

Postal Services Modernisation Inquiry- supplementary submission

In its previous detailed submission and conversations with the Government, LPO Group provided qualified support for the reforms to modernise Australia Post.

We provide additional comments below in response to the draft amendments to the Australia Post Performance Standards Regulations.

Delivery Reform

LPO Group has expressed its reservations that Australia Post could not replicate the results of earlier delivery trials across the entire Australia Post delivery network. The fact sheet issued in February 2024 states that the trials expanded delivery points by more than 10 percent, enabling Australia Post to carry up to 20 percent more parcels, resulting in real productivity improvements. LPO Group concedes that productivity may have improved in a trial site compared to its previous productivity measure, but more is needed to guarantee long-term sustainability. This view, combined with the understanding that there will be no parallel modernisation of the award that applies to Australia Post Delivery Officers, makes it difficult to accept that the proposed delivery model will improve Australia Post's sustainability due to unsustainable future cost increases.

LPO Group's previous submission also raised specific details regarding Licensee concerns on the impact on Post Office Box services. PO Box services provide a significant portion of licensee revenue. If existing delivery standards were relaxed (or, worse, abandoned), this service would no longer be attractive to consumers, and Post Offices would lose that critical revenue stream.

Equally importantly, five-day letter delivery would no longer be available to businesses and consumers that value that service. LPO Group has sought a commitment from Australia Post to retain the current frequency and level of service to community Post Offices. Australia Post has refused to offer any commitment. To the contrary, Australia Post has stated that its position is that it can make any operational changes that it sees fit, ignoring any impacts that such decisions will have on the revenue stream and further challenging the viability of the community Post Office network.

LPO Group recommends that the Government carefully evaluate Australia Post's ability to achieve the delivery trial results across the entire delivery network, with particular attention to the increases in costs, such as overtime and meