



# Post Offices & Local Government Services – An International Literature Review

A report prepared by Triangle  
Management Services  
for

**Fòcas Luchd-  
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Comhairle Luchd-caitheimh na h-Alba



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## CONTENTS

1. EXECUTIVE SUMMARY .....	4
2. BACKGROUND AND OBJECTIVES .....	8
2.1. Research remit .....	8
2.2. Research methodology .....	9
2.3. Country selection .....	9
2.4. Terminology used in this report .....	10
2.5. Report structure.....	11
3. KEY RESEARCH FINDINGS.....	12
3.1. Government control .....	12
3.2. Government services experience to date.....	13
3.3. Social inclusion and service delivery partnerships linked to government initiatives	15
3.4. Importance of government services to the post office network .....	16
3.5. Practical issues .....	17
3.6. Future trends in government services.....	23
APPENDIX A: COUNTRY PROFILES .....	25
AUSTRALIA Postal retail environment.....	26
CANADA Postal retail environment.....	35
IRELAND Postal retail environment.....	41
ITALY Postal retail environment .....	50
SWEDEN Postal retail environment.....	58
SWITZERLAND Postal retail environment.....	63
APPENDIX B ACKNOWLEDGEMENTS .....	71

## 1. EXECUTIVE SUMMARY

### Background

Consumer Focus Scotland (CFS) commissioned this study in order to compare relevant ideas and best practice from abroad by looking at how, in other countries, postal operators and governments work together to use their postal outlets as a delivery point for government services.

The research took place during September-November 2010, and therefore this report does not take into account any changing economic events or new government/postal operator initiatives since then.

### Context

Triangle reviewed the provision of government services (national, regional and local) through the retail postal networks of six countries:

Australia

Canada

Ireland

Italy

Sweden

Switzerland.

For each country it perhaps goes without saying that there are significant differences in the historical, cultural and socio-economic contexts of national and local government, not least the degree of federalism, devolution<sup>1</sup> and localism versus centralisation. There is therefore no commonality of approach by government<sup>2</sup> bodies at all levels to the postal retail role.

Postal operators for their part vary in the centrality of the retail network to their overall strategic vision, although generally they are looking for ways to increase retail network revenues and are therefore open in principle to the provision of more government services.

Customers/consumers worldwide want to access products and services when, where and in a way they find appropriate and convenient.

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<sup>1</sup> The research did not find 'devolved' government in the countries studied.

<sup>2</sup> See Section 2.4 Terminology used for the definition of 'government'.

Governments at all levels have obligations and clear commitments to inform advise and interact equitably and accessibly with their population albeit a wide variation between organisational infrastructure, legislation and powers can be found to operate.

Defining the needs and expectations of consumers of government services at all levels on each country and commenting on the individual country economies was outside the remit of this study.

### **Main Findings**

The six countries examined fall into three broad groupings:

1. Those countries where both government at different levels and the postal operator believe that there is an important role for postal retail outlets in the provision of government services at all levels. This is strongest in Italy and Ireland, with Australia not far behind.
2. Those states where there is a recognition by the national post that it needs to generate more revenues for its retail network and that it can offer the means to connect customers to its services through its reach into communities. However there is no real evidence as yet of an overarching shared vision of using the postal retail network to support service delivery with government at any level. Relationships appear to be developing on a more tactical and product specific basis. Switzerland falls into this category, whilst Canada Post has recently completed developing an infrastructure to enable it to explore new business opportunities which will include government services.
3. There is also an example of both government and the postal operator having a shared view that there is no role for postal retail networks in any kind of government service provision. Only one of the countries that we examined – Sweden – fell into this category.

The actual range of government services offered at central, regional and local levels varies quite widely in each country, as is made clear in the main body of the report and detailed in Appendix A.

Consumer expectations of and access to government services have been influenced to an extent by who has delivered such services to them historically. Where government departments have had no traditional association with the postal operator for service delivery to citizens, then consumers have not tended to regard post offices as a potential access point for public services.

Of particular interest is the positioning of postal retail networks vis-à-vis the growth of e-enablement and e-government. There is no doubt that the increasing provision of government services (at all levels) over the internet poses a potential challenge to the retail network role, for example in Ireland, where a large volume of physical government transactions currently takes place across the post office counter. In this respect Poste

Italiane has positioned itself well, and, an energised Australia Post is also making significant strides.

### Key Conclusions

An important point to bear in mind is that all levels of government in the countries studied are striving to provide convenient and cost effective access to services to consumers. The physical post office network is usually only one method amongst a wider choice of access channels, and consumers will choose the most convenient method for them.

We have not discovered the existence of explicit national government support to encourage partnership working between local government and the postal outlet network operator such as described in the recent BIS report<sup>3</sup> regarding the UK.

In looking to understand the key factor for success in the delivery of any government service through the post office network, we found that this lies in providing the staff and licensees responsible for front line service with the knowledge and skills to deliver accurate, timely products and services. Ongoing training, responsiveness to change and maintenance of service quality are vital to customers and the product 'owners', i.e. government.

In all the countries researched where postal outlets provide government services, the postal operator works closely with government bodies to deliver quality of service, which may be defined in regulations or published customer service standards.

Postal operators are increasingly able to tailor government service delivery according to consumer needs and service complexity. This may mean offering a choice of channels (over the counter, online etc) and/or to geographic areas.

Speed of service for customers was mentioned as being important. Queuing is not something which customers anywhere want to do. However, many of the products and services provided on behalf of government are, by their nature, complex, personally sensitive, involve important information and may require additional privacy arrangements or security features.

Face-to-face service delivery of services involving identity verification (e.g. issuing copies of birth certificates) was seen by postal operators to be of increasing importance to support the continued existence of postal outlets in many of the countries studied.

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<sup>3</sup> 'Securing the Post Office Network in the Digital Age', Department for Business Innovation, and Skills (BIS), November 2010.

Balancing these needs appropriately for all stakeholders (customers and government bodies), given the often wide range of products which may be available through outlets, is a key requirement for all postal outlet providers. In order to optimise what can be provided reliably as widely as possible to customers, the research has revealed how simplification of the transaction service supported by automation is crucial for successful delivery to the customer over the counter.

We asked the postal operators to clarify the challenges faced when securing delivery agreements with local government bodies, and they all mentioned the lack of uniformity in administrative processes and systems across regional and local government bodies, as well as the need to arrive at mutually agreed solutions. For their part, when considering use of the postal retail network for the first time, local governments see the postal operators' proprietary procedures as a potential technical obstacle. Postal operators and local government therefore need to work together to agree and understand the desired outcomes from any potential partnership project, and scope the impact of the changes to each party's systems and processes that would be required for any such project to be successful. This work must be carried out in the planning phase and before any project is implemented, to ensure that the project is viable and that it can be delivered according to each party's business rules.

Those countries where there is a longer history of government using the postal retail network as a service delivery channel appear to provide greatest evidence of successful delivery of what are more regionalised or sub national level services. Given the variable factors which impact on governments and postal operators, we have not been able to establish an absolute and proven single formula for successful outcomes, other than to observe and illustrate in Appendix A what has been delivered through working together. Collaboration and partnership-working to understand each other's needs, joint commitment to a programme and shared plans were important, as both parties need to be able to determine the level of flexibility required and fully understand all the requirements for change in order to deliver successful outcomes for customers.

Finally it is important to recognise that unlike postal operators in other countries, in the UK the post office network operation (Post Office Ltd) is a separate business entity from the mail operation (Royal Mail). The types of services that have been developed in other countries have often been as a result of working relationships with other businesses in the postal operator's group. It cannot be assumed that this way of working would naturally occur to the same extent in the UK moving forward.



## 2. BACKGROUND AND OBJECTIVES

Consumer Focus Scotland (CFS) works to secure a fairer deal for consumers, especially disadvantaged consumers, across Scotland. CFS has a particular interest in, and statutory remit in relation to, postal consumers.

CFS has been undertaking a project to look at the delivery of local government services through post offices in Scotland and gain a better understanding of customer needs. In order to inform this work, and consider lessons and experience from a range of different countries, CFS commissioned Triangle Management Services to undertake some international research to identify relevant examples of good practice, where governments (national, regional and local) use the post office network to support service delivery.

Triangle Management Services is an independent research and consultancy practice specialising in the mail and express industries worldwide. One of its key areas of expertise is in tracking developments in and advising clients on postal customer access channels.

### 2.1. Research remit

CFS asked Triangle to consider a series of questions and identify key learning points that might be adopted in Scotland. The main questions were as follows:

- The range and types of services that local or regional government in relevant countries delivers through the local post office network.
- The extent to which local or regional government services on offer at the post office are also available through other local outlets.
- The benefits and challenges that both local authorities and post offices experience in relation to this model of service delivery.
- The key factors influencing a local or regional government decision about whether or not to offer services through the local post office network.
- The key factors influencing each postal operator's decision to act as an access point for local/regional government services.
- The extent to which central government also offers services through the post office network.
- The role played by regional, devolved or central government in encouraging local government to use the post office network to support service delivery.

In addition the research took into consideration the need to deliver services in rural and remote areas.



## 2.2. Research methodology

The agreed methodology for this project was based on an international literature search, supported by a series of short industry interviews to provide greater insight.

Published sources used include:

- Triangle's proprietary eLibrary of news items and conference papers;
- websites of relevant postal operators, postal industry regulators and government bodies at all levels;
- additional industry/trade press sources.

The baseline information gathered during the research was validated with retail specialists within the postal operators so as to understand the context and prevent risk of inconsistent interpretation through translation.

Individual country dialogue between postal operators and government at national and/or local level was, on occasion, found to be at a formative stage and/or commercially sensitive. This should not necessarily be taken to imply that dialogue and co-operation to consider opportunities to work together does not exist. Outside the UK we have not found the equivalent level of transparency and detail to be available in the public arena describing the working between government and the postal operator and the post office network. To an extent this is explained by the way in which the postal operator has evolved within each country and the socio-economic, democratic and legislative context in which both it and government at all levels operate.

## 2.3. Country selection

Six very different countries were selected for comparison with Scotland. Care was taken to identify those which it was considered would provide a contrast and information of value in meeting the objectives of the study. To a lesser or greater extent they all share the need to serve customers in rural and difficult to reach areas:

**Australia** – *already provides a range of local and regional government services through the postal retail network; a choice of successful customer access methods for these services; large remote and rural areas to serve.*

**Canada** – *both central government and the postal operator stress the importance of community inclusion to and through difficult remote locations; government services through the post office network are currently limited to central government services, but strategic development is in progress to explore opportunities for collaboration with other government bodies.*

**Ireland** – *central government recognises the need for a government presence in rural communities; the postal operator provides an established portfolio of central and local government services through the post office network; there is also a significant rural population and comparable geography and topography to Scotland.*

**Italy** – *the postal operator provides a wide range of central, regional and local government services through the post office network; central government has strategies for considering customer needs aligned to changing and diverse population profiles within communities; there are also offshore islands to serve.*

**Sweden** – *the postal operator has a strategy to focus purely on postal products; it has stopped providing non-postal services (including government services) and is an interesting contrast to other countries; both central government and the postal operator each have a customer access strategy based on high quality service and choice of channels; Sweden also has large rural areas and difficult terrain.*

**Switzerland** – *challenging geography and topography; highly decentralised government; some central government services are currently offered through the post office network.*

## 2.4. Terminology used in this report

Governments at all levels in each country have obligations and clear commitments to inform, advise and interact equitably and accessibly with their population, and a wide variation in organisational infrastructure, legislation and powers exists across such bodies.

Where a reference to government is limited to a specific level, as opposed to generic application, this has been stated. Although this report refers to the various levels of government found in and across each country, at national, regional or local level, powers may differ and there may be ideas for local solutions by looking at the wider product portfolio offered by the postal operators. It is also important to consider the totality of the findings for potential application in Scotland within the wider CFS work which this report helps inform.

Triangle largely uses the term ‘*postal operator*’ to mean the national organisation licensed to provide postal services. Such organisations are usually group holding companies with several operating subsidiaries (not all involved in postal services).

In most of the countries reviewed the retail network operations are organisationally integrated with mail and parcel services. The UK is different in that Post Office Ltd (the retail network) is a separate business from others in the group (Royal Mail for mail services and Parcelforce Worldwide for parcel services.)

The UK offers a wider range of retail models (or types of ‘post office’) than described in other countries, but in almost all countries some services are hosted within shops and other sites where the accompanying range of products and services can be unique to a location in a particular community. In discussions with other posts we were constantly reminded that individual consumer perceptions of post offices are based on their personal experiences of services received at the outlets they choose to use. The actual range of services offered in a particular location may well define understanding of what the ‘post office’ offers.

Across many countries there is often a blurring in the minds of consumers between what is part of the portfolio of products and services offered by the postal operator through its staff and or licensees (described as ‘official business’), as opposed to those services which form part of the private business (in the case of a licensee) or discretionary community activity taking place in the same premises.

We use the term ‘*post office network*’ to mean a network of physical postal outlets. By ‘*postal outlet*’ we mean a physical retail office regardless of whether it is owned by a postal operator or a licensee.

We use the phrase ‘*postal customer access channels*’ to cover all the various ways individual retail customers may access products and services provided by a postal operator (i.e. not just through a physical postal outlet).

## 2.5. Report structure

The report opens with an overview of **Research Findings** for the key research objectives. The conclusions and analysis are entirely Triangle’s. Input from contributors to the research has been limited to Appendix A.

**Appendix A** provides an overview of the current situation in each country covered by the study. The tables in this section describe at a high level the national, regional and local government infrastructure, the retail network operating environment and the various public sector services available from postal outlets at the time of writing. Wherever possible, and where they exist, we have indicated what alternatives to the postal outlet are available to customers.

### 3. KEY RESEARCH FINDINGS

#### 3.1. Government control

##### Central government control

All the postal operators in the countries studied are state-owned, with varying degrees of direction from central government. In some cases, national regulations stipulate a minimum number of physical postal access points (Italy), or make specific reference to rural or remote areas (Australia, Canada). In other cases, the operator's licence is unspecific regarding customer access (Ireland, Switzerland).

The actual service coverage stipulated under the Universal Service Obligation (USO) for a licensed postal operator varies by country. For example, in addition to postal services, Swiss Post is mandated by central government to provide adequate banking services, whilst the Swedish central government instructs the Communications Regulator to outsource essential financial transactions in rural areas to a third-party bank.

