the media?

**Chairman:** Through the secretariat. Will I get the Senator a copy?

**Senator Terry Leyden:** It did not load on my machine.

**Chairman:** We will provide the Senator with a copy. Does anybody else need a copy of the opening statement?

On the 152 post office closures last year, can An Post give us more detail on the volume of increased business in the remaining post offices? What type of new businesses are involved? Is it just pension collection? Can the witnesses expand on how the business of the remaining post offices is being built on? On the take-up of new financial products, such as current accounts, credit cards, etc., what growth rate does An Post envisage and how profitable does An Post envisage this element of its business being in the future? Does An Post have any projections for that?

**Ms Debbie Byrne:** The strategy for the post office network last year was to look at the sustainability of the network and to repurpose and rejuvenate the network to create a viable income for postmasters. Our strategy there was consolidation around communities. Some 152 post offices closed last year and that business transferred to nearby post offices. Some 60% of the post offices that received the transferring business are seeing double digit growth and that is good because it means that the next tranche of 55 to 60 post offices are more viable and we are working closely with those post offices that might not have seen that business uplift. That is one aspect of the strategy. We appreciate that was a painful process for communities around the country but what we have done is to secure those next 160 post offices. The feedback from both postmasters and the Irish Postmasters' Union, IPU, is that it has been successful.

The other aspect of the strategy was to focus on developing new products and services and to put them through the network. A significant shift is going on in the business. The social welfare business, which is the largest part of our business, and some associated services, such as BillPay, etc., are all in decline at a rate of 5% to 6%. Those are big numbers. The growth in our business at the moment is coming from financial services and we are seeing some good growth come from that. The total post office network this year will see turnover growth of approximately 1%, but within that, there are huge shifts in business that is in decline as we build the new businesses out. We are working hard to stand still. We have seen some great growth in our current account business with the number of accounts going up 20% year on year. The consumers only have to present themselves in the post office to do their anti-money laundering process. That is a benefit. We are getting a new younger consumer as we have re-launched our brand this year and advertised quite heavily on television so we are not just selling to the existing base. In March of this year, we launched credit cards and consumer lending in conjunction with Avantcard, which is based in Carrick-on-Shannon. Looking at Central Bank figures published every month for new credit cards issued, we estimate that we are getting between 20% and 25% market share. That is a big success for us and we are considering doing another burst of television advertising at the end of the year to capitalise on that.

Consumer lending got off to a slightly slower start but we recently got a new rate from Avantcard. We have the best rate in the market for lending under €10,000. That is where we see our sweet spot, at that lower lending threshold. We are advertising that rate at the moment. We have seen our loan business treble over the past two weeks. Postmasters are getting used to that and having new conversations with consumers. We feel very happy about that. We have also done some research. We are number one in the market for foreign exchange and, as the banks either close branches or do not want to deal with cash, we are filling that gap. We carried out an analysis recently with GeoDirectory. There are 510 post offices that do not have a bank within a 5 km radius. We are really filling the role of a community bank.

When we were here in July 2018 another group had been in before us and there was a lot of

talk about Sparkassen and community banking. I think in that year, we have shown that we can be a credible force and can provide an alternative to the banks within the community. We need to build on Government services where we have had very little traction. I urge people present as they launch their party manifestos today to include this. We will try to make inroads in that and we are building out our e-commerce proposition. Much of the noise has been around consolidation but those of us in the GPO focus on the growth and the new products and services.

**Deputy Eamon Ryan:** I recall that when Ms Byrne was here two years she said An Post wanted to go into Government services. Is there a single new or additional Government service that has been introduced through the post offices in the past two years?

**Ms Debbie Byrne:** Dog licences. It is modest revenue but it is a good example of something that has been introduced through the post office and as we estimate that approximately 20% of people who have dogs purchase the licence through the post office, there is still headroom for that to grow.

**Deputy Eamon Ryan:** Could Ms Byrne give me an example of three more services An Post would like to get?

**Ms Debbie Byrne:** It does not all have to be on an exclusive basis. As we think consumers should be offered choice and convenience, it could be something like motor tax or driving licences. At present, a person has to take a day off work and go to one place in Dublin for a driving licence, queue for half the afternoon and may or may not get in before 5.30 p.m. We see that there is an infrastructure for the State to use to drive income for postmasters. We want to both drive that sustainable income and provide convenience for consumers.

**Deputy Eamon Ryan:** I imagine it is not technically difficult to do that if An Post can issue dog licences.

**Ms Debbie Byrne:** Sure.

**Deputy Eamon Ryan:** Who does An Post need to talk to, the Revenue Commissioners, the Department of Transport, Tourism and Sport or the Department of Finance?

**Ms Debbie Byrne:** The individual Departments.

**Deputy Eamon Ryan:** Is that the Department of Transport, Tourism and Sport?

**Ms Debbie Byrne:** Yes. Everything is with the individual Departments and in the past year, I have spent a lot of time trying to influence a framework agreement so that when individual Departments need to put stuff out to tender, there is a framework agreement for a range of providers, including An Post, instead of everybody running separate tenders.

**Deputy Eamon Ryan:** Has An Post met the Minister for Transport, Tourism and Sport on this issue?

**Ms Debbie Byrne:** We have not met the Minister but we have engaged with all of the Secretaries General in the Departments.

**Deputy Eamon Ryan:** What are they saying? For example, are they keen to issue the driving licences through An Post?

**Ms Debbie Byrne:** As everything is subject to tender, when that comes up again we will

tender. We understand that services need to be tendered. There is certainly feedback from consumers on forums that suggests that the provision of driving licences would be a good example because at present, consumers' needs are not being met.

**Deputy Eamon Ryan:** We have been thinking and talking about this for two years. It should not take that much to get the Department of Transport, Tourism and Sport to switch a service over. What has delayed it for the past two years?

**Mr. David McRedmond:** Ms Byrne is correct in her description of what has happened. It is the description of what has not happened which is concerning. Every effort has been made by her and the team in An Post to get a framework in place for Government services. There was supposed to be a memo to Cabinet and then to a sub-committee. It has been quite dispiriting. I still see post offices as having harps above their doors. We are a Government office. There are 950 Government offices throughout the country and the Government is not using them. I can understand that tenders have to be issued for certain services and so on, but where there is a will there is a way. When committee members, as public representatives, face post office closures they should know we have done everything we committed to in terms of introducing new services.

Ms Byrne talked about introducing financial services. We could not do that any faster than we are currently, and we are gaining huge shares in some key areas. Government services have been a real disappointment and, as Ms Byrne said, we would appreciate the support of the Oireachtas in terms of political parties and manifestos stating that these Government offices are worthwhile and are great outlets in terms of providing opportunities to have Government present in every town and village across the country.

**Ms Debbie Byrne:** In terms of rural Ireland, there is an opportunity for the Department of Agriculture, Food and the Marine or other Departments in respect of anything which is licence based or involves grants and information. A post office can be a centre for information on feasibility grants for SMEs or retrofitting. Postmasters in the community could be used to make people aware of grants and supports.

**Deputy Eamon Ryan:** We should make it a Brexit response unit and that might kick it into action.

I recall An Post going into banking with Postbank. I was slightly concerned when I saw a twinkle in some executive's eye when I asked where it was going to make money on the lending side. The executive referred, with a smile, to mortgages. I remember shutting down that bank because it went bust, like so many other banks at the time.

It is good to hear that An Post is having success in terms of credit cards and deposits. I know a certain amount about banking, such as that money is not made in banking unless there is lending. I will be perfectly honest. I am concerned I have not heard anything about An Post having any commercial lending experience or expertise in the two years since it first indicated this as a strategic direction. I am encouraged that An Post is talking to Sparkassen because it seems to have a certain capability in that regard. A warning sign is going off in my head because if a bank is not lending it is not making money. Maybe An Post is the exception because it is good at dealing with large volumes of low value transactions. Where is its expertise in lending?

**Mr. David McRedmond:** I will answer first. We have built a team of very experienced and talented executives from the banking sector. We are not a bank, so we leverage third party pro-

viders which have the expertise. We are involved in lending and want to do much more in that area. We also want to become more involved in mortgages, which I will let Ms Byrne describe.

