



# PRESS RELEASE

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## **MUTUALISATION OF POST OFFICE LTD. – SQUARING THE CIRCLE?**

The RSA welcomes any proposals that will help to guarantee the long-term future for Post Office Ltd (POL) and particularly safeguards the small sub post offices that make up the majority of their branch network.

It is very easy to express the problems facing POL, harder to come up with clear-cut solutions. POL depends for its income on a large number of organisations paying it fees for supplying their services to customers. Increasingly, this market is becoming very competitive. Even government contracts are being put out to tender, a recent example being PayPoint undercutting POL on price to grab the “green giro” benefit payment business from POL. At the same time, subpostmasters demand a fair return for the services they provide. And all the while, the government is committed to ending the payment of a subsidy to POL.

Ken Parsons, Chief Executive of the RSA, said, “The key question is whether mutualisation will create better management for the Post Office, that can balance the conflicting demands on the business. It must break even. It must raise the capital needed to invest in new computer systems, branch improvements and better service for customers. It must win new contracts by charging competitive fees. And it must meet the demands from the soon-to-be-shareholding subpostmasters for more income. Any reforms of ownership of POL must offer the prospect of squaring these circles. Unless you take the view that the current management of POL is incompetent, then it will need a lot more than just some new directors to achieve”.

The Co-operatives UK report hardly mentions the organisations that commission services from POL and thus pay for the service. It is worth emphasising, that other than postal orders, POL has no products at all of its own – it depends totally on other organisations and will continue to do so irrespective of ownership.

The mutualisation model envisages that the members (owners) of POL will be customers, the community, employees, subpostmasters and the multiples that operate post offices. This sounds unwieldy and a source for potential conflicts of interest. It is proposed that there will be a 3-tier structure of members, representative body and a board of directors.

The clearest winners from the plan are the government, able to unload a loss making politically charged hot potato in a way that seems socially responsible.

**Notes for editors:**

The Rural Shops Alliance (RSA) is the national voice for about 7,500 rural retailers. We campaign on their behalf and also help these shops to become more competitive with practical advice and support, to the benefit of thousands of rural communities. Many 'blue chip' suppliers and county councils sponsor and partner the work of the RSA. Our direct contact with rural shops and with these organisations means that we keep in close touch with emerging issues and concerns in our fast changing business sector.

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