The organisational infrastructure and arrangements of the postal operator in each country differ, as do their group strategies, scope, responsibilities and internal ways of working within and between the divisions. As already indicated, it should not be assumed that the Royal Mail Group infrastructure and the remit of Post Office Ltd can be directly compared in all respects with what may be perceived as the equivalent or counterpart elsewhere. For example in many countries the use of the term 'Post Office' may be describing a group of companies operating under a single postal operator brand and will result in a complex series of relationships and agreements that translates into what is offered to consumers and how in a locality. (See Terminology used, Section 2.4.)

Postal operator relationships with their governments at any level vary due to history, culture and economic development, but they all extend beyond simple promotion of the post office network. The Italian postal operator (Poste Italiane SpA) has a particularly close relationship with government at all levels and across the whole organisation, with the retail channel delivering a wide range of government services and a solutions division providing digital solutions for a number of government departments. Swiss Post and An Post (the Irish postal operator) both have subsidiary companies involved in providing electronic identification solutions to central government customers.

None of the countries studied have evidenced major network reconfiguration on the scale undertaken in UK including Scotland.

### Regional and local government control

Powers that stipulate conditions governing postal outlets in a country are always reserved at national government level. Although regional and local governments do not have any jurisdiction over post offices in their localities, local governments, in particular, are often actively involved in consultation processes where outlet closures are planned.

## 3.2. Government services experience to date

### Central government services

Central government services offered through the retail network by the postal operators (except Sweden) include processing passport applications and renewals, requests for official documents (birth certificates, criminal records extracts), collecting fees for TV licenses, car tax, police fines and making social welfare payments.

In those countries delivering government services through the post office network, central government has driven the partnership working with the postal operator. Such working relationships are well-established in Ireland and Italy, as well as Scotland and the rest of the UK. Australia's government has provided support for the further automation of the postal network thereby enabling the provision of a platform for efficient transactions.

In some countries, such as Switzerland and Canada, central government has traditionally viewed the post office network as a delivery channel for basic postal services only. In Sweden it would appear that the rapid take-up of cashless transactions and online government meant that the Swedish central government did not consider the postal network as a public service access channel for citizens. Despite the increase in electronic delivery services either by government departments or postal operators, where government (at any level) already delivers services through post offices, this is likely to continue whilst there is a clear customer requirement, especially where identity verification services need to be conducted face-to-face e.g. passport applications, online identity validations.

In determining which customer access channels – including the postal retail network – to use to support the delivery of its services, government at all levels appears to have been influenced, amongst other things, by:

- Specific customer requirements for access to a product and/or service;
- Government understanding of how the different infrastructure options for service delivery available in their country (via the postal operator, their own channels or other routes including third party technical options) could best satisfy customer requirements.

For example, if 24/7 access is fundamental for a customer, then even post offices with extended opening hours would be unlikely to meet that need entirely.

However, no detail was specified within this work in relation to the tests applied to govern the criteria for satisfaction of customer service requirements at each tier of government in each country for each service. This will be subject to the application of specific national and local authorities' powers and rules. General mention was made during the research in terms of both the government and the postal operator needing to be clear about the essential outcomes to be achieved from developing solutions (looking innovatively at different ways of doing things), recognising that each party will have business rules to be agreed and due process followed before they can proceed to implement change. It was also pointed out that the rules governing decision-making and change management in government departments may differ from the approach taken by postal operators.

### **Regional and local government services**

Across the countries studied only a limited number of examples of local government authorities proactively seeking opportunities and making use of the postal operator for local service delivery were found. In countries such as Italy and Ireland local municipal bodies have long standing relationships with the local post office branches, and both discussions and requests to set up local services were described as more likely. Where regional and provincial governments have well-established direct lines of communications to citizens (Switzerland and Canada), the postal operators are looking to identify service opportunities that complement these existing channels, being aware of the alternatives already available to people. No evidence was found of local government taking ownership of individual post offices faced with closure, as in the case of Essex County Council in England.

Depending on where the powers and administrative responsibility lie, in some countries services are delivered on behalf of central government, whilst in others the equivalent services may be for regional authorities. This is particularly true for police fixed penalty fines, official certificates, car tax and animal/firearms licences.

At the municipal or city level, depending on how far the postal operator's government service offerings have progressed, customers can buy such services as refuse collection stamps and parking discs; or they can pay police fines, local rates and housing rents. (Australia, Ireland and Italy.)

At the regional level, services available from post offices may include identity checks, car tax discs, residence permits, student university enrolment and land registry documents. (Australia, Italy and Switzerland.)

In terms of the range of central and local government services offered over the counter in the UK, including Scotland, Post Office Ltd is understood to provide a broad product portfolio that is comparable to postal operators in the other countries studied.

### **3.3. Social inclusion and service delivery partnerships linked to government initiatives**

An almost universal driver for government at all levels making use of the post office network has been as a way of reaching citizens in remote and rural areas, given that most postal operators have the largest geographic physical reach of all retail networks in a country.

This marriage between what may be described as social inclusion with service delivery clearly operates to the benefit of providing customers in all communities with accessible convenient service. The country product profiles illustrate the strength and inclusive nature of the current customer offering linked to government services.

This is particularly evident in Italy and Ireland, where there is a strong tradition of local community spirit. The Italian government's '*Friend's Network*' project is an interesting example of a central government-led initiative to provide easy access to government information and services for people who do not use the Internet. (See the profile on Italy, starting page 51). Poste Italiane has seized the opportunity to work with its government and position itself as a major player to support this initiative in ways which directly translate into accessible products and a service for customers through their postal outlets.

In other countries, central and devolved regional government bodies have traditionally provided services and information to citizens through their own access channels, directly either face-to-face or online, Canada, Switzerland and Sweden for example. Switzerland has only recently begun to use the postal retail network as a conduit to provide products, services or information and advice to citizens. Canadian government bodies have the potential to develop collaborative working with the postal operator now that the appropriate technical infrastructure is in place. In Sweden it was interesting to find, that due to the way government has developed its services, there was no expectation amongst consumers or the postal operator itself that a network of postal outlets would be a natural face-to-face channel option for government services in this country.

All the countries studied have national policies and programmes committed to reaching and enabling every individual everywhere in their country to access information, services and opportunities. These include financial inclusion and e-inclusion. Over the last decade, there has been an explosion in e-government initiatives, aimed at building online societies



and more efficient, cost-effective access to government services and information.

This move towards e-government is impacting on 'traditional' business transacted through post office outlets, as these have become only one of a choice of access channels that customers can choose for government services. Sweden is a rare example of an almost entirely 'wired society', where, in consequence, the postal operator (Posten AB) has withdrawn from offering government service transactions through any of its channels and has gone further in outsourcing all its face-to-face retail postal activities. The Swedish central government has a stated intent that access to government at any level should be as simple as possible for as many as possible. To help maintain this, the Swedish communications regulator is setting up technical support services to resolve hardware and software problems for the elderly and disabled at home. However, direct access at government offices is available for those customers who wish to interact with their government face to face.

### **3.4. Importance of government services to the post office network**

Government services from all levels represent a significant share of postal operator retail revenues in Italy, Ireland and to a growing extent, Australia. For Canada Post and Swiss Post they present an emerging business opportunity.

In all cases apart from Sweden, government services are seen as a real strategic opportunity by the postal operator, because they represent a potential revenue stream for the future to help offset declining income from letter mail. Postal operators also recognise that they can leverage their trusted brand and large geographic reach to offer customers in all communities an alternative, reliable access point for government services in general.

For postal operators in Italy and Ireland central, regional and local government services are all a major and established part of their retail product portfolio, and they are continuing to expand the range of services that they offer. Postal operators in Australia, Switzerland and Canada are looking at the delivery of government services through their post office networks as a revenue opportunity, and to enhance services available to customers given their access and reach into communities.

For most of the countries studied the postal operator's involvement with government at all levels engages all parts of the organisation, from simple mail handling through to advanced digital document management and communications. Delivering government services through the various retail channels is a natural extension of this. In some cases, working with central government to deliver high profile products and services (not necessarily related to the retail network) is seen by the postal operators as

a prestigious opportunity to showcase key competencies. It provides them with competitive edge and good reference models when seeking business opportunities in other government and non-government market sectors.

It is also important to remember that all of the countries we examined, except in Sweden, the postal operators are developing multiple, convenient customer access channels in order to maximise their geographic reach and minimise their costs. So, in addition to the physical postal outlet, they could be offering government bill payment facilities online, through call centres, at self-service kiosks inside postal outlets or in public locations, through electronic payment systems in other retailer shops, by mobile phone and at the doorstep via the postman/woman.

### 3.5. Practical issues

#### Cost and quality assurance

Arrangements in place between the postal operators and their governments are commercial and subject to contractual agreements.

The research undertaken did not find the equivalent level of transparency of information available in the public arena to that which exists in the UK in relation to detail regarding cost or social value linked directly to provision of customer access services by government via postal operators.

Wide variations in and between the economies in each country exist, with different social expectations, legislative and regulatory frameworks applying to government and/or its relationship and agreements on services with the postal operator. This means that assumptions on the core drivers behind why government may use the postal retail network to support service delivery, and why postal operators may choose to offer government services, may differ quite fundamentally from those which exist and are faced in the UK. In this section on 'Practical Issues' we have sought to use and draw conclusions based on the information made available. We found only a few limited and generic references to the economic rationale as an inhibiting or practical issue.

In those countries where government at different levels delivers services through its own channels, and there is a belief that this model is meeting consumer needs for access and efficiency (in Switzerland for example), the economic and political arguments for using the postal network are not strong, or the question never arises (Sweden).

Each government will have its own rules for procuring services from providers such as postal operators. The securing of agreements between postal operators and government on service provision by and for different types of channels providing access to consumers, infers that there will have been a need to meet a set of locally defined cost and quality criteria.

All governments have to provide an appropriate assurance to their citizens related to value for money and price being paid for the services they

contract. However, the research did not uncover specific details of the exact cost to government at different levels for using the postal retail network to support service delivery. Nor was there any mention of current costs using existing government customer access channels.

Generically for government and postal operators there is likely to be a relationship between time and/or complexity of product, service and/or transaction cost, where benefits may be achieved through economies of scale and/or standardisation of systems and processes.

Given the wide range of variable factors we have not been able to identify any clear formulae to underpin the cost quality criteria being used by governments. However, the existence of the ranges of products and services described for each country in Appendix A would indicate where a mutually successful outcome has been secured, for example, in Ireland and Italy.

### **Standardisation**

The research highlighted a common challenge for both postal operators and government bodies at all levels; that of understanding and resolving the dilemma between complex, time-consuming transactions and those tasks which can, with the use of appropriate technology be redesigned to support reliable and high quality delivery by counter staff and/or agents at the point of delivery to the consumer.

Postal operators work nationally, and even though individual products and services may be delivered in and to specific geographical locations, the format of all products and services will have to follow some pre-defined standards to assure effective delivery to customers.

Government systems and processes at sub-national level may have evolved in such a way that they are effectively locally bespoke solutions, and therefore not easily convertible into a solution proposed by an external provider (including the postal operator).

When considering the use of the postal operator's retail network for the first time, regional and local governments have to confront the issue of aligning all their processes and procedures for a given service with an unfamiliar format. They also have to divert resource into knowledge transfer to the postal operator's project team.

In working with governments nationally or locally, all postal operators emphasized that product and service design has to follow a pre-determined format to optimise efficient and cost-effective delivery. Regional government bodies in particular were found to collect and process citizen information differently because their systems had evolved separately over time. Once the various government bodies had found it possible to understand and embrace the uniformity of the overall delivery solutions proposed by the postal operators, additional tailoring of an

application could be carried out on behalf of a government client at an area based level.

For example, both Australia Post and Poste Italiane have been successful in developing their relationships with government clients across different regions and localities. It has taken a number of years to build up client reference sites (working showcases for prospective clients to visit) and experience with governmental processes, which has helped convince recent government clients of the benefits of using the postal network for service delivery.

### **Technical connectivity**

Automation of the postal retail network is the number one requirement for efficient delivery of government transactional services at whatever level countrywide. In most cases, automation of the whole postal network has taken a long time and has been challenging. This is particularly true with regard to provision in rural areas or to remote outlets, where the footfall might be low and therefore the economic argument for appropriate technology investment is difficult to make.

Canada Post, on the other hand, completed automation of its whole network within one year and had to deploy satellite communications technology and specialist installation teams to connect extremely remote communities in the Arctic Circle. The project cost C\$85m and was funded through external borrowing.

### **Outlet models and product range by location**

Apart from Italy, where Poste Italiane operates a wholly owned branch network, most postal operators have established different outlet types with variation in the products offered in and through different types of outlet and access channel. This includes mobile post office vans, interactive kiosks (in Italy) and postal delivery staff (in Switzerland) able to offer selected government products. Compared with the countries studied, it appeared that within the UK and Scotland, an equivalent or more diverse range of postal outreach channels and options are in place.

The main trend found has been towards licensing third-party retailers. Some licensed outlets may only sell postage or postal services; others offer the full range of services including government transactions.

All postal operators have a set of arrangements in place (legal and contractual), which state responsibilities and outline authority or discretion over decision-making. Although the government body contracts with the postal operator to provide the service, it is the postal operator that determines and suggests which products are provided where. The overall offer will be subject to an agreement, which both parties feel to be mutually satisfactory.

The governance of and compliance with agreed customer service specifications will need to be assured in some way. Any such

arrangements are defined in the contractual and/or service level agreements between the postal operator and product owner (i.e. government body), as well as between the postal operator and its agent (where agencies are used). This is the same in all countries studied. All the postal operators are able to segment their networks and differentiate service offerings.

### **Implementation**

Research respondents indicated that once an agreement is reached between a postal operator and government to deliver a particular service through the postal retail network, both parties would then seek to develop and deliver to a joint programme or project plan to set this service up. Having a clear and structured approach to implementing a new service is seen as essential to ensuring seamless delivery for both the government's customers and those of the postal operator.

Implementation of government services in all cases was found to be subject to central approval within the postal operator. This is due to the importance and levels of complexity of implementing changes. Although the service or product for a government department may only be deployed through specific localities, it has to be introduced and implemented in an integrated manner, operating alongside all other products and services offered through a channel and or outlet. Any change has to be introduced at the point of sale without deterioration to any of the postal operator's customer service queuing commitments.

Implementing a brand new solution via the postal operator for a government body can involve long lead times, as the public body's own systems procedures, their arrangements with their suppliers and legislation may need to be considered, consulted on and require radical change.

Consumer awareness of changes, in so far as this may provide them with new ways of interacting with government or require them to do something different, will have formed an integral part of the planning process agreed and adhered to by the government and postal operator. Plans to migrate customers from government or other supplier to the postal operator channel will have been the subject of joint planning to ensure a seamless service is available to the consumer throughout the transition.