**Ms Debbie Byrne:** Unlike Postbank, where An Post had the licence and was involved in a joint venture, our current approach is that of a partnership. The expertise lies with our partner, Avantcard, as we are involved in consumer lending.

**Deputy Eamon Ryan:** Who is the partner?

**Ms Debbie Byrne:** Avantcard, based in Carrick-on-Shannon. It was formerly MBNA. It deals with loans and credit cards for us and we rely on its systems and expertise, as well as our in-house team which we formed from people who have worked in all the major banks. We have a team of 12 people who came from AIB, Bank of Ireland, Ulster Bank and Permanent TSB. The expertise in credit risk lies with the partners. We are involved in lending, which we launched in March this year and which is going well at the moment. The committee members will have seen the advertising. We have also signed a deal in the small and medium-sized enterprise, SME, lending space and will be bringing a service to market early next year.

**Deputy Eamon Ryan:** With whom?

**Ms Debbie Byrne:** We have not commercially announced that yet. We are concluding the contracts and will be able to announce that in the next few weeks.

**Deputy Eamon Ryan:** With whom is An Post partnered in mortgage lending?

**Ms Debbie Byrne:** We are talking to partners at the moment. We have not settled on a partner. We are in the middle of concluding contracts concerning SME lending. On mortgages, we continue to-----

**Deputy Eamon Ryan:** Who carries the risk? An Post has a partner. Who holds the loss if a mortgage or loan goes wrong?

**Ms Debbie Byrne:** The partner.

**Deputy Eamon Ryan:** That is a new form of banking. I am nervous. An Post is entirely on the deposit side and Ms Byrne says it has no risks on the loan side. We would all like to be in that business.

**Ms Debbie Byrne:** The partner carries the risk. That is the model. We enable the product.

**Deputy Timmy Dooley:** I thank the witnesses for the presentation and the work they have done over recent months to address the financial crisis in their organisation. An Post is now on a safe financial footing. That has come with some very considerable pain for the communities that have lost post offices. We should be mindful that there are people, particularly in rural Ireland, who now have a worse service than they had previously. They have to travel further to access their service. While the financial liability of An Post is on a firmer footing, thankfully, there has been a very considerable loss for parts of rural Ireland. That is especially pertinent as we try to maintain those communities and retain services.

Based on the presentation the witnesses have given, I am shocked to hear that the Government has not engaged in the utilisation of An Post's distribution channel for State services. It brings into sharp focus the crocodile tears shed by Ministers and supporters of this Government throughout rural Ireland during the very difficult period of post office closures. The support

offered by the Government at the time rings hollow, particularly with the passage of time. The Government has not engaged with An Post so that more services could be delivered through its offices. It is clear that An Post has engaged because it has managed to bring financial partners on board and to deliver more services. It is doing good work around parcels. If the Government was committed to rural parts and to the services that An Post would deliver, surely these services, which are an integral part of the State's engagement with its citizens, would be available through that office that has the harp over the door. I am shocked.

Will the witnesses provide the committee, insofar as they can, with a detailed list of the services on which An Post has offered or engaged with the State? I would like some kind of chart showing where those discussions are at. It is incumbent on us to haul the relevant Ministers before this committee and expose their lack of commitment, not to An Post but to the people in rural areas who need these services that An Post is prepared to provide.

I do not want to go over ground that has already been covered. An Post recently launched an initiative around the reduction of carbon emissions and launched a fleet of zero emissions vehicles. How is that working out? Will the witnesses update us? They have covered the issue of dog licences. That is positive. It is a new service. Will the witnesses give us their view on the potential loss of the service of issuing TV licences? Do they see issues there that must be addressed?

**Mr. David McRedmond:** We will provide the committee with the information requested. The roll-out of electric vehicles is going very well. Our target was to reduce our carbon emissions by 50% by 2030, based on figures from 2010. We have moved that forward to a 50% reduction by 2025. We will get there early. From today, we only have electric vehicles for daily deliveries and collections between the canals in Dublin, apart from a couple of heavy collections, one of which is from Leinster House. We have to start and stop our vehicles all the time so if An Post can do it, there is an opportunity for the Oireachtas to consider whether there is any reason to have anything other than electric commercial vehicles in the centre of the city. By the end of next year, our aim is to have only electric vehicles in all the five cities of Ireland, which includes greater Dublin, and we are on track to do that.

**Mr. Garrett Bridgeman:** We have very ambitious plans for our electric fleet and we have the largest electric fleet in the country. These are not just electric vans, of which we have more than 100 to deliver to all houses and businesses between the canals because, in suburban areas, we have electric trikes for deliveries, which are large electric-assisted bicycles. By the end of this year, we will have over 200 electric vehicles operating in the cities. We will extend to Cork later this year and to all other cities by the end of next year. We also have an order for over 750 electric vehicles over the next 12 months so we are being very aggressive, even in comparison with other postal services in Europe against which we benchmark as a leader. We are very proud of that as it goes to the core of what An Post is about. It is about being a force for good and is about sustainability for generations to come.

**Deputy Timmy Dooley:** The witnesses spoke of the situation for short runs and between the canals but where is the next level? An Post moves a lot of freight from north to south and east to west. Is it considering using biofuels or hydrogen? I believe An Post has the capacity to be involved in the pioneering stage of new technologies, by virtue of effectively being a State agency. The State must show leadership in these areas, even where it does not always make economic sense.

Is An Post looking at changes in heat management within its facilities? What is the general

picture across its range of operations?

**Mr. Garrett Bridgeman:** Sustainability is not just about electric vehicles and vans. The first electric truck is coming on stream and I want it to be made available in Ireland first. Trucks that run on biomass do not have zero emissions, only lower emissions, while our aspirations are for zero emissions. We will be the first company in Ireland to operate electric trucks. Solar panels are being put onto the roofs of all our delivery offices and post offices and we are rolling out a programme in the next 12 months in which we will install electric charging points for customers to use outside post offices. We have huge plans but we also focus on the small things, such as encouraging people not to print things off that they do not need, and this is happening throughout the organisation.

**Ms Debbie Byrne:** Last year, we collected €166 million in television licence revenue, representing a 1% growth year on year, and our aim is to steadily improve on that. There are two big infrastructural investments that will help us to do that. One is investment in the database, so that we know the number of houses there are and who lives in them, and the other is enforcement. The burden of proof is part of that and it is important that it is not against a household but an individual. We have a rolling one-year contract that will go to tender, which we welcome because we have not been able to put that investment in. Three independent studies carried out by the Department estimate that we would need to spend between €1.5 million and €2 million on the database and we could not certainly not commit such investment with a rolling one-year contract. It is an important stream of income for postmasters, as it represents about €3 million. While it is an expensive business for An Post to run, given the 90 inspectors and so on, it is still a source of revenue.

**Deputy Michael Lowry:** I welcome the witnesses to the committee. I thank them for the overview and their report, which is informative, useful, and sends out a progressive and positive message about where An Post is at. I have followed the fortunes of An Post for some time, and over the years I have seen Ministers refusing to make decisions for political reasons, kicking to touch, and pushing An Post to the brink of insolvency. I commend the current management on effectively making decisions that have rescued the company from freefall, stabilised it and put it on a path of growth. I also welcome the fact that turnover and profitability are increasing.

I notice that there has been a huge change in the management structure of the company, which is a case of out with the old and in with the new. Older members of An Post made valuable contributions to the company over the years but times and circumstances have changed and it is important to have people in the company with modern skills and talents to address the opportunities that are there. There also have been many casualties along the way. We have lost many good people and many of those who gave great service to the company lost their jobs. We need to be sensitive to that. There has also been a diminution of services, particularly in the withdrawal of services from local parishes and communities, which has been very difficult for people to understand or accept.

It is important that the company has access to Government services. We cannot say it is a Government operation while at the same time not giving it the support it needs to devolve these services. As Deputy Dooley stated, it is important that we understand the issues and are given information about what efforts are being made and where the obstacles are. I sense there is a level of protectionism coming from existing organisations within the public service, which do not want to devolve services to An Post. Now that the hard decisions have been made with An Post, it is important that the company is allowed to deliver the services that are needed and required by a younger generation of people. Those services have changed, as have the demands

and expectations of the quality of the service being delivered. The reality is that consumers will not accept anything other than a proper, full, and modern service. That is where we are at and that is where we need to be.

