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Post Office Services

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[Relevant documents: The Eleventh Report from the Trade and Industry Committee, Session 1998–99, on the Horizon Project for Automated Payment of Benefits through Post Offices (HC 530), the Twelfth Report, Session 1998–99, on The 1999 Post Office White Paper (HC 94) and the Government's responses thereto (Session 1999–2000, HC 50).]

Mr. Deputy Speaker

(Mr. Michael J. Martin)

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Madam Speaker has selected the amendment in the name of the Prime Minister.

Mr. Anthony Steen

(Totnes)

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On a point of order, Mr. Deputy Speaker. This is a matter that I think that you will be interested in, and concerned about. I attended a debate in Westminster Hall last Wednesday—and a very good debate it was—on the problems of post offices and post office closures, which concern every hon. Member. It was an interesting debate, to which many hon. Members contributed and the Minister responded with a helpful and concerned speech. All present appreciated his promise to look into various issues.

One sitting day later—Thursday was the only other sitting day since then—the Liberal Democrats have chosen to debate the same subject. Madam Speaker is now responsible for two Chambers, whereas before we had just one. Does she have any control over whether both Chambers debate the same subject at the same time, or whether they debate one subject and another—

Mr. Deputy Speaker

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Order. That is not a point of order. The House has decided that the issue is so important that it should be debated again.

Mr. Steen

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rose—

Mr. Deputy Speaker

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Order. It was not a point of order. The hon. Gentleman must be fair. He is eating into time that has been allocated to an Opposition party.

7.15 pm

Dr. Vincent Cable

(Twickenham)

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I beg to move,

“That this House deplores the continuing decline under successive governments in the sub-post office network which is contributing to growing financial exclusion especially among pensioners and other low-income groups; regrets the Government’s intention to press ahead with automated credit transfer from 2003 which will lead to further large scale closures and will deny freedom of choice; and urges the Government to postpone automated credit transfer until the Post Office has developed its own automated platform and, as part of the Universal Service Obligation, require Post Office Counters to maintain a sub-post office network which satisfies broad social and economic as well as narrow financial criteria of viability.”

In reply to the point of order, you stole my opening lines, Mr. Deputy Speaker. I wanted to acknowledge from the outset that the issue has aroused a great deal of interest in the House. We have had a succession of debates, one of which was held last week. There was another in October, prompted by my hon. Friend the Member for Roxburgh and Berwickshire (Mr. Kirkwood), and yet another in July. It is right that the issue should be debated frequently. We are all concerned about it. Every constituency has post office branches under threat. Some 28 million people use the post office system every week, through its branches. It is right that as many hon. Members as possible should wish to say something about the issue. Some of the Minister’s answers in last week’s debate were reassuring, but many of them did not answer the key questions. That is why we have initiated the debate today.

The network has gone through a long process of decline. I am sure that the Minister will reinforce that point. The process did not start two years ago. The branch network has been declining for 20 years, with about 200 closures a year. The tempo seems to have increased recently, going up to 230 or 240 closures a year, but we are dealing with a long-term trend.

Everyone concerned has been alarmed by the impact of the compulsory change to automated credit transfer between 2003 and 2005. The Post Office will then lose the £400 million income that it derives from that service. That is important, because it strikes at the basic revenue stream of the post office network.

The implications were spelled out in the answer to a helpful parliamentary question tabled a few weeks ago by the hon. Member for Birmingham, Erdington (Mr. Corbett), who asked for an estimate of the number of branches in each constituency at which benefits account for more than 40 per cent. of business. That would give a rough approximation of the impact of the change and show how many branches might be expected to close. It is just an approximation, but it is the only one that we have. The figures are instructive, pointing to an enormous cull of post office branches, particularly in inner city and rural areas. Some of the examples are striking. All hon. Members should look at the list to see how their constituencies might be affected.

In the constituencies of the Prime Minister, the Home Secretary, the Secretary of State for Northern Ireland and the Secretary of State for Trade and Industry, two thirds of all branches could be expected to disappear, on this estimate. There is no respect for ideology. The leader of the Conservative party would lose 33 branches and the hon. Member for Bolsover (Mr. Skinner) would lose 37. Some of the worst affected constituencies are represented by my hon. Friends. At the top of the hit list is my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith), who would lose 38 branches, but several other Liberal Democrat constituencies would lose well over 30, including Montgomeryshire, Orkney and Shetland and Torridge and West Devon. Most of the rural constituencies in Cornwall, Wales and Scotland would lose well over 20 branches. The impact could be substantial.

The figures may be wrong. I shall be interested to hear the Minister’s reaction.

Mr. Richard Livsey

(Brecon and Radnorshire)

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My hon. Friend knows that the constituency of Ceredigion has many post offices that are likely to close. It has been estimated that half the post offices in mid-Wales will close. Will that not be a great deprivation for rural people on low incomes?

Dr. Cable[Share](#)

I apologise to my hon. Friend for missing Brecon and Radnor from the list, as it was mentioned. In Ceredigion, 40 branches are at risk—the second highest number in Britain. Before Ministers get out their atlases to find out where this constituency is—presumably they will have to visit it—they will need answers as to why Government policy on plausible assumptions will lead to the loss of roughly two thirds of post office branches.

There has been some evidence of panic recently, and the Secretary of State came up with a suggested partial remedy—a system of appeals. I would be interested to know what it amounts to. The proposal has been superimposed on another suggestion—made in the White Paper—that the regulator, when one is established, should set some objective, independent benchmark for deciding when post office branches should remain open or closed. It is important that we understand how this mechanism is to work if we are to understand how these closures, if they take place, are to be managed.

I can visualise a situation where 200 branches are closing a year, or four a week, and where we have a meaningful system of appeals on which judgments are made as to the continuation of the branch in question. However, if 40 branches are closing a week, how will the system handle it? If the branches are simply not viable because of the loss of Post Office income, what is the purpose of the appeal? The principle of an appeals system when the system itself is not financially viable raises all sorts of basic questions.

I have doubts as to the capacity of Post Office Counters, as currently structured and motivated, to handle the system. In July, in an Adjournment debate, I raised the case of one of my constituents who had her business effectively expropriated by Post Office Counters, which closed the branch, with no meaningful appeal. She has lost her money. The branch has reopened down the road, with an inferior service. All that has happened, apparently, is that Post Office Counters has pocketed the franchise fee.

As a result of the debate, the criminal investigation branch of the Post Office has been set upon this postmistress. No charges have been pressed, but there has been a great deal of harassment. When her lawyers asked why this had taken place, they were told that my constituent was being taught a lesson for bringing the matter to Parliament. That is the way some people in the Post Office network are operating.

It is not simply a question of allowing appeals against closures. It is necessary also to have a system by which postmasters and postmistresses are given some security of tenure so that they can continue their business. We need a transparent system in which complaints can be measured, and a Post Office Counters regime which is genuinely entrepreneurial and committed to keeping branches open.

I have cited one example that angered me greatly, but many hon. Members will know of cases of small branches being closed down. The branches are then re-advertised on a part-time basis by Post Office Counters, which makes it clear that there is no prospect of the business being continued.

Mr. Archy Kirkwood

(Roxburgh and Berwickshire)

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Does my hon. Friend accept that it is worse than just a question of financial viability? In my constituency, 58 per cent. of sub-postmasters and sub-postmistresses live on site, and have mortgages and loans that are integral parts of their business. If they lose their businesses, they may also lose their homes.

Dr. Cable[Share](#)

Absolutely. That is why we need a system of appeals, and why we need to protect the security of postmasters and postmistresses who are basically entrepreneurs in an insecure environment. I challenge the Minister to give us his own estimate of the impact of the loss of Post Office income. It may be that the figures that I have cited are implausible. However, they could be much worse.

Mrs. Linda Gilroy

(Plymouth, Sutton)

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Does the hon. Gentleman agree that unnecessary scaremongering can undermine the post office network? I have visited post offices in my constituency, and the myths being peddled by both main Opposition parties are severely undermining them. Does he agree that he needs to be measured in his approach?

Dr. Cable

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I do not know whether I am scaremongering. The figures that I have cited were produced in response to a perfectly fair question from a Labour Back Bencher. If those figures are wrong, the Minister might explain how the Post Office itself estimates the loss of income's impact on the network. There are reasonable grounds for believing that the impact will be a great deal worse. One of the reasons for that is that when people spend money in a post office, there is a footfall effect—they spend money on other things. It is not simply the loss of the benefit income.

Another factor is that it is not simply the benefit business that is at risk. Other fee transactions of the Post Office—such as drivers' licences—could disappear also. We have seen recently that the working families tax credit is taking another source of benefit income out of the Post Office. The impact could be much worse than the figures that I have quoted. That is the answer to the charge of scaremongering.

Mr. Paul Tyler

(North Cornwall)

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The constituency of the hon. Member for Plymouth, Sutton (Mrs. Gilroy) falls within the area covered by *The Western Morning News*, a well respected regional newspaper. The information that it carries from postmasters and postmistresses in her constituency is entirely supportive of the point that my hon. Friend is making. It has been suggested by a number of Government supporters that this problem will arise only in the future—from 2003 onwards. However, I have constituents who have been sent benefits information which specifically rules out the use of a post office account and demands information about their bank accounts.

Dr. Cable

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I thank my hon. Friend for his support. I wish to refer also to what will happen to those excluded people when ACT comes in. We are concerned not just with the impact on the branch network, but the impact on the individuals who receive their benefits.

What is involved here is a system of compulsion. There is voluntary ACT at present, and people do use their own bank accounts for the settlement of benefits. Roughly 48 per cent. of pensioners choose voluntarily to use their bank accounts. However, that figure is much lower for poorer people—under 10 per cent. of people on income support, for example. There will have to be considerable pressure to stop people using post offices and to get them to use bank accounts. That is the essence of the problem—the element of coercion.

The Government may reply that they are tying up deals with the banks, so that people will continue to be able to use the hole in the wall and their arrangements will not be changed fundamentally. But if it is true that large numbers of branches have to close, the post office will no longer be there to be used as a bank, so choice will no longer be present.

Separate problems have been highlighted by groups such as Age Concern, the Townswomen's Guild—it is difficult to think of a less militant organisation—and the Retail Village Network. One could not accuse such responsible lobbying organisations of scaremongering. These groups are focusing on the problems of the 20 per cent. of people who use post offices but do not have bank accounts.

How will the Post Office identify the people who do not have bank accounts? How will the Post Office establish criteria for deciding who should continue to be paid in the traditional way because they cannot have a bank account—people who are bankrupt, for example—and those who choose not to have a bank account? How, in fact, will the distinction be made?

Another large group of people, for reasons of personal choice, have traditionally decided that although they have a bank account, they would much rather use post offices. Probably half of all those who use the Post Office system are in this category. Why do they

choose not to use their bank accounts? One reason is geographic: only about 5 per cent. of rural parishes have banks and the number is declining as branches close, but 60 per cent. have post offices. There would be a high cost involved in going to the nearest town to transact the business.

Mr. John Bercow
(Buckingham)

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Is the hon. Gentleman aware that the view of the hon. Member for Plymouth, Sutton (Mrs. Gilroy) was roundly contradicted only last Wednesday in Westminster Hall by the hon. Member for Forest of Dean (Mrs. Organ), who rightly expressed the gravest concern for the future, under Government proposals, for people who do not have bank accounts?

Dr. Cable

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I thank the hon. Gentleman: that is indeed the case.

Why else might people choose not to use their bank accounts? There is legitimate anxiety about the costs of banking. What assurance is there that money paid into a bank account will not be offset against an overdraft? What hidden charges will go with the new arrangements between the banks and the post offices? How will the scheme fit with the plans of Barclays and others to start charging for using automated telling machines? Barclays and the Co-operative bank have already entered into arrangements, but will a pensioner using another bank who draws £10 for the weekend have to pay £1 for the transaction? There may be good answers, but we have not yet had them.

We need to be clearer about what happens to people who cannot collect their benefits in person. We all know people in that category. Their carers collect for them. There is no problem with that at the post office, where there is an established relationship, but we know that it is much more difficult in the banking system. I had to take all the way to the chairman of the Halifax the case of a blind lady with a carer who ended up paying £60 for a legal notary's signature to establish the authenticity of the person drawing the money. Banks can be highly inflexible, bureaucratic and expensive.

We need answers to all those questions before people can have any confidence that the arrangements can be sustained properly.

Dr. Jenny Tonge
(Richmond Park)

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It is also important for some mothers to collect child benefit direct from a post office or sub-post office, because their only other access to money may be via their husband in a joint bank account. It is terribly important for them to maintain that independence.

Dr. Cable

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That is a helpful additional point, and the welfare campaign groups have already drawn attention to many others.

The Minister may be able to help us with solutions to some of the problems, but we need to know what is driving the change in the first place. Why is it so urgent that we press ahead? Two important, possibly compelling, reasons are given. One is that the system is necessary to defeat fraud; the other is that it is very costly—£400 million a year in transaction costs—to have a paper-based rather than an electronic system.

We need to deal with those serious challenges in turn. My understanding—I am open to contradiction by the Minister—is that the best way of dealing with fraud at the post office is to have bar-coded books. Why was that option never pursued? The previous Government expensively pursued the option of swipe cards. I am not sure who carries most blame for the sorry tale, but somehow or other £300 million of taxpayers' money slipped through the cracks and the whole project has been abandoned.

The Trade and Industry Committee produced a devastating report explaining the enormous waste of public money on that false lead in dealing with the fraud problem. The Committee's members will be familiar with the key paragraph that makes it clear that the

swipe card system was abandoned at such heavy cost primarily because the Benefits Agency, which was driving the whole exercise, was determined to save on the transaction costs and would not let the project be seen through to a conclusion.

There is a real saving to be made on the £400 million transaction costs in moving from a paper-based to an electronic system, not merely a paper saving to the Benefits Agency, but what is the price that we will pay for that saving for the agency and, ultimately, for the Treasury? The Government may respond to the political pressure to compensate the Post Office for the loss of all the branches, and the payment, made through the deal with the banks or directly by the Treasury, could be large. If the network is to be preserved in that way, where will the saving come from?

The right hon. Member for Hitchin and Harpenden (Mr. Lilley), who originally presided over the system, said that it was very likely that, if the Government were serious about trying to maintain the post office network, the £400 million saving would simply disappear; so why go through the upheaval? It is more likely, though, that that will not happen and that the Government will allow the network to decline. There will be an appeals system and some token effort to save branches here and there; the £400 million will be saved by the Treasury; but there will be a great cost to our rural, suburban and inner-city communities.

Which of the two directions are the Government going in? Will they provide substantial compensation for the loss to the post office network of £400 million of business, and how much of the network will they save? Are they driven by the Treasury or by the interests of the communities that we all serve?

7.37 pm

The Parliamentary Under-Secretary of State for Trade and Industry
(Mr. Alan Johnson)

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I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

“welcomes the fact that the Government will be introducing a Bill to modernise the Post Office; notes the contrast with years of Tory inaction, that left the Post Office to decline; welcomes the reduction of the External Financing Limit and the ability to borrow which will boost the Post Office's ability to invest for the future, welcomes for the first time the clear commitment of the Government to a network throughout the United Kingdom of post offices which will be automated, and to introduce for the first time criteria for access to Post Office services; welcomes the fact that for the first time the Universal Service Obligation will be guaranteed in legislation; welcomes the study by the Performance and Innovation Unit which is looking at the future of the network; and notes that the policies of the Opposition would undoubtedly lead to the decline of the Post Office.”

The Government are deeply committed to the protection of postal services for all customers now and in the future. That is why we published in July our White Paper "A World Class Service for the 21st Century", which will be presented to the House as a Bill in the near future.

As the hon. Member for Totnes (Mr. Steen) said on a point of order, much has already been said in the House on our plans for the Post Office. Only last Wednesday, in what could be called a sub-office of this Crown office, I replied to the fourth debate on the post office network this Session. It might be helpful, however, if I repeat the steps that the Government are taking not only to secure access for customers to postal services but to equip the business for the challenges that it faces in the communications market of the 21st century.