In all cases the postal operators have established formal procedures for introducing new counter services, including government services, to help speed up their responsiveness to requests for change. In implementing a new service, postal operators often seek to build on an existing product or service specification and tailor this for new localised services. This approach reduces the risks and costs for both parties of developing a fully bespoke application.

Subject to the support infrastructure being in place, it might be more straightforward for the post office network in Scotland to deliver local government services in any given local authority area, if that service or one of a similar type/design is already delivered via the network in another area.

In the course of this research respondents mentioned some factors which would be required within the project plan. However these are purely indicative of some, and by no means all, of the fundamental factors that may need to be examined in delivering any new or amended government services through a postal retail network. .

Factors mentioned by respondents include internal changes to business processes involving, for example, operational procedures, systems plans (hardware, software), other third party interfaces and contractual agreements which have to change, possibly for both governments and postal operators. There will also be implications for human resources. For postal operators, front line training of staff and agents is essential, not only to aid customer familiarisation with the new product or service at the point-of-sale, but to support delivery on an ongoing basis. Canada Post's two-year Retail Point of Sales project involved teaching new computer skills to thousands of postmasters in remote post offices, so that they could handle debit/credit card and money transfer transactions electronically.

Internal and external communications plans are required to support customer education, and provide assurances linked to issues such as data privacy. The Italian government's Reti Amiche initiative, for example, generated a major promotional campaign across all the channel partners, including free entry to museums and archaeological sites for one evening each year.

A series of legislative conditions or regulatory requirements may need to be agreed, considered and quality assured. All of these may drive the options for type of channel or outlet used to provide services and any subsequent phasing or expansion thereof. For example, in some countries, such as Australia, government service transactions are currently offered in licensed post offices, as opposed to third-party-operated postal outlets.

Because of the strategic nature, importance, national visibility and scale of central government projects, these are often given precedence by postal operators. When dealing with regional/provincial government bodies most of the postal operators find the main challenge is the fragmented nature of government processes. As a result, if, for example, a specific solution is set up for one regional body and confirmed by all parties to have been a success, there may be benefits through economies of scale, if other government departments at any level are able to adopt or adapt that solution.

Those postal operators with more experience providing such services through their counter networks tend to have built up a level of confidence from and good working relationships with regional government.

Where government bodies have not previously contracted the postal network to deliver one of their services, then the postal operator will demonstrate its case for using the postal network as an alternative channel.

It is noteworthy that, in all those countries studied that are delivering government services through the post office network, the retail services operations are an integral part of the national postal operator's business. The UK, and therefore Scotland, is unique in that although part of the Royal Mail Group and government-owned, Post Office Ltd is a separate business from Royal Mail and does not share technology or budgetary resources. The Postal Services Bill includes provisions to formally separate Royal Mail and Post Office Limited and therefore, Post Office Limited could become increasingly detached from Royal Mail in the future.

### **Approaches to remote and rural communities**

Some of the postal operators in the countries studied have developed services specifically targeted at disadvantaged customers and those living in remote areas. Poste Italiane's '*Friend's Network*' (*Reti Amiche*) counter services<sup>4</sup> are a good example of this, designed to provide access to government services and information to immigrants and people without Internet access. Poste Italiane is also promoting its mobile phone service as an easy access point for some basic payment services. In Ireland, An Post offers customers who are on welfare benefits a regular payment plan for covering household bills and to help them avoid running into debt.

All the postal operators are aware of the important role they play in connecting remote parts of the country, often providing the only banking services and usually providing the hub of local community life. There is also evidence of postal outlets providing informal services in the local public interest, for example dissemination or display of public announcements. These are most likely to occur on licensed operator premises in the locality.

Where government was found to use the postal operator to support the delivery of their services, this appears to be due to a recognition that they can increase the reach of service delivery or tap into organisations with close connections in rural and remote communities in a way which they cannot achieve through use of their own offices or channels.

With the exception of Sweden, all contributors to this work have mentioned the likely existence of what may be perceived to be ad hoc discretionary arrangements or activities on behalf of the community that

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<sup>4</sup> Part of a national government initiative.



may be found within the premises housing *what they regard as* their local post office.

### **Wider social role**

As group entities most of the postal operators are amongst the largest employers in their country and therefore are conscious of their obligations and impact on the local economy through their actions. They all support various charities and voluntary organisations at national and local level, and are supportive of staff who get involved with charitable activities.

The research found no explicit evidence of government at any level in the selected countries supporting the development of postal outlets in local communities as businesses; whereas in Scotland the Scottish Post Office Challenge Fund is designed to make a positive impact on the business viability and growth of the postal outlet as a small business.

In the UK, Post Office Ltd receives a government subsidy for its recognised *social value add*. Our comparative research did not find direct government subsidies described in the same way elsewhere.

The UK government has explicitly highlighted the opportunity for government at all levels to consider the synergy and opportunities for developing public services delivery through Post Office Ltd, unlike the other countries studied, where minimal reference is made by the state to leveraging the postal operators' retail networks to deliver such services.

## **3.6. Future trends in government services**

One product area that postal operators in all the countries studied (except, inevitably, Sweden) see as a key growth opportunity for the postal outlet network is electronic identity validation. This ranges from semi-manual checks by counter staff to support passport applications or official certificate requests, through to the development of online secure integrated systems links enabling citizens wishing to conduct direct transactions with government.

Another trend that the retail networks are looking to leverage is the need for government bodies at all levels to provide choice and ease of access to its services and information. Since the postal operators still retain the largest physical retail networks in their countries they are in a strong position to exploit this opportunity.

For some of the postal operators in the countries studied there will be opportunities to support government initiatives at all levels to develop e-government websites and applications (Canada and Switzerland), and links to the postal outlet network may result as a complementary access point.

There was no specific mention of declining government services at post offices. A gradual move away from cash transactions, such as rent payments and pension withdrawals, is likely to be replaced by more

electronic transactions. This will vary by country according to IT investment levels and social trends. By moving into alternative forms of access the postal operators would appear to be protecting their ability to provide such services and satisfy customer needs in the future.

## APPENDIX A: COUNTRY PROFILES

- Australia
- Canada
- Ireland
- Italy
- Sweden
- Switzerland



## AUSTRALIA Postal retail environment

### Government – Post Office Relationship

As a wholly state-owned corporation, Australia Post is bound to the Federal government by mutual national interest, although each of its business initiatives must show a return on investment. The Australian Postal Corporation Act sets out Community Service Obligations for Australia Post regarding postal services, performance standards and number of outlets. Although historically the Federal government has not used the post office network as a communications tool, it has recently provided financial support for automating selected post offices in rural areas.

### Extent of social inclusion in Australia and government initiatives/approaches to rural communities

Australia is one of the most sparsely populated countries in the world (3 inhabitants per km<sup>2</sup>). In 2001 the Australian Federal government established the *Rural Transaction Centres* (RTC) programme to provide banking and other transaction services to communities without access to banking services. EPOS (electronic point of sale) facilities were set up in stores, post offices or standalone centres and run by communities or local councils. This included a cooperative venture with Australia Post to install EPOS equipment in rural post offices.

In terms of online communications with central government, there has already been widespread acceptance amongst Australian citizens and businesses. Australia holds 2<sup>nd</sup> place in the UN global rankings for e-participation, but e-government development

is ranked slightly lower at 8<sup>th</sup> place. The Australian Federal government has recently been focussing on ensuring that all Australians benefit from the 'Digital Economy'. Amongst the various initiatives are the *Indigenous Communications Program* and the *National Broadband Network*.

The *Indigenous Communications Program* is investing Au\$31 million to help improve communications services in remote indigenous communities, such as telephone services, basic public internet access facilities and computer training. During 2009-2013 the programme will provide fixed or mobile satellite community telephone to around 300 remote communities that do not currently have access to a public telephone, ongoing maintenance of around 550 community telephones, and in collaboration with state and territory governments, expanded public internet access and delivery of computer training in up to 120 remote communities that have limited or no public access internet facilities.

The Au\$43 billion high speed *National Broadband Network* announced in 2009 is Australia's largest infrastructure project, which will be accompanied by historic reforms to Australia's telecommunications sector. The objective is to provide 93% of Australian homes, schools and workplaces with a 'fibre to the premise' connection at speeds of 100MPS (megabits per second). It will connect all other premises with next generation wireless and satellite technologies offering speeds of 12MPS or more.

## A1. AUSTRALIA Country context & metrics

THE AUSTRALIAN POSTAL CORPORATION		
Postal Operator	Ownership & status	The Australian Postal Corporation is a state enterprise; 100% owned by the Australian government.
	Financing	The cost of funding the Community Service Obligations (CSO) is cross-subsidised with the letter service. In 2001 the Australian government part-funded automation of prioritised postal outlets in rural areas. It also bears the cost of maintaining heritage-listed properties owned by Australia Post.
USO & Regulatory Environment	Service coverage	The CSO only covers letter mail services.
	Customer access	Australia Post is required to operate 4,000 retail outlets nationwide. Under their Community Service Obligations a minimum of 2,500 outlets must service remote & rural communities. In metropolitan areas at least 90% of residences should be within 2.5kms of an outlet. In non-metropolitan areas at least 85% of residences should be within 7.5kms of an outlet.
	Government influence	Australia Post has to comply with its CSO.
PO retail network	Retail's corporate position	<b>Retail Services</b> is one of 4 strategic business units at Australia Post.
	Total no. outlets	4,415
	Population per outlet	4,816
	Network composition	Owned (corporate) post offices – 18% Licensed post offices (LPOs) & franchised PostShops – 67% Community Postal Agents (CPAs) – 15% (postal services only)
	Alternative access points	Online – the <b>Postbillpay</b> service (for paying State & City bills)
	Current accessibility	In metropolitan areas 93.7% of residences are within 2.5kms of an outlet. In non-metropolitan areas 87.7% of residences are within 7.5kms of an outlet.
	Rural outlets	57.3% of outlets are located in rural & remote areas.

<b>Country population profile &amp; infrastructure</b>	Rural population	11% Overall population density is low (3 inhabitants/km2)
	Population age profile	Average age: 37.5 years ≥65 years: 13.5% ≤14 years: 18.6%
	Internet penetration (% population)	80.1%
	UN eGovernment global rankings 2010	eGovernment development: 8 <sup>th</sup> (UK: 4 <sup>th</sup> ) Telecommunication infrastructure: 17 <sup>th</sup> (UK: 4 <sup>th</sup> ) eParticipation: 2 <sup>nd</sup> (UK: 4 <sup>th</sup> )

**Government attitude to the post office network vs the post office’s attitude to its network**

Traditionally the various levels of government have interacted with citizens directly; via mail, in person at local agencies and, more recently, this has been increasingly online.

The Federal government’s RTC programme (mentioned earlier) funded the automation of over 100 small postal outlets to provide banking and bill paying services in rural areas. This provided access to a wide choice of financial institutions via Australia Post’s personal banking service (*Bank@Post*) for deposits and withdrawals, together with the convenience of being able to pay council rates, utility/credit card bills, insurance premiums and fishing/dog licences at the same time. This largely benefited licensed postal outlets in small communities<sup>1</sup> where there had been no existing face-to-face financial services but with more than 2,500 manual transactions per year. By 2010 some 400 licensed postal outlets in rural or remote areas had been automated through this scheme.

1 Usually less than 3,000 inhabitants.

For Australia Post its retail network generates approximately 14.6% of total revenues, with the majority of outlets (67%) being licensed post offices (LPOs)<sup>2</sup>. Under its Community Service Obligations, Australia Post must provide a minimum of 4,000 retail outlets nationally, of which some 2,500 should service rural and remote communities. By mid-2010 there were a total of 4,415 outlets, with nearly 60% in rural or remote areas (2,024 rural and 507 remote).

**Reasons for offering government services**

Carving out a niche in government and ‘trust-based’ services is one of Australia Post’s key strategies for the future and seen as a revenue-earning opportunity. The almost total automation of the network has now paved the way for more interactive transactions to be delivered.

The Federal government has not set any directions, but Australia Post has identified ways in which it can leverage its physical presence and technological resources to provide cost-effective and additional access to government services.

2 Including a small number of franchised PostShops.

## Importance of government services to the post office network

Government services currently represent around 16% of the retail business unit's revenues. This percentage is expected to grow with the introduction of new services and the inevitable decline in physical mail.

Identity services are a strategic and key growth area for Australia Post – provided on behalf of all government levels (see below). The company believes that there is a large and growing requirement for easy-access identity services, and they have therefore been investing in new technology which was launched in late 2009 and provides an end-to-end electronic registration process.

### Government services experience to date

Table B1 summarises the main government services available through the post office network in Australia today. Most of these to date have been bill payment services for local level authorities. In addition to the large physical network, Australia Post offers credit card payment by phone and online via the *Postbillpay* website. A smart phone application for bill payment was also introduced mid-2010.

Australia has six states—New South Wales, Queensland, South Australia, Tasmania, Victoria, and Western Australia—and two major mainland territories—the Northern Territory and the Australian Capital Territory (ACT). In most respects these two territories function as states, but the Commonwealth Parliament can override any legislation of their parliaments. State parliaments manage schools, state police, the state judiciary, roads, public transport and local government. Local government entities vary by state and include cities, towns, boroughs, districts, municipalities, shires, islands and regions. The councils' chief responsibilities are usually provision of community facilities such as libraries and parks, maintenance of local roads, town planning and development approvals, and local services such as waste disposal.

Australia Post does not handle any of the Federal welfare or pension payments, since these are usually paid directly into people's bank accounts. However, Australia Post benefits indirectly because welfare recipients often obtain cash disbursements or pay bills through their accounts at a post office.

### Central government

Services for Federal agencies include passport applications and renewals, as well as identity checks and document witnessing. In 2010 Australia Post conducted more than 90% of Australian passport interviews.

Australia Post provides '100 Point Identity Verification', which is now required by most Federal and State bodies (to open a bank account, obtain a driver's licence, mobile phone, permits for working with children, credit references, firearms licences etc). Under this standard, an applicant provides a selection of original documents which are verified by post office counter staff, and photographs of applicants are taken where required.<sup>3</sup> In the 2009-10 financial year retail personnel carried out more than 2.4 million identity checks and took over 1.2m photographs as part of these services.

### Local/regional government

At the local level Australia Post's main retail offering is for bill payment, which can either be handled over the counter or online using the *Postbillpay* facility. Most State bills (e.g. car registration renewals, traffic fines and student university fees) can be paid in this way. Likewise a growing number of city councils are set up on *Postbillpay*, so that residents can pay their rates, childcare fees and dog licences.

<sup>3</sup> Such documents carry different points (e.g. birth certificate, citizenship certificate, utility bill) and in total must add up to 100.



