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## An Post to cut 2,000 jobs by 2015



Picture: An Post

Irish postal operator An Post has unveiled plans to downsize its workforce by about 20% over the next four years in response to declining mail volumes.

The company, which currently employs about 10,000 people, said yesterday that it wants to reduce its staff numbers by 1,975 between 2010 and 2015 to offset the business realities resulting from recession, falling mail volumes and increasing competition. An Post stressed that the job losses will be achieved through voluntary exit schemes, non-replacement of staff, on-going overtime reduction and work process improvement.

The news, a further blow to the troubled Irish economy, came as the company announced stable financial results for 2010 thanks to cost-cutting measures and despite stagnating revenues. Cost reductions, improved efficiencies and investment in new revenue streams combined to deliver a €5.8m operating profit for An Post in 2010, compared to €5.7m the previous year. Group turnover of €805m just exceeded that of 2009 (€804m), a good result in the context of the ongoing difficulties facing the Irish economy. Mail income contributed €552.3m to turnover, a reduction of €13.3m (2.4%) on 2009.

An exceptional provision of €20m for Voluntary Severance/Voluntary Early Retirement costs of €20m, together with an FRS 17 pension fund charge of €3.9m (see notes) and a €6.6m cost arising from the wind-down of Postbank combined to produce a Group loss after tax of €24.7m. A reduction of €26m (3.5%) in core An Post company operating costs to €740.4m was achieved mainly through reducing the core FTE (Full-Time Equivalent) numbers by 331. This is in addition to an FTE reduction of 402 the previous year.

The ongoing effects of the recession on every Irish business, as well as increasing electronic substitution and competition are now well established realities impacting right across the business, the company said. Traditional mail volumes declined by approximately 7% during 2010.

Company chairman, John Fitzgerald said that despite the difficult economic environment last year, An Post again proved its ability to adapt to changing circumstances. "Significant cost savings were achieved in relation to pay and non-pay costs. Capital expenditure of €47m was invested in areas critical to the company's future success such as parcel and packet services and new retail products, all funded from An Post's own cash resources. An Post will continue to invest in the foundations of future business whilst adapting to the commercial realities which continue to unfold for Ireland and for the global postal sector," he added.

For the fourth successive year, An Post delivered record domestic Quality of Service results and continued to meet and exceed EU targets for improvement in the handling of incoming and outgoing international mail.

An Post's retail business performed very strongly once again and a further €3.1bn was invested in State Savings products during 2010. Transactions across the full range of financial and communications services increased steadily in tandem with investment in retail facilities including customer information systems, on-line terminals and general outlet improvements. Retailing and customer services training continued across An Post-run and contractor-operated branches and the computerisation of all small rural post offices was completed, enabling customers to avail of a broader range of services locally.

While the mail division remains by far the largest part of An Post's business, handling over 2.5m items every working day, the Group's subsidiary companies increased their impact on the business during 2010 with combined revenues increasing from €46m to €67m.

As is the case with most defined benefit pension funds, An Post's scheme falls short of meeting the necessary Minimum Funding Standard, despite its deficit reducing to €368m last year from €403m the previous year and €582m in 2008. The Company is working with the Trustees and employee representatives on the development of an agreed plan to address this situation.

Chief Executive Donal Connell said that An Post achieved improvement across all key aspects of its business – quality of service, cost containment and the broadening of the revenue base. "We will continue to align the company, its structures and resources with the changing business reality and we look to the future in this fully liberalised mails market with confidence and a strong belief in our ability to deliver on every level.

"As a critical channel for every aspect of Irish life and business, a major employer across the State and a significant buyer of goods and services, An Post can be relied upon to play a full and active part in the national recovery programme," he added.

**Source:** An Post

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