I was one of the members who asked for An Post to come before the committee initially, because there was a full-blown controversy going on in my own constituency at the time regarding the Thurles post office. I am sure plenty of comments will be made about the decision on the Cork mail centre as well. Change affects everybody, and if dramatic changes are made without prior notice or consultation, people will not understand the logic or rationale behind them, which makes it much more difficult for people to accept the decisions being made. It is hugely important to communicate, as is clear from the relocation of Thurles post office. There was no advance notice or pre-consultation on it and as a result, it was the subject of considerable protests and agitation. It unfortunately became very divisive in our local community. It left a sour taste, and An Post lost a lot of goodwill as a result of the way it was handled. The decision to relocate is having, and will have, a significant impact on the business community on Liberty Square. An Post coexisted with that business community and was part of the fabric of the local town for over 100 years, therefore it was a dramatic change and a big shock for that to happen. I have seen the new centre in Thurles and it is impressive. Much of the public has welcomed the wide range of new services provided through a modern network. I am happy there continues to be a flagship post office in Thurles. What will happen to the vacated premises? It is in a prime location in the town centre and we want to ensure that it will be put back into use, whether for private or public service, at the earliest opportunity.

Two other issues are important in the context of the service An Post provides in Thurles. There is a question about the parking available for older people at the shopping centre. There need to be designated parking spaces for people who are unable to walk up ramps or access higher levels in the carpark. There is also a need for a bus stop outside the shopping centre. The bus stops at Liberty Square but it needs to stop closer to the shopping centre in order that people can access the post office.

Traditionally, An Post has been strongly associated with the delivery of social welfare entitlements. What percentage of pensioners visit a post office to collect their pension? From meeting older people, I detect they often prefer to receive their pension online, which reduces the footfall to post offices throughout the country. What is the trend in that regard?

I reiterate that the committee supports An Post in its efforts to promote access to, and to deliver, government services. It has made fantastic strides in an area where it should have been active years ago, namely, in the processing of parcels, which has proved lucrative. The public will appreciate and use the post office network if there is access to government services. It is important that An Post give the committee the information that is needed for us to put pressure on the various Departments to co-operate with it.

**Mr. David McRedmond:** I thank the Deputy for his support of government services. We respect his comments on consultation, or the apparent lack thereof, in respect of Thurles. It is not an excuse; we have to do our job properly. We have had to work fast on a vast range of issues to ensure we execute them but, on behalf of An Post, I fully accept the comments to the effect that it would be more helpful to communities wherever we are if we engaged in early consultation.

Before Ms Byrne answers the questions specific to Thurles, I turn to social welfare, which is gradually declining as people take more payments through electronic fund transfer. It is impor-

tant that An Post is not viewed as what is sometimes called an offline channel. It is not the case that we just carry out the physical transaction while others do the digital transaction. We have invested heavily in a digital team. We have appointed a chief digital officer and developed first-class digital products. For us at An Post, the key is to use the retail jargon of “omni-channel”. For whatever services, such as the provision of dog licences, the customer will know that they can be obtained from An Post either online or at a post office. An important aspect in respect of communities is that we are human in our contact. People can contact a human being for help if desired but they can also benefit from digital services.

**Ms Debbie Byrne:** The shopping centre in Thurles has provided additional handicap parking spaces. I need to check where we are at, but we have engaged with the local council on the issue of the bus stop.

Social welfare is a big part of our business. Thankfully, unemployment is falling, meaning that the number of jobseekers coming into the post office is also falling. We are trying to get at the pensioner figure with the Department of Employment Affairs and Social Protection. We estimate that we are getting fewer than 20% of new pensioners coming into the post office, with the other 80% opting for direct payments into their bank accounts. It is true to say this is a declining part of the business. The figure for children’s allowance is probably higher.

**Deputy Michael Lowry:** I do not mean to localise the discussion, but we need dedicated spaces, specifically on the ground floor of the car park, for old age pensioners and people with a disability who require access. It is important for An Post to officially and formally contact Tipperary County Council to request the provision of a bus parking spot outside the shopping centre.

**Deputy Mick Barry:** I want to ask about the decision to close the Cork mail centre. I listened carefully to the presentations. What struck me was the theme about An Post’s relationship with the State, the harp above the door and the 900 Government offices. What conversations, discussions or consultations, if any, did Mr. McRedmond have with Ministers before the decision to shut the Cork mail centre was announced?

**Mr. David McRedmond:** The consultations we had were principally with officials. We certainly raised the issue of a mail centre closure consistently because it was public owing to a recommendation made by the Labour Court. Over a period of 18 months we discussed the issue of having to decide on the closure of a mail centre.

**Deputy Mick Barry:** Was it the Cork mail centre specifically?

**Mr. David McRedmond:** No. We did not have specific discussions with any Minister about a specific mail centre being closed. That decision was made purely within An Post.

**Deputy Mick Barry:** After the decision was made in An Post and before it was announced to the wider world and the workers, did Mr. McRedmond have a telephone conversation with the Tánaiste and Minister for Foreign Affairs and Trade, Deputy Coveney, to discuss the issue?

**Mr. David McRedmond:** I informed the Tánaiste and the leader of Fianna Fáil that we would be making the announcement.

**Deputy Mick Barry:** Was that before the announcement was made to the workers?

**Mr. David McRedmond:** I understand it was the same evening.

**Deputy Mick Barry:** Did the Tánaiste or the Leader of the Opposition – the leader of Fianna Fáil - push back in any way against the decision and urge Mr. McRedmond in a strong way to reverse the decision?

**Mr. David McRedmond:** Both the Tánaiste and the Leader of the Opposition – the leader of Fianna Fáil – strongly asked us to reconsider the decision. They were both clearly unhappy with it, but I was clear that the decision had not been made lightly. We used external consultants who had been given an extended period to ensure the decision was, to the best of our ability, objective about the future of An Post. It also took into consideration a broad range of issues, including the re-employment of employees.

**Deputy Mick Barry:** Let us focus on those issues. When the State is spoken about, one sometimes wonders whether the left hand knows what the right hand is doing. The Government has a strategy entitled Project Ireland 2040. Cork will be the fastest growing city in the country in the 2020s and 2030s and there will be a doubling of population by 2040. Was any account taken of that plan when An Post was making this decision to close the Cork mail centre?

**Mr. David McRedmond:** Yes. Pretty much every economic consideration was made. I will ask Mr. Garrett Bridgeman, who leads the business and led the project that worked through that decision, to explain the elements in that decision. We took into account all known factors. We worked with Accenture, which is a global consultancy and one of the world experts in postal organisations and logistics infrastructure.

**Deputy Mick Barry:** Project Ireland 2040 was factored in.

**Mr. David McRedmond:** I believe it would have been factored in by that group but I will ask Mr. Bridgeman to comment.

**Mr. Garrett Bridgeman:** Obviously, this was a very significant decision that we knew would affect people's lives and families. It was not one we took lightly. We stepped back and said we have four mail centres and looked at the way mail volumes will go and the way parcels will grow. All of that analysis and data came up with the conclusion that the Cork mail centre was not needed as a letter processing centre. Our letter volumes have gone down by 50% in ten years but our parcel business is growing. It grew by over 60% in two years and will quadruple over the next number of years. All the modelling and analysis showed that 80% of those parcels would originate in the Dublin region, which is a key reason there is no requirement for a processing centre in the Cork area. However, there is a requirement to have a considerable number of delivery staff in the Cork area and we have more than 650 staff spread across 35 units. Our focus is on looking at those 35 units and improving the delivery infrastructure in Cork and investing heavily there in terms of making sure those delivery units transfer from being ones that deliver letters to ones that deliver parcels and that we have lockers and all that for the people of Cork.

**Mr. David McRedmond:** With regard to Project Ireland 2040, Cork and the economy, unfortunately, a number of factors mitigated against Cork. One factor is that the road infrastructure in Munster tends to be better than the road infrastructure in other parts of the country. A critical issue for mail is ensuring we can provide next-day deliveries. If we had closed a centre in the midlands, we would not have been able to guarantee next-day delivery to Donegal so the road infrastructure is one factor. Another factor that was of significance and one of our four criteria was the possibility of re-employing staff. This was a very important criterion, which the Deputy can imagine would be important for the unions as well. The ability to redeploy staff

in the Cork area because of the growth and strength of the economy in Cork worked against Cork in terms of keeping the centre in Cork open. Since then, there have been a high number of applications - probably slightly higher than we expected - for voluntary redundancy. We have also had a very successful job fair with a range of companies in Cork. Those two factors were specific to the local economy.