Identity services at State level are also being rolled out. A pilot at an initial 10 outlets for the New South Wales Registry to issue birth, death and marriage certificates is being extended to some 800 outlets during the 2010-2013 period. Previously people were limited to applying by mail or going to the Sydney Registry or a courthouse. Australia Post's pilot proved to be secure and accurate, whilst applicants can also apply in advance online, so that their details are quickly retrieved when they visit participating outlets for final processing, including identity checks.



## B1. AUSTRALIA Current government services provided

THE AUSTRALIAN POSTAL CORPORATION		
Federal	Passport Services	<p>New applications &amp; passport renewals are handled at participating postal outlets nationally (on behalf of the Dept. Foreign Affairs &amp; Trade).</p> <p>British passport applications &amp; renewals are also processed (Australia Post is the first entity outside the UK permitted to provide this service.)</p> <p>POs<sup>(1)</sup> also provide instant passport photos.</p>
	Identity Services	<p><b>100 point identity verification:</b> required when applying for many government services; these ID checks are available from more than 3,300 postal outlets; the PO sends the completed form to the requesting organisation, collects required fees &amp; gives the applicant a receipt.</p> <p><b>Document witnessing:</b> available from all POs, including validations of photocopies or original documents.</p>
State	Transport	<p><b>Car registration renewals</b> are payable to the relevant State Dept. of Transport at POs, online via Postbillpay, online via the State government website, by telephone &amp; at police stations.</p> <p>Drivers' permit photos can be taken &amp; Proof of Age Cards (POA) given at POs &amp; other nominated Photo Point locations.</p> <p>Applications for the <b>Country Age Pension Fuel Card</b> are processed in POs on behalf of the Western Australian State Government. (This provides pensioners with limited access to public transport Au\$500 each year, over four years, to assist with fuel and taxi costs).</p>
	Identity Services	<p><b>Birth, marriage &amp; death certificates</b> can be applied &amp; paid for at POs on behalf of the New South Wales State Registry Office; The alternatives are by post or in person at the Sydney Registry or a courthouse.</p>
	Housing	<p><b>Home loans</b> can be repaid at POs, by BPAY (an electronic bill payment service by Internet or telephone), by post &amp; EFTPOS (electronic funds transfer at point of sale).</p>

<sup>1</sup> The term PO (post office) in this table applies to all types of postal outlet (corporate offices, licensees and franchisees.)

	Traffic Offences	Payment options for State <b>police fines</b> & parking fines include: online direct to police, by post, in person, at POs, by telephone, direct to the State 'Service Centre' & via Postbillpay.
	Education	<b>University enrolment fees</b> (both State & City levels) can be paid at POs & via Postbillpay, as well as online to the University, via BPAY, mail, in person & via interbank transfer.
	Firearms	<b>Firearms licence</b> applications can be processed & paid for at POs on behalf of the Western Australia State Police. An online application form is downloaded from the Police licensing website, completed and printed then lodged in person at an approved PO where <i>100 points</i> identity documents must be shown.
	Working with Children Check	<b>Working with Children (WWC)</b> checks can be conducted by participating POs in Victoria & Western Australia on behalf of the Depts. of Justice. Application forms can be downloaded from the Justice websites or are available from POs.
	Fishing Licences	Varies by state: where required applications can be paid for at POs, at a Dept. of Fisheries office or via their website.
<b>Local (City, Shire &amp; Regional Councils)</b>	Community Charge	<b>City council rates</b> are payable at POs, by post, via Postbillpay, BPAY or in person at council offices.
	Childcare Fees	<b>Childcare fees</b> are payable to the city council at POs, via Postbillpay or direct to the council.
	Business Registration	<b>Business registration renewals</b> are payable to the city council at POs, via Postbillpay or direct to the council.
	Animal Registration	<b>Dog licenses</b> can be paid for at POs, via Postbillpay or direct to the council.
<b>Other Services for Government</b>	Election Direct Mail	<b>Candidate Communication Packs:</b> Australia Post run bespoke government direct mail programmes particularly at election time. These are designed to assist state and federal politicians in communicating with constituents using fully or semi-addressed mail.
	Medical/Educational Remote Area Parcels Service	This government-subsidised service provides reduced postage rates for parcels containing health or educational materials being sent to or from people living in remote communities.

Outside the retail area, Australia Post is finding new ways of supporting regional governments. *Local Council Community Update Packs* were developed for the Municipal Association of Victoria to improve communications with constituents.

### **Practical issues**

Corporately-owned outlets account for 18% of the overall network, but in rural and remote areas this percentage falls to 10%. In addition, there are 642 Community Postal Agents (CPAs); very small concerns which focus on mail services and do not carry out any agency transactions.

The majority of postal outlets are now automated, so that the full range of financial services can be provided electronically. Whether the outlet is owned or outsourced is not a deciding factor, outlets need to process a minimum a 10 transactions per day to justify the investment in equipment. However a number of rural and remote licensed post offices (LPOs) still do not have the facilities to carry out electronic transactions. They are able to process banking deposits, withdrawals and bill payments, but provide manual receipts and send manual returns back to head office. They cannot sell Gift Cards, nor handle any identity validation processes.

When transactions are set up for a local council, they have to be nationally consistent. Some different features are allowed in the EPOS system, but generally there is no flexibility at the local level. Using this standardised process has been very successful to date.

Once a new product has been developed for one authority, setting up a similar one for another body can be challenging, because each local entity has different application forms, legal requirements and modus operandi. And there are hundreds of local government authorities.

Over the last few years Australia Post has built up a good track record in the government marketplace. Once a local authority has been persuaded to make its processes more uniform and has had some experience of working with Australia Post, they start to value the services and long-term relationships are established.

LPOs, on the other hand, can enter into other (non Australia Post) business arrangements with local authorities, but this is rare. They tend to provide localised services such as selling local events tickets.

### **Social and rural practices**

Australia Post is aware that it plays an important role connecting regional and remote areas of the country, and has a long history of supporting these areas through its wide-ranging organisational resources. In such areas Australia Post is one of the few remaining access points for banking services and plays a critical role in these communities.

Outside the retail network Australia Post has set up *Our Community*, a social enterprise supported by a website that provides practical advice, training and tools for some 600,000 community groups to help them promote themselves.

Another example is in Victoria and New South Wales, where Australia Post partnered with the Foundation for Rural and Regional Renewal to support community groups involved with youth, education, arts and culture between 2005 and 2010.

### **Wider social role**

Both corporate post offices and LPOs get involved with local activities, especially charities. Australia Post is supportive, but such activities are not motivated nor organised from the top; local postal staff act on their own volition.

Australia Post has an affinity with rural and remote Australia, there are many examples

of local sponsorships and local people feel some ownership of the Australia Post brand. So often the post office is iconic to the identity of the town.

#### **Future trends in government services**

Australia Post is optimistic about new opportunities in government services at all levels, because the government is always implementing new initiatives and the community is always driving government. The *National Broadband Network* programme is a good example of this and Australia Post is looking at where it might be able to play a part in it in the future.

For the retail network a major opportunity lies in identity services, whilst Australia Post will also leverage its experience in processing British passports and offer this service to other countries.

Online services provided directly to citizens by the local States are, of course, a competitive threat. The States are at different stages of e-government and Australia Post hopes to persuade the various authorities of their credentials in providing government services cost-effectively.



## CANADA Postal retail environment

As a Crown Corporation owned by the Federal government, Canada Post's retail service commitments regarding the USO are established in the Canadian Postal Service Charter. The service scope does not extend beyond postal products, but the charter stipulates that Canada Post should provide an extensive network of retail postal outlets, including rural regions.

With respect to access to postal services the Charter specifies that 98% of consumers should have a postal outlet within 15 kms from where they live. There is also a moratorium on closures that protects approximately 3,800 post offices in rural and small one-post-office towns. As a result, a relatively high percentage (66%) of these is corporately-owned (rather than licensed offices).

Canada Post is one of the top corporations in Canada in terms of revenue and among the top employers in every province and territory. Therefore it acknowledges its impact on and contribution to society and the national economy.

### **Extent of social inclusion in Canada and government initiatives/approaches to rural communities**

'Outreach' is central to Federal government policies and programmes, whilst there is also a strong voluntary sector in the country. The highest level of online banking in the world is done in Canada (67.1% of adult Canadians versus 41.7% of Australians<sup>1</sup>).

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<sup>1</sup> comScore study 2008.

As part of Canada's Economic Action Plan, \$225m was provided to Industry Canada<sup>2</sup> to develop and implement a strategy to extend broadband coverage to as many unserved and underserved households as possible, beginning in 2009-2010. By far the biggest component of this strategy is the program for *Broadband Canada: Connecting Rural Canadians*.

Broadband internet access is viewed as essential for participating in today's economy, as it enables citizens, businesses and institutions to access information, services and opportunities that could otherwise be out of reach. More broadly, it will encourage economic development, spur innovation and improve the quality of life in hundreds of communities across the country. Broadband Canada will work with the private sector or consortiums of companies, not-for-profit organizations and provincial/territorial entities to extend broadband coverage to areas that do not currently have broadband access.

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<sup>2</sup> The government department responsible for regional economic development, investment and innovation.

## A2. CANADA Country context & metrics

CANADA POST CORPORATION		
Postal Operator	Ownership & status	A Crown Corporation owned by the federal government.
	Financing	Canada Post has been profitable for 14 years and receives no government funding.
USO & Regulatory Environment	Service coverage	Only postal services (including publication delivery) are stipulated in the USO.
	Customer access	Retail postal outlets are not regulated. The Canadian Postal Service Charter sets a requirement in terms of distance from places of residence, so that 98% of the population is no more than 15 kms away from a postal outlet, 88% no more than 5 kms & 78% no more than 2.5 kms.
	Government influence	Federal government influences postal service provision through the Canadian Postal Service Charter, with the emphasis on convenient access.
PO retail network	Total no. outlets	6,499
	Population per outlet	5,153
	Network composition	Owned (corporate) post offices – 61% Dealers (within other retailer stores) – 39%
	Alternative access points	Canada Post's online facility currently only sells postal products. The online <i>epost</i> service provides electronic bill management services for some City authorities (see below).
	Current accessibility	98.8% of the population live no more than 15 kms from a physical postal outlet
	Rural outlets	Just under 60% of the network (3,800) outlets are in rural/remote areas; 66% of these are corporate offices. In terms of area serviced, Canada Post delivers to a larger geographic area than the postal service of any other nation, including Russia.
Country population profile & infrastructure	Rural population	20%
	Population age profile	Average age: 40.7 years ≥65 years: 15.2% ≤14 years: 16.1%



	Internet penetration (% population)	77.7%
	UN eGovernment global rankings 2010	eGovernment development: 3 <sup>rd</sup> (UK: 4 <sup>th</sup> ) Telecommunication infrastructure: 3 <sup>rd</sup> (UK: 4 <sup>th</sup> ) eParticipation: 8 <sup>th</sup> (UK: 4 <sup>th</sup> )

### Government attitude to the post office network vs the post office’s attitude to its network

The Canadian Federal government has not traditionally viewed Canada Post’s retail network as its main conduit for government services. The Federal government has established the Service Canada organisation, which has a mandate and ultimate goal of providing Canadians with a single point of access to all Federal government services and benefits regardless of where they live or how they wish to interact with the government (be it in person, by phone, by Internet, or by mail).

Service Canada provides access to more than 50 Federal government programs and services, in particular Employment Insurance, Canada Pension Plan and Old Age Security. It has almost 500 offices across Canada – many of which are outreach and mobile offices designed to deliver programs and services into rural and remote areas.

For Canada Post its retail network is a channel to market for its products and services and it is not a separate line of business or a profit centre. The retail network is seen as having the potential to provide an alternative source of future revenue growth to help offset declines in the core letter mail business.

### Reasons for offering government services

The decline in core postal services is one of the key reasons behind Canada Post’s decision to evaluate offering additional services such as government, financial and mobility services in its retail network.

### Importance of government services to the post office network

Government services currently represent one of several potential revenue streams for the future.

### Government services experience to date

Table B2 summarises the main government services available through the post office network in Canada. Today only Federal government services are available in a very small number of post offices. However, Canada Post’s *epost* service (launched in 2000 and described later) provides an alternative channel for customers to pay municipal authority bills.

Canada Post’s priority is to leverage its assets and work in complement with all levels of government potentially to introduce broader services in its retail network. The various layers of government are responsible for different services at multiple levels, and the Provincial and Federal bodies have their own outreach programs, as well as an impressive array of online services. As mentioned earlier, Federal government agencies are represented by the Service Canada

organisation. Some of the provincial governments use a 'provincial version' of Service Canada's online presence (e.g. Service British Columbia). Other provinces and the city authorities provide links to the relevant department, allowing people to pay for residential taxes, car tax stickers, request birth/marriage/death certificates, book appointments for an enhanced driver's licence etc.

Canada is a federation comprising 10 provinces and 3 territories. The federal government plays a role in the provision of social services, the economy, national security, criminal law, foreign affairs and aboriginal population issues (First Nations policy). The provinces have more autonomy than the territories and are responsible for most of Canada's social programs (such as health care, education, and welfare) and together collect more revenue than the federal government. At the local level there are thousands of government bodies, including municipalities, local boards and agencies (for example, school boards, police commissions, transit agencies), and semi-regional governments (for example, counties). While the precise powers of these local forms of government range from province to province, they tend to be responsible for such things as local planning and development, protection of persons and property, transportation, utilities, and local parks and recreation.

Interactive kiosks are also popular in Canada and can be used for renewing car tax stickers by credit or debit card, buying a Driver's

Abstract (driving history, convictions, registered cars etc) and notifying a change of address.

### Federal government

The Federal government services currently available through the postal retail network include passports, student loan applications and hunting licences. Services are limited to straightforward intake transactions rather than any services involving advice.

### Local/regional government

At the local level Canada Post does not offer government services through its retail network at the moment. The multi-layers of government make it a complex market to serve, and at the present time, most provincial governments have their own delivery channels.

Although not a direct service to public sector bodies, Canada Post's **epost** service allows individuals to receive and manage their bills electronically and securely on one website. Currently there are over 100 public & utility organisations supported by the service, including City authorities (regarding property tax, waste, water & sewerage charges). Bill payment is by credit card in **epost** or via the user's online bank account. This is a key service that Canada Post continues to develop.

### Practical issues

A critical element of expanding services was the need to improve its technology platform across the vast retail network. An ambitious program was completed in 2009 which automated the network to ensure that Canada Post has the appropriate technical infrastructure to support transactional-based services efficiently. This, it believes, together with its coast-to-coast physical geographic reach and trusted brand status, are critical components in delivering new services.