Mr. Oliver Letwin
(West Dorset)

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Why, does the Minister think, have we had those four debates? I hope that he recognises that the issue is of the profoundest concern to many millions of our constituents.

Mr. Johnson

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I do indeed recognise that. I have said time and again that no one believes more than I do in the strength of the network and its importance to rural and urban areas. I merely pointed out that we are having something of a rerun of the same debate.

We are committed to establishing a framework to enable the Post Office to develop to its full potential by providing the greater commercial and financial freedom that the business needs to tackle the triple challenge of globalisation, liberalisation and new technology, while ensuring that we retain the vital social obligations that make the Post Office such an important detail in the social fabric of our country.

Over the past seven years, the challenge from overseas competitors has become ever more intense. At least six overseas postal administrations have established offices within a few miles of the House to entice British companies to print and post abroad. For years, overseas postal administrations have exploited the fact that the Post Office has been operating with one hand tied behind its back, with negligible commercial freedom; with no ability to invest other than from retained profits; with large chunks of those profits siphoned off by the Exchequer; and with its future under constant review since 1992.

The Post Office must have the freedom to compete in the radically changed postal market while continuing to provide services such as articles for the blind, post buses and its other social obligations, which are vital to the communities that it serves.

Mr. Barry Jones

(Alyn and Deeside)

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I appreciate the response that my hon. Friend gave in last week's debate in Westminster Hall and I am grateful for the informative material that he has given me as briefing in response to my constituents' queries. Postmasters in Queensferry, Golftyn, Wepre, Caergwrle and Saltney Ferry have been to see me or written to me about their concerns. I am grateful for what my hon. Friend has done, but will he meet a small deputation of postmasters from my constituency later in the year?

Mr. Johnson

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I can never resist an invitation from my right hon. Friend. I will meet his constituents, just as I will go to East Anglia the week after next to meet sub-postmasters in that area and to the south-west the week after for the same reason. I understand the concerns on this issue, some of which have been expressed by Opposition Members.

Mr. Elfyn Llwyd

(Meirionnydd Nant Conwy)

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The Minister will be relieved to hear that I do not intend to invite him to my constituency or to the constituency of Ceredigion, where the issue is equally important. On a serious note, the Minister mentioned competitiveness, but how will depriving a sub-post office of 40 per cent. of its income make it more competitive? His response last Wednesday offered no cheer to those in that position.

Mr. Johnson

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I obviously cannot visit every constituency and talk to all postmasters, but I will tell local sub-postmasters and mistresses that they should be wary of opportunism by politicians that undermines the network and creates the very circumstances that we are all trying to avoid.

Mrs. Angela Browning

(Tiverton and Honiton)

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I visited post offices in Wales in September and if the Minister finds it too onerous to get around the country to visit them, I should be happy to share that responsibility with him.

Mr. Johnson

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That is not worthy of a response. It is obvious that I need to stay in the House to deal with the countless debates that we have on the Post Office.

Fiona Mactaggart
(Slough)

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I thank my hon. Friend the Minister for what he has already done for the Crown post office in my constituency. It was closed, to the great frustration of the 450 businesses on the Slough trading estate, and I hope that he can continue with his good offices to bring the Post Office and Slough trading estate together to ensure that the people and businesses in my constituency, which he knows so well, get the post office service that they deserve.

Mr. Johnson

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I thank my hon. Friend for her comments, and I will do everything that I can to protect postal services in Slough, where I was a postman for 15 years. Our plans to enable the Post Office to compete in the 21st century are set out in the White Paper. We have put forward a package of reforms that will maintain and improve postal services in this country and enable our Post Office to become a major global player while it is retained in public ownership.

The record of the previous Government was lamentable. In July 1992, the Conservative Government announced that they would sell off Parcelforce and review the status of the rest of the business. By April 1997, having spent £1.5 million in consultancy fees, the Conservatives' manifesto said that, if elected, they would sell off Parcelforce and review the status of the rest of the business. They had promised in their 1992 manifesto to introduce a regulator and a number of other initiatives but, like the millennium wheel, they failed to start when they promised, and then just went round in a huge circle.

Mr. Jim Cunningham
(Coventry, South)

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Does my hon. Friend agree that the Post Office's situation today was largely created by the Conservatives and that, instead of criticising him because he cannot visit every constituency, the hon. Member for Tiverton and Honiton (Mrs. Browning) should visit them all herself to apologise for the high development costs that the Conservatives caused?

Mr. Johnson

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I thank my hon. Friend for those important remarks. In the early 1990s, the Labour party joined the Post Office trade unions and the British public to oppose vigorously the then Government's plans to break up and privatise the business. We argued for commercial freedom in the public sector. In the face of overwhelming opposition, the Conservatives eventually abandoned their plans but decided that, if they could not privatise the Post Office, they would plunder it.

Mr. Patrick McLoughlin
(West Derbyshire)

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Will the Minister give way?

Mr. Johnson

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I give way to an hon. Member who knows all about those issues.

Mr. McLoughlin[Share](#)

The Minister mentioned the millennium wheel, but perhaps he should remember that the Prime Minister opened it a month ago, and it is not yet working. It is not likely to be working for another two months.

Mr. Johnson[Share](#)

I am sure that we will be selling tickets for the millennium wheel over post office counters very soon.

Responding to criticism of the fact that the Post Office had had to hand over £1 billion in 10 years to Government under the external financing limit, the right hon. Member for Henley (Mr. Heseltine), then President of the Board of Trade, announced in March 1995:

"I am prepared to agree that, in future, we will aim to set the EFL at about half the Post Office's forecast post-tax profit. I hope to make progress in this direction this Autumn".

A few months later, that pledge was ignored and, instead, the EFL was increased to cream off a further £1 billion over the following three years.

The Post Office touches people's lives like no other industry and is part of the country's infrastructure like no other business. It delivers to 27.5 million addresses six days a week. It collects from hundreds of thousands of pillar boxes seven days a week, and 28 million people each week use its network of sub and Crown post offices.

Mr. David Heath

(Somerton and Frome)

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I hope that it will not be opportunistic if I intervene on behalf of the 150,000 members of the public who signed a petition in the *Western Daily Press* in support of their sub-post offices. If sub-post offices are to lose part of their income, how will it be replaced? If the Minister cannot answer that, how can sub-postmasters and mistresses plan ahead, put business plans together or have any hope of transferring their businesses to other owners?

Mr. Johnson[Share](#)

If the hon. Gentleman will be patient, I shall come on to those points in a few moments. I was setting out the Government's policy for reinvigorating the Post Office. The White Paper sets out a balanced package of reforms that will preserve those services and benefit the Post Office, its employees and its customers.

Under the reforms, for the first time, we will create an arm's length relationship with Government, based on a five-year strategic plan, giving the Post Office greater freedoms to develop new products and services; to price commercially; and to borrow for growth investments. For the first time, we will introduce a tough, independent regulator, the Postal Services Commission, to promote and protect customer interests, set high-quality standards, regulate prices, and promote competition and innovation. We will strengthen consumer representation through a revamped and reinvigorated Post Office Users National Council and we will put additional resources into the Post Office, more than doubling the post-tax earnings that the Post Office can keep for investment, rather than paying to government. Also for the first time, we will enshrine the universal service obligation and the single uniform tariff in law, and we will establish access criteria to protect a nationwide network of post offices.

As part of the package, we have already reduced the Government's take to a dividend at commercial levels— 50 per cent. of post-tax profits for 1999–2000, falling to 40 per cent. thereafter. We have allowed the Post Office to invest substantially overseas by approving the acquisition of German Parcel, an investment of nearly £300 million and we have allowed the Post Office to borrow up to £75 million each year without prior approval, a facility that it has already used for further smaller European acquisitions in the parcels market.

Mr. Ian Bruce
(South Dorset)

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rose —

Mr. Johnson

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I shall give way to the hon. Gentleman.

Mr. Deputy Speaker

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Order. The hon. Member for South Dorset (Mr. Bruce) has just walked into the Chamber. It really is bad manners for him to intervene in a debate to which other hon. Members wish to contribute.

Mr. Bruce

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I was here earlier, Mr. Deputy Speaker, and I am most grateful to the Minister for allowing me to intervene.

The Minister said that he was going to get universal service enshrined in law. Does that apply to the counters side of the business, as well as to the postal side? At present, it is enshrined in the contract with the Department of Social Security that that service will be delivered universally.

Mr. Johnson

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One of the greatest crimes in the post office is to jump the queue, but I hope to cover that point later in my speech.

Under the White Paper reforms, Post Office plc will be independent, publicly owned, and able to attract, quickly and effectively, the necessary interest from financial institutions that understand the plc model.

Although I spoke about this matter at some length last Wednesday, let me underline our determination to secure the future of the Post Office Counters network. As the hon. Member for Somerton and Frome (Mr. Heath) rightly said, post offices have been closing at a rate of 1 per cent. of the network a year for 20 years. Neither the Government nor the Post Office can guarantee that no post office will ever close in the future but, for the first time, we will introduce access criteria laying down minimum standards to ensure that everybody in the UK has reasonable access to Post Office Counters services, particularly in rural parts of the country and in areas of social deprivation. The postal services commission and the users council will monitor the network against these criteria.

The Horizon project is being put back on track and some 40,000 counter positions at more than 18,000 post offices will be equipped with a modern, on-line computer system to enable the Post Office to modernise and improve services to existing customers, and to win new business.

Mr. Tyler

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Will the Minister set out the time scale involved? If the operation is not complete by 2003, when ACT will have pushed more people to use banks, it will not be effective in saving so many post offices. In what particular way do his plans differ from those of his Conservative predecessors? I recall that, when he was on this side of the House—[HON. MEMBERS: "He was only elected in 1997."] When the Minister's colleagues were in opposition, they stood four square with Liberal Democrat Members in attacking the very proposals that he is now pursuing.

Mr. Johnson[!\[\]\(c507f772dba2b921f86777f01218e570_img.jpg\) Share](#)

I was amazed when I read the motion that we are debating. It has been public knowledge for some time that we will computerise the vast Post Office network by spring 2001. The migration to ACT will not even begin until 2003, and will be phased over the next two years.

We realise that, for many people, this is a worrying time. The interest in this and previous debates on the subject underlines the public's high regard for the Post Office and the services that it provides.

Mr. Steen[!\[\]\(cbe2492b119e39e02a1dab2af4a4b296_img.jpg\) Share](#)

I am grateful to the Minister for allowing me to ask my question. He has said that Post Office services and rural post offices are safe with the Government. If that is so, what are the Liberal Democrats whingeing about?

Mr. Johnson[!\[\]\(5361750c22c4e047a52f4eac1ec2d4cc_img.jpg\) Share](#)

I suggest that the hon. Gentleman asks that question of others.

The very fine speech made in Westminster Hall by my hon. Friend the Member for Stroud (Mr. Drew) last Wednesday intelligently and clearly set out the arguments for those concerned about access to postal services. My hon. Friend had taken the time and trouble to look into the matter. His constituency was the pilot area for the use of benefit payments cards, and those hon. Members who are genuinely uneasy about those matters should read my hon. Friend's speech. He set the positive tone that others should follow if we are to avoid the network being blighted by politicians talking down the Post Office, as the Liberal Democrats have done again in the motion that we are seeking to amend.

Mr. Phil Willis

(Harrogate and Knaresborough)

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I rise to help out the hon. Member for Totnes (Mr. Steen). He stated earlier that the debate was a waste of time, but he has sat through all of it so far. I can tell the Minister what Liberal Democrat Members are whingeing about. In his response to the speech by my hon. Friend the Member for Twickenham (Dr. Cable), the Minister has not yet answered the question posed by my hon. Friend the Member for Somerton and Frome (Mr. Heath). What is he offering to those sub-postmasters and sub-postmistresses whose businesses will be on the edge when he takes away 40 per cent. of their business? What practical alternatives will he propose that will mean that those post offices are safe in the Government's hands?

Mr. Johnson[!\[\]\(84f47badaad7772cd95667a7c387a639_img.jpg\) Share](#)

The hon. Gentleman should be patient. I have not yet finished my speech and, with the leave of the House, I intend to reply to the debate. All the points that have been raised will be covered—in fact, many of them were covered last Wednesday.

This is a time of change, and change is sometimes unsettling. It is our duty to give a positive lead, and I am confident that our package of measures will give the Post Office and its customers a future to look forward to.

The programmes that we have put in place for the Horizon project will provide post offices with an integrated and on-line IT platform that will modernise the way that they operate. Some cynical views have been expressed about the Treasury's role in this. However, I can tell the House that the Treasury is contributing £500 million to computerise and place on-line every post office in the country. It is inconceivable that that investment would be made only for the offices to close down afterwards.

A key benefit from the project will be the Post Office's ability substantially to extend its existing arrangements with the high street banks, under which it provides a range of banking services on an agency basis. That is a vital factor also in the attack on social

exclusion.

The wider work that the Government have commissioned on the matter has demonstrated that financial exclusion is both a cause and an effect of social exclusion. It has highlighted the desirability of promoting the spread of bank accounts, and has shown that encouraging the unbanked—especially the disadvantaged—to open a bank account will provide financial as well as social advantages to them as individuals. It is also an important step in connecting the socially excluded to the mainstream.

Mr. Richard Allan
(Sheffield, Hallam)

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Has the Minister received commitments from the clearing banks to provide universal access to banking services? Will they take any customer who goes to them wanting benefit payments? Will he indicate the charges that a clearing bank might levy against benefit customers who want no other banking service apart from the complete encashment of their benefit payment, which is what they do at present with their girocheques?

Mr. Johnson

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As I said last week, we are confident that we will negotiate agreements with the clearing banks that will ensure the provision of the services that we want to be provided. We gave a clear commitment in last week's debate that benefit claimants will continue to be able to withdraw all their benefit cash across a post office counter, both before and after the change.

Increasingly, benefit customers choose payment by bank account as their preferred method. One third of benefit recipients already choose to access their benefits payments via their bank account, and the trend is bound to accelerate. Working together, the Benefits Agency and Post Office Counters will ensure that, from 2003, payment by ACT will offer an attractive and secure choice to benefit customers and to pensioners.

Payment by ACT will open up access to a wider range of banking services and other financial services, while continuing to offer access to cash at Post Office Counters. Other bank customers, especially those in rural areas, will benefit from the wider availability of banking facilities, and the taxpayer will benefit from the fact that such a system will be much cheaper to operate and will virtually eliminate fraudulent encashment.

The move to paying benefits direct into bank accounts via the existing automated credit transfer system will not start before 2003, as I said, and it will be phased in over two years. The Government will not take active measures to move customers on to automated credit transfer before 2003. With automation completed by spring 2001, Post Office Counters will have a further two years to grow new areas of work to compensate for what has always been an unhealthy and fragile over-reliance on Benefits Agency work.

Given developments in banking technology, and with new simple banking products being introduced, we believe that it will be possible to cater to individual circumstances and provide accounts that will answer individual needs. The majority of benefits recipients—more than 80 per cent.—already have access to bank accounts. However, we recognise that some may still be unwilling to make use of a bank account. It is not our intention to compel them to do so. For such people, we are considering what alternative simple electronic money transmissions systems using ACT which could also be accessed at post offices may be commercially available. We recognise that benefits recipients will expect to be able to withdraw the exact amount of their benefits and to do so without incurring bank charges.

I emphasise again that there will be no change to existing methods of benefit payment before 2003, and that all benefits recipients and state pensioners who wish to do so will be able to continue to access their benefits in cash, at post offices, both before and after the change.

By moving to ACT, we will merely be replacing outdated paper-based methods of payment, which have scarcely changed in the past 50 years with a modern, more secure and more cost-effective system. Ensuring that individuals will continue to be able to access their benefits and pensions in cash at post offices is fundamental to our plans.

The Post Office network, with its nationwide reach, represents a valuable channel for the delivery of Government and other services, and will continue to do so in the future. The early progress with the Horizon automated platform now in prospect should enable Post

Office Counters to offer substantial enhancements to the services that it can offer clients and customers, which in turn will increase the attractiveness of post offices compared with other channels.

