



# PRESS RELEASE

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## COMMERCIAL AGREEMENT BETWEEN ROYAL MAIL AND POST OFFICE – IS THE DEVIL IN THE DETAIL?

The Rural Shops Alliance welcomes in principle the 10-year commercial agreement between Royal Mail and Post Office Ltd. for the continued provision of mail services through Post Office outlets after the two have become totally separate companies. We would wholeheartedly support any agreement that helps to secure the long-term future of the Post Office network and its service to communities.

However, the announcement does raise as many questions as it answers. The reality is that there was never really any doubt that this agreement would emerge. The alternative was unthinkable. The consequences of not providing postal services through Post Offices would be disastrous politically for the coalition government and economically for both the organisations concerned.

There was always going to be an agreement. The interesting information would be its terms, on which no real information has been released.

- How exclusive is the deal – can Royal Mail use the ten years to develop a parallel network of other outlets for its products alongside and competing with Post Offices? A large number of shops already sell stamps - will Post Offices face competition from other outlets on a wider range of Royal Mail products?
- Royal Mail already sells its services outside the Post Office network (e.g. directly to eBay sellers) – how much does this agreement allow Royal Mail to sell postal services through other new channels, potentially in competition with Post Offices?
- What are the financial terms agreed? Provision of postal services makes up about a third of the income of Post Office Ltd. – will this business be profitable in the future and will the terms allow Post Office Ltd. to pay sub postmasters, most of whom are independent franchisees, sufficient for them to cover their costs and enjoy a modest profit on this work?

We fully understand the need, in an increasingly competitive marketplace, for parts of the agreement to remain commercially confidential. Nevertheless, sub postmasters and their customers do need more information before they can see that their future prospects have been enhanced by it.

The RSA would very much welcome further details where they can be released or even an assurance that the interests of Post Office Ltd. and their

sub postmasters have been fully protected in the terms of the agreement over the full ten years.

**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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