## B2. CANADA Current government services provided

CANADA POST CORPORATION		
Federal	Passport Services	Canada Post is a receiving agent for <b>Passport Canada</b> (PPC a Federal agency) – designated post offices accept applications, check supporting documentation, collect fees & send to PPC for processing. Passport applications are also handled by Service Canada.
	Student Loans	POs process student loan applications (though some provinces have their own student loan arrangements); at the postal outlet, staff will make sure the Canada student loan agreement is valid for processing; confirm that proper ID has been provided & forward the Canada student loan agreement to the <b>National Student Loans Service Centre</b> .
	Hunting Licenses	Federal migratory bird hunting permits can be bought at POs (on behalf of <b>Environment Canada</b> ); Other hunting & fishing licenses are available online from the various provincial Ministries of Environment as well as from a variety of retailers (sports goods, recreation resorts etc).
Provincial & Territorial		Canada Post does not currently provide any provincial or territorial government services through the retail network.  Canadian local government departments deliver an extensive range of offline & online services & communicate directly with residents, e.g. education, health, welfare support etc.
City		Canada Post does not currently provide any direct services on behalf of City authorities through the retail network.
	Electronic Bill Management	Canada Post's <b>epost</b> service allows individuals to receive and manage their bills electronically and securely on one website. Although not a direct service to public sector bodies, the current list of over 100 public & utility organisations supported by the service includes City authorities (regarding property tax, waste, water & sewerage charges).  Bill payment is by credit card in <b>epost</b> or via the user's online bank account.

<b>Other Services for Government</b>	Public Policy Programs	<p><b>Food Mail Program</b> – Canada Post transports food &amp; essential items by air to isolated northern communities that are inaccessible year-round. The program is funded by the Federal government. Canada Post’s involvement (which ends March 31, 2011) is on a cost-recovery basis only.</p> <p>Government Mail, materials for the blind and inter-library book transfer rates are also handled at below commercial rates.</p>
	Personal PIN Security	<p>More of a <i>Citizen’s Service</i>, Canada Post is introducing a service allowing consumers to change their personal identification numbers (PIN) at no charge for selected credit cards at most post offices across the country.</p>

The broad geography of Canada, its density of population and multi levels of government present challenges for Canada Post to introduce services across its network. Canada Post is looking for simple transactions that can be delivered at the counter in a short period of time, because they want to avoid queues building up or requiring separate counters for different services. Such services need to be integrated easily into existing post offices and complementary to existing e-channels, as well as providing benefit for the Canadian government and its citizens.

**Social and rural practices**

Canada Post is supportive of the informal social and community role that the retail network plays. Three out of five post offices are in rural or remote areas. The Canadian Postal Service Charter recognises that exceptional circumstances, such as retirements, deaths, illnesses or fires, may impact the operation of small rural post offices. If ever a rural outlet needs to be moved or closed, Canada Post’s Community Outreach Program works with local elected leaders, consults with the affected community and obtains input as to what the alternative options are.

**Wider social role**

The local postmaster is often considered a central cog in many small communities. Social gatherings and fund-raising activities sometimes take place at such post offices. Canada Post places no restrictions on such informal activities.

There is occasional usage of post office premises for other public services. For instance, the National Air Pollution Surveillance (NAPS) Network, which is a joint federal/provincial/territorial program, used to operate on the roof of the post office in Yellowknife (Northwest Territories). <sup>1</sup>

**Future trends in government services**

Canada Post will continue to explore new opportunities to offer public sector services at all levels when it delivers solutions that strategically fit and bring value to citizens.

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<sup>1</sup> The surveillance program moved to an indoor site in 2005.



## IRELAND Postal retail environment

### Government – Post Office Relationship

As a state-owned public limited company, An Post receives no public funding and must make a commercial return. However, between 1992 and 2008 the Irish central Government has rolled over the contract to provide social welfare payments to An Post, despite challenges from the European Commission.

### Extent of social inclusion in Ireland and government initiatives/approaches to rural communities

Ireland has a strong culture based around 'community'. Small, isolated villages tend to have thriving social support and activity groups, whilst the voluntary sector works closely with central government to develop solutions for immigrants, travellers and other high-need groups.

Since 2008, the central Government's 'Transforming Public Services' (TPS) programme has been working towards an increasingly integrated Public Service, which is leaner, more effective and more focussed on the needs of the citizen. As a result, public services at all levels have been overhauled, and most central government departments and local authorities have well developed web-based services.

One of the key initiatives set up under TPS is the *Local and Community Development Programme* (LCDP), which is managed by Pobal, an intermediary that works on behalf of Government to support communities and local agencies in achieving social inclusion,

reconciliation and equality. Its work is directed by the Minister for Community, Rural & Gaeltacht<sup>1</sup> Affairs. The *Local and Community Development Programme* aims to tackle poverty and social exclusion through partnership between Government and its agencies and people in disadvantaged communities. The programme prioritises marginalised people and groups within the most disadvantaged communities, i.e. those furthest from access to education, training and employment, and those at highest risk of social exclusion.

Under the Department of Communications, the *National Broadband Scheme* is bringing broadband coverage to certain designated areas in rural areas where coverage is deemed insufficient.

### Government attitude to the post office network vs the post office's attitude to its network

Since 1992 An Post has been delivering Social Welfare Payments, under a contract from the Department of Social Protection, to social welfare customers through its network of post offices. This delivers payment services to over one million customers for jobseekers allowance, pensions, child benefits, single parent support and housing allowances. By 2007 some 38 million welfare payments were being made.

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<sup>1</sup> The Irish language.

### A3. IRELAND Country context & metrics

AN POST		
Postal Operator	Ownership & status	100% state-owned Public limited company
	Financing	An Post receives no government funding.
USO & Regulatory Environment	Service coverage	Only postal services are stipulated in the USO
	Customer access	The USO does not define a minimum number of retail outlets, but refers to access points that take account of user needs.
	Government influence	Central government is generally supportive towards An Post & the retail network.
PO retail network	Retail's corporate position	An integral part of the postal operator.
	Total no. outlets	1,344
	Population per outlet	3,127
	Network composition	Owned post offices – 4% Contractor-operated post offices – 82% Postal agents – 14%
	Alternative access points	PostPoint agents – c3,000 independent retailers licensed to sell stamps & provide electronic transactions & top-up products (e.g. phone cards). PostPoint is an An Post subsidiary. Online – TV license renewal or purchase on the An Post website. Online retail kiosks in selected branches (linking customers with online facilities such as <a href="http://www.iloveshopping.ie">www.iloveshopping.ie</a> )
	Current accessibility	The PostPoint network trebles the size of An Post managed outlets, providing customer access in all communities with a retail presence.
	Rural outlets	82% (excluding PostPoint retailers)
Country population profile & infrastructure	Rural population	39.0%
	Population age profile	Average age: 34.5 years ≥65 years: 12.0% ≤14 years: 20.9%
	Internet penetration (%)	65.8%



	population)	
	UN eGovernment global rankings 2010	eGovernment development: 21 <sup>st</sup> (UK: 4 <sup>th</sup> ) Telecommunication infrastructure: 20 <sup>th</sup> (UK: 4 <sup>th</sup> ) eParticipation: joint 26 <sup>th</sup> (UK: 4 <sup>th</sup> )

In using An Post’s retail network, the central government ensures that payment services are accessible to people throughout the country.

The expertise that An Post developed and the counter automation required to support the processing of social benefits disbursements, led to the move into banking services around 2003. This capability, plus the largest physical retail distribution network in Ireland, provided an attractive channel for other government departments to use, for example, TV licensing.

An Post’s move into payment collection solutions in 2000, with the establishment of the *BillPost* service, was seen by the city and county councils, in particular, as a cost-effective way of processing payments and customer data. They have traditionally collected rent payments etc by cheque

In Ireland, the provision of counter services is outside the definition of the USO requirements, and the only reference to customer access is that there should be adequate posting boxes and access points that take account of user needs. An Post has increasingly diversified ways in which customers can avail themselves of retail ‘post office’ services. These include corporate-owned outlets, contractor-operated outlets, postal agencies, retailers with *PostPoint* and online, whilst recent announcements indicate that mobile phone payment services look likely customer options in the future.

*PostPoint* is an An Post subsidiary and is a leading player in electronic transactions

processing. *PostPoint* provides An Post’s electronic payments services to a much larger pool of small retailers, including mobile phone top-up, *BillPay*, road tolling and *One4all* Gift Cards.

Although at the beginning of 2010, An Post pulled out of banking activities (Postbank Ireland was closed down), it still provides An Post savings accounts and the State investment products on behalf of the government. It also took on cash handling at post office counters on behalf of the National Irish Bank (which announced it would become cashless by the end of 2010).

**Reasons for offering government services**

Due to the longstanding relationship between the state and the state-owned postal operator, central government services have been a core part of An Post’s business for many years. An Post regards itself as a national services provider and also has a strategic commitment to continue expanding the range of financial services available at post offices.

Mobile phones are expected to become a dominant payment method in the future. Ireland has a young population and a high take-up of mobile phones. There is talk about mobile phone technology supplanting the Internet as a way of tackling financial exclusion in Ireland. They are also suitable for making small purchases previously made by cash.



### Importance of government services to the post office network

Government services, together with the State Savings products, account for just over 50% of the postal retail network's total revenues. Of this, An Post's long-standing contract with the Department of Social Protection to handle various welfare payments is undoubtedly the most important element.<sup>1</sup>

Ireland is a parliamentary republic and executive power is held by the government. There is a two-tier system of local government. The country comprises 29 County Councils, which have jurisdiction or control throughout their administrative areas. In some County Council administrative areas, local government functions are shared with City, Borough or Town Councils. There are currently 5 City Councils, 5 Borough Councils, and 75 Town Councils. Local government bodies are responsible for such matters as planning, local roads, sanitation and libraries.

An Post also enjoys exclusivity to provide a number of services through post office branches, such as TV licensing and jobseekers allowances, whilst it provides a wider choice of access points than its government clients can offer for other services, such as local authority bill payments, dog licences, police-issued fixed penalties and firearm certificate payments. Ireland's State Savings schemes are also only available through post office branches or by post.

National Lottery tickets are available from corporate-owned post offices as well as selected contractor-operated offices, and online. The National Lottery is currently administered under contract by the An Post

National Lottery Company, a subsidiary of An Post.

### Government services experience to date

Table B3 summarises the main government services available through the post office network in Ireland. Over the last 20 years An Post has successfully built up an important business activity working with public sector bodies. An Post delivers retail services on behalf of both central and local government bodies through the counter network, but it also supports central government aims through its mail operations (by delivering public information leaflets) and technology (secure communications).

### Central government

Central government services currently available through the post office network include social welfare payments, pensions, passports, TV licences, state savings, motorway tolls, fixed penalty fines and lottery tickets. In fact, in 2009, An Post won the 'People's Choice eGovernment Award' for the TV Licence Online Service.

<sup>1</sup> From January 2014 the DSP will change the procurement process to one of open tender.

### B3. IRELAND Current government services provided

AN POST		
Central	Social Welfare	<p>Dept Social Protection pays a wide range of payments through the PO (state pension, unemployment benefit, child benefit, sickness/disabled support &amp; single-parent family support); alternatively payments are made direct into bank accounts.</p> <p>The <b>Household Budget</b> scheme allows people receiving certain Social Welfare payments to pay regular amounts towards various household bills by direct deduction from their payments. These include local authority rates, utility &amp; phone bills.</p>
	Pensions	<p><b>Pensions</b> are now issued using magnetic cards which are swiped at a PO counter or bank; state pension forms are available from POs, local offices of the Dept. Social Protection (DSP) or banks.</p>
	Unemployment Benefit	<p><b>Jobseekers Allowance</b> is <b>only</b> paid out at POs (during the first 6 months).</p>
	Passport Services	<p><b>Passport Express:</b> passport applications &amp; renewals at participating POs; customers submit the completed application form/photos plus identity documents where required &amp; pay fee in PO; An Post delivers this to the passport office for priority handling. The new passport is sent by post. Forms are available from POs or Garda (police) stations &amp; need to be certified by a Garda witness.</p>
	Government Savings	<p>Investments in <b>State Savings</b> products can be made at POs or by post &amp; a photo ID is required. Products include the National Solidarity Bond, Savings Certificates &amp; Savings Bonds, &amp; are managed by the National Treasury Management Agency (NTMA) &amp; guaranteed by the Irish Government. Application forms are available from POs, the An Post website, the State Savings website or through the call centre.</p>
	Voting	<p>Voters can check if they are on the Electoral Register at POs, Garda offices, council offices, libraries or online.</p>
	Traffic Offences	<p>Fixed penalty fines can be paid at POs connected to An Post's electronic point of sale network (EPOS), as well as by post to An Garda.</p>

Central (continued)	TV Licensing	TV licence purchases & renewals: at POs (where TV license savings stamps are also available); renewals are available from Postpoint outlets, online on An Post's website or by phone through An Post's call centre; An Post is an <b>exclusive agent</b> for DCENR Dept. of Communications.
	Transport	<b>Tolltag.ie</b> – for paying motorway tolls. The TollTag.ie is an in-car device (fixed to the windscreen) that automatically deducts the fee as the motorist passes through the toll. The tag device can be bought at participating Postpoint outlets. POs & Postpoint outlets sell Tolltag top-ups.
	Firearm Licences	Firearm certificates are available from the Garda or selected Post Offices.
	State Lottery	<b>The National Lottery</b> is administered by the An Post National Lottery Company, a subsidiary of An Post. The company holds an exclusive licence to operate the lottery on behalf of the Minister for Finance, until Dec 2011. Tickets are available at lottery kiosks/machines, owned-POs & selected contract POs throughout Ireland, as well as online at the lottery website.
County & City	Community Charge	<b>Local authority rates</b> can be paid at PO branches, via An Post's online BillPay facility, at PostPoint outlets or online via some council websites.
	Housing	<b>Local authority housing rents</b> can be paid & housing loans re-paid at POs, via An Post's online BillPay facility, at PostPoint outlets or online via some council websites.  PO counter staff can also validate forms for people on welfare applying for local housing benefit.
	Parking Discs	<b>ParkMagic:</b> Long-term airport parking reservation at Dublin Airport & pre-paid City Council urban parking in the cities of Cork & Limerick can be purchased at participating PostPoint outlets.
	Waste Collection	Residents can pay their <b>waste collection</b> fees in PO branches, via An Post's online BillPay facility or at PostPoint outlets. Also online on some council websites, or in person/by post to council offices.  Pre-payment top-up cards supplied by local waste management companies can be credited at PostPoints. Personalised chips in the bins allow refuse trucks to detect if there is credit in the account. This system is being used by South Dublin City Council. Alternatively Dublin City Bin Tags can be bought at selected PostPoint stores & then attached to the bins.