The network's extensive reach and the sense of trust and familiarity that many customers have in carrying out transactions in their local post office should, in conjunction with the Horizon system, ensure that the Post Office is well placed to deliver modern applications for central and local government and other public sector organisations. That is crucial in the light of the fact that the Government are committed to providing all Government services on-line by 2008.

The Post Office has had some success in recent years in diversifying into new areas of business. The success of the lottery business carried out in post office outlets, the establishment of bureaux de change facilities—the Post Office is now the biggest dealer in the country—and personal insurance are notable examples.

The strength of the Post Office's business lies in its ability to reach customers in all corners of the United Kingdom, but such an extensive network can prosper only if it continues to be used by the local community which it serves in rural and urban areas. If local communities value the presence of a post office outlet, as so many clearly do, their best guarantee of retaining it lies in making full use of the facilities on both sides of the business. To give credit where it is due, the Post Office continues to make every effort, particularly in rural areas, to keep a post office service operating. I shall look into the case raised by the hon. Member for Twickenham (Dr. Cable) about his constituent.

Where suitable applicants to take over a post office cannot be found, community offices, based in village halls, pubs, and private homes are set up to maintain at least a range of key services.

Mr. John Smith
(Vale of Glamorgan)

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On the point about the Post Office striving to maintain rural post offices in our communities, does my hon. Friend share my concern over the decision just last week of the Post Office in Wales to withdraw an offer of a sub-post office franchise to Julie Morgan of Garregwen in Bonvilston, just a few weeks after it had made the initial offer? We now do not have a post office between Cowbridge and Ely in south Wales—a distance of some 20 miles.

Mr. Johnson

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I will look into that important point. It reminds me of the fairly disparaging remarks made about the appeals process. As we discussed in Westminster Hall last week, the problem too often with post office closures and conversions from Crown offices, sometimes centrally located, into the back of hardware shops well out of the centre of town, is that the local community believes that there is no sufficient appeals procedure giving them the time and the opportunity genuinely to offer alternatives to that post office closing. The appeals procedure that we announced just after Christmas was not in reply to a flood of post office closures—that is not what we are about. The procedure is to protect customers' interests and to provide a new focus in an area in which, too often, the local community has been ignored.

Mr. Norman Baker
(Lewes)

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rose —

Mr. Johnson

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I must come to a conclusion.

We have repeatedly made clear our wish to see a thriving nationwide network of post offices. We understand the difficulties involved in transition, but the way to tackle the issue is not, as some local newspapers have suggested, to cling to the status quo. There is no surer route to stagnation and decline, as the National Federation of Sub-Postmasters fully and wisely recognises. The future of the

Post Office Counters network depends to an important extent on the skills and dedication of its managers and staff. Above all, it depends on its continued attractiveness to clients and customers as a channel for accessing products and services, and to sub-postmasters, who have invested more than £1 billion in the network, as an attractive business proposition.

Through early progress with the Horizon platform now in prospect, the Post Office will continue to maintain a nationwide network of outlets which will provide customers with convenient access to its services and help counters to retain existing custom and attract new business. The establishment of access criteria will, for the first time, set out in law a Government commitment to monitor what is happening to the network and a requirement to act where necessary.

The revamped consumer body and a new independent regulator will monitor the new arrangements and provide an effective voice for communities which fear that access may be impaired.

Mr. Kirkwood

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Will the Minister accept a helpful intervention?

Mr. Johnson

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If it is helpful, yes.

Mr. Kirkwood

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I was encouraged because the Minister was good enough to reply an Adjournment debate that I secured on the subject. He mentioned that the Prime Minister had just set up, through the performance and innovation unit, a committee to look at the social value of post offices. Many of us are hanging a lot of hope and expectation on that. Can the hon. Gentleman add to his speech two or three sentences about the committee's: remit, and does it have any opportunity for considering alternative sources of income that might sustain some of these businesses in future?

Mr. Johnson

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That was helpful but premature—I am just coming to that point. The legitimate concerns expressed by hon. Members are being addressed by the performance and innovation unit study commissioned last autumn—on the very day of the Adjournment debate, I believe—and due to report directly to the Prime Minister. In that way, we can ensure the viability of a network that depends partly on Government but essentially on local communities continuing to make sufficient use of their post office and village shop. The PIU study focuses clearly on the social obligations and the social value of the Post Office—a network that is socially necessary but sometimes not commercially viable. That is the principal aim of that examination.

Mrs. Gilroy

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Will my hon. Friend also draw to the Opposition's attention the report on access to financial services by the Treasury's policy action team? It goes into considerable detail about the role of post offices and sub-post offices in addressing social exclusion. As that is a criticism in the Liberal Democrat motion, I think that it is high time they read the report.

Mr. Johnson

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I thank my hon. Friend for that helpful intervention.

Last Monday was the 160th anniversary of the introduction of the penny post and Rowland Hill's other great reforms. Those radical changes created the modern Post Office by transforming an organisation that had, even in 1840, been a central feature of British life for 300 years. In Victorian Britain, the Post Office dealt with 75 million items every year. It now handles that volume every working day.

Our reforms are the most radical since Rowland Hill's, but they preserve the principles of accessibility, affordability and, above all, public service that he established. I commend the Government's amendment to the House.

8.9 pm

Mrs. Angela Browning

(Tiverton and Honiton)

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When the Secretary of State for Trade and Industry sent hon. Members his "Dear colleague" letter last May, announcing out of the blue that the Government had decided to change their action on benefit payments through the post office network, we waited for a month for the imminent White Paper. In July 1999, when the Secretary of State introduced the White Paper, we discovered that no viable option was on offer that would give hope for the future to many of our smaller, more sparsely spread post offices. Within a week, the Conservative party used a half-day Opposition debate to bring the matter to the Floor of the House. We thought the matter so important that that was our immediate reaction.

Since then, there have been many debates on the Post Office, including the one that I attended last week in Westminster Hall. The issue keeps coming before us, and Ministers keep having to come to the Dispatch Box, because there is great uncertainty. So much time has elapsed since the statement last July that post offices are already feeling the pinch. People trying to dispose of their businesses, and others considering buying a post office, are taking into account the prospect of a 30 per cent. drop in revenue by 2003.

Those of us who represent large rural constituencies know—although this is not an exclusively rural matter; I am equally concerned about post offices on the suburban fringe—that unless we receive answers to the many questions raised about the Government's change in policy, the situation will become worse long before the change to automated credit transfer, which the Government are determined to push through in 2003.

Mr. Livsey

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The hon. Lady makes some cogent points about rural areas and their post offices. Does she agree, however, that there was a cut in the hours during which sub-post offices were allowed to operate under the previous Conservative Government? That often made the business unviable, particularly when a new tenant took it over. Will she pledge that the Conservatives will not reduce the hours of sub-post offices in future?

Mrs. Browning

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The hon. Gentleman draws attention to the fact that the sub-post office network has been under pressure for some time. No one who has day-to-day dealings with constituency cases would deny that. However, I can think of cases in which hours went up as well as down. The hon. Gentleman's point is important because of changes in the structure of services provided by post offices, and, particularly, because of changes in the businesses in which they are located, which are as key to their viability as the Post Office itself. The post office has sometimes become the village shop, which has diminished the service. We all know that people often shop once a week outside their villages, and for that and many other reasons the position of the village post office has worsened.

We face a change in the policy that the Government inherited. Their proposals leave many questions unanswered. We do not know what sort of post office network we shall have in 2003, if the Government have their way. People will be obliged to have benefits paid into a bank account, although the Minister has told us tonight that they may be able to receive their benefits in cash through electronic transfer. He told us that there will be no cost to the people concerned, but we should like to know his estimate of the costs of the new system by comparison with the costs of the one he inherited. Who will pick up the transaction cost?

The Minister was asked those questions by the hon. Member for Twickenham (Dr. Cable), and I asked them last week and last July. Seven months after the July statement, the Minister remains unable to answer specific questions. The Secretary of State changed the policy last May. He did so without any idea of what system would replace the existing one. Since then, there have been all sorts of suggestions about how the Government would shore up what will clearly be a significant drop in revenue. We believe that there is a question mark over the viability of 50 per cent. of the country's 18,000 sub-post offices.

The Secretary of State leapt into the press the moment he heard that Camelot and the Post Office would put together a joint venture for a renewal of Camelot's lottery licence. There was nothing wrong with that bid; let us hope it is successful. However, the Secretary of State's argument that that would help rural post offices merely flagged up his lack of knowledge both of the lottery system and of what happens when there are terminals in small outlets in rural areas.

I have had to write to Camelot repeatedly about small post offices or shops that had terminals but were unable to maintain 3,000 transactions a week. Terminals have been withdrawn from many of them, and many hon. Members will have had the experience of fighting to have terminals restored. One advantage of having a lottery terminal in a post office is that the terminals increase the footfall of people passing through the premises. Those people buy other things and carry out other transactions, which helps the viability of the unit.

Mr. Alan Johnson

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I am extremely interested in the hon. Lady's views on the Post Office. Between now and 2003, when migration starts, there will be a general election. Will the Conservatives fight that election on the platform of privatising the whole of the Post Office, or do they intend to break it up and privatise only half of it?

Mrs. Browning

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What an extraordinary question. The Labour Government are going to privatise the Post Office, and they plan to introduce a Bill any day now. We look forward to reading it, and the Conservative manifesto will reflect the changes that the Government make to the Post Office before the general election. The Secretary of State promised that the Bill would turn Royal Mail into a public limited company and that the Government would own 100 per cent. of the shares. During the recess, however, the Secretary of State said that the Government might not own quite 100 per cent. We want to know what privatisation package the Government intend. Once we have seen what we will inherit, we will produce a manifesto telling the British people what we will do.

I am flattered that the Minister wants to know what our manifesto will say, but tonight's debate is not about our manifesto but about the policy that the Government inherited from the Conservative party, which would have secured the payment of benefit. The Minister rightly said that they would have to move away from the old-fashioned system of paper transactions towards the use of a swipe card and, ultimately, a smart card. Answers to oral and written questions gave us every reason to believe, until 29 May last year, that the Government intended to do that.

Some Members in the Chamber this evening were not in Westminster Hall last week when my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), who served both as Secretary of State for Trade and Industry and for Social Security, pointed out that if the post office network was going to survive, there would have to be a change in systems and technology, and the network would have to be underpinned by the presence of a customer that pays out benefits—the Government. We fought the last election on that principle, but the Government have changed that policy.

Mrs. Gilroy

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The hon. Lady was trying to make a point about the decision taken by the Government in May 1999. I am sure that she has studied in great detail the report of the Select Committee on Trade and Industry, which notes:

“We do not fault Ministers for taking the decision they did in May 1999 in these circumstances. We have not regarded it as part of our task to come to a judgement on decisions taken prior to May 1997; it may be that the inquiry by the Comptroller and Auditor General will cast light on such decisions.”

Is the hon. Lady looking forward to dealing with that report?

Mrs. Browning

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Of course I am. If there are criticisms about the system and the contracts that were drawn up, that is a legitimate matter for inquiry. However, it in no way detracts from the fact that the Conservative party went into the previous election with a policy that would have ensured that the payment of benefits through post offices was maintained, with Post Office Counters as a customer of the Government—£400 million of taxpayers' money would have been legitimately used through the post office network to pay out benefits. That would have helped to ensure a viable future for those post offices.

As the hon. Lady is interested in Select Committee reports, I advise her to note the statement that

“Ministers have been less than candid in their responses to the House and to this Committee”.

Will she ask Ministers what the Select Committee meant by that?

Mr. Ian Bruce

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In his speech, the Minister did not touch on the matter of universal service in respect of counter delivery. In my constituency, five or six rural post offices have been threatened with closure. On each occasion, I have reminded the Post Office of its contract with the Department of Social Security—it has to provide, wherever possible, universal service of counter delivery for the payment of benefits and pensions. The Post Office agrees with me about that universal service provision. The Labour Government are about to remove it. When they have done so, no Member of Parliament will be able to ensure that one of their rural post offices does not close.

Mrs. Browning

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My hon. Friend is absolutely right. The heart of the matter—as hon. Members have pointed out this evening, and as I did on 15 July—and the reason for the Government's change of policy is not that they have suddenly discovered that IT will be of benefit to post offices. Of course it will be. The Conservative party had already realised that post offices needed to be equipped with computers, not only for benefit transactions but so that they could increase their ticketing and banking business—a range of other opportunities that are not open to them, but which will be when they have computers. What this is all about is a £400 million smash-and-grab raid by the Treasury. Does it not sound a pretty paltry amount compared to the amount of damage that its withdrawal will cause?

As always, when the Treasury wants to claw some money from the Department of Trade and Industry, DTI Ministers and their Secretary of State roll over and play dead. They put up no defence; they do not even consider the consequences of what that withdrawal will mean. Instead, they let the Treasury have its way; they do the Treasury's bidding, and when the problems flood in they set up committee after committee and scheme after scheme to try to shore up the damage.

The DTI team, with a former Treasury Minister as Secretary of State—indeed, almost all the ministerial team are former Treasury Ministers—should have seen this matter coming. They should have realised that they are no longer Treasury Ministers and that, although of course their job is to modernise the Post Office to facilitate the improved technology, they should have considered the knock-on effect of their policies. That point is not confined to the DTI; it has become a hallmark of the Government. They announce something, spin it and spend months looking for solutions to the problems that they have created, causing indecision and uncertainty.

Mr. David Heath

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The hon. Lady makes some extremely good points, with many of which I agree. However, I find it rather difficult to reconcile her position with that of the hon. Member for South Hams, who seems to prefer the Government's policy to that of the hon. Lady, and would perhaps describe her remarks as whingeing. Will she attempt to make that reconciliation for us?

Mrs. Browning

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I should be delighted to reconcile Members on the Liberal Benches with my hon. Friend the Member for Totnes (Mr. Steen). I have known my hon. Friend for many years. I am not sure how long the reconciliation will take me but, in a spirit of co-operation, I am willing to do it. However, the hon. Member for Somerton and Frame (Mr. Heath) misjudges my hon. Friend, who is most active in his rural constituency in supporting his rural post offices. No doubt when we all meet for drinks, a chat and a bit of counselling, we shall be able to sort things out, but I think that my hon. Friend was concerned about the fact that, although there was a good debate in Westminster Hall, which made an extremely valuable contribution to the subject, it was a pity that the debate was held there because only a limited number of Members were able to speak. Furthermore, only a limited number of people were able to attend the debate.

Mr. Steen

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As my hon. Friend is aware, my constituency is now Totnes, not South Hams. The Liberal Democrats are light years away in their backwardness on such matters. They do not realise that things move on.

Does my hon. Friend agree that the problem with Westminster Hall is that, while we are debating there, this Chamber is empty? It is a total waste of public—

Mr. Deputy Speaker

(Mr. Michael Lord)

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Order. We are not debating the merits of Westminster Hall.

Mrs. Browning

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You rightly chide my hon. Friend the Member for Totnes, Mr. Deputy Speaker. However, there was concern that when we held that important debate, which was of interest to many members of the public as well as to Members of the House, Westminster Hall was full of schoolchildren. There is nothing wrong with children coming to the House of Commons, but many other members of the public would have liked to hear the debate. I am grateful that we have an opportunity to debate the matter on the Floor of the House.

Mr. Letwin

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May I return my hon. Friend to the points she was making before that series of interventions? Does she agree that one of the most remarkable features of the scheme is that, because the Minister did not reply to the question she put a few moments ago, we do not have the slightest idea how much of the £400 million that the Treasury hopes to save will instead be spent on the banks. We do not even know whether the sum is greater than £400 million.

Mrs. Browning

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There are many unanswered questions that I shall give the Minister an opportunity to answer. In seven months, they have been repeated several times in several debates. They deserve to be answered. Who will bear the transaction costs of the collection of benefit from the post office when it goes via the clearing bank? The Minister said that it will not be the customer, so it must either be the clearing bank or the post office itself. If that is so, sub-post offices that receive remuneration for that administrative cost will have that remuneration taken away from them, with the prospect that they will incur additional charges in carrying out the Government's new policy for post offices.

During the summer recess, it was obvious that DTI Ministers were putting a lot of pressure on the clearing banks to provide bank accounts for the socially excluded. It sounded nice, but I know from discussions that I have had with the clearing banks that they will not be able to provide bank accounts for the socially excluded and those who, by law, are prohibited from holding bank accounts. If the Minister is to find alternative ways of paying those people, he must take that into account. It would be nice to see a reconciliation sheet showing how the saving of £400 million by the Department of Social Security compares with the additional costs of the various processes that the Government are finding it necessary to cobble together because they did not think things through when the Secretary of State made his policy change decision at the end of May.

We still have an imprecise picture of how people will access their local post office within a reasonable travelling time. It is obvious that, between now and 2003, post offices will close. I do not wish to stir up unhappiness, but I know that people are already finding it difficult to dispose of post offices. Therefore, there are likely to be far fewer post offices everywhere by 2003.

The Minister said, in effect, "In that case, we shall look to provide postal services in village halls and people's front rooms." In my constituency, there is a post office in someone's front room, which is open just two half-days a week. Such innovative changes to the sub-post office network are welcome, and obviously one must be creative and flexible, but the Minister knows that the Post Office White Paper makes a very clear commitment to access. What is the likely cost, and who will fund it? Will he answer those questions tonight? Will the Government provide some additional funding for access? If so, should not it appear on the reconciliation sheet?

I should like to give the Minister the opportunity to answer these questions in terms tonight because—

Mr. Lindsay Hoyle
(Chorley)

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Will the hon. Lady give way?

Mrs. Browning

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I will give way as it is the hon. Gentleman, but I am trying to conclude my remarks.

Mr. Hoyle

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Why is the Conservative party suddenly showing an interest in rural post offices when, for 18 years, they were allowed to close and not an eyelid was batted?

Mrs. Browning

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I do not know how many meetings the hon. Gentleman has had with sub-postmasters in his constituency—

Mr. Hoyle

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Every day.

Mrs. Browning

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That is part of the great Labour lie rearing its head again tonight. I am saying quite seriously that it is no good for the hon. Gentleman to make such allegations across the Floor of the House without having a substantive reason for doing so.

I have been a Member of Parliament for seven years. In those seven years, I have held two public meetings with all the sub-postmasters in my constituency, and spent a lot of time corresponding with them. I know that I am not unique; many of my colleagues do the same. It is nonsense for the hon. Gentleman to say that we are suddenly starting to take an interest in post offices. We certainly have an interest now as a result of the change of policy by the Minister and the Secretary of State.

I want to bring the House back to that—

Mr. Adrian Sanders
(Torbay)

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Will the hon. Lady give way?

Mrs. Browning

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As it is a Devon Member, I shall give way, but this really is the last time.

Mr. Sanders

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It is a helpful intervention. Earlier, the hon. Lady mentioned the suburban fringe. Several hon. Members have spoken about the rural post office network. I should like confirmation that she sees this as a problem that affects urban areas to the same extent. By "urban areas" I mean the inner cities, seaside resorts and towns across the country. There is a danger that, in the absence of such a recognition, people will think, "It is just the rural communities again, harping on about the problems," when in fact it is a matter that should unite rural and urban areas.

Mrs. Browning

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I agree with the hon. Gentleman. In my opening remarks, I mentioned the urban fringe. In the summer recess, when I visited many colleagues' constituencies, I made a point of visiting many post offices in the urban fringe. I recall visiting one in Poole, in Dorset, with my hon. Friend the Member for Poole (Mr. Syms). Although that post office was well away from the town centre, it obviously served a very large community, many of whom were very elderly, and many of whom were so frail that they could not have taken a bus ride. I am sure that the whole House recognises the importance of such post offices.

Mr. Bercow

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Would my hon. Friend allow me?

Mrs. Browning

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I must make some progress; I hope that my hon. Friend will understand. With him, I visited a post office in his constituency, and he knows that it was a really excellent small village shop. The people who run it are very worried about their future—not just the post office but the shop is under threat. [Laughter.] Hon. Members may laugh, but it is not funny if one lives in that village.

I want to remind the House of the statement that the Secretary of State made on the Post Office in July. He said:

"Today's announcement is good news for the Post Office and all those whose livelihoods depend on it, because it can now build for the future with real confidence ... The White Paper brings an end to the uncertainty that has dogged the Post Office over the last decade: uncertainty over its role and place in society; uncertainty over its long-term viability and ownership ... and uncertainty over the Post Office network."—[Official Report, 8 July 1999; Vol. 334, c. 1175.]"

Seven months later, there has never been more uncertainty about the future of the Post Office network than there is today. That is a direct result of the Government's change of policy, their dithering and their failure to look for alternative viable policies before announcing a policy change. All that is down to the Government. This is the fourth debate that I have attended on this subject. It is about time that the Minister gave us some clear answers and ended the uncertainty.

8.36 pm

Mrs. Diana Organ
(Forest of Dean)

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As the hon. Member for Twickenham (Dr. Cable) said at the beginning of his contribution, although concern has been expressed on both sides of the House, greater public concern about the future of the 18,000 post offices has been expressed outside the House. In my area, that concern has been fuelled by the *Western Daily Press* campaign. As my hon. Friend the Member for Plymouth, Sutton (Mrs. Gilroy) pointed out, that campaign has at times verged on scaremongering, frightening people into believing that they will lose their rural post offices within the next week.

Post offices provide a crucial service in rural areas and, as small businesses, they are vulnerable. Their number has been dwindling. The decline has already been noted to be about 1 per cent. a year over the past 20 years and that is principally due to the Tories' indecision, the Tories' neglect, the threats of privatisation and the Tories' cuts in the opening hours of rural post offices. They explain the majority of closures in those 20 years. We have now reached the stage that, if the rate of closure that went on in the Tory years in rural Gloucestershire continued, we would be left with no rural post offices by 2010.

Like many hon. Members, I have had a meeting with rural sub-postmasters. Many of the points that I wish to make echo their concerns and their fears as to what might happen to them come 2003. However, as well as their concerns, they voiced what they consider to be the opportunities and the challenges that they can meet.

In rural areas, the post office is often linked most successfully with the village shop. It is often the only centre in the rural community. In April 1998, the Government introduced a very worthwhile rebate of 50 per cent. on the council tax for a shop in a rural parish with fewer than 3,000 people if it is the only shop. That was a good move to support rural post offices. They also added in that measure the ability for a discretionary extra 50 per cent. rebate and Forest of Dean district council has offered that in response to moves from the National Federation of Sub-Postmasters.

Such extra support is very welcome in rural areas, but that local authority, which has supported post offices in the long term, has recently sent letters to people who pay their council tax over the post office counter to suggest that they might like to pay by direct debit. It says that that will be cheaper. It may be; in the short term there will be savings for the local authority. However, the change could cause long-term damage to the Post Office. If the local authority is to support rural post offices, it would have been helpful if, as well as telling those who pay at the post office that they could switch to direct debit, it had sent letters asking those who pay by direct debit whether they knew that they could pay their council tax over the post office counter.

Post offices need to have the opportunity to develop more services. For example, they could become the centre in rural areas for rural banking and for finance, insurance and many other services. They need to be multi-service centres and the Government want to develop them. In their performance and innovation unit report on the rural economy, which was published in December 1999, they said that they wanted centres of information technology, business links and a variety of other financial services to come together in one place.

The only problem that I have with the report is that there is no mention of the existing Post Office network and the financial services that are already provided, and the fact that there is a network in rural areas that could be built upon. I hope that the rural White Paper will take on board the other innovation in the performance and innovation unit report about the work of the Post Office and use the Post Office network as the basis for the multi-service centre that we want to develop to help rural economies.

I shall give the House a good example that I mentioned in the Westminster Hall debate last Wednesday, which bears repeating. Ruardean Woodside, a small village in the Forest of Dean, became one of the first of eight pilots set up in April 1999 to become an internet centre for that rural area. The hardware was provided by a grant from Gloucestershire rural community council. The kit is linked to Glosnet. People can come in and use the worldwide web and the internet. There are printers and people can send e-mail, print or fax to a range of services. It is free except for the telephone charge. It is a wonderful model of how the post office can be a centre of telecottage activity. It stops rural isolation and helps to fight against information poverty in rural areas, to which the Government are committed.

The post office should be linked more to the local authority as a one-stop shop, where the information and the services provided by local authorities can be in the same premises. The post office is already the first point of information for many people on many issues, especially on social security and on grants that are available from local government.

Post offices have a real social function. Those who work in them know better than anybody else who is being fraudulent. They recognise the faces of those who come through the door. They will know when strangers come in and they will challenge them if they know that they are trying to cash a benefit cheque.

I know of two rural postmasters who will help families that are a bit chaotic and perhaps do not claim their child benefit. In one instance in Little Dean, the postmaster will go to the household, knock on the door and say to the family, "Do you know that you have four weeks' of child benefit owing to you?" He will do so to help the family out. That is a real social function.

Post office staff keep an eye on pensioners. They know when someone has not come in on a Thursday morning to collect his or her pension. They alert other people or they knock on the person's door to see whether he or she is all right. That is a social service that should formally be recognised and even reflected in the core payment that is given to sub-postmasters.

The Post Office network in our rural areas carries out at least 160 different services, one of which is to arrange holiday insurance, should that be wanted. Post offices used to be able to offer five different categories of insurance, including personal accident and household and earnings protection. However, the Tories stamped that out. I think that the Government should be considering reintroducing a wider range of insurance services, especially in rural areas. Why not give post offices the facility to sell quantum cards for gas, electricity and water bills?

In the Forest of Dean there is poor public transport. It is being improved as a result of the Government's money for rural transport, but it is still poor. Poor people have to spend money to go to the neighbouring town to get and fill up their quantum cards. Surely it would assist people to pay promptly if quantum cards were available in post offices, particularly when we have the horizon project fully on board to help them with this facility. With smart card technology, it would be easy to accomplish.

Similarly, the post office could be used to enable people to renew their driving licence, vehicle licensing and passports. Why cannot people get a new passport form from their local rural sub-post office? During last year, when there were problems with the Passport Agency, customers were told to go to their local post offices to have their current passport extended, and thousands did so. People want to use this local facility, and it makes sense. There will then be a package provided by the post office. The passport form, the ET11, travel insurance and foreign currency could all come from the local service centre, the Post Office network. Banks and travel agents can issue new passport forms, so why cannot rural sub-post offices?

I mentioned that one can get foreign currency from one's local post office. Not many people are aware of that. That is the problem with the services that post offices offer.

Mr. David Drew
(Stroud)

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Does my hon. Friend and close neighbour agree that one of the fundamental problems is that sub-postmasters must sign an agreement that ties their hands and prevents them from marketing? That is certainly true of banking facilities. The agreement is so daft that they are not even allowed to put up signs in their windows to tell customers that they can cash a cheque. That must be changed.

Mrs. Organ

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My hon. Friend is right; sub-postmasters do not have the time to market or advertise, they are not allowed to, and certainly do not have the resources to finance it. The Post Office and the Government need to invest in a national advertising campaign to make people aware of all the facilities available. It is difficult when there is a queue on a Thursday morning for rural sub-postmasters to tell each person at the counter, "We do this; we offer that service." They do not have the time and people do not want to hear of such services in that way. There must be a national advertising campaign.

Finally, I shall address the thorny problem that a third of Post Office business comprises benefit payments. Many people are concerned about the changes that will come into effect in 2003. I have had assurances from my right hon. Friend the Minister of

State, Department of Social Security and my hon. Friend the Minister for Competitiveness, in letters and in the debate in Westminster Hall last Wednesday, that there will be the choice of having benefits paid in cash over the counter. That will be warmly received, but what exactly does it mean? What is meant by "cash"?

Will there be the same counterfoil system as at present, or will payments be made by cheque, which must be cashed? Not everybody can get or wants a bank account. Poor pensioners do not want one and would not be able to get one, since banks would not want them as customers. An 85-year-old would find it very confusing suddenly to have to run a bank account. Such customers just want their benefits paid to them through a counterfoil system and to receive cash in their hands.

The Post Office needs effectively to become the rural banking network, which could be a benefit of the Horizon project. Several banks—the Co-operative, Lloyds, Girobank and Barclays—have already signed up to links with the Post Office. To enhance the Post Office's service provision, it is important that people use the Post Office for such banking facilities. The Post Office should become virtually a bank in its own right.

We need to identify what we can develop in the Post Office and what it can offer in future. I am not sure that there is a clear strategy for rural sub-post offices. They need help in informing people of what is available and what can be received in future. Our local post offices must provide a wide range of services. We must build up insurance, banking and financial services and link post offices, through the computerised programme, to other information services, such as that in Ruardean Woodside, making them part of a multi-service centre, with Business Links and local authority one-stop shops, so that they can truly remain at the heart of service provision in the countryside and help our rural economies.

8.48 pm

Mr. Richard Page
(South-West Hertfordshire)

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I am grateful for the opportunity to say a few words.

I genuinely believe that Labour Members sincerely wish to see the preservation and prosperity of the Post Office network, but I think that that is about as far as it goes. Before going any further, I should confess—perhaps confess is the wrong word—that I am one of those Members who has borne responsibility for overseeing the work of the Post Office. I was a Minister in the Department of Trade and Industry. I can admit now that I fought and lost some of the battles with the Treasury, although I am glad to say that some I won. Today, we have had a clear indication that the DTI team, personified by the Minister for Competitiveness, has lost the battle to the Treasury.

Leaving aside all the bluster and rhetoric, I have sympathy with the Minister. He is having to play a very poor hand of cards that the Treasury has dealt him.

I am committed to the modernisation of Post Office services and to the introduction of new technology to facilitate the changes, such as Horizon and ACTs, provided that both sides of the equation are in place. We have heard tonight that the second part of that equation—how those changes will be delivered—is not there.

However, three positive things have come out of the debate. First, it is good that we have had an opportunity further to discuss this matter. I have a strange feeling that we will discuss it and discuss it until eventually the Government accept that they must do something about it. They cannot allow the Minister to stonewall time after time.

Secondly, there is a benefit to the Minister, because all he need do is read into the record the speeches that he has given several times already. I have a feeling that he will be asked to come back to the House and to keep giving a repeat performance until he is allowed to say what will happen to solve that part of the equation. I hope that when he winds up the debate he will have a go at the motion, and, I hope, erode the beautiful friendship between the Labour party and the Liberal Democrats that has existed for a number of years.

Thirdly, and more importantly, as many hon. Members have said, the motion refers to the impact that automated credit transfer will have on a large number of people. If each Parliament had to design its own coat of arms with a motto underneath, the Government would have in their design a large pencil eraser with the motto—in Latin, of course, to ensure that it is not easily understood—that in English would be, "It seemed a good idea at the time." If I had to characterise the Government's actions, I would say that to them it seemed a good idea at the time but they did not work out its long-term effect. This proposal is a classic case of, "It seemed a good idea at the time."

This measure is attractive to the Government, especially to the Treasury. We have heard that £400 million will be saved, and that is a lot of money. As has been shown time and again, there has been little recognition of the effect of the proposal on a substantial number of people who will have to use this system. The Minister is a nice chap, but nothing he has said so far reassures me that the second half of the equation is even half way towards being in place.

Mr. Letwin

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I hope that my hon. Friend is not subscribing to the thesis that the net saving will be £400 million, given that we have not the slightest clue what it will be. We know only that the gross saving will be £400 million. A huge amount of unspecified money is to be paid to the banks.

Mr. Page

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I ask my hon. Friend to hold his horses. As night follows day, my views will gradually unfold. Given the time, I may have to truncate my speech, but I shall touch on my hon. Friend's perfectly valid and genuine point.

