

**POSTCOMM**



**Prompting a debate on the  
possibility of demerger**

**Nigel Stapleton  
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## Why this debate?

Postcomm's Annual Network Report recommended that sustainability of the post office network must be the priority for the future

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- The report called for a debate on the merits of demerging Post Office Ltd and Royal Mail Group
- Potentially better access to non-Royal Mail sources of mail, courier and express revenue

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Would more commercial freedom bring forward a sustainable, successful business?

# How are we encouraging the debate?

- **Talking to stakeholders** – National Federation of Sub-Postmasters
- **Reviewing legal** organisational arrangements between POL and RMG
- **Examining financial** arrangements between POL and RMG: growth areas and whether RMG pays a reasonable price for POL services

- Viable strategic plan for a stand-alone business
- Long-term agreement between Post Office Ltd and Royal Mail to secure RMG payments to POL and in turn sub-postmasters during transition
- Absolute commitment from all parties to make it work

- Focus on specific challenges facing POL?
- Clear identification of the social role of post offices recognised in Government subsidy (e.g. for services of general economic interest) ?
- Opportunity for devolved administrations and local communities to be more involved?
- Potential for maximising non-mail market?  
e.g. mail volume declined by 2% last year, but £4.5bn was spent online in January 2008

- Less security of long-term revenues from RMG?  
£350m in 2006/7
- An unnecessary distraction?  
Could POL be able to negotiate directly with other operators without the need for demerger?
- Loss of a “protective blanket”?  
Security of current relationship with Royal Mail

- What are your views on the benefits and risks of a demerger?
- What other initiatives would help facilitate a sustainable network?
- What other issues would you like to see debated as part of demerger?