	Animal Licences	<b>Dog licenses</b> can be bought at POs or by post to An Post, as well as online or by post from the city council (who are responsible for dog control in Ireland). When ordered online the licences can be sent by email.
	Information Services	POs are sometimes used for non-statutory public displays of council planning department plans during usual opening hours.
<b>Other Services for Government</b>	Consumer Awareness Communications	An Post delivers public information leaflets to every household on behalf of the government, e.g. the <i>Dial to Stop Drug Dealing</i> campaign during Drug Awareness Week.  1.6 million <i>Go Metric Go Safe</i> leaflets were delivered on behalf of the Department of Transport & the National Safety Council to households all over Ireland to inform motorists of the changeover from mph to kph speed limits in 2009.
	Outsourced Payment Collection Solutions	An Post's <i>BillPost</i> subsidiary operation provides a service to the Irish Revenue for electronic document management & data capture of personal & VAT tax returns..
	Secure Electronic Communications	An Post's subsidiary company, Post.Trust Ltd, is a Certification Authority, providing secure electronic communications services for government, financial services & businesses, including eSignatures, smartcard & web-based authentication.

### Local/regional government

An Post's electronic *BillPay* facility provides fee collection services for most of Ireland's county and town councils for housing rent, community charges and refuse collection.

Other services at the local level include pre-paid parking and dog licences. *BillPay* is free to use for bill payers and can be accessed at a post office counter or online via the dedicated [www.billpay.ie](http://www.billpay.ie) website.

### Practical issues

An Post's government services have been established over a period of two decades and so it has been a gradual process. The various applications are now well-embedded in terms of technology, procedures, staff

training and customer education. There have been no recent challenges or obstacles and they are continuing to add new services, as well as access methods.

The post office network was not completely automated at the time of reporting. Of the approximately 1,200 postal outlets in Ireland, only 15 partner-operated offices (1%) were non-automated, but were expected to be connected to the national EPOS network during the course of 2011.

There are a number of government services that An Post does not provide, for example, road tax, which is currently serviced online at [www.motortax.ie](http://www.motortax.ie), through the local authorities or by the Department of Transport. It has therefore not been a

priority to look at offering such services, since the driver for change is often set within and by the respective central government departments.

### Social and rural practices

People who receive certain social welfare payments through the post office can take advantage of the *Household Budget Scheme* (a variant of the *BillPay* service.) This is a free service for paying household bills. It allows consumers to pay up to 25% of their weekly social welfare payment for household bills such as gas, electricity, telephone and rent. Once they sign up, they commit to paying a weekly minimum amount off each bill. An Post deducts the amount from the weekly payment and pays the creditor. The scheme is promoted as a handy way of managing household bills, so that consumers are in control of what is paid weekly. Application forms for the scheme can be picked up at post offices.

Bord Gáis, who supply household gas for cooking and heating in Ireland, offer the *Gascard* as a method of payment. It looks like a credit card and can be used to purchase Gas in advance. It can be purchased at the post office or at *PostPoint* outlets. The pre-pay system allows people to pre-purchase gas, therefore ensuring they will not be left with a large bill to pay.

An Post does not have a formal policy for rural communities. All outlets located in rural and remote areas are partner-operated. However, the growing *PostPoint* network is expanding An Post's geographic reach to village communities where there may only be one shop and it would not be viable to provide a full-service post office.

One of the main challenges is providing services to the offshore islands, of which there are 33 that are inhabited and accounting for approximately 3,000 residents. Very few have enough

inhabitants<sup>1</sup> to support a full-service postal outlet and these are the last to be automated. The post office at Rerrin, Bere Island, County Cork, was automated in September 2010 following a campaign by islanders. The new services now available save islanders having to make extra trips to the mainland to do their banking, for instance. Previously the only way of accessing cash was via the ATM machines in Castletownbere, a ferry ride away.

Island community development bodies have always been building close relationships with An Post, to help encourage the development of postal and other services on the islands.

At the national level, An Post supports a number of charities, in particular, the National Adult Literacy Agency's *Literacy Awareness Campaign*, which receives a grant from the Department of Education and Science.

### Wider social role

Post offices in small rural communities tend to be a focal point for local life. Since all of these are contractor-operated, the premises can be used for a variety of other purposes. For instance, the sub postmaster at Ballinspittle Post Office, in County Cork, coordinates a local Community Alert service, which provides personal alarms and protection to the elderly in the parish. This is supported by Cork County Council.

Corporate-owned post offices sometimes provide space for local planning offices to display planning notices and other public information. An Post does not actively support such informal activities at the local level, but nor does it set any limitations.

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<sup>1</sup> Usually 200 people or more.

### Future trends in government services

Electronic transactions are on the increase in Ireland, and it is likely that this will impact upon some of the counter business conducted at post offices. However, An Post are always looking to broaden their product portfolio, in particular in terms of moving away from one-off transaction business towards more contract-based services e.g. financial services, mobile phone contracts, insurance policies and investment products.

Although central government will increasingly discourage the use of cash and cheques for its own services, this will take a long time to bring about, during which time An Post is in a strong position to meet customer preferences.

Future products for the public sector are likely to include services that require electronic identity validation, supported by counter staff and/or Web-based transactions, as well as use of mobile phones for bill payment and buying parking tickets.





# Posteitaliane

## ITALY Postal retail environment

### Government – Post Office Relationship

The development of the post office network in Italy and its links with government in general can be traced back to the unification of Italy in the 1860s. A national postal network was seen as an effective way of unifying the various provinces with all their disparate cultures, economies and customs.

Today the ties between government and the post office network are still very strong. Central government in particular relies on Poste Italiane's national infrastructure, resources and technological capabilities to help it deliver some of its social and economic initiatives.

Since 2001 there has been massive funding of e-government projects as a tool to support economic growth, foreign inward investment, improve the country's performance, overcoming the digital divide and ensuring the quality and accessibility of central and local public administrations' portals and websites. Poste Italiane is playing a major part in this.

### Extent of social inclusion in Italy and government initiatives/approaches to rural communities

The USO's rules on access to postal services stipulate that 96% of municipalities should have a post office and that these cannot be closed down. The Italian state funds the delivery of the USO element of Poste Italiane's business and all retail outlets are owned by the company. The size of the network ensures the largest geographic reach in Italy and the post office is often the only government representative and financial services provider in many small communities.

The Italian government also faces the issue of a relatively high proportion of the population (32.4%) living in rural areas (including some small islands). In addition there has been an influx of migrant workers to the country in the last ten years (particularly from Romania, North Africa and Albania).

One of the central government's main initiatives has been the setting up of the '*Reti Amiche*' (Friends' Network), designed to provide easy and innovative access to public information and services for citizens who do not use the Internet. It exploits private networks (banks, post offices and tobacconists) with the objective of delivering different levels of government services in a single point, using various access technologies whilst reducing costs for the State.

### Government attitude to the post office network vs the post office's attitude to its network

Most of the pressure to deliver public sector services to date has come from central government. Central government sets the priorities. For its part, Poste Italiane acknowledges its public role as the universal postal service provider and is aware of the part it plays in promoting innovation as a key driver in the economic and social development of the country. At the same time, however, it has to compete in the marketplace and make a commercial return.

There is close cooperation with government at all levels to develop new services that meet both government and community needs.



#### A4. ITALY Country context & metrics

POSTE ITALIANE SpA		
Postal Operator	Ownership & status	100% state-owned (Ministry of Economy & Finance 65% share; Cassa Depositi e Prestiti <sup>1</sup> 35% share). Public limited company.
	Financing	There is partial state funding for the USO provision.
USO & Regulatory Environment	Service coverage	Only postal services are stipulated in the USO
	Customer access	There must be a post office in at least 96% of municipalities & where there is only one post office in a town, this cannot be closed down & must be open for at least 3 days (or 18 hours) per week.  Access point locations are regulated in terms of distance from places of residence, so that 75% population is no more than 3 kms away from an access point, 92.5% no more than 5 kms & 97.5% no more than 6 kms.
	Government influence	Central government relies on Poste Italiane's branch network, resources and technology to support specific social & economic initiatives.
PO retail network	Total no. outlets	13,992
	Population per outlet	4,154
	Network composition	Owned post offices – 100%
	Alternative access points	Mobile post offices – 42 Mobile phones - <b>PosteMobile</b> (a Poste Italiane service) Online – via <b>BancoPostaOnline</b> (for paying bills, fines etc) 700 interactive kiosks (bill payment, phone top-ups) available outside PO opening hours 5,900 <b>Postamat</b> ATMs for withdrawing cash or making payments with prepaid cards, credit cards etc.
	Current accessibility	97.5% of the population live no more than 6 kms from a physical post office
	Rural outlets	35%-40% of the network (4,900+) outlets are in rural areas

<sup>1</sup> A deposits and loans institution.

<b>Country population profile &amp; infrastructure</b>	Rural population	32.4%
	Population age profile	Average age: 43.7 years ≥65 years: 20.2% ≤14 years: 13.5%
	Internet penetration (% population)	51.7%
	UN eGovernment global rankings 2010	eGovernment development: 38 <sup>th</sup> (UK: 4 <sup>th</sup> ) Telecommunication infrastructure: 32 <sup>nd</sup> (UK: 4 <sup>th</sup> ) eParticipation: 55 <sup>th</sup> (UK: 4 <sup>th</sup> ) However, Italy is currently implementing an extensive multichannel eGovernment strategy.

### Reasons for offering government services

Poste Italiane sees itself as providing the ‘Front End’ of government to support the state because it is in a unique position to deliver such services. Poste Italiane’s two major advantages are its banking arm (*BancoPosta*) and its extensive physical retail network; without these they would not be able to provide some of the large central government projects, which usually involve financial disbursements or collections. It also has an established track record of working with government at all levels.

The public sector market presents a major opportunity for Poste Italiane, because of the central government’s efficiency and cost-cutting targets, as well as its measures to boost the economy. Through its IT services subsidiary, Postecom SpA, Poste Italiane is able to play a leading role in the state’s e-Government 2012 plan. Specific areas of focus are health, justice, education and employment, where the government needs to reduce costs, meet citizen needs more rapidly and more transparently. As a result, Poste Italiane has been involved with a number of e-government projects, including

*PosteGov* (a multi-channel customer access infrastructure to provide easier contact with public sector services), *PosteSalute* (a health service website – see tables below) and *Polstrada* (a fines payment website for motorists caught on camera).

### Importance of government services to the post office network

Services delivered on behalf of or to government bodies currently account for approximately sixteen per cent of Poste Italiane’s total revenues as a postal operator. (This figure includes non-retail products and services.) There is a specialist division designing and delivering public administration services, comprising 30 people focussing on central government projects in Rome and a further 140 working on local government applications spread across the country. The approach is based on building solutions and is not just retail-related. Furthermore, all the company’s resources can be deployed – from logistics and financial services know-how to e-commerce and the retail distribution network.

#### B4. ITALY Current government services provided

POSTE ITALIANE SpA		
Central	Dedicated Public Administration counter services	<b>Sportello Amico</b> ( <i>Friend's</i> ) counters have been set up in selected POs with the aim of making it easier for to access public services (e.g. renewing passports & paying social security contributions). Part of the Ministry for Public Administration & Innovation's ' <i>Friend's Network</i> ' project; there were 5,740 such PO counters by the end 2009.
	Pensions	Voluntary <b>national insurance &amp; state pension</b> (INPS) contributions can be paid at the PO or tobacconists (where a small fee is payable). <b>INPSCards</b> are issued to pensioners at POs (these are credited electronically each month) & the pension can be drawn in cash if required.
	Social Welfare	<b>Carta Acquisti</b> (Social Cards) are issued at POs to people qualifying for social welfare assistance, enabling them to pay their food, electricity & gas bills (Ministry of Economy & Finance). This is supported by a call centre service managed by Poste Italiane. Casual employment vouchers (paper or electronic format), purchased by employers, can be cashed by employees at POs. (On behalf of the INPS). Electricity & gas coupon payments to lower income families are paid at POs. Poste Italiane also manages the public information campaign via <i>Sportello Amico</i> counters on behalf of the Energy Authority.
	Identity Services	<b>Passport</b> applications & renewals (on behalf of the Italian Home Office). Passports can be mailed to the individual or collected from the PO. A service for issuing INPS social security payment certificates is being trialled at 1,000 <i>Sportello Amico</i> PO counters in 3 regions.
	Health Care	<b>PosteSalute</b> – an e-health solution (developed by Poste Italiane) allowing healthcare professionals to access medical records & patients to obtain information on health care services & order prescriptions online. (Online access only)
	Occupational Accident Insurance	There is an agreement with INAL (National Insurance Institute for Employment Injuries) to collect voluntary contributions for workplace accident insurance in POs.

<b>Central (continued)</b>	Government Savings	Postal Deposit Books & Postal Bonds issued by Cassa Depositi e Prestiti (70% government-owned) & guaranteed by the government.
	Transport	A driver information portal developed by Poste Italiane for the Department of Transport allows motorists to check online for the number of points on their licences, as well as providing information on road tax rates, MOT tests etc.
	TV Licensing	TV licenses can be bought at POs, tobacconists or online via BancoPosta (Poste Italiane's financial services's arm).
<b>Regional &amp; Provincial</b>	Residence Permits	Applications & renewals of electronic residence permits for non-EU nationals. Collection of the application at a PO enables applicants to get an appointment at an immigration centre.
	Identity Services	Issuing birth certificates & marriage certificates. Available from POs in Milan & 3 other regions.
	Transport	Car tax discs ( <i>bollo</i> ) is payable in the region of residence & can be bought in POs, selected banks, tobacconists, vehicle licensing offices, as well as online.
	Traffic Offences	Fines are payable in POs, tobacconists (+fee), to the police or online via BancoPosta or on a fines payment web portal that Poste Italiane set up for the Ministry of Transport.
	Fishing Permits	Payment is collected at POs & proof of purchase is then shown at special issuing centres.
<b>Municipal</b>	Community Charge	ICI (Imposta Comunale sugli Immobili) - a property tax levied by the local authority ( <i>Comune</i> ) & payable at the PO twice a year, at tobacconists (for fee) or online via BancoPosta.
	Municipal Certificates	Issuing municipal certificates e.g. land registry & residence documents - available from 5,740 POs.
	Parking Discs	Blue discs are available from POs, as well as banks, tourist offices and tobacconists. Also payable via the PosteMobile mobile phone.
	Waste Collection	The TARSU tax is levied by municipalities - payable at POs, local banks or directly.
	Information Services	Poste Italiane runs a call centre for the city of Florence providing general & specialist information about public services for the general public & businesses. POs sometimes provide some display space for leaflets promoting public services e.g. regional Internet services.

<b>Other Services for Government</b>	Consumer Awareness Communications	<p>Poste Italiane provides call centre services &amp; a website for retailers to register &amp; consumers to get more information regarding a subsidy scheme (up to Dec 2010) helping lower income families upgrade household appliances &amp; eco-friendly homes (Ministry for Economic Development). Poste Italiane also manages the rebates to retailers.</p> <p><i>Clean Campania</i> – call centre service enabled residents to report uncollected rubbish &amp; obtain information about collection points during the Campania emergency <sup>1</sup> (operational until July 2009 on behalf of the Emergency Undersecretary).</p> <p>Poste Italiane ran a multi-channel call centre (phone, fax, email, web) on behalf of the Ministry of Labour &amp; Welfare, providing an information &amp; consultation service regarding State social &amp; employment policies.</p>
	Social Welfare	<p>Poste Italiane set up a system to deliver guaranteed minimum wages for unemployed &amp; temporary workers (Lazio Regional Authority).</p> <p>Poste Italiane supports the Ministry of Economic Development in running the TV Digital Program offering a call center service, collecting and analyzing subsidiary requests for consumer buying digital TV equipment and by reimbursing sellers for the subsidiary anticipated.</p>
	Payment Management Systems	<p>Business development funding to SMEs.</p> <p>Armed forces salary payments (Ministry of Defence)</p>
	Outsourced Tax Collection Services	<p><i>Bene Comune ('Common Good')</i>- a standardised tax collection service for local &amp; regional authorities; Poste Italiane handles all the printing &amp; delivery of bills &amp; manages the collection process.</p>

<sup>1</sup> From 1994 to early 2008, the region of Campania in south-west Italy existed under a formal State of Emergency due to the saturation of regional waste treatment facilities.

## Government services experience to date

Table B4 summarises the main government services available through the post office network in Italy. Poste Italiane's primary objective is ease of access and now, through its multi-channel customer access strategy, people are able to conduct governmental business online, as well as in a post office.

Some facilities are becoming increasingly available via Poste Italiane's mobile phone service (PosteMobile), whilst a number of call centre services provide general and specialised information to complement a variety of government initiatives

Postmen/women are currently able to collect cash payments on the doorstep whilst delivering replacement or renewed driving licenses (using handheld computers to record the transaction). In the future this will be replaced by electronic payments (debit/credit cards).

A more recent strand of Poste Italiane's strategy is electronic personal identification validation services, which have enabled the provision of a growing variety of official certificates through post office branches. This technology will also be used to support secure electronic communications between citizens and government departments.

Italy is divided into 20 regions (*regione*). Five of these regions have a special autonomous status that enables them to enact legislation on some local issues, such as education and health care. The country is further divided into 110 provinces (*provincia*) and 8,100 municipalities (*comune*).

## Central government

Central government services currently available through the post office network include some core public sector products, e.g. pensions, passports, social welfare services and car tax. The *PosteGov* platform has enabled a number of public administration bodies to provide online

services (e.g. Police, Transportation, Inland Revenue, Land Agency, Social Security).

Poste Italiane also delivers a number of other supporting IT systems and services to central government departments that are outside the retail network (e.g. call centre services for consumer communications, and payment management systems for the Ministry of Defence).

## Local/regional government

The range of regional, provincial and municipal services available through post offices varies due to different stages of development across the country. Municipal authorities currently use Poste Italiane for collecting community charges and waste collection fees, and issuing local parking discs. At the regional and provincial level, post offices can issue car tax discs, residence permits and various types of certificates (e.g. marriage certificates, social security contribution certificates and land registry documents). The issuing of birth certificates has recently been introduced in four regions and is a service that is likely to be extended to other regions. Such services are available from those post offices with the *Sportello Amico* counters.

However, the post office network does not have exclusivity on many services. Most regional and municipal bodies are increasing the number of services they are able to provide online, whilst some payments can be made in tobacconists, banks and direct (e.g. car tax discs, community charges.)

Nonetheless there is close bond between municipal authorities and the local post office, and such local public sector bodies would like to see post offices increasingly act as their 'front office' for local public services. However, the local post office is not allowed to enter into individual contracts with its local authority counterpart in government.



### Practical issues

With the establishment of its national systems infrastructure, Poste Italiane has had to establish a set of formal procedures for introducing any new products to be launched via the counter network. A project plan is prepared for each new government service in order to address elements such as:

- Hardware & software development
- Procedures update
- Staff training
- Internal & external communications
- Regulatory impact analysis
- Data privacy management
- Service delivery plan

The business viability of each potential project has to be assessed because of the high set-up costs involved. Wherever possible Poste Italiane tries to offer solutions built for one local authority to the others. Some tailored features can be incorporated within a standardised solution, but experience to date has shown that compatibility in procedures across the different regional governments is not so frequent.

Central government projects tend to take precedence because of their high profile and strategic importance.

### Social and rural practices

Poste Italiane promotes its *PosteMobile* mobile phone service amongst immigrants, young people, pensioners, local communities and households, thereby increasing ease of access to a growing number of services, e.g. payment for car parking and public transport tickets, and Moneygram international money transfer.

In rural areas, the post office does fulfil a valuable social role (albeit not a stated objective), as often there is no government presence of any kind and the banks are

unlikely to have branches in such locations. Of course the provision of banking services help keep rural post offices viable (rather than postal services). A relatively high percentage (35%-40%) of outlets is in rural communities and here Poste Italiane has set up 'Minor Service Areas' consisting of a hub post office supporting smaller outlets, so as to provide the full range of *Sportello Amico* services. Some 577 such service areas have been set up, involving some 3,500 post offices.

### Wider social role

Post offices can make space available for local municipalities wanting to display leaflets promoting public services (e.g. regional Internet services) within certain standard parameters and according to the specific commercial agreement. However, beyond this the local post office must seek permission from Poste Italiane's head office if it wants to offer something outside the established portfolio.

### Future trends in government services

The general trend is for as much government interaction as possible to be web-based. Electronic payments and collections are expected to be increasingly electronic (e.g. the Social Card for pensioners), though multiple methods will continue to be offered.







## SWEDEN Postal retail environment

### Government – Post Office Relationship

Sweden was selected for this study as being representative of many Nordic countries, where the national postal operators have been pulling out of financial services and as a result, government services over the post office counter as well. The Nordic countries are in complete contrast to most others analysed in this study, where postal operators are increasingly looking for opportunities to provide government services.

Due to the fact that the Nordic region was the earliest to take up Internet technology, electronic communications and online transactions have become the norm, including in the public services area. Posten AB, the Swedish national postal operator, in fact, is itself an established player in the electronic document management and communications marketplace<sup>1</sup>, which, contrarily has been eroding its core mails business.

The widespread take-up of online banking and electronic bill payment in Sweden led to Posten's decision to close its cashier services (*Svensk Kassaservice*) in 2008. Nordea, a leading commercial bank, took over 75 of Posten's offices with cashier services, and almost half of Posten's customers continued to use these offices in the cities. In the rest of the country people had to use banks or stores with banking facilities to make cash payments. Other government services, such as the ID card and hunting permits, were

transferred back to the issuing bodies to process.

Posten's vision is as a communications services provider and it focusses on mail, parcels and logistics services. Since 2001, to reduce overheads it started outsourcing all its retail postal operations to partner-operated outlets, such as grocery shops and petrol stations. In 2009 there was further restructuring with the merger of Posten and Post Danmark (the Danish national postal operator), to form a central government-backed joint venture holding company, Posten Norden. Today, 95% of the group's direct revenues are derived from business customers.

### Extent of social inclusion in Sweden and government initiatives/approaches to rural communities

Sweden has one of the most developed Internet and broadband markets in the EU. Almost 93% of Swedes are regular users of the Internet, making the country one of the most online nations in Europe. Mobile phone penetration is even higher, with an average of 1.3 phones per head. According to a report prepared for the European Commission<sup>2</sup>, Sweden is a mature Information Society and a leader in most e-government benchmarks. eGovernment falls under the responsibility of the Ministry for Local Government and Financial Markets, and various initiatives stress the need for coordination with municipalities and county

<sup>1</sup> Through a sister company, Stralfors.

<sup>2</sup> 'Smarter, Faster, Better eGovernment – 8<sup>th</sup> Benchmark Measurement' (November 2009).

councils and set goals for reducing administrative costs..

## A5. SWEDEN Country context & metrics

POSTEN A.B.		
Postal Operator	Ownership & status	In 2009 Posten AB (the Swedish national postal operator) merged with Post Danmark, to form a new holding company, Posten Norden AB, covering both countries. Posten Norden AB is a public company, owned 60% by the Swedish state & 40% by the Danish state.
	Financing	A few state subsidies are given for providing a timely mail service to the visually impaired, elderly and disabled in very rural areas.
USO & Regulatory Environment	Service coverage	Posten AB is a licensed postal service provider; only postal services are included within the Swedish Postal Services Act.
	Customer access	The postal regulator (PTS) only monitors user satisfaction with the density of the points of contact & access points; there are no stipulations regarding number of outlets.
	Government influence	Through the regulator (PTS) the government ensures that access to postal and essential financial transaction services are available in rural areas.
PO retail network	Retail's corporate position	Integrated as the sales channel within the postal operator's mail business division.
	Total no. outlets	1,700
	Population per outlet	5,338
	Network composition	Partner-operated outlets (Postal Service Points): 100% <i>(Only provide postal services.)</i>
	Alternative access points	Website – sells postal-related products only. Stamp agents – approximately 2,000. (Usually petrol stations, betting shops, newsagents & tobacconists). Business centres – full range of mailing services to business customers, but consumers can use them as well. Rural carriers – mainly postal services.
	Current accessibility	6.6 % of the population live more than 10 kms from their nearest postal outlet; 1.2% live more than 20 kms away.

	Rural outlets	PTS has commissioned an alternative provider for basic cash & bill payment services to elderly & disabled people in rural areas.
<b>Country population profile &amp; infrastructure</b>	Rural population	17% Population density is 20 inhabitants/km2
	Population age profile	Average age: 34.5 years ≥65 years: 18.8% ≤14 years: 15.7%
	Internet penetration (% population)	92.5%
	UN eGovernment global rankings 2010	eGovernment development: 12 <sup>th</sup> (UK: 4 <sup>th</sup> ) Telecommunication infrastructure: 3 <sup>rd</sup> (UK: 4 <sup>th</sup> ) eParticipation: joint 23 <sup>rd</sup> (UK: 4 <sup>th</sup> )

In 2008 Sweden adopted a new action plan for e-government, with the objective of making e-government *‘as simple as possible for as many as possible’* and reducing the digital divide for people with disabilities. The government assigned Swedish Post and Telecom Agency (PTS), with ensuring that the elderly and disabled have access to appropriate postal and electronic communications services.

Reporting to the Ministry of Enterprise, Energy and Communications, the PTS is also the regulator for postal, Internet and telephone services in Sweden, and its work in the disability area is financed through state funds. The PTS is aiming for ICT-based<sup>1</sup> communications services that meet everyone’s needs, rather than developing solutions specifically for the disabled.

Different needs and conditions have been taken into account so that no citizens are excluded from the opportunities offered by e-government. A multi-channel approach has been established – Internet, face-to-face

and telephone – whilst websites use a design and language that facilitate access for everyone.

**Government attitude to the post office network vs the post office’s attitude to its network**

Due to the early development of online government services, plus the rapid move towards cashless transactions in Sweden, central and regional government did not consider exploiting Posten’s retail network for service delivery.

**Social and rural practices in Sweden**

Today Posten provides a special postal delivery service to the elderly and disabled who live in rural areas. Rural carriers take the mail to a postbox at the gate or in exceptional circumstances right up to the house. They also collect mail to be sent and sell stamps. This service is commissioned by the PTS and paid for by the Swedish state, and to qualify, people in the household must be over 80 years old or have a disability that affects their ability to use ordinary services, such as banks or stores with banking services.

<sup>1</sup> Information and communication technologies.

To meet central government requirements for a rural bill payment service where people live 3 or more miles from banking facilities, the PTS replaced Posten's former bill payment service with *Brev Giro* ('Postal Giro'). This is now provided by ICA Banken in collaboration with Kuponginlösen, and the service allows people to pay bills using cash, giro cheques or payment advices from *PlusGiro* (a clearing system owned by the Nordea Bank), as well as to make cash withdrawals from *PlusGiro* using giro cheques or payment advices from *PlusGiro*.

ICA Banken is a Swedish bank owned by the retail chain ICA AB and offers financial services online, in ICA stores, via call centre and mobile phone. *PlusGiro* (formerly *PostGiro*) was originally developed by Posten and formed part of their banking operations. Nordea, a leading Nordic commercial bank, acquired *PostGiro* in 2001 and re-named it. Kuponginlösen is the market leader for coupon redemptions in Sweden, handling promotions for the ICA, Coop and other chain store groups. Since 2007 they have been establishing Cash Giro services, so that people can pay bills using cash or cash payment cards in over 600 grocery stores throughout Sweden. They have also partnered with Western Union for money transfer services.

Other social projects that the PTS is involved in include the 'IT Support at Home' scheme co-funded with the Swedish Inheritance Fund, specifically for elderly people and people with disabilities. The aim of this project is to set up an IT support service that takes responsibility and provides practical assistance to users, for example, sorting out problems with a mobile phone, help setting up a digital TV box or getting visual aids to work with certain software. Such support ensures that people have reliable access to communications technologies.

Sweden is a constitutional monarchy, with three levels of public administration. There are approximately 400 central government agencies, 21 regional government authorities (county councils or *län*) and 290 municipalities (*kommun*). Central government is responsible for policing, health and economic development. Regional and local authorities are independent of central government. The municipal governments are responsible for most local services like schools, welfare, sanitation, emergency services and city planning. The municipalities are also divided into a total of 2,512 parishes, or *församlingar*. These have traditionally been a subdivision of the Church of Sweden, but still have importance as districts for census and elections. The municipalities in the north cover large areas of sparsely populated land.

### Reasons for not offering government services

According to a survey<sup>2</sup> conducted on behalf of the regulator (by Gallup) in 2008 less people were visiting Posten's former Cashier Service offices (*Svensk Kassaservice*) to pay bills and/or withdraw money. During 2008, 78% never visited post offices for this purpose, with some 13% only using this service one to three times per year. Even visits to postal outlets for postal-related purposes is low - around 27% did this one to three times a year and 34% at least once a month. 8% never visited a postal outlet at all, with this group mostly consisting of younger and older people.