It goes without saying—the hon. Member for Forest of Dean (Mrs. Organ) started to make this point—that many of the people who collect their benefits from a sub-post office are among the most vulnerable—people who are old, frail and do not use information technology. For the Government to make this announcement without fully thinking through the consequences is exceedingly worrying for those people. It is difficult to understand how a Government can try to push a legitimate cost of looking after those vulnerable people on to financial institutions without clearing it with them first.

Would it not have been better to have joined-up Government—to use their oft repeated phrase? There could have been a statement by the Government and those financial institutions explaining how the system will work.

My sympathies are with the banks, because undoubtedly a number of people receiving benefit will not want or will not be able to handle this extra dimension. Automatic transfers of this kind will be welcome to Members of the House, but for a percentage of our people they will be worrying, frightening and confusing.

We all know constituents who fall into the category to which I refer. Technology may be pushing us towards a cashless society, but there is a generation to which that will never apply. I look the Minister in the eye when I say that that generation will never be able to handle it—and it is composed of the old, the frail and the vulnerable. I welcome that part of the motion, and hope that it will increase pressure on the Government to announce the second part of the equation to which I have referred.

The debate, however, extends beyond postal services. If we exclude them from what we have been discussing today, we see that they constitute only a small part of the activity of sub-post offices. What we are really considering is the possibility—indeed, the probability—that we shall create areas of potential deprivation. Deprivation is not exclusively financial, of course. I am talking about maintaining communities and services—especially in rural areas, although the same applies to constituencies on the urban fringe. The removal of such services will be the straw that breaks the back of local shops and forces them into redundancies and closure, thus hastening the death of small communities.

What will the individuals affected do? It will mean a long drive—or a bus journey, at a cost—to some larger population centre to obtain the necessities of life. To people who have lost their village store, this will become a form of social exclusion. Moreover, the Government's announcement that they will save themselves £400 million—this brings me to the point made by my hon. Friend the Member for West Dorset (Mr. Letwin)—may well relate just to the gross figure. The Government may ultimately have to find more than that to prop up the communities that they have gone some way towards destroying.

I think that the Minister is receiving a clear message from the debate. The thousands of people who run, and work in, sub-post offices throughout the country need answers to specific questions. They want to know how the new Horizon project will affect them if 30 per cent. of their income disappears when automatic credit transfer is introduced in 2003. There are 8,000 sub-post offices in rural areas that will have to face the challenge, and several thousand more in suburban areas. It is not enough to say that they will be able to diversify—that, for instance, they can become lottery agents, if they are not lottery agents already; there is plenty of competition there. How they will survive is the great unanswered question.

I am even less convinced that the Cabinet Office performance and innovation unit will come up with convincing answers when it reports next month. Let us hope that it will, but I think all Members know that post offices and sub-post offices make a vital contribution to the vitality of their communities. We do not need the spin doctors of Whitehall who tell us what we already know, and what has been repeatedly acknowledged today.

According to what the Minister for Competitiveness told the House on 12 January, the study would reflect on how the post office network could best contribute to the Government's objectives for the future,

"and, in the process, ... formulate objectives for the network itself."—[*Official Report, Westminster Hall, 12 January 2000; Vol. 342, c. 67WH.*]

We immediately find ourselves involved in an argument, however. On the one hand, Ministers are saying that they will not become involved in the day-to-day running of the system; on the other hand, they are establishing a basic strategy and primary objectives for any organisation, which means that they must be involved in how that day-to-day running takes place.

Like the Liberal Democrats, the Government want to have their cake and it. They favour automation, but they do not favour having to pick up the costs. I think that they are avoiding a good many hard choices, and I can tell the Minister that the issue will return time and again.

9 pm

Mr. Alan Hurst
(Braintree)

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I am pleased to be called in what is our second debate within a week on this important matter. Without seeking to graduate in sycophancy, may I say that I am increasingly reassured by the replies of my hon. Friend the Minister for Competitiveness? I wonder whether I might mention again his renowned quotation. He said it first, I think, in Westminster Hall:

"I emphasise again that there will be no change before 2003 to existing methods of benefit payments. All benefit recipients and state pensioners who want to will continue to be able to access their benefits in cash, across the counter at the post office, both before and after the changeover."—[*Official Report, Westminster Hall, 12 January 2000; Vol. 342, c. 69WH.*]

That is a fairly convincing reply. I wavered a little when the Minister went on to say today—after he made that statement for, I think, the third time—that we would not take active measures to move customers to automated credit transfer before 2003. I am sure that he will be able to reassure hon. Members exactly what those measures might be.

If I understand the position correctly, one of the main concerns of all right hon. and hon. Members' constituents is that they will not be able to receive cash payments. That view has been expressed widely and caused much concern, particularly among elderly people, who believe that the process is in train already. The Minister was able to reassure me in Westminster Hall last week that the somewhat misleading letter on child benefit payments that was issued by the Benefits Agency had been withdrawn. I hope that further letters or statements that give the impression that there is no choice, even though there is, will cease to be issued, and that cash payment will continue to be an option. If we can resolve the cash question, that will be of great benefit to those who do not want, or cannot have, a bank account.

The second concern involves the profit margin and whether businesses can survive if a certain amount of their business goes because of direct payment, even if some of it remains via cash payment. I suspect that most of us know that village post offices are not gold mines where vast profits are made daily. People there work long hours, often in difficult circumstances—in many cases, I suspect, for quite low margins of profit. Therefore, two things need to go hand in hand; I was hoping that the hon. Member for South-West Hertfordshire (Mr. Page) would mention them when he talked about two stages.

Two stages need to be in harness. As my hon. Friend the Member for Forest of Dean (Mrs. Organ) eloquently mentioned, other business has to come in at the same pace as the cash-payment system declines. If that equation can be achieved, there will be a positive future for rural, suburban and inner-city post offices. Again, I am reassured—I hope that I am not over-reassured—by the Minister for Competitiveness, who indicated the Government's commitment to negotiate arrangements with the major clearing banks, so that sub-post offices become their agents.

Mr. Page

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I understand what the hon. Gentleman is saying, but does he not accept how worrying it is for old people when the Government announce just one part and hope—I hope that I am wrong and that what they say will happen does happen—that the second part will follow in one, two or three years' time?

Mr. Hurst

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I fully accept that there is concern. That was the reason why, in the earlier debate, I mentioned—I say it again today—that all of us have a duty to reassure our constituents in a loud and clear voice that the cash payment option will remain and that steps are being taken to reinvigorate local post services. Fear must not strangle the very businesses that we seek to save.

I will not go through the position again. We are fully aware that the post office is a crucial part of each village, suburban and inner-city community: in many cases, if the post office goes away, there will be not social exclusion but a social desert. There will be nowhere for the interchange of ideas among people because all the places for such an interchange will have gone: the pub, school, church, chapel, shop and, finally, post office.

I know that it is not the Government's intention for such social deserts to be created, and I am encouraged by Ministers' recent statements. All of us want the concept of community to survive, and believe that the post office is at the heart of the community. Again, however, I implore the Minister to ensure that the introduction of banking business and other services at post offices proceeds at the same pace as the decline of cash payments.

9.5 pm

Mr. Brian Cotter
(Weston-super-Mare)

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Earlier in the debate, hon. Members made the point that sub-post offices are very important to local areas. Specifically, the hon. Member for Forest of Dean (Mrs. Organ)—who is about to leave the Chamber—made various points on the issue with which I shall deal shortly.

In a very real sense, the post office is the centre of the community. However, the Government's White Paper on post offices states:

"The sub-post office plays a valuable role in local communities, particularly for the less mobile. But the Post Office cannot sustain a network if it is not sufficiently well used, and nor can Government."

Those are worrying words indeed. If there is not sufficient support for post offices, they will be at risk; indeed, in the White Paper, it is acknowledged that they are at risk. The implication of the statement is that the Government will not support sub-post offices if they are not attracting sufficient turnover. We should remember, however, the relation between the issues of benefit payment methods and possible declines in the numbers of those who use post offices.

The hon. Member for Forest of Dean made various good points—which I shall not of course, repeat—and tried to draw attention to various ways in which sub-post offices might use their position to benefit communities. She also mentioned a national advertising campaign—which is a very good idea—as a means of achieving that goal. However, as I recently told the Minister in a Westminster Hall debate, in view of the grave confusion caused by the letter sent to benefits users, post offices should display a notice clearly stating, "You can still get your benefits here." Although I think there should be a national advertising campaign, as the hon. Lady suggested, a statement of available services should also be clearly displayed in post offices.

The Government should acknowledge their commitment to small businesses. The fact is that 90 per cent. of the sub-post office network is managed by small business people. Moreover, a recent report stated that 90 per cent. of small businesses with fewer than nine employees use sub-post offices for their banking and deposit facilities. Ministers therefore have a neat link available between establishing their commitment to small businesses and addressing the issues affecting sub-post offices.

Hon. Members have already mentioned our grave concerns for those who have decided to run sub-post offices. The Minister said that small business people had invested about £1 billion of their own money in sub-post offices. Sub-postmasters and mistresses will feel very let down in that investment, as they decided on it based on volumes of business currently being done by the post office, much of

which involved benefits payments. The Government have therefore misled those who were deciding whether to take on a sub-post office about the basic business, which is now at risk.

The Minister said that the £1 billion was for an attractive investment. Sub-postmasters and mistresses clearly no longer feel that it was an attractive investment. I am sure that they have told other hon. Members that they are desperately worried that they will not get a return on their investment and will not be able to retire on a decent income. They feel let down.

That is one reason why the debate keeps recurring. It is not just because the Liberal Democrats decided to raise the subject again. Even after the debate last week, which I participated in, people are still looking for the answers. I have a great deal of time for the Minister. It has been said that he has a great struggle with the Treasury. I am sure that he is doing his best, but we want to reinforce to him what is being said about sub-post offices. The Treasury must come up with something more than the various ideas mentioned by the hon. Member for Forest of Dean, which I support.

We had a fiasco and great delays with passports recently. Sub-post offices could play a key role. With electronic communications, it should be possible to make an application at the local post office and have it near enough issued by the sub-postmaster. Photographs and forms can be transmitted electronically and it should be possible to get a passport within two or three days.

Mr. Andrew Miller
(Ellesmere Port and Neston)

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I refer the hon. Gentleman to a letter that my right hon. Friend the Home Secretary placed in the Library last week in response to a question that I asked. He made it clear that the Government intend to look at the possibility of increasing facilities for passport and similar applications that are the responsibility of the Home Office.

Mr. Cotter

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That is welcome, but there is a grave concern that there will not be many sub-post offices left when the reforms are introduced.

The Minister said that the Horizon project would be implemented by spring 2001. That is fine. I am glad to hear him repeating that commitment this evening. However, sub-postmasters have told me that they are not in the least impressed with the training on the computer system. That is an area of great concern and I should like the Minister to respond to it. It is all very well installing good equipment, but people who are not well acquainted with computer systems need good training.

Mr. Miller

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I have followed the Horizon project in detail under the previous Administration and under this Government because of my interest in technology. There is a programme of training that involves all 19,000 sub-post office staff. At my most recent visit to ICL's Feltham operation, where Horizon is being developed, I was told that sub-postmasters, from those aged 16 to those in their 80s, had already been trained and that the target was to hit every potential sub-postmaster.

Mr. Cotter

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That is very good. It is easy to say that training has been carried out, but I am questioning the quality of the training and whether it addresses what people need to know.

We are holding this debate because the Government have been reactive rather than proactive. The PIU's consideration of socially desirable objectives was referred to earlier. The Post Office White Paper could have addressed many of the issues. However, as a result of concerns that have arisen since then, the PIU has been set up. We look forward to what it will say. However, the Government seem to react too late, and to do so when people have decided not to use the post office to collect their benefits.

The Minister talked about access criteria. It is all very well to have criteria, but people may not be ready and willing to run sub-post offices because of concerns about profitability. When a sub-post office is closed now, it is difficult to find another site, as well as

finding someone willing to run it. Postmasters and postmistresses are extremely concerned now—let alone in two or three years' time when it may be difficult to find staff to run sub-post offices.

I have received more letters on the issue since last week's debate. I appreciate the fact that the Minister has stayed to answer the debate, and I very much hope that he will come up with something more tangible than his initial response.

9.16 pm

Mr. Lindsay Hoyle
(Chorley)

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Clearly, all parties are concerned about the future of sub-post offices in urban and rural areas. However, I take issue with the hon. Member for Tiverton and Honiton (Mrs. Browning), who said that everything was rosy during the 18 years of Tory Government—that was far from being the case. Let us have the facts. Some 40 post offices a week have closed over the past 20 years. There was no great debate then in this House, saying that something must be done about that haemorrhaging of rural post offices. Nothing actually happened. It is a bit rich for the hon. Lady to come to this House shedding crocodile tears about the future of the Post Office. If we believe in the future of rural post offices, we must address what went wrong before.

Part of the problem has been the modern culture of banking. Pensioners have their pensions paid automatically into their bank accounts, and people on child benefit have had it paid into their bank accounts. That has reduced the number of post office users, and rural post offices have suffered in particular. We ought to discuss how we can save the Post Office and reopen rural post offices.

I visit my local post offices. I was lucky enough to reopen the Chapel Lane post office in Coppull, and I have been in contact with Mrs. Foster at Wheelton post office in Chorley and Mrs. Friend at Hoghton post office, and with all the users. The belief that only Conservative Members care about post offices, after 18 years of not caring, will not wash with me.

All parties share the belief that something must be done. I have belief in the Minister, and I hope that others will. I know that the Government take the future seriously. The rural community is important to the Government, and we must ensure that the vitality of villages continues through their post offices. We ought to be embracing new technology in rural areas, as that is where the future will be. We ought to have that new technology, and bolt on additional services. It is all very well people saying that rural post offices can have a bit of this and a bit of that. They need to be able to offer full financial packages, lottery tickets, passports, tax discs and a whole range of services.

People who work hard in rural post offices and are the backbone of their community will then be rewarded financially and, crucially, will be able to sell on the business. People have been very worried about the future and have rightly questioned their Members of Parliament. I welcome that questioning and the support that we can offer. We have to tell people that we take their concerns seriously and will try to ensure that they have a bright future in which they can sell on the business when they retire.

If we do that, further post offices might reopen. There is no doubt that there was a haemorrhage, and the number of villages without a post office is significant. Thankfully, 60 per cent. of villages have a post office, although only 5 per cent. have a bank. We should consider how to encourage more post offices to open. We must ensure that we have a practical rural banking system throughout the United Kingdom.

We have a Minister who is confident that he can deliver a rural bank and ensure that those who are currently excluded from banking services are welcomed, with the promise that people will still be able to draw cash if they wish to. We must tackle social exclusion. To open an account in a high street bank in Chorley, people have to produce either a passport or a driving licence. That rules out a lot of people. We must give people the benefits of having a bank account: those services must embrace those in the rural community so that the farmer who collects money for his milk can pay it in at the local post office.

The rural banking service in the post office will be a high-tech service. We must watch out for luddism and embrace the new technology.

Mrs. Browning

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The hon. Gentleman does not seem to be aware that the decision to put computers into post offices was a Conservative policy which the current Government inherited. Nobody is saying that technology is not important, but it is no good giving post offices technology, with all that it affords them, while chopping 30 per cent. off their revenue with another policy.

Mr. Hoyle

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It is interesting how the Conservatives wave the flag on the last couple of years of their Government. That commitment was not delivered; it was something that they were only beginning to embrace. They are saying that, after 16 years of doing nothing, they should be congratulated on two years of being bothered about rural post offices. We will not allow them to rewrite history in that way.

The Government are trying to sort out the previous Government's mistakes and to ensure that we put in the right technology. We have the right Minister to do it. We should welcome the fact that the Government have assured the future of our rural and urban post offices.

9.23 pm

Mr. Patrick McLoughlin
(West Derbyshire)

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I have heard some rewriting of history, but the hon. Member for Chorley (Mr. Hoyle) takes the biscuit. I listened with interest to his speech.

The Minister drew attention to the number of times we have discussed the Post Office since July, with a full day's debate inspired by the official Opposition, a half-day debate inspired by the Liberal Democrats and a debate last week in Westminster Hall. I once had responsibility for the Post Office. My hon. Friend the Member for South-West Hertfordshire (Mr. Page) and I have been trying to recall the number of times that we discussed the Post Office—there was certainly a major debate on it when we presented our Green Paper—but I cannot recall a time when we had to hold a debate because of the closure and the threat of closure of sub-post offices. If such threats had existed, the Labour party and the Liberal Democrats would have shouted the need for debates from the rooftops. The very fact that such debates were not requested is evidence of how carefully we considered the future of the rural post office network, so I will take no lectures from the Government today.

I accept the Minister's commitment to the Post Office and I readily acknowledge that he has a record unmatched by previous Post Office Ministers. However, I wish to raise several points that I hope he will address when he winds up. Today's debate is not about the Post Office and the delivery of letters: it is about the sub-post office network and 18,000 privately operated businesses. Those businesses provide a vital lifeline, especially in rural areas. There is no doubt that the post office remains the most attractive element in the village retail structure. It is invariably located with integrated village shops. Rural community sub-post offices provide essential services for those confined to the village for whatever reason. The sub-post office is a critical element of village shop owners' financial plans.

In my constituency, West Derbyshire, which covers a huge rural area, I am concerned about how many closures have taken place in the past few years. For example, post offices have closed in Cubley, Longford, Roston, Flagg, Lea Bridge, Knifton, Quarndon, Fenny Bentley, Clifton and Taddington. That is a massive escalation of closures. Of course closures take place over time when someone has run a post office for a long time and wishes to retire, and it is always very difficult for them to find someone else to take the post office on. However, I believe that Post Office Counters is partly responsible for that situation.

I was so concerned about the future of the sub-post office network that I did a survey of all the post offices in my constituency last year. I thought that Cubley post office was still open—until I received a letter back from Mrs. Wilton of 4 Long Meadow, Cubley, who closed the post office. She said:

“I did manage to find another person in the village keen to take on the running of the P.O. in her home. She was informed by Post Office Counters that she would have to install an alarm, she would be responsible for insuring the equipment and would have to pay the running costs estimated at £22 per month, this out of a gross salary of £135 per month. Obviously her enthusiasm evaporated!”

“My personal view, and I stress personal, is that P.O.C.L. say they do not close Post Offices but are more than happy to have it done for them.”

A further issue arises from the contract that people are required to sign before they take on a post office. A new sub-post office could have opened in Idridgehay, when some new people took over the village shop in which the post office used to be located. However, they found the requirements to which they had to sign up too burdensome. On top of the money that would have to be spent on decorating the outside of the shop in the corporate colours, as the Post Office insists on, the last sentence of the contract they were sent caused them great concern:

““At the time of your resignation your successor will be appointed at your premises”—”

let us remember that people run these businesses in their own homes—

““unless the Regional Manager has stated that he wishes to close or reinstate the office on vacancy or no acceptable candidate can be found to take over the appointment in your existing premises”.”

Village post offices are often run from home. Who is likely to sign a contract that allows the Post Office to put someone else in a person's home to run the local service?

Rightly or wrongly, many people in rural areas believe that the network of village post offices is under threat. The evidence in my constituency leads me to agree. That threat is not in the interests of the Government or the country, so I hope that the Minister will encourage a new approach from Post Office Counters. For example, why are carriers in competition with Parcelforce not allowed to operate through the post office system? Why do not the Government open up the services provided by village post offices?

The Minister has a golden opportunity to make the progress that many hon. Members have attempted over a number of years. I hope that he will take it, and secure the future of our vital village post office network. If he manages to help that network, he will ensure the survival of offices in the other, urban areas mentioned by other hon. Members in this debate.

9.32 pm

Mr. Norman Baker
(Lewes)

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My Liberal Democrat colleagues and I make no apology for holding yet another debate on the Post Office. The network of sub-post offices, and the services that can be accessed through them, are vital to our rural and urban communities. We have had to return to the subject because so many questions were left unanswered. I hope that they will be answered tonight: if they are not, I predict that there will be further debates on the subject until they are answered.

The Minister has temporarily gone from his place, after being present for the whole debate. Excellent though he is, the Minister is working overtime, thanks to a shortage of other Ministers to deal with this matter.

Mr. Page

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When the news is good, the Secretary of State is present: when the news is bad, someone else is.

Mr. Tyler

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The hon. Gentleman speaks from experience.

Mr. Baker

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My short experience in the House leads me to believe that what the hon. Gentleman says is true.

We have heard that Britain still has more than 18,000 post offices, despite the closures that have taken place at an alarming rate over the past 20 years. Those offices serve 28 million people every week.

Under the Conservative Government, 4,000 sub-post offices closed. That decline has continued under Labour. Offices close every week, yet we know how important they are to rural communities and to estates in urban areas. Often they are the only community

services left when the school, the pub and the other shops are long gone.

We also heard how important benefit payments are to postal business. The Post Office expressed its concern about the Government's policy trend in a press release issued on 8 July 1999:

"The DSS's decision to pay benefits by Automated Credit Transfer from 2003 ... would seriously threaten the income streams of many post offices, especially in rural areas."

That is the fact of the matter. It is why so many hon. Members are worried that the Government's plans will undermine the economics of the post office system, and lead to closures.

The share of income for post offices deriving from the payment of benefits averages between 30 and 40 per cent., but it can be as high as 70 per cent. in some offices.

In my constituency of Lewes, more than 40 per cent. of the income of eight out of the 34 post offices derives from the payment of benefits. In the Secretary of State's constituency of Tyneside, North, where there are 22 post offices, 16–73 per cent. of them—depend on benefit payments for more than 40 per cent. their income. In the Prime Minister's constituency, 72 per cent. of post offices are so dependent. Interestingly, in Edinburgh, Central, the constituency of the Secretary of State for Social Security, only 5 per cent. of post offices are in danger of closing down, which is fortunate.

The Minister talked about an unhealthy reliance on benefits. In one sense, I can understand that—it does not do to put all one's eggs in one basket. Nevertheless the word "unhealthy" suggests that the Minister believes that dependence on benefits should be reduced, but is not yet clear what will replace it. That point concerns many Liberal Democrat colleagues and, I believe, hon. Members across the House. It seems that benefits will be taken away—that much is clear—but what will replace them is not at all clear.

How great is the Government's commitment to the network? What is their commitment to the vital lifeline that rural post offices in particular provide? The Minister talked about access criteria, but it is not clear how they will link with the financial performance of a post office. If a post office is vital for a community because the nearest one to it is a long way away, will it survive because it performs an important function for the local community, no matter how unsuccessful it is financially? Or will it have to close because it is not financially viable, even though people will be inconvenienced? We need to understand the relationship between the social factors and the economic performance of each post office.

I have doubts about the appeals procedure, and I hope that the Minister can reassure me when he winds up the debate. The new appeals procedure sounds like a good idea, but it is not clear how it will deal with even the present volume of sub-post offices that are closing, never mind an increased volume if things go awry. Nor is it clear whether it will be based on simply financial criteria. If so, what is the point of an appeal? It will just be argued that the figures do not stack up and that the post office must shut.

We need to have clear and rigorous social guidelines in place that can overrule the financial performance of each unit. Post offices will be doing the best they can under the circumstances—it may not make financial sense, but it will make social sense. The Minister will have to clarify that point if we are to have confidence in the appeals procedure.

The Minister said that people must use their post office or lose it—we have heard that phrase many times. But what about those who have to use it because there is no alternative, but who still might lose it because it is not making money? Where do those people go when their sub-post offices close? The Minister said that there can be no guarantee that no post office will shut. The hon. Member for West Derbyshire (Mr. McLoughlin) spoke about people's individual circumstances and the difficulty of replacing postmasters. Of course that is true. But we want the Government's guarantee that except for those personal circumstances, they will maintain the network at or at about its present size. I have not heard the Minister give that guarantee—I hope that he will tonight. If not, what is the minimum size of the network that he is prepared to tolerate? It is currently 18,000—how low will it have to go before he says that it has gone too far?

The Minister mentioned that there is a small window of opportunity. The hon. Gentleman told us again tonight that automation will take place by spring 2001. We are pleased that the Government are pushing forward with automation. We know that ACT kicks in in 2003. That is not a very long time in which, to use the Minister's words, to grow new business. What happens if post offices do not grow new business in that two-year period?

The Minister praised the contribution of the hon. Member for Stroud (Mr. Drew), who was not called to speak in the debate tonight but who secured the debate last week in Westminster Hall. The hon. Gentleman said:

"It would be good to hear that, even with the introduction of ACT, the timetable of 2003 to 2005 is flexible".—[Official Report, Westminster Hall, 12 January 2000; Vol. 342, c. 49WH.]

The Minister should respond to that sound point. A question remains over the consequences of a mass take-up of use of the internet or new digital facilities. Will automation render the sub-post offices out of date? The key question remains: how far will the financial performance of each unit outweigh social factors?

Considerable doubts remain about franchise arrangements in urban areas. Post Office Counters seems determined to leave perfectly good offices so that it can enter into franchise arrangements with retailers. However, in Newhaven, Post Office Counters left a perfectly good and serviceable Crown office—near the sorting office, which was in the same building—to move in with a retailer that soon went bankrupt. At three days' notice, the post office had to move into a portable cabin in a car park, which the disabled find it difficult to use. Meanwhile, the original Crown office lies empty. That kind of mess results when Post Office Counters refuses to go it alone when necessary, preferring to reach franchise agreements with partners that often seem fairly dubious.

In Lewes, the franchise post office does nearly as much business as the Crown post office—about two thirds or three quarters as much. The franchise post office has been given notice by W. H. Smith, and will close in three months' time. The Crown office is at the top of a hill, which is impossible to reach for the elderly and disabled. No alternative arrangement has been made. Post Office Counters does us no favours by reaching such franchise agreements. Why do the agreements include such short notice periods? Why should people's lives be disrupted without notice because of those agreements? We need confidence that Post Office Counters is as keen to maintain the network as Members of Parliament are.

Questions remain about cash transactions. The hon. Member for Tiverton and Honiton (Mrs. Browning) asked how much they will cost, and who will pay. Will the banks suffer a loss? Will the Post Office? Will the Treasury suffer a loss, or the Department of Social Security?

Mrs. Browning

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The hon. Gentleman will agree that banks tend not to suffer losses. I fear that if banks are not properly reimbursed, they will pass on the costs to their customers, which would be totally unacceptable.

Mr. Baker

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The hon. Lady makes a valid point.

The hon. Member for Forest of Dean (Mrs. Organ), who is no longer here—

Mrs. Organ

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I am.

Mr. Baker

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I beg the hon. Lady's pardon. She asked what cash is. That seems a simple question, but does cash include cheques? All sorts of fears surround that point. Many people do not want a bank account and want no truck with the banking system. They want to hand over a book and receive cash in return. Successive Governments have ensured that child benefit is paid in cash to women for the very good reason that it ensures that children are properly supported. We must now allow such money to be sucked into paying off overdrafts on bank accounts, or to go into joint bank accounts held with unsuitable husbands.

On 23 October 1999, a form was issued relating to child benefit. It lists the ways in which child benefit may be paid. It says that the benefit may be paid straight into a bank or building society account every four weeks, or through the Post Office by payment into a giro account or national savings bank account. The form does not mention cash payments over the counter. Will the Minister write to everyone who has received the form to make them aware that they can receive cash over the counter, or will he allow the form to let people believe mistakenly that they cannot receive child benefit in cash?

The Liberal Democrats favour a fully automated, modernised, competitive, publicly owned Post Office, operating with greater commercial freedom. *[Interruption.]* There should be no surprise about that; it has been our position for a long time.

We are in favour of the maintenance of universal service provision, with national uniform tariffs, which especially benefit rural and remote areas. We are in favour of real customer choice, through the retention of alternative payment options for benefits and the postponement of ACT for benefits until we are convinced that such arrangements will guarantee the network in its current state. We are in favour of a proper appeals system, so as to ensure that it is extremely difficult to close post offices. We are in favour of ensuring the survival of the post office network in its present form, with the present number of post offices, for those people—the majority—who want it.

We have used one of our rare Opposition Days to hold the debate because the matter is so important. We have held four debates on the subject recently, in this place or in Westminster Hall, because it is so important and because of the uncertainty of the Government's response. The Minister has not quelled the many genuine doubts of many Liberal Democrat, Conservative and Labour Members. During the next 15 minutes, it is up to the Minister to answer our questions or be faced with another debate in the not too distant future.

9.46 pm

Mr. Alan Johnson

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With the leave of the House, I shall conclude the debate.

The debate has been wide ranging and, as in the debate last week, the amount of participation by hon. Members reflects the importance of the matter to them and to their constituents in urban and in rural areas. Hon. Members have raised many specific issues and expressed many concerns, to which I shall respond.

First, I reiterate the Government's firm commitment to the protection of postal services for all customers now and in the future. Although much the focus of the debate has been on the future of the counters network, its subject extends to other vital facets of the Post Office's operation—the provision of letter and parcel services.

In my opening speech, I dealt with the balanced package of reforms, set out in the White Paper, to enable the Post Office to meet the major challenges that it faces in a rapidly changing communications market. Key elements to underpin the Post Office's crucial social obligations include the enshrining in law for the first time of the universal service obligation of daily mail deliveries to every postal address in the country and of the uniform domestic letter tariff—a matter of special relevance and importance in rural areas.

We shall establish a new independent regulator, the Postal Services Commission, to promote and protect customer interests. We shall set a high quality of service standards; regulate prices; promote competition; and strengthen consumer representation through a revamped Post Office Users National Council. We provided additional financial resources to the Post Office for investment by reducing the proportion of post-tax earnings to be paid to the Government. We have a commitment to a nationwide network of post offices and to the setting of access criteria, against which the evolution of the network can be closely monitored and under which ways of maintaining reasonable access can be investigated.

Hon. Members have raised a wide range of issues. I shall respond to as many of them as I can. However, first I admit that the Government make no pretence of being able to answer every question at present. The study of the post office network by the performance and innovation unit at the Cabinet Office was commissioned by the Prime Minister last October. That was before any campaigns by rural newspapers and even before any Adjournment debates had been held on the matter—apart from one honourable exception, initiated by a Liberal Democrat Member. It is expected that the report will be completed in the spring. It will inform our thinking on setting the future objectives, role and contribution of the network and on setting access criteria.

The performance and innovation unit will closely examine issues related to the migration of benefits to ACT.

Mrs. Browning

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I am sure that the House is delighted that the Prime Minister has taken that personal interest. Can the Minister promise us that, when the report is available, the Prime Minister will stand at the Dispatch Box and present it to the House?

Mr. Johnson [Share](#)

No, I cannot. However, I can assure the hon. Lady that there will be a debate on the contents of the report.

The hon. Member for Twickenham (Dr. Cable) tabled a short motion. I can clarify the issues that it raises. It is based on a false premise.

First, the motion says that changes by the Government

““will lead to further large scale closures”.”

At the start of the debate, I and other hon. Members pointed out that, in whipping up such concern, the Liberal Democrats are devaluing the properties of some sub-postmasters and sub-postmistresses and creating the very circumstances that all hon. Members are determined to avoid.

The motion says that ACT

““will deny freedom of choice”.”

It will not. Any benefit recipient who wants to continue to draw their benefit payment in cash across a post office counter before and after the changes will be able to do so.

The motion asks the Government to postpone ACT

““until the Post Office has developed its own automated platform”.”

The Post Office will have developed its own automated platform by spring 2001. The migration to ACT will not even start until 2003.

The motion says that, as part of the universal service obligation, we are to

““require Post Office Counters to maintain a sub-post office network which satisfies broad social and economic as well as narrow financial criteria of viability.””

We have said that we will enshrine access criteria in law for the first time and ensure that an independent regulator and a revamped consumer body have the obligation to police them. I do not doubt that the hon. Member for Twickenham and the Liberal Democrats have people's best interests at heart, but we really must be careful about the messages that are sent about the post office network.