**Deputy Mick Barry:** I want to ask Mr. McRedmond about parcels and re-employment, but before I do, let us talk about what will be travelling on the road infrastructure. I understand that the position is that a letter posted in County Kerry or County Cork will not go to the Cork mail centre for sorting but will go to Athlone or Portlaoise. If that letter was posted to someone across the road or town or 20 miles down the road, it would come back to them. Will all vehicles bringing letters be electric?

**Mr. David McRedmond:** No, they will not. What the Deputy describes is true of anywhere in the country. I could send a letter to a neighbour, but it would still have to go to a processing centre. It would have to travel to a main processing centre in any part of the country to be re-distributed. That is how the network works.

**Deputy Mick Barry:** What percentage of vehicles will be electric?

**Mr. David McRedmond:** Currently, none of the trucks is electric.

**Mr. Garrett Bridgeman:** As I mentioned, there is no electric truck available to any company. We will be the first to have electric trucks. By the end of the year, all deliveries in Cork will be made using electric vehicles. A substantial number of trucks in the Cork area will be electric. Until there is an electric HGV, it will be done using diesel vans.

**Deputy Mick Barry:** Until now a letter posted somewhere in County Cork to Blarney, for example, would have gone to the Cork mail centre and then sent to Blarney. Now it will go to Athlone or Portlaoise and come all the way back down. Presumably, in the course of a year there would be hundreds of thousands or millions of such letters. Not one single truck is electric, it is all done using diesel trucks.

**Mr. David McRedmond:** That is the case currently. We are very keen to get electric vehicles on the road and will be the first to do so. However, it is not an extra vehicle that travels from Athlone or Portlaoise to Cork, rather it is a vehicle that travels from Portlaoise to Cork. We do not have hundreds of vehicles. That is how the network works. Yes, there will be extra vehicle runs, but there will not be a huge number.

**Mr. Garrett Bridgeman:** Without getting too technical, we do not drive all of our trucks from west Cork to Athlone or Portlaoise; there are facilities where we cross-dock. In that case, trucks meet at another facility such as that in the north and south of Limerick city. The network is very detailed and planned in the most efficient way. We do not have trucks travelling all over the place. They carry letters and parcels, which is an efficiency that was not achieved some years ago.

**Deputy Mick Barry:** It sounds to me that there will be more trucks going up and down the road on a daily basis. If the number is multiplied over a period of weeks, months and years, it will be a significant negative in terms of climate change. I will park that point and turn to the issues of re-employment and the parcel service.

**Chairman:** I am conscious that others are waiting.

**Deputy Mick Barry:** The Cork mail centre will close. It is a valuable property. Is it An Post's intention to rent or sell it? What price might it expect to receive? Is this issue being actively pursued? There is a flipside to that question. I understand the growth of the parcel business has meant that there will be a parcel hub in 2022 or 2023. The delegates might clarify the position in that regard. Presumably, it would be an opportunity to rehire postal workers. If someone in the Cork mail centre was to apply for a job in the new parcel hub, can the representatives of An Post guarantee that they would at least have equivalent wages and conditions, or would they be employed on lower wages and conditions?

**Mr. David McRedmond:** I will hand over to Mr. Bridgeman. Those who are being offered roles are being offered them on the same or higher terms. The value of the Cork mail centre is not a significant factor in the decision on which mail centre to close as it would be a one-off as a capital asset as opposed to the recurring savings that would be derived each year from not operating a mail centre. While the decision on the Cork property is important for Cork, it is a relatively minor decision financially in respect of the case for closing the mail centre.

**Mr. Garrett Bridgeman:** On the parcel business, we have 35 DSUs, delivery units, in County Cork. The ones in the north and south of the city, Ballincollig for example, need to be adapted for the parcels world; we will need to invest in those facilities in order that they can handle parcels. All of the 240 staff members in the Cork mail centre were offered voluntary redundancy - a significant number have taken that up - and redeployment. Redeployment can be to any of the other 650 positions we have within County Cork. As Mr. McRedmond has said, when they transfer they will keep their existing terms and conditions.

**Deputy Mick Barry:** I wish to be clear. I understand that someone transferring from the Cork mail centre to the north city DSU will be on the same wages and conditions. However, in the case of people working in the Cork mail centre today who decide to do something else with their lives for the next couple of years and who then apply for a job when the new parcel hub opens in the 2020s, is Mr. Bridgeman giving such people a guarantee that they will be on the same wages and conditions they have today?

**Mr. Garrett Bridgeman:** No. Just to add to that point, the new parcel centre or any parcel investment in Cork will be for delivery staff, that is, for existing staff who work delivering parcels in the north city, south city and Ballincollig. These staff will be brought into a new centre. It is not for the processing of parcels. All of that will be done in----

**Deputy Mick Barry:** I have a final question.

**Chairman:** It must be the final question.

**Deputy Mick Barry:** I note the point that there has not been a guarantee that people will even be on the same wages and conditions in a few years' time. I have been asked to ask a question by a group of drivers.

**Chairman:** I ask the Deputy to be brief.

**Deputy Mick Barry:** At the Dublin 15 postal centre in Blanchardstown recently, 40 cycling posts were replaced with 40 diesel vans. I know that part of the reply is that 12 electric bicycles have been introduced there. However, 12 electric bicycles do not replace 40 cycling posts, particularly when 40 diesel vans have been brought into the equation there. I ask the witnesses to comment on that.

**Mr. David McRedmond:** Bicycles are being replaced because postal operatives cannot deliver parcels on bicycles. We are virtually the last postal operator in Europe that still has bicycles and we need to replace them. This is why we are pushing electric vehicles so hard. Blanchardstown, being in the greater Dublin area, will have all electric vehicles from the end of 2020. There is probably just a timing issue on getting those electric vehicles. It is quite hard to order enough electric vehicles to get them in. That is all it is. We have committed from the end of 2020 to have only electric vehicles in the greater Dublin area.

**Mr. Garrett Bridgeman:** That is the exact case. They are hired vehicles for a short period pending-----

**Deputy Mick Barry:** Just one point-----

**Chairman:** No, I must move on.

**Deputy Mick Barry:** It is hard to-----

**Chairman:** I am sorry, Deputy-----

**Deputy Mick Barry:** Just-----

**Chairman:** The Deputy can take it up-----

**Deputy Mick Barry:** I just want to clarify one point.

**Chairman:** Very quickly.

**Deputy Mick Barry:** It is hard to hire electric vehicles. Could the witnesses-----

**Chairman:** No.

**Mr. David McRedmond:** It is just hard to purchase them. Only so many electric vehicles are being manufactured.

**Deputy David Cullinane:** I welcome Mr. McRedmond and his team. I was recently appointed as my party's spokesperson on communications and the environment. I hope that I will get the opportunity to have an informal meeting with Mr. McRedmond in the coming weeks. I support the previous Deputy's sentiments. It is obviously a very important issue for the workers in Cork. He very intelligently set out those concerns and I noted the witnesses' answers. I support the sentiment of the questions put and the concerns raised.

I wish to return to the global issue of post offices. I met representatives of the Irish Postmasters Union last week as one of my first engagements to get a sense of their concerns about the impact the change to the television licence collection might have on post office services. Looking at the post office sector in the State, are any criteria used to establish the viability of a post office or is it a demand-led service?

**Mr. David McRedmond:** I will ask Ms Debbie Byrne to speak about the criteria. We look at the number of transactions as a benchmark in saying a post office needs X number of transactions to be viable, but our approach is really based on a market definition that states a post office needs to be located in a centre with more than 500 people. If a post office is located in such a centre, offering the services that are coming through, it ought to be viable. However, it is not guaranteed because post offices are individual businesses with their own characteristics such as rent payments. Some post offices pay rent, while others are rent free and some are co-located.

We have a set of criteria that can help those businesses to be viable. First-----

**Deputy David Cullinane:** Is Mr. McRedmond saying market forces constitute a strong element underpinning the criteria and that a post office must be viable from a market perspective?

**Mr. David McRedmond:** Yes. There must be sufficient demand, not just for it to be viable. It is not a sense that it is purely market-driven. We have a requirement to have a post office within 15 km of 95% of the population in an area or 3 km in a town, as I think the Deputy knows. They are the criteria in place. Our number one obligation is to provide a service, which is what we do, but because postmasters run individual businesses, it is not the job of An Post to make sure they are viable. The best we can do is to design it in a way that it can work.

**Deputy David Cullinane:** I accept that, but do post offices also meet a social need, not just in rural areas but also in urban areas?

**Mr. David McRedmond:** Absolutely.

**Deputy David Cullinane:** Would that social service be led in part by some State services such as social welfare payments, An Post payments or the payment of Garda fines? Is it fair to say this is also a strong element of the overall service provided that adds to the viability of the post office and also meets a social need, particularly in rural areas?

**Mr. David McRedmond:** Yes, I think it is, but it does not guarantee viability. As we were discussing, the social welfare payments service is in gradual decline, as are some of the older services, which is why we are developing financial services. There is a mixture of related elements. We are very clear on what our social purpose is. We are clear that we exist for the common good, but as a commercial semi-State body, we also have an obligation to be viable.

**Deputy David Cullinane:** I have watched many post offices in my constituency close. Invariably, when they close, it causes a major problem in the locality, particularly in towns and villages. Sometimes the heat is on for a few weeks, but then, obviously, it dissipates. However, people have lost the service and that presents a difficulty, particularly for many older people. We have discussions about how many post offices we have, how many were closed and so on. Has there been a mapping exercise to assess how many are needed in the State to provide necessary services? That should be the starting point. There should be a proper mapping exercise to assess the service provided and how many post offices are needed to ensure those post offices are viable by providing them with State services at the level that is necessary or whatever other services they need to make them viable. Has that exercise been carried out by An Post? What is the number in that regard?

**Ms Debbie Byrne:** We have 956 post offices, of which 46 or 47 are company-owned, with the remainder being what we call contractor or postmaster franchise operations. In looking last year at the network's sustainability and viability we carried out a forensic mapping of post offices and the country using the most recent census data. We used the criterion that every community of over 500 people should have a post office, while maintaining coverage on the islands and in such places. The offer of a voluntary exit programme was then made to postmasters within the country.

**Deputy David Cullinane:** Is there a number? That is my point. I know how many post offices there are in existence, but did a number come out of the mapping exercise for the number it was necessary to have to provide services based on the criteria?

**Ms Debbie Byrne:** We have always said that, based on the social welfare tender document and criteria, the number is 750. Therefore, it is between 700 and 800. If the next question is whether we are going to close another 150 post offices, there are no active plans to do so. We have restructured the network and ensured the viability of the next tier of post offices. Our focus is on driving growth and new products, not on wielding the axe again in the context of an active closure programme.

**Deputy David Cullinane:** We heard that before and then there were announcements of closures. To be clear, Ms Byrne is saying that even though An Post has carried out a mapping exercise that indicates that, from An Post's perspective, the State could live with having 750 post offices, for viability reasons, it does not see the need for a reduction in the current number of-----

**Ms Debbie Byrne:** About 954. There are a number of post offices where the postmasters have, unfortunately, passed away or retired. We will advertise the contract and award a State contract. It must go through a rigorous process. A number of post offices have been closed because we do not have a suitable candidate or premises or because it is just taking time to complete the process. We are going through it as vacancies arise.

**Chairman:** I thank Deputy Cullinane for his brevity.

**Senator Terry Leyden:** I thank the Chairman.

**Deputy David Cullinane:** A former Minister of State also.

**Senator Terry Leyden:** Indeed. Four members of the joint committee served in An Post or the then Department of Posts and Telegraphs. I worked in the GPO.

**Deputy Timmy Dooley:** Did the Senator consider producing a stamp to commemorate and honour all of the people in question?

**Senator Terry Leyden:** I launched a few stamps.

**Deputy Timmy Dooley:** I was not suggesting providing a pension for them.

**Senator Terry Leyden:** I think some already have it. Funnily enough, the philatelic section is successful.

I welcome Mr. McRedmond, Ms Byrne and Mr. Bridgeman and thank them for attending. The atmosphere today is more calm than it normally is when we are discussing post office closures. At this point we must provide security of tenure. Let us bed down the system and say, "Let us move on." All politics is local. The post office in the parish of Athleague, in which I live, was closed down, as Deputy Naughten is aware. More than 500 people live in Athleague. Certainly, there are more people living in the entire parish. The electoral register is a very powerful tool. I could never understand why the post office was closed. I do not want to ask for details at this stage, but will the delegates come back to me on the issue? Why was a contract in an alternative location not tendered for? Has a post box been provided? One was provided in the Castlecoote area of that parish. The post office in Castlecoote was closed down and turned into a post box facility, which provides a good service. The post office in Athleague was a great facility, at which the Connaughton family - Josephine, Martin and Niall, with their staff - provided a tremendous service. It provided financial services also. It was a major loss to the area, as I think Deputy Naughten would agree. Its closure has had a major impact on the

village which has a key industry in Kepak.

I commend An Post on the credit card facility. Will the delegates elaborate on the matter? I understand a person must have money in his or her account to operate it. Perhaps I am wrong, but can I volunteer to sign up to avail of the service? As a former Minister of State at the then Department of Posts and Telegraphs, I would love to use An Post's credit card. I encourage others to join because there is great loyalty to An Post and State services.

There is potential in the use of Internet services. It is not the most viable service, but there are many schemes under which farmers must apply for grants. Many people do not have the skills to do that. It would be worth looking at carefully to see what An Post can do to help with application with a viable cost for that consultation. It is a very important service. It is becoming increasingly computerised. Many farmers - elderly and younger - do not have the time or the skills to go through that process. The same applies to booking flights and holidays. There is potential there.

There is potential to push the saving bond system further. One could update the cost of bonds. I know there was a reduction in the number of prizes. It is a great gift to give people, encouraging them to save. I would be in favour of the saving bond system being turned into a housing bond system allowing people to save there, with the funds directed into social and public housing. It would give people an incentive.

I suggested to the late Brian Lenihan that we should have a national saving bond. I think that was implemented and there is a saving bond in An Post.

**Ms Debbie Byrne:** There is.

**Senator Terry Leyden:** I would like the witnesses to elaborate on that. An Post should exploit the saving book account. The interest rate is very low as it is everywhere - it is as competitive as any bank. We should encourage schoolchildren to save - bring them in young and get them involved in An Post with saving accounts.

In the past two weeks I visited the GPO. It was very busy. There is a fantastic atmosphere there. I went in to do some work there; to look at an account there. I witnessed some staff who were subject to considerable abuse. I know there are security people there. People come up to the desk looking for a social welfare payment that may not be in or whatever. An Post should look at that. The security present was not as strong it might be. I thought they were very vulnerable. I heard verbal abuse of staff which is totally unacceptable. The 1916 interpretive centre at the GPO is brilliant and I congratulate An Post on that. It is a very historical building and it is a great honour to work there.

I was always very anxious that An Post would have the television licence fee collection and I hope it succeeds. It seems a natural bond because RTÉ was created by the former Department of Posts and Telegraphs. I hope An Post wins that contract as it is in a very strong position to do. I do not think anyone can do it as well as An Post does and in a humane way.

The transfer of funding has been a bone of contention with Deputy Burton and others. They kept sending money out to banks, as opposed to the post office saving accounts. Has there been any change in the policy in this regard? If somebody wants to get direct payment of a pension or another payment, they should nominate An Post as the centre for the collection of that pension. Now people go with their books and get their money, which is fine. However, if people want to transfer it to an account, there should be a facility to have it there.

My colleague made points about the Cork situation. Was there any agreement that one sorting centre would be closed or that one possibly was surplus to requirements? The decision was probably based on location. Of course, it is very disruptive and I accept what my colleague said about the staff there. It was a very active office and any transfer or other change is a major blow. Sometimes there can be negotiations involving the unions.

On a local note, I wish to speak about the service provided by our local postman, Damien Meally. He comes there well turned out with the green image of An Post. He delivers his services regularly. He is a terrific person. That applies to all the staff. I worked with them as Minister of State at one time. I congratulate all the postmen and postwomen who go out delivering every day in all sorts of weather providing tremendous service. I am glad that their equipment is being upgraded and everything else. The presentation is very good. The presentation of the staff is very good. When it comes to their work, it is obvious that they are An Post. They are trusted and provide a tremendous service. The service they provide throughout the country is second to none.

**Chairman:** That is a positive note to end on.

**Mr. David McRedmond:** Before I hand over to Ms Byrne to answer those questions, I thank the Senator for his kind comments about the staff, which I echo. He also spoke about staff facing abuse. As our team discussed this week in a different context, our number one duty is a duty of care to our employees. I am very proud to be leading a company of outstanding individuals. There has been some critical comment, but it is largely good comment about the transformation of An Post, making it viable for the longer term. We are moving from an old world of letters and social welfare payments into a newer world of e-commerce and financial services. All of that was delivered by the employees. All of it was done with the agreement of the employees and with the active participation and quite often the intellectual leadership of the unions, in particular the Communications Workers Union. I value the opportunity to commend the work our staff have done. I ask Ms Byrne to answer the Senator's questions.

**Ms Debbie Byrne:** We went through consultation about Athleague at the time. I do not have the details here. In terms of the next post office being within 4 km or 5 km-----

**Senator Terry Leyden:** Ms Byrne might come back to me on that issue.

**Ms Debbie Byrne:** I echo the point Mr. McRedmond made earlier about Government services. It is very important that people view the post office as not just being in the offline world. We have state-of-the-art technology at the counter. We process a considerable number of social welfare payments every day. We also do agency banking for AIB and Ulster Bank. Our state-of-the-art IT infrastructure transfers many payments and messages to various entities, including Eir and other utilities. That often gets overlooked. When people think of the post office they often think of it as the old world. There is a state-of-the-art system at the counter that can be linked into any Government entity. Before broadband gets rolled out to rural areas, there is a role for postmasters to assist people with Government services or other services. We have the infrastructure to do that. We have visited various Departments to correct that image of the post office being of another world and not of the modern world.

We operate saving bonds on behalf of the National Treasury Management Agency, NTMA. We would love to take more money in. It is not so keen now, given existing rates and all of that. If that changes and the market changes, it is an area we definitely want to expand. We manage more than €20 billion on behalf of the State there. After the crisis, a lot of money flowed into

the post office because people regard it as a safer place for their money.

The Senator mentioned trust. There is big trust in the brand. Independent studies are carried out every year and An Post ranks in the top five most trusted brands in the country. It is because of that that we have had success with the launch of An Post Money, credit cards and loans. People feel it is a viable alternative to banks and we have stimulated the competition based on the trust within the brand.

The Senator is right about the post office savings book, which is a great way to get kids saving. It is a little bit old-fashioned and we are looking at developing a new product in that space, which we hope to introduce next year. We also sponsor handwriting and spelling competitions in schools, together with the Department of Education and Skills, so we have great links into schools and we want to use that connection to promote financial awareness and prudence among kids at a younger age. That is something we are working on.

I take the Senator's point on the GPO. We had a post office on Parnell Square which the postmaster refused to operate any more because of inner-city issues. Many of those clients transferred to the GPO, so it can be a bit rowdy on certain days. I take that point.

**Senator Terry Leyden:** The philatelic section is very important. The new IRFU stamp An Post brought out is brilliant, and is one of the largest stamps ever printed. I launched a few stamps featuring Joyce, de Valera and others. I was once in An Post's philately section and it is a great area with much potential, as it allows for the recognition of people who have served, current issues, and so on. I compliment that section. I do not know who is responsible for it but it might be one of the witnesses.

**Ms Debbie Byrne:** I want to answer one other question regarding the current account because it is quite important. The current account is one of the only products we operate ourselves under our own licence. I mentioned earlier that the loans, credit cards and State savings are operated with third parties, however, the current account is a product we operate under our own licence. When we launched the current account, which has had good growth on year on year, we engaged with the Department of Employment Affairs and Social Protection with a view to seeing whether there was an opportunity there to give people the choice of using it if they did not want to come in and get cash. There is definitely a requirement within the State in terms of the unbanked and how people might be missing out. For example, utility companies give preferential pricing if one pays online, and so on. There is a role there for a subsidised bank account, for want of a better word, which could also be used for TV licences and other services. As we give out nearly half a million free TV licences every year and various other allowances are given for fuel etc., there is an opportunity for the subsidisation of some of the fees on the current account. As part of our role, as Mr. McRedmond said, we would welcome working with the relevant Department to bring that unbanked sector of the population into the fold in order that they are not relying on loan sharks and so on.

**Senator Terry Leyden:** Does one have to have a current account with An Post in credit in order to get a credit card from An Post?

**Ms Debbie Byrne:** No. The credit card and current account are separate. The big benefit is that if someone with a balance of, say, €2,000 on his or her credit card opens up a credit card account with An Post and that balance is transferred to An Post, he or she will get that €2,000 interest-free for 12 months. That is the big hook but if one did not have a balance he or she could equally just open an account.

**Senator Terry Leyden:** Does Ms Byrne recommend this strongly? She is being broadcast around the world at the moment so she is getting some good coverage without paying for it.

**Ms Debbie Byrne:** Yes. We are seeing success with it because we have a market-beating rate.

**Senator Terry Leyden:** We should join up.

**Chairman:** I thank the Senator. I call Deputy Naughten.

**Deputy Denis Naughten:** I thank the Chairman and welcome Mr. McRedmond and his team here today. We spent long days and very long nights looking at many issues in relation to An Post and at one stage, we were looking at substantial compulsory closures across the post office network. Particular credit is due to the staff, management teams, and postmasters right across the An Post network for the work they did in turning the company around. The company has transformed. It now offers credit cards and personal loans through Avantcard in Carrick-on-Shannon, sustaining local jobs in a provincial town which, previously, would not have had a strong reputation for financial services until MBNA moved in there. An Post is consolidating and growing jobs in that particular town and I look forward to the development of the SME offering, which will be a huge boost to many local businesses.

My first question is for Mr. Bridgeman. Will he outline for the committee the potential impact of a hard Brexit on the parcel business, as An Post sees it? This is of huge concern to staff in mail centres and district mail offices across the country. Will he outline how An Post is preparing for it?

As the delegates know, the Competition and Consumer Protection Commission is running a campaign about changes to consumer rights if people can no longer purchase goods and services from the United Kingdom. Do the delegates agree that this is a huge opportunity for Irish businesses? Irish consumers are spending approximately €30,000 online every minute, of which €20,000, sadly, is being spent on goods and services outside the jurisdiction. An Post has been engaging with local businesses through the eLocal initiative, but I do not know whether it has been a success or if there are plans to expand it or work with the Department of Communications, Climate and Environment to ensure local businesses can take advantage of the trading online voucher. When it comes to Brexit, the only opportunities on which we can capitalise are in e-commerce, particularly in provincial towns in rural Ireland, as we can bring more business through the post office and mail networks across the country. That is one opportunity on which we should be capitalising.

I am personally very disappointed by the comments Mr. McRedmond made at the start of the committee meeting. The reason I am contributing is that he has said the engagement he has had on Government services has been dispiriting. I am disappointed to hear that because, as he knows, a decision was taken by the Government, with the full support of colleagues at the Cabinet, that the post office network would become the offline avenue of choice for Government services. I am surprised that decision taken by the Cabinet does not seem to have filtered down. It is not just about motor tax, passport and driving licence applications. One issue that has come to the fore recently is that of the public services card. The post office network and postmasters could provide the identification and verification services that are so important in dealing with online services, not only with the Government but with many other bodies also.

We also need to remember that one in seven people in this country has never used the In-

ternet. I commend the Government for moving more services online, but for the one in seven people who cannot access those online services, having an offline avenue such as the post office network is vitally important. It cannot be delivered through Government offices across the country, as suggested by some senior civil servants, because we are excluding the people mentioned from the efficiencies the online services can provide, while the post office network can provide efficient access to them. It is not only about Government services. Sites such as *switcher.ie* and *bonkers.ie* that allow people to save up to €300 on their electricity bills can only be accessed online. Has there been any success in working with private sector companies such as Switcher or Bonkers to see if they would work with An Post for a transaction fee? That would provide huge opportunities for people to save on their gas and electricity bills.

The committee is not happy that there has not been the level of engagement we, as Members of the Oireachtas, expected on foot of the restructuring of An Post. There is an onus on all of us to send that message to every Department. It is vital to the survival of the post office network that new Government business comes through the door. We have spoken about it for long enough. The decision has now been taken by the Government to do that, yet, from what Mr. McRedmond said today, I understand that is not filtering down through Departments and agencies. That is just not good enough.

**Mr. David McRedmond:** I thank the Deputy. I recall on many occasions having to sort out some of the issues in An Post and was grateful for his support as the then Minister.

On Government services, we worked assiduously with the Department of Communications, Climate Action and Environment. Efforts were made and there were memos to Cabinet. Unfortunately, nothing has come out of that and we are now in a position whereby we have to switch our efforts because we have a lot of work to do. Our focus now is principally on developing financial and e-commerce services within the post office network. We have not entirely given up on Government services, but we need a serious response from the various Departments.

I do not think they should be doing that to save the post office network. We see it as being very frustrating because we want to provide a brilliant service for citizens, both offline and online. We think we can provide the omni-channel environment, to which we referred earlier and which the Deputy implied in his questions on some of the different private sector companies. I will let Ms Byrne respond to that.

An Post can play a role in the public services card. We have excellent technology. Not only that, we have identified technology for the future, in particular around identity and verification. As the committee knows, that is not just for the public services card but can also be used for bank accounts and a range of other services. I will let Ms Byrne address that before Mr. Bridgeman answers questions on a hard Brexit.

**Ms Debbie Byrne:** The post office can be a place where citizens can renew the public services card. I had to take a half-day from work to get my card and go to an office, which was very inconvenient. It is important to point out that we are there to offer a better service on behalf of the Government to consumers as well as trying to keep the network viable. The identity verification space is an ideal space because postmasters are used to doing verification for social welfare customers and the anti-money laundering verifications that are required for bank accounts. They are well placed to provide that infrastructure for the State.

Someone who recently moved back from Germany to a good job here told me they had to go around ten million houses to try to get a PPS number to open a bank account and all of the

rest of it. If one place was the doorway for verification to get a PPS number and so on to open a bank account, it would be very beneficial. Postmasters have the expertise and there is also the infrastructure and technology in place through our system to do that. We need to provide new Government services, and not just motor tax and driving licences.

I will need address the opportunities in terms of Bonkers and Switcher separately. I cannot say that we have engaged with them. We can address the matter separately and see whether there is an opportunity.

**Mr. Garrett Bridgeman:** On Brexit, we have worked on being Brexit ready for the past two years. We have engaged in extensive planning. We are lucky because our three remaining mail centres are all bonded warehouses with customs staff on site. We have worked very closely with customs staff on planning and have put extra offices into our mail centre in Athlone to accommodate additional customs staff.

We have also worked very closely with Royal Mail in the UK on ensuring that any products which are bought in the UK receive green lanes when they get to Dublin Port so they are brought straight to our plants. We have also worked with many UK companies such as Amazon to ensure there is minimum disruption to our staff. The Deputy is correct about our online journey. Earlier in the growth in online shopping, many Irish people bought from shops in the UK and Irish retailers had not caught up. The massive growth we are now seeing is from online Irish retailers, particular on the SME side. The barriers to entry for someone opening an online store are reducing. We are finding that a significant growth area for us is smaller businesses that do not have to be in Dublin or a city. People in west Cork or Galway can open a business. We are working with companies such as Portwest, Elverys and Smyths to help them to sell their product and bring it to every home in Ireland as well as every address across the world, because we can sell companies' products anywhere in the world given that we have connections. We have noticed a significant increase in local business and the growth levels will continue.

**Deputy Margaret Murphy O'Mahony:** I thank the Chairman for allowing me to contribute and congratulate her on her new position as Chair of Chairs. It is well deserved.

I met Mr. McRedmond earlier and we had a quick chat. As someone who worked in the post office system for many years in a former life, I note the major contribution the post office service makes to the public. The witnesses know that, but they also have to make it a viable business. It is not a charity and its purpose is not ensuring that old people have someone to talk to on a Friday and so on.

As the witnesses know as well as I do, the post office network is a nationwide service and its counters are open six and half days a week. All counters are now automated. There is significant potential for new business. What active role do the witnesses play in looking for new business and enticing it to be part of the post office network?

Do they have an approximate cost for their Brexit preparations? The spokesperson for a competitor bandied about a figure of €3 million on radio yesterday. He is getting ready for a hard Brexit. As we all know, whether Brexit is hard or soft or does not happen, the genie is now out of the bottle. We need to be ready for whatever happens.

**Mr. David McRedmond:** There are a range of variables. In the event of a hard Brexit, parcel volumes could quadruple or fall by 70% or 80%. A major factor will be what will happen to sterling because of the conversion rate. There are so many different factors that we can only

plan within a certain acceptable range, and that is what we do.

The actual cost for us at this stage does not involve a major investment because we have invested in our network. We have made a significant investment in parcel automation, which we would have done anyway. The centre in west Dublin will open in October and we visited it today. When the centre opens, we will be able to handle much greater volumes if they increase. There are scenarios where volumes would increase. If they decreased, that would be a cost in terms of revenue to the system, but none of us know what that will be. The issue for us is much more about the predictability of revenue. That is where the cost or benefit will be, rather than the physical cost, because we have invested in the network.

**Ms Debbie Byrne:** As we said earlier the traditional post office is declining because of factors such as social welfare payments, BillPay and other traditional services. Our current focus is driving growth in new products and services. That comes under three pillars. We have had major success in financial services over the past year. We have launched credit cards and loans. Our current account figures are up 20% year on year and One Direct, our insurance business based in Athlone as part of the retail division, is experiencing good growth year on year for car, motor and travel insurance. That is all going to plan and we are currently signing two or three new contracts, which are going through a legal process, for new financial services products that will be launched in the spring, SME lending being one of the products.

The second pillar we have spoken about is Government services and we need to keep going on that. We have engaged extensively and we have given a commitment to the committee that we will come back and outline everything we have done over the past year. We did that in conjunction with various partners and we will outline that. It has been extensive.

The third pillar is e-commerce. Part of the strategy for the network is to co-locate it, which means post offices will have extended opening hours. That is part of the deal we did with the postmasters last year. It was ridiculous that post offices were closed at lunchtime in key urban areas. That may have been less important in deep rural areas. Our move towards co-location means that post offices if they are co-located with a convenience grocery retailer will have extended opening hours, which makes it easier for consumers in commuter towns who are not at home to pick up a parcel. In certain categories, such as fashion, for example, 40% of what is purchased is returned. We want people to be able to bring that return to their post office and they can do that five days a week and on a Saturday morning. The opening hours have been extended to match those of the shop. That e-commerce enablement is important and we want to be that out-of-home provider. That helps small businesses as well. We work with some postmasters to drive and service what we call the eBay, low-end SME market sellers who bring in their parcels. We have a new scheme called Advantage card, which gives them a discount for shipping their parcels. There is a big focus on SMEs and consumers.

**Deputy Timmy Dooley:** I would like clarification on the Cork mail centre. Am I correct that there was an agreement between management and unions that a mail centre would close somewhere in the country and that it was just a matter of location?

**Mr. David McRedmond:** Correct.

**Deputy Timmy Dooley:** That had been agreed.

**Mr. David McRedmond:** It was a Labour Court recommendation in September 2017.

**Deputy Timmy Dooley:** The only matter then was to determine which one. Was a process

agreed with the unions on how that decision would be reached?

**Mr. David McRedmond:** We communicated the process that we would follow but it was a management process. It was very clear that the union requirement was that we follow a full process considering all the criteria, and its number one criterion was the welfare of staff, which slightly worked against Cork ironically because the Cork economy has been doing so well that the opportunities for staff who would be made redundant were much greater there than in the midlands.

**Deputy Timmy Dooley:** In the early stages, union management asked that redundancies happen where those made redundant would find gainful employment.