64% of Swedes between the ages of 18 to 64 are increasingly likely to pay their bills online. In rural areas a lower percentage uses the Internet to pay their bills (48%). Fewer people are paying their bills by postal giro transfer (24% in 2009 compared to 32% in 2007). Giro transfer by letter is still used by

<sup>2</sup> 'Use of postal and counter services in Sweden' (TNS Gallup, February 2009).

just under half of the population aged between 65 and 74 and by 65% of the population between 75 and 84.

Overall 8% of Swedes paid their bills by direct debit, but 19% of those aged between 65 and 74 and 15% of those aged 75 to 84 used direct debit. In contrast, 97% of 25-34 year olds paid their bills online.

Most people used ATMs to withdraw cash or when making other purchases in a shop, although most older people tended to withdraw cash at bank branches. Only 2% withdrew cash over the counter at Posten's former Cashier Service offices, whilst less than 0.5% of people used the rural delivery service to withdraw cash.



## SWITZERLAND Postal retail environment

### Government – Post Office Relationship

Swiss Post Group is owned by the Federal Council and a share of its profits is returned to the public purse. A new Postal Organisation Act<sup>1</sup> will see Swiss Post (the postal operations company) and PostFinance (the financial services unit) become public limited companies, paying corporation tax but still under Federal control. This is expected to provide a clearer distinction between the political mandate and their commercial activity. This will allow them greater entrepreneurial freedom to compete effectively both in Switzerland and internationally, including the ability to raise capital and change employment terms.

Under current legislation the Universal Service Obligation (USO) includes the provision of adequate banking services (deposits, withdrawals, bill payments and transfers) in addition to postal services. The Federal government also sets Swiss Post's strategic objectives, including the stipulations that Swiss Post should operate in a competitive market and seek growth opportunities outside Switzerland. As the second largest employer in Switzerland, Swiss Post is also mandated to take into account the impact of its activities on jobs in the regions.

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<sup>1</sup> Expected to be enacted in 2011.

### Extent of social inclusion in Switzerland and government initiatives/approaches to rural communities

Switzerland is the third most networked economy in the world<sup>2</sup>, and first in the UN's world rankings for telecommunications infrastructure. However, it falls behind many other countries in terms of e-government development (18<sup>th</sup>) and e-participation (58<sup>th</sup>).

Since 2006 a national strategy for e-government has been established between the Confederation, the cantons and municipalities. The objective is to enable the state to provide its services transparently, efficiently and as cost-effectively as possible through the use of information and communications technologies (ICT).

Within this framework there is also a national plan for e-inclusion – using ICT to support older employees, seniors, migrants and the disabled, and promoting cultural/linguistic diversity as well as quality of life.

e-Government is positioned as a policy for administrative reform in Switzerland, and in 2009 it was seen as a tool for economic stabilisation. Reacting to the biggest economic recession of recent decades, the Federal Council allocated a further CHF 4 million (approx. € 2.89 million) to accelerate the implementation of e-government projects.

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<sup>2</sup> Global Information Technology Report by the World Economic Forum.

## A6. SWITZERLAND Country context & metrics

SWISS POST		
Postal Operator	Ownership & status	100% government-owned Swiss Post to become a public limited company (pending new postal legislation)
	Financing	Swiss Post is profitable; a share of profits goes back into the public purse
USO & Regulatory Environment	Service coverage	Universal postal & payment services in all regions & to all sections of the population
	Customer access	A nationwide network of post offices within a “reasonable” distance A minimum of one post office per region should provide all the universal services A total number of physical access points is not stipulated & “reasonable” distance is not defined
	Government influence	The Federal Council sets strategic objectives Swiss Post must take account of regional concerns across the country It must take account of its impact on jobs in the regions (Swiss Post is the second largest employer in Switzerland)
PO retail network	Retail’s corporate position	<b>Post Offices &amp; Sales</b> is a supporting unit for Swiss Post, providing the sales network for retail products.
	Total no. outlets	3,607
	Population per outlet	2,108
	Network composition	Post offices – 55% Locations with Home Delivery Service – 33% Postal agencies – 9% (cashless transactions only) PickPost points – 3% (mail & parcel collection only)
	Alternative access points	Virtual post office counter online sales facility (postage services only) PostFinance (SwissPost Group’s banking subsidiary) – 36 separate outlets PostFinance Postomat ATMs – 850 (cash & cashless transactions)



	Current accessibility	Over 90% of the population is currently able to reach their nearest post office within 20 minutes on foot or by public transport and is 2.5kms away on average.
	Rural outlets	Mainly postal agencies.
<b>Country population profile &amp; infrastructure</b>	Rural population	27%
	Population age profile	Average age: 41.3 years ≥65 years: 16.3% ≤14 years: 15.6%
	Internet penetration (% population)	75.3%
	UN eGovernment global rankings 2010	eGovernment development: 18 <sup>th</sup> (UK: 4 <sup>th</sup> ) Telecommunication infrastructure: 1 <sup>st</sup> (UK: 4 <sup>th</sup> ) eParticipation: 58 <sup>th</sup> (UK: 4 <sup>th</sup> )

**Government attitude to the post office network vs the post office’s attitude to its network**

The Federal government has traditionally viewed the post office network as an important national services provider, but only for postal and basic banking services. As a result, government services at post offices are a relatively recent introduction, and the plan to deliver many government services electronically could potentially bypass the physical post office counter.

The post office and sales division at Swiss Post is responsible for providing customer access to both consumers and businesses of all sizes. Swiss Post is mandated to operate a nationwide network of post offices offering the universal postal and banking services in all regions and to all sectors of the population within a reasonable distance. In fact, the Swiss postal retail network is one of the most dense in Europe, with a diverse range of access formats: corporate post offices are complemented by village shop

postal agencies, home delivery in 1,181 localities, self-service kiosks, a small number of PostFinance branches and a website with an e-commerce facility (the ‘virtual post office counter’).

The postal agencies are at an early stage of development regarding the types of services they can provide. They are not currently connected to the national counter network and can only conduct cashless transactions using debit cards. The only government transactions they offer is the car tax disc (*Vignette*) and bicycle tax discs, which, in process terms, are similar to selling a postage stamp. The majority of these agencies are operated mainly in partnership with independent grocery chains, like Landi and Volg, which have strong roots in community cooperatives in Switzerland. A small number (50) are located in local authority buildings, e.g. tourist offices, and there are five Swiss Railway (SBB) stations piloting self-service kiosks.

The home delivery service means that anyone wanting postal services places a small sign on their letter box for the postal delivery staff to knock. At the moment they can also sell car and bicycle tax discs, but no other government services for the same reasons as the postal agencies. The PostFinance branches only provide banking products and the Swiss Post website currently only sells postage-related products.

### Reasons for offering government services

Swiss Post is heavily involved in supporting the Federal Council's e-government plans. As a member of the joint initiative between government and industry, *ePower for Switzerland*, aimed at promoting Switzerland's ICT strengths, Swiss Post is participating in the *e-Health* programme. Swiss Post's main contribution to date has been its development of *SuisseID*, an electronic identity verification solution.

The Swiss Confederation or Switzerland is a federal state consisting of 23 cantons. The Federal Council is the central executive arm of government. The cantons have a permanent constitutional status and a relatively high degree of independence. Each canton has its own constitution, and its own parliament, government and courts, and is responsible for education, health, welfare, cantonal roads and justice. However, there are considerable differences between the individual cantons, most particularly in terms of population size, language and geographical area. The cantons are divided into communes (around 2,596), where local councils have responsibility for schools, the cemetery, town planning and so on.

### Importance of government services to the post office network

To date the political, social and economic climate in Switzerland has not seen the movement of government services being offered through the post office network. The current focus on electronic provision direct

to the citizen limits the added value access requirement offered by the physical post office outlet. However, Swiss Post needs to continue to introduce new products in order to offset declining postal product sales.

### Government services experience to date

Table B6 summarises the main government services available through post offices in Switzerland today.

Due to the various e-government services that have already been developed for citizens to access electronically, there has been little pressure on the post office network to provide intermediary access to such services. The stage of development of online government services varies by agency and canton, but such services include the following:

- Income taxes: declaration, notification of assessment
- Job search services by labour offices
- Social security benefits
- Personal documents: passport and driver's licence
- Car registrations (new, used, imported cars)
- Applications for building permission
- Declarations to the police (e.g. in case of theft)
- Public libraries (availability of catalogues, search tools)
- Certificates (birth and marriage): request and delivery
- Enrolment in higher education/university and fee payment
- Announcement of moving (change of address)
- Health related services (interactive advice on the availability of services in different hospitals; appointments for hospitals)

## B6. SWITZERLAND Current government services provided

SWISS POST		
Federal	Justice	Customers can order and pay for their criminal records extracts at a PO (these are required for job applications.) The counter staff verify the customer's identity (via a passport or ID card), enter the data electronically and transmit it to the Federal Office of Justice. The extracts are then sent to the customer's home address. Today, every third criminal record extract is ordered at a post office counter.
	Transport	Motorway car tax discs ( <i>Vignette</i> ) on behalf of the General Customs Directorate & the cantonal Road Traffic Office. Bicycle tax discs (includes accident insurance) ( <i>Both are also available from petrol stations, car repair shops, vehicle licensing centres &amp; TCS the Swiss AA</i> ). PostBus ticket purchase & seat reservation ( <i>SwissPost's subsidiary PostBus operates more than 750 passenger transport routes</i> ).
	Cultural	Annual Passport Musées: an annual entry pass accepted at 400 Swiss museums ( <i>also available online from <a href="http://www.museums.ch">www.museums.ch</a></i> )
	Consumer education	<b>Debt prevention</b> among young people: PostFinance launched a new online educational game aimed at helping young people avoid getting into debt: "Event Manager" teaches young people aged 14 – 20 how to deal with money. <b>Career guidance:</b> Swiss Post supported the development of a new interactive platform for choosing a career. <a href="http://www.myberufswahl.ch">www.myberufswahl.ch</a> is part of a career guidance website and is aimed at pupils, parents and teachers. The platform was created in collaboration with the Education Directorate of Canton Berne and SDBB, the Swiss careers advisory service.
Cantonal	Traffic Offences	Speeding & parking <b>fin</b> es can be paid at post offices or on-the-spot to the police.

<b>Cantonal</b>	Refuse Collection	<b>Refuse tax stamps</b> can be purchased at the PO & stuck to household waste bags before they are placed on the street for collection; each community has its own system, but must meet national standards.
<b>Municipal</b>	Local communications	Swiss Post provides a next-day local delivery service for local municipality newsletters, private village newspapers & ad hoc unaddressed official mailings (eg accidents, water contamination), using the local post office as the hub; available in 500 localities.
<b>Other Services for Government</b>	SuisseID	Swiss Post's Solutions subsidiary has developed an online identification system to enable secure online transactions. It will be used for VAT, e-voting projects in individual cantons, tax returns and other official situations where a legally-binding electronic signature is required.
	EWID census	Swiss Post is providing a service to cantons and municipalities to allocate a national dwelling identification number (EWID) to every citizen in a household. In cooperation with the Swiss Federal Statistical Office (BFS), Swiss Post has developed a practical way of doing this that meets data protection regulations.
	Inca Mail	Inca mail (Swiss Post subsidiary) provides secure electronic communications and is the official platform of the Swiss Federal Court for filing complaints. It is also used by the Office of Information Technology of the Canton of Graubünden and integrated into their court software.
	adminpay	This is a secure online payment collection solution for e-Government. Clients of this service include the Swiss Federal Office of Justice.
	e-Health	Swiss Post is a partner in the Confederation's e-Health strategy for digital medical and health insurance chip cards.
	PostBus	Swiss Post's PostBus subsidiary provides school bus and dial-a-ride services for cantons and municipalities.

## Central government

One of the main Federal government services available at post offices today is the facility to order and pay for criminal records extracts from the Federal Office of Justice, which are required when applying for a job. Post office counter staff verify the customer's identity, transmit details to the Justice Office and the documents are mailed to the customer's home address.

Car tax discs (the *Vignette*) and bicycle tax discs are also available from post offices, although a great many other types of retailers, such as petrol stations, also sell the *Vignette*. Participating post offices sell an annual museum entry pass on behalf of some 400 Swiss museums.

Outside the retail area, Swiss Post Solutions, a subsidiary company within the group, has developed an electronic identification system to enable secure online transactions (*SuisseID*). It will be used for VAT returns, e-voting, tax returns and any other official interactions where an individual needs to prove their identity on the Internet. It applies to many applications at all levels of government.

Other electronic solutions include *IncaMail* (secure email for government departments) and *adminpay* (secure payment collection solution for government bodies).

## Local/regional government

On behalf of the cantons, Swiss Post has set up the facility for people to pay police fines and buy refuse tax stamps from post offices. Refuse stamps are affixed to household waste bags prior to on-street collection. Each canton has its own system, where this involves using a post office the service specification has to meet national standards.

## Practical issues

Swiss Post has a centralised approach to the addition of new services through the counter

network. Swiss Post will look at implementing new applications on behalf of local authorities, but the municipal/cantonal solution needs to be integrated with and conform to Swiss Post's systems and processes. This is often highly complex (and therefore costly) to set up. However, once an application has been established for one local entity, Swiss Post would offer it to other municipalities.

One of the key obstacles to rolling out any government services across the whole network at the moment is the fact that the village shop agencies are not connected to the counter network. However, this will be resolved in time. Currently customers can only use PostFinance or Maestro cards to make withdrawals or deposits, but shop opening hours are longer than at post offices.

Development of additional government services also depends on progress with the Federal government's online service delivery programme. When Federal and cantonal bodies start to apply the *SuisseID* technology within their online services, the requirement for people to apply in person at council offices, as well as post offices, will decrease.

## Social and rural practices

As Switzerland's second largest employer, Swiss Post is aware of its social responsibility. The company supports a number of national charities; its PostFinance subsidiary is running an online educational game to help young people avoid getting into debt, and Swiss Post has developed a careers guidance website for pupils, teachers and parents.

One service that demonstrates Swiss Post's close involvement with local communities is the *PostBus* passenger transport operation. *PostBus* is a subsidiary company which, in addition to running regular passenger transport routes, provides school bus and dial-a-ride services for cantons and municipalities.

### **Wider social role**

Swiss Post provides a next-day delivery service for local municipality newsletters, private village newspapers and ad hoc unaddressed official mailings (e.g. notifications of accidents, water contamination etc), using the local post office as the hub. This facility is available in 500 localities.

### **Future trends in government services**

Swiss Post sees opportunities for new local government services through the retail network in the future. However, some of these can take years to set up. Services dependent on secure identity validation are a potential area for growth, where consumers prefer to visit a post office rather than going online at home.

## APPENDIX B    ACKNOWLEDGEMENTS

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