The hon. Member for Tiverton and Honiton (Mrs. Browning) spoke about the deal that we inherited from the previous Government. As I have said before, the benefit payment card system proposed by the previous Government was well intentioned. They sought to computerise the network. To draw an analogy with television programmes, I would prefer to talk about "Tomorrow's World" than about "All Our Yesterdays", but that particular private finance initiative was based on the developer also being the financier. Anyone who reads the report of the Select Committee on Trade and Industry will agree that we had no alternative but to pull out of that contract and to set up a new computerisation contract that was capable of being achieved.

Mr. Bob Laxton

(Derby, North)

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Does my hon. Friend agree that the Trade and Industry Committee received evidence to the effect that the recouping of the costs of the establishment of the ICL Pathway project—Project Horizon—would probably amount to more than 73p per transaction, for an almost indefinite period? That seemed to me a crazy contract.

Mr. Johnson [Share](#)

The point is well made.

The hon. Member for Tiverton and Honiton raised a point about transaction costs. That is a matter for commercial negotiation between the DSS, the Benefits Agency and the banks, and between the Post Office and the banks, but I believe that she is aware that even the benefit payment card proposed by the previous Government related to an eight-year contract with the Benefits Agency,

which ran out in 2005. They made it perfectly clear—I had an interest in the matter at the time—that it was an interim measure on the route to ACT; it was not a for ever solution to the problem.

The hon. Lady will also know that the cost of girocheques is 79p per payment, the cost of payment for the benefit payment card was 67p per payment, the cost of the order book control system that we are using at the moment—the bar coded system—is 49p and the cost of ACT is 1p. Given that information technology is becoming more ubiquitous, the migration to ACT is bound to continue, no matter which Government are in power.

By holding this debate yet again, we are at last having a debate about the future of the Post Office. As my hon. Friend the Member for Chorley (Mr. Hoyle) said, year after year seeped away with no one showing any particular political interest in the subject.

The hon. Member for Tiverton and Honiton mentioned lottery tickets, with derision. We are not saying that the increase in lottery payments is a panacea for the problem. We are saying that it is very welcome new work to pass across post office counters.

My hon. Friend the Member for Forest of Dean (Mrs. Organ), in a very important speech, drew attention to the crucial fact that we do not advertise the services that are available across post office counters. She mentioned 160 transactions. There are actually 170; and, with computerisation, every office in the country will be able to provide every service. At the moment, some offices in rural areas are restricted in the services that they can provide because of the difficulty of training staff in 170 transactions. We need to deal with that issue.

My hon. Friend mentioned the performance and innovation unit report on rural areas and said that it did not mention the Post Office network. She also made that point last week and I shall write to her about it. The PIU team is offended by her comment. It says that there is a complete chapter on the network in the report, so I shall deal with that point in correspondence. My hon. Friend also raised some excellent ideas on how we could increase traffic across post office counters.

The hon. Member for South-West Hertfordshire (Mr. Page) said that I had been dealt a poor hand by the Treasury and that I had to do something about it. He was a member of a Government under whom the Treasury screwed the Post Office for £1 billion over 10 years. They attracted stern criticism from the Tory-dominated Select Committee on Trade and Industry. The right hon. Member for Henley (Mr. Heseltine) said that that system would stop and that they would introduce a dividend system based on 40 per cent. of pre-tax profits. Three months later, a Conservative Chancellor of the Exchequer hiked the external financing limit to £1 billion over three years, and the hon. Gentleman tells me that this Government have been dealt a poor hand by the Treasury.

My hon. Friend the Member for Braintree (Mr. Hurst) said that we needed to take active measures and he referred to the Benefits Agency letter, as did the hon. Member for Lewes (Mr. Baker) in his wind-up speech. We are in contact with the Benefits Agency about the letter that was sent to the 370,000 of the 7.5 million child benefit recipients who get their payments weekly. Since 1982, the system has been that child benefits are paid monthly unless someone meets certain criteria. It is a regular procedure for the Benefits Agency to write to the minority who still receive weekly payments to remind them of the criteria. The Department has concerns about the absence of certain words in that letter. The matter has been taken up with the Benefits Agency and, as I have said before, we are working with it in complete partnership to ensure that any misunderstanding caused by the letter is eradicated and so that people understand—I say it again—that they have the right to draw benefits in cash.

The hon. Member for Weston-super-Mare (Mr. Cotter) also referred to struggles with the Treasury. I have mentioned the struggles that the previous Government had, and we are having an easy time compared to them. Over the past few months, the Treasury has agreed to the Post Office keeping more of its money. The external financing limited was 50 per cent. last year and it will be 40 per cent. in future years. By putting £480 million of investment into the computerisation of the network, the Treasury has done a great deal to lift the dead hand that has fallen on the Post Office from across the road at the Treasury buildings since at least the time of Rowland Hill.

My hon. Friend the Member for Chorley made a profound point about the erosion of the network over the past few years. I am sorry to surprise and shock the hon. Member for West Derbyshire (Mr. McLoughlin), but I thought that he made an excellent contribution. It recognised that we have problems with closures now and some of those problems are about the relationship between Post Office Counters and sub-postmasters, who must be part of any meaningful review to protect the network. I am sorry to ruin the hon. Gentleman's career, but he also mentioned what I seem to remember was called "reciprocal exclusivity", which is being considered by the PIU.

This has been an important debate. I acknowledge that we do not yet have detailed answers to all the questions that have been raised, but we are fully alive to them. We are already working on them and will continue to do so in the coming months. As in many facets of national life, the world in which the Post Office and postal services operate is changing rapidly. We will provide the

protection for this vital part of the social fabric of this country and we will ensure that post offices are given the resources that they need to survive in very difficult circumstances. I urge the House to support the Government amendment.

Question put, That the original words stand part of the Question:— The House divided: Ayes 43, Noes 298.

Division No. 28]	[9.59 pm
AYES	
Allan, Richard	Jones, Nigel (<i>Cheltenham</i>)
Ashdown, Rt Hon Paddy	Keetch, Paul
Baker, Norman	Kennedy, Rt Hon Charles (<i>Ross Skye & Inverness W</i>)
Ballard, Jackie	
Beith, Rt Hon A J	Kirkwood, Archy
Bell, Martin (<i>Tatton</i>)	Livsey, Richard
Brake, Tom	Llwyd, Elfyn
Brand, Dr Peter	MacIennan, Rt Hon Robert
Breed, Colin	Michie, Mrs Ray (<i>Argyll & Bute</i>)
Bruce, Malcolm (<i>Gordon</i>)	Moore, Michael
Burnett, John	Oaten, Mark
Cable, Dr Vincent	Öpik, Lembit
Campbell, Rt Hon Menzies (<i>NE Fife</i>)	Rendel, David
	Ross, William (<i>E Lond'y</i>)
Chidgey, David	Sanders, Adrian
Cotter, Brian	Smith, Sir Robert (<i>W Ab'd'ns</i>)
Davey, Edward (<i>Kingston</i>)	Taylor, Matthew (<i>Truro</i>)
Feam, Ronnie	Tonge, Dr Jenny
Foster, Don (<i>Bath</i>)	Tyler, Paul
George, Andrew (<i>St Ives</i>)	Webb, Steve
Harris, Dr Evan	Willis, Phil
Harvey, Nick	Tellers for the Ayes:
Heath, David (<i>Somerton & Frome</i>)	Mr. Bob Russell and
Hughes, Simon (<i>Southwark N</i>)	Mr. Andrew Stunell.
NOES	
Abbott, Ms Diane	Best, Harold
Adams, Mrs Irene (<i>Paisley N</i>)	Betts, Clive

Ainger, Nick	Blears, Ms Hazel
Allen, Graham	Boateng, Rt Hon Paul
Anderson, Donald (<i>Swansea E</i>)	Bradley, Keith (<i>Withington</i>)
Anderson, Janet (<i>Rossendale</i>)	Bradley, Peter (<i>The Wrekin</i>)
Ashton, Joe	Bradshaw, Ben
Atherton, Ms Candy	Brinton, Mrs Helen
Atkins, Charlotte	Brown, Russell (<i>Dumfries</i>)
Banks, Tony	Browne, Desmond
Barnes, Harry	Burden, Richard
Barron, Kevin	Burgon, Colin
Bayley, Hugh	Butler, Mrs Christine
Beckett, Rt Hon Mrs Margaret	Caborn, Rt Hon Richard
Benn, Hilary (<i>Leeds C</i>)	Campbell, Alan (<i>Tynemouth</i>)
Benn, Rt Hon Tony (<i>Chesterfield</i>)	Campbell, Ronnie (<i>Blyth V</i>)
Bennett, Andrew F	Campbell-Savours, Dale
Benton, Joe	Cann, Jamie
Bermingham, Gerald	Caplin, Ivor
Berry, Roger	Casale, Roger

Caton, Martin	Hall, Patrick (<i>Bedford</i>)
Cawsey, Ian	Hamilton, Fabian (<i>Leeds NE</i>)
Chapman, Ben (<i>Wirral S</i>)	Harman, Rt Hon Ms Harriet
Chaytor, David	Heal, Mrs Sylvia
Clapham, Michael	Henderson, Doug (<i>Newcastle N</i>)
Clark, Rt Hon Dr David (<i>S Shields</i>)	Henderson, Ivan (<i>Harwich</i>)
Clark, Dr Lynda (<i>Edinburgh Pentlands</i>)	Hepburn, Stephen
	Heppell, John
Clarke, Charles (<i>Norwich S</i>)	Hill, Keith
Clarke, Rt Hon Tom (<i>Coatbridge</i>)	Hodge, Ms Margaret
Clarke, Tony (<i>Northampton S</i>)	Hoey, Kate
Clwyd, Ann	Hood, Jimmy
Coaker, Vernon	Hope, Phil
Coffey, Ms Ann	Hopkins, Kelvin
Cohen, Harry	Howarth, George (<i>Knowsley N</i>)
Connarty, Michael	Howells, Dr Kim

Cooper, Yvette	Hoyle, Lindsay
Corbett, Robin	Hughes, Ms Beverley (<i>Stretford</i>)
Corbyn, Jeremy	Hughes, Kevin (<i>Doncaster N</i>)
Corston, Jean	Humble, Mrs Joan
Cousins, Jim	Hurst, Alan
Crausby, David	Hutton, John
Cryer, Mrs Ann (<i>Keighley</i>)	Iddon, Dr Brian
Cryer, John (<i>Hornchurch</i>)	Illsley, Eric
Cunningham, Jim (<i>Cov'try S</i>)	Jackson, Helen (<i>Hillsborough</i>)
Curtis-Thomas, Mrs Claire	Jamieson, David
Dalyell, Tam	Jenkins, Brian
Darting, Rt Hon Alistair	Johnson, Alan (<i>Hull W & Hessle</i>)
Darvill, Keith	Johnson, Miss Melanie (<i>Welwyn Hatfield</i>)
Davey, Valerie (<i>Bristol W</i>)	
Davidson, Ian	Jones, Rt Hon Barry (<i>Alyn</i>)
Davies, Rt Hon Denzil (<i>Llanelli</i>)	Jones, Helen (<i>Warrington N</i>)
Davies, Geraint (<i>Croydon C</i>)	Jones, Ms Jenny (<i>Wolverh'ton SW</i>)
Davis, Rt Hon Terry (<i>B'ham Hodge H</i>)	
	Jones, Jon Owen (<i>Cardiff C</i>)
Dawson, Hilton	Jones, Dr Lynne (<i>Selly Oak</i>)
Dean, Mrs Janet	Jones, Martyn (<i>Clwyd S</i>)
Dobbin, Jim	Keeble, Ms Sally
Donohoe, Brian H	Keen, Alan (<i>Feltham & Heston</i>)
Doran, Frank	Kelly, Ms Ruth
Dowd, Jim	Kennedy, Jane (<i>Wavertree</i>)
Drew, David	Kidney, David
Dunwoody, Mrs Gwyneth	King, Andy (<i>Rugby & Kenilworth</i>)
Eagle, Angela (<i>Wallasey</i>)	King, Ms Oona (<i>Bethnal Green</i>)
Eagle, Maria (<i>L'pool Garston</i>)	Kumar, Dr Ashok
Edwards, Huw	Ladyman, Dr Stephen
Efford, Clive	Laxton, Bob
Ennis, Jeff	Leslie, Christopher
Etherington, Bill	Levitt, Tom
Field, Rt Hon Frank	Lewis, Terry (<i>Worsley</i>)

Fisher, Mark	Liddell, Rt Hon Mrs Helen
Fitzpatrick, Jim	Linton, Martin
Fitzsimons, Loma	Lloyd, Tony (<i>Manchester C</i>)
Flint, Caroline	Love, Andrew
Flynn, Paul	McAvoy, Thomas
Follett, Barbara	McCabe, Steve
Foster, Rt Hon Derek	McCafferty, Ms Chris
Foster, Michael Jabez (<i>Hastings</i>)	McDonagh, Siobhain
Foster, Michael J (<i>Worcester</i>)	Macdonald, Calum
Fyfe, Maria	McDonnell, John
Gapes, Mike	McFall, John
Gardiner, Barry	McKenna, Mrs Rosemary
George, Bruce (<i>Walsall S</i>)	Mackinlay, Andrew
Gerrard, Neil	McNulty, Tony
Gibson, Dr Ian	Mactaggart, Fiona
Gilroy, Mrs Linda	McWalter, Tony
Godsiff, Roger	McWilliam, John
Goggins, Paul	Mallaber, Judy
Golding, Mrs Llin	Marsden, Gordon (<i>Blackpool S</i>)
Griffiths, Jane (<i>Reading E</i>)	Marsden, Paul (<i>Shrewsbury</i>)
Griffiths, Nigel (<i>Edinburgh S</i>)	Marshall, David (<i>Shettleston</i>)
Griffiths, Win (<i>Bridgend</i>)	Marshall, Jim (<i>Leicester S</i>)
Grocott, Bruce	Marshall-Andrews, Robert
Grogan, John	Martlew, Eric
Hain, Peter	Maxton, John
Hall, Mike (<i>Weaver Vale</i>)	Meacher, Rt Hon Michael

Meale, Alan	Smith, Rt Hon Andrew (<i>Oxford E</i>)
Merron, Gillian	Smith, Angela (<i>Basildon</i>)
Miller, Andrew	Smith, Jacqui (<i>Redditch</i>)
Mitchell, Austin	Smith, John (<i>Glamorgan</i>)
Moffatt, Laura	Smith, Llew (<i>Blaenau Gwent</i>)
Moran, Ms Margaret	Snape, Peter
Morley, Elliot	Southworth, Ms Helen
Morris, Rt Hon Ms Estelle (<i>B'ham Yardley</i>)	Spellar, John

	Squire, Ms Rachel
Mountford, Kali	Starkey, Dr Phyllis
Mowlam, Rt Hon Marjorie	Steinberg, Gerry
Mudie, George	Stevenson, George
Mullin, Chris	Stewart, David (<i>Inverness E</i>)
Murphy, Jim (<i>Eastwood</i>)	Stewart, Ian (<i>Eccles</i>)
Naysmith, Dr Doug	Stinchcombe, Paul
Norris, Dan	Stoate, Dr Howard
O'Brien, Bill (<i>Normanton</i>)	Strang, Rt Hon Dr Gavin
O'Brien, Mike (<i>N Warks</i>)	Stringer, Graham
O'Hara, Eddie	Stuart, Ms Gisela
Olnier, Bill	Sutcliffe, Gerry
Organ, Mrs Diana	Taylor, Rt Hon Mrs Ann (<i>Dewsbury</i>)
Palmer, Dr Nick	
Pearson, Ian	Taylor, Ms Dari (<i>Stockton S</i>)
Pendry, Tom	Taylor, David (<i>NW Leics</i>)
Perham, Ms Linda	Temple-Morris, Peter
Pickthall, Colin	Thomas, Gareth R (<i>Harrow W</i>)
Pike, Peter L	Timms, Stephen
Plaskitt, James	Tipping, Paddy
Pond, Chris	Todd, Mark
Pope, Greg	Touhig, Don
Powell, Sir Raymond	Trickett, Jon
Prentice, Ms Bridget (<i>Lewisham E</i>)	Truswell, Paul
Prentice, Gordon (<i>Pendle</i>)	Turner, Dr Desmond (<i>Kempton</i>)
Prescott, Rt Hon John	Turner, Dr George (<i>NW Norfolk</i>)
Purchase, Ken	Turner, Neil (<i>Wigan</i>)
Quin, Rt Hon Ms Joyce	Twigg, Derek (<i>Halton</i>)
Quinn, Lawrie	Tynan, Bill
Radice, Rt Hon Giles	Walley, Ms Joan
Rammell, Bill	Ward, Ms Claire
Rapson, Syd	Wareing, Robert N
Reed, Andrew (<i>Loughborough</i>)	Watts, David
Reid, Rt Hon Dr John (<i>Hamilton N</i>)	Whitehead, Dr Alan

Robinson, Geoffrey (<i>Cov'try NW</i>)	Wicks, Malcolm
Rogers, Allan	Williams, Rt Hon Alan (<i>Swansea W</i>)
Rooker, Rt Hon Jeff	
Ross, Ernie (<i>Dundee W</i>)	Williams, Mrs Betty (<i>Conwy</i>)
Rowlands, Ted	Wills, Michael
Roy, Frank	Winterton, Ms Rosie (<i>Doncaster C</i>)
Ruane, Chris	Wood, Mike
Ruddock, Joan	Woodward, Shaun
Russell, Ms Christine (<i>Chester</i>)	Woolas, Phil
Salter, Martin	Worthington, Tony
Sarwar, Mohammad	Wright, Anthony D (<i>Gt Yarmouth</i>)
Savidge, Malcolm	Wright, Dr Tony (<i>Cannock</i>)
Sawford, Phil	Wyatt, Derek
Sheldon, Rt Hon Robert	Tellers for the Noes:
Simpson, Alan (<i>Nottingham S</i>)	Mrs. Anne McGuire and
Singh, Marsha	Mr. Robert Ainsworth.