**Mr. David McRedmond:** I should not put words in the mouth of the union. It was clear that its concern was for its members. It is my interpretation how that concern is best dealt with. When I responded to Senator Leyden about the welfare of employees being our number one duty of care, that is also a duty in hard circumstances where people are going to lose their jobs. It would have been one of the criteria, not the sole criterion, because we have commercial obligations and a service obligation. Broadly speaking, they are the three criteria.

**Deputy Timmy Dooley:** So there was more than just a single obligation on An Post, it was broader than cost savings.

**Mr. David McRedmond:** Correct. We would have considered cost savings, operational feasibility and staff welfare.

**Mr. Garrett Bridgeman:** We also considered the impact on customers' delivery times.

**Mr. David McRedmond:** Yes.

**Deputy Donnchadh Ó Laoghaire:** I spoke to the witnesses at a briefing here in April, I believe, to express my concern about the mail centre and to say that it was important it stay open. That was not the decision An Post arrived at. There was a lot of anger, frustration, concern and worry among the staff there. While it has been dismissed as irrelevant, there was a lot of discussion among employees about the McKinsey report that was, I believe, commissioned. It was the understanding of staff that it did not recommend the closure of the Cork mail centre. Did it recommend the closure of the mail centre, and if not, what did it recommend?

**Mr. David McRedmond:** We do work on strategy with McKinsey. We do not really do operational work with it. The work on the decision on which mail centre to close was done by Accenture. McKinsey was never commissioned to say which we should close. It would have taken an overall look at our business and its strategic options for the business, but it made no recommendation on a mail centre closure.

**Deputy Donnchadh Ó Laoghaire:** It offered no observation at any stage as to the future of the Cork mail centre.

**Mr. David McRedmond:** It may have made observations on mail centres, and at any time I have had different consultants say maybe either Athlone, Portlaoise or Cork mail centres should close. I have seen people consider those at various times but not in answer to the commissioned question which mail centre we should close. That has been done only once and it took Accenture approximately four months from when we formally put the question and said we now need to know which mail centre we should close.

**Deputy Donnchadh Ó Laoghaire:** Mr. McRedmond is saying to me that at various stages advice was offered to some extent or other that it would be preferable to close Athlone, Portlaoise or Cork.

**Mr. David McRedmond:** It would not even be answering that question. They would just say those would be options. That would be done without any analysis of the network. One consideration in the decision on Cork was staff welfare, which is the redeployment capacity in an area, which was greater in the Cork area. The second was the operational feasibility or customer service, for example, whether we could guarantee next-day delivery. We could not do that if we decided to close Athlone because we could not guarantee next-day delivery to parts of Donegal. The third consideration was on the financial criteria, which were strongest in respect of Cork. The decision was made on those three grounds.

**Deputy Donnchadh Ó Laoghaire:** Did the financial criteria consider the value of the site at Little Island?

**Mr. David McRedmond:** They did, and I cannot answer the Deputy exactly now but it was not material because the site is just a one-off capital value as opposed to the recurring annualised saving from not operating a centre. It was a very minor element of the financial case.

**Deputy Donnchadh Ó Laoghaire:** Will An Post release the Accenture report? Is that possible?

**Mr. David McRedmond:** I am not sure of that. Do we release it?

**Mr. Garrett Bridgeman:** No.

**Mr. David McRedmond:** It has a lot of commercial information.

**Mr. Garrett Bridgeman:** Commercially sensitive information.

**Mr. David McRedmond:** We are in a competitive market so it would not be right to do so. I think we have shared key elements of it.

**Deputy Donnchadh Ó Laoghaire:** Is it possible to release the question that was put to Accenture?

**Mr. David McRedmond:** I cannot even remember what that looked like when we commissioned it. I am happy to broadly share the information, but I am not going to disclose information that is commercially sensitive.

**Deputy Donnchadh Ó Laoghaire:** I think it would be possible to outline it. Can Mr. McRedmond provide it for the committee at some stage?

**Mr. David McRedmond:** Yes.

**Deputy Donnchadh Ó Laoghaire:** What we asked Accenture for would not contain commercially sensitive details. They were the questions one would ask it to evaluate and the weighting given to the information.

**Mr. David McRedmond:** Sure.

**Deputy Donnchadh Ó Laoghaire:** My next questions are about what will happen in the future. I disagree with the decision and know that many of the staff also disagree as the centre

was high-performing. The staff were extremely productive, perhaps more productive than in any of the other centres. It was felt adequate regard was had to that fact. The concern is that the volume of traffic of letters and parcels that has to be brought to Little Island is transported by lorry, that none of the sorting offices has the capacity to properly manage it and that additional capacity will need to be bought. There is a concern that a small mail centre will have to be leased by An Post.

**Mr. David McRedmond:** I will ask my colleague, Mr. Bridgeman, to answer that question.

**Deputy Donnchadh Ó Laoghaire:** An additional concern is that there will not be direct employment by An Post and that a centre will be set up using agency staff.

**Mr. David McRedmond:** I will answer the last point. Mr. Bridgeman will answer the question about our plans in Cork and what we may do there.

There are no plans to employ agency staff or to employ staff on lower wages. I absolutely understand that when employees are under pressure from redundancies, inevitably there are such rumours, but I can state categorically that we have no such plans. Our intention is to provide a first-class service and be a first-class employer. Even in difficult circumstances, where we have to make staff redundant, offering decent work is one of our values. It is a core value which I, personally, hold very high, as does An Post.

**Mr. Garrett Bridgeman:** I echo what the chief executive has just said. The easiest thing in the world for An Post to do would be to pay staff per parcel delivered or to go down that route, but respecting staff and offering them decent work are so central to and at the core of our values. The reality is that within Cork we have 35 delivery units. The units in the city include those in the north city, south city and Ballincollig. As they will not be fit for purpose in the next three to four years, we need to invest and put in place a parcel delivery depot that will accommodate the staff and improve facilities for them in order that they can handle larger parcels. These are jobs for existing staff. We are upgrading facilities in Cork city.

**Deputy Donnchadh Ó Laoghaire:** Will additional parcel traffic be accommodated?

**Mr. Garrett Bridgeman:** We predict that parcel traffic will double within the next five years. Therefore, we need to ensure we will have enough space there to accommodate the delivery of parcels. It is all about parcel delivery. What took place in Little Island was parcel sortation. It will all be done in one centre in Dublin, which is the most economical way to do it.

**Deputy Donnchadh Ó Laoghaire:** Spare capacity has been bought in the past. A place in Midleton was leased for a period at Christmas time because there was inadequate capacity available. The delegation has stated there will be a need for additional capacity, but there was capacity available at a location. I find it hard to understand the rationale behind renovating the centre in Ballincollig, north Lee, south Lee and the south city or whatever it is called when there was a place available in Little Island that was owned by An Post, in which parcels were sorted. I do not understand why the work could not have been reoriented towards distribution.

**Mr. Garrett Bridgeman:** Again, we are looking at each of the delivery units in Cork. We have not made a final decision on whether we will refurbish an existing site or combine two centres into one. We are working through all of the detail.

**Deputy Donnchadh Ó Laoghaire:** I disagree with the decision and hope providing permanent employment is at the heart of everything that will happen from here on.

**Chairman:** On behalf of the committee, I thank everyone for coming. We have had a good session. It was worth the wait to hear the issues to be clarified.

**Deputy Denis Naughten:** I suggest that the committee writes to the Departments and ask them to outline what they are doing to provide accessible offline avenues for the online services they provide. This is a Government decision, which is supported by every Member of the Oireachtas.

**Chairman:** Yes.

**Deputy Denis Naughten:** The decision should be reflected by implementing the policy on the ground.

**Chairman:** Yes.

**Deputy Denis Naughten:** The committee could play an important role in securing the viability of many of the smaller rural post offices across the country.

**Chairman:** Is the Deputy suggesting that we write to the Minister and his Department?

**Deputy Denis Naughten:** No. I suggest that the committee writes to the Secretaries General of each Department.

**Chairman:** Does the Deputy mean all of them?

**Deputy Denis Naughten:** All of them. I mean every Secretary General because they have a role in implementing Government policy.

**Chairman:** The suggestion has been noted.

The joint committee adjourned at 5.11 p.m. until 3 p.m. on Tuesday, 1 October 2019.