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 286, Noes 41.

Division No. 29]	[10.11 pm
AYES	
Abbott, Ms Diane	Atherton, Ms Candy
Adams, Mrs Irene (<i>Paisley N</i>)	Atkins, Charlotte
Ainger, Nick	Barnes, Harry
Allen, Graham	Barron, Kevin
Anderson, Donald (<i>Swansea E</i>)	Bayley, Hugh
Anderson, Janet (<i>Rossendale</i>)	Beckett, Rt Hon Mrs Margaret

Benn, Hilary (<i>Leeds C</i>)	Flint, Caroline
Benn, Rt Hon Tony (<i>Chesterfield</i>)	Flynn, Paul
Bennett, Andrew F	Follett, Barbara
Benton, Joe	Foster, Rt Hon Derek
Bermingham, Gerald	Foster, Michael Jabez (<i>Hastings</i>)

Berry, Roger	Foster, Michael J (<i>Worcester</i>)
Best, Harold	Fyfe, Maria
Betts, Clive	Gapes, Mike
Blears, Ms Hazel	Gardiner, Barry
Boateng, Rt Hon Paul	George, Bruce (<i>Walsall S</i>)
Bradley, Keith (<i>Withington</i>)	Gerrard, Neil
Bradley, Peter (<i>The Wrekin</i>)	Gibson, Dr Ian
Bradshaw, Ben	Gilroy, Mrs Linda
Brinton, Mrs Helen	Godsiff, Roger
Brown, Russell (<i>Dumfries</i>)	Goggins, Paul
Browne, Desmond	Golding, Mrs Llin
Burden, Richard	Griffiths, Jane (<i>Reading E</i>)
Burgon, Colin	Griffiths, Nigel (<i>Edinburgh S</i>)
Butler, Mrs Christine	Griffiths, Win (<i>Bridgend</i>)
Cabom, Rt Hon Richard	Grocott, Bruce
Campbell, Alan (<i>Tynemouth</i>)	Grogan, John
Campbell—Savours, Dale	Hain, Peter
Cann, Jamie	Hall, Mike (<i>Weaver Vale</i>)
Caplin, Ivor	Hall, Patrick (<i>Bedford</i>)
Casale, Roger	Hamilton, Fabian (<i>Leeds NE</i>)
Caton, Martin	Harman, Rt Hon Ms Harriet
Cawsey, Ian	Heal, Mrs Sylvia
Chapman, Ben (<i>Wirral S</i>)	Henderson, Doug (<i>Newcastle N</i>)
Chaytor, David	Henderson, Ivan (<i>Harwich</i>)
Clapham, Michael	Hepburn, Stephen
Clark, Rt Hon Dr David (<i>S Shields</i>)	Heppell, John
Clark, Dr Lynda (<i>Edinburgh Pentlands</i>)	Hill, Keith
	Hoey, Kate
Clarke, Charles (<i>Norwich S</i>)	Hood, Jimmy
Clarke, Rt Hon Tom (<i>Coatbridge</i>)	Hope, Phil
Clarke, Tony (<i>Northampton S</i>)	Hopkins, Kelvin
Clwyd, Ann	Howarth, George (<i>Knowsley N</i>)
Coaker, Vernon	Howells, Dr Kim
Coffey, Ms Ann	Hoyle, Lindsay

Cohen, Harry	Hughes, Ms Beverley (<i>Stretford</i>)
Connarty, Michael	Hughes, Kevin (<i>Doncaster N</i>)
Cooper, Yvette	Humble, Mrs Joan
Corbett, Robin	Hurst, Alan
Corbyn, Jeremy	Hutton, John
Corston, Jean	Iddon, Dr Brian
Cousins, Jim	Illsley, Eric
Crausby, David	Jackson, Helen (<i>Hillsborough</i>)
Cryer, Mrs Ann (<i>Keighley</i>)	Jamieson, David
Cryer, John (<i>Hornchurch</i>)	Jenkins, Brian
Cunningham, Jim (<i>Cov'try S</i>)	Johnson, Alan (<i>Hull W & Hessle</i>)
Curtis-Thomas, Mrs Claire	Johnson, Miss Melanie (<i>Welwyn Hatfield</i>)
Dalyell, Tam	
Darling, Rt Hon Alistair	Jones, Rt Hon Barry (<i>Alyn</i>)
Darvill, Keith	Jones, Helen (<i>Warrington N</i>)
Davey, Valerie (<i>Bristol W</i>)	Jones, Ms Jenny (<i>Wolverh'ton SW</i>)
Davidson, Ian	
Davies, Rt Hon Denzil (<i>Llanelli</i>)	Jones, Jon Owen (<i>Cardiff C</i>)
Davies, Geraint (<i>Croydon C</i>)	Jones, Dr Lynne (<i>Selly Oak</i>)
Davis, Rt Hon Terry (<i>B'ham Hodge H</i>)	Jones, Martyn (<i>Clwyd S</i>)
	Keeble, Ms Sally
Dawson, Hilton	Keen, Alan (<i>Feltham & Heston</i>)
Dean, Mrs Janet	Kelly, Ms Ruth
Dobbin, Jim	Kennedy, Jane (<i>Wavertree</i>)
Donohoe, Brian H	Kidney, David
Doran, Frank	King, Andy (<i>Rugby & Kenilworth</i>)
Dowd, Jim	King, Ms Oona (<i>Bethnal Green</i>)
Drew, David	Kumar, Dr Ashok
Eagle, Angela (<i>Wallasey</i>)	Ladyman, Dr Stephen
Eagle, Maria (<i>L'pool Garston</i>)	Laxton, Bob
Efford, Clive	Leslie, Christopher
Ennis, Jeff	Levitt, Tom
Etherington, Bill	Lewis, Terry (<i>Worsley</i>)
Field, Rt Hon Frank	Liddell, Rt Hon Mrs Helen

Fisher, Mark	Linton, Martin
Fitzpatrick, Jim	Lloyd, Tony (<i>Manchester C</i>)
Fitzsimons, Lorna	Love, Andrew

McAvoy, Thomas	Ruane, Chris
McCabe, Steve	Ruddock, Joan
McCafferty, Ms Chris	Russell, Ms Christine (<i>Chester</i>)
Macdonald, Calum	Salter, Martin
McDonnell, John	Sarwar, Mohammad
McFall, John	Savidge, Malcolm
McKenna, Mrs Rosemary	Sawford, Phil
Mackinlay, Andrew	Sheldon, Rt Hon Robert
McNulty, Tony	Simpson, Alan (<i>Nottingham S</i>)
Mactaggart, Fiona	Smith, Rt Hon Andrew (<i>Oxford E</i>)
McWalter, Tony	Smith, Angela (<i>Basildon</i>)
McWilliam, John	Smith, Jacqui (<i>Redditch</i>)
Mallaber, Judy	Smith, John (<i>Glamorgan</i>)
Marsden, Paul (<i>Shrewsbury</i>)	Smith, Llew (<i>Blaenau Gwent</i>)
Marshall, David (<i>Shettleston</i>)	Snape, Peter
Marshall, Jim (<i>Leicester S</i>)	Southworth, Ms Helen
Marshall-Andrews, Robert	Spellar, John
Martlew, Eric	Squire, Ms Rachel
Maxton, John	Starkey, Dr Phyllis
Meacher, Rt Hon Michael	Steinberg, Gerry
Meale, Alan	Stevenson, George
Merron, Gillian	Stewart, David (<i>Inverness E</i>)
Miller, Andrew	Stewart, Ian (<i>Eccles</i>)
Mitchell, Austin	Stinchcombe, Paul
Moftatt, Laura	Stoate, Dr Howard
Moran, Ms Margaret	Stringer, Graham
Morley, Elliot	Stuart, Ms Gisela
Morris, Rt Hon Ms Estelle (<i>B'ham Yardley</i>)	Sutcliffe, Gerry
	Taylor, Rt Hon Mrs Ann (<i>Dewsbury</i>)
Mowlam, Rt Hon Marjorie	<i>Taylor, Ms Dari (Stockton S)</i>

Mudie, George	Taylor, David (<i>NW Leics</i>)
Mullin, Chris	Temple-Morris, Peter
Murphy, Jim (<i>Eastwood</i>)	Thomas, Gareth R (<i>Harrow W</i>)
Naysmith, Dr Doug	Timms, Stephen
Norris, Dan	Tipping, Paddy
O'Brien, Bill (<i>Normanton</i>)	Todd, Mark
O'Brien, Mike (<i>N Warks</i>)	Touhig, Don
O'Hara, Eddie	Trickett, Jon
Olner, Bill	Truswell, Paul
Organ, Mrs Diana	Turner Dr Desmond (<i>kemptown</i>)
Palmer, Dr Nick	Turner Dr Georae (<i>NW Norfolk</i>)
Pearson, Ian	Turner, Neil (<i>Wigan</i>)
Pendry, Tom	Twigg, Derek (<i>Halton</i>)
Perham, Ms Linda	Tynan, Bill
Pickthall, Colin	Walley, Ms Joan
Pike, Peter L	Ward, Ms Claire
Plaskitt, James	Wareing, Robert N Watts, David
Pond, Chris	Whitehead, Dr Alan
Pope, Greg	Wicks, Malcolm
Prentice, Ms Bridget (<i>Lewisham E</i>)	Williams, Rt Hon Alan (<i>Swansea W</i>)
Prescott, Rt Hon John	Williams, Mrs Betty (<i>Conwy</i>)
Purchase, Ken	Wills, Michael
Quin, Rt Hon Ms Joyce	Winterton, Ms Rosie (<i>Doncaster C</i>)
Quinn, Lawrie	Wood, Mike
Radice, Rt Hon Giles	Woodward, Shaun
Rammell, Bill	Woolas, Phil
Rapson, Syd	Worthington, Tony
Reed, Andrew (<i>Loughborough</i>)	Wright, Anthony D (<i>Gt Yarmouth</i>)
Reid, Rt Hon Dr John (<i>Hamilton N</i>)	Wright, Dr Tony (<i>Cannock</i>)
Robinson, Geoffrey (<i>Cov'try NW</i>)	Wyatt, Derek
Ross, Emie (<i>Dundee W</i>)	Tellers for the Ayes:
Rowlands, Ted	Mrs. Anne McGuire and
Roy, Frank	Mr. Robert Ainsworth.

NOES	
Allan, Richard	Brand, Dr Peter
Ashdown, Rt Hon Paddy	Breed, Colin
Baker, Norman	Bruce, Malcolm (<i>Gordon</i>)
Ballard, Jackie	Burnett, John Cable, Dr Vincent
Beith, Rt Hon A J	Campbell, Rt Hon Menzies (<i>NE Fife</i>)
Bell, Martin (<i>Tatton</i>)	
Brake, Tom	Chidgey, David

Cotter, Brian	Michie, Mrs Ray (<i>Argyll & Bute</i>)
Davey, Edward (<i>Kingston</i>)	Moore, Michael
Fearn, Ronnie	Oaten, Mark
Foster, Don (<i>Bath</i>)	Öpik, Lembit
George, Andrew (<i>St Ives</i>)	Rendel, David
Harris, Dr Evan	Sanders, Adrian
Harvey, Nick	Smith, Sir Robert (<i>W Ab'd'ns</i>)
Heath, David (<i>Somerton & Frome</i>)	Taylor, Matthew (<i>Truro</i>)
Hughes, Simon (<i>Southwark N</i>)	Tonge, Dr Jenny
Jones, Nigel (<i>Cheltenham</i>)	Tyler, Paul
Keetch, Paul	Webb, Steve
Kennedy, Rt Hon Charles (<i>Ross Skye & Inverness W</i>)	Willis, Phil
Kirkwood, Archy	Tellers for the Noes:
Livsey, Richard	Mr. Bob Russell and
MacLennan, Rt Hon Robert	Mr. Andrew Stunell.

Question accordingly agreed to.

MADAM SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

"That this House "welcomes the fact that the Government will be introducing a Bill to modernise the Post Office; notes the contrast with years of Tory inaction, that left the Post Office to decline; welcomes the reduction of the External Financing Limit and the ability to borrow which will boost the Post Office's ability to invest for the future, welcomes for the first time the clear commitment of the Government to a network throughout the United Kingdom of post offices which will be automated, and to introduce for the first time criteria for access to Post Office services; welcomes the fact that for the first time the Universal Service Obligation will be guaranteed in legislation; welcomes the study by the Performance and Innovation Unit which is looking at the future of the network; and notes that the policies of the Opposition would undoubtedly lead to the decline of the Post Office.""

10.22 pm

Dr. Jenny Tonge
(Richmond Park)

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On a point of order, Madam Speaker. This follows the point of order that was raised by the hon. Member for Cynon Valley (Ann Clwyd) this afternoon. I understand from the media this evening that, despite the dangerously unstable situation in Indonesia and the failure to make any progress on the release of East Timorese refugees who are still in West Timor, the Government have taken the arms embargo off Indonesia. I wish that the Minister would come to the House to make a statement to hon. Members, instead of announcing it on the media.

Madam Speaker

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Perhaps I could refer the hon. Lady to a question that was tabled on Friday for answer today, on the status of the European Union arms embargo on Indonesia. She might like to follow that through. Meanwhile, I am sure that, yet again, the Government Front-Bench team will have noted the concern of hon. Members in many parts of the House on the issue.

Political Parties, Elections And Referendums Bill

Ordered,

“That Standing Committee G be discharged from considering Part I (the Electoral Commission) and Part VII (Referendums) of the Political Parties, Elections and Referendums Bill and any new Clauses or new Schedules relating to those Parts, and that those Parts of the Bill, and such new Clauses and new Schedules, be committed to a Committee of the whole House;”

“That, when the provisions of the Bill considered respectively by the Committee of the whole House and by the Standing Committee have been reported to the House, the Bill be proceeded with as if the Bill had been reported as a whole from the Standing Committee.—[*Mr. Dowd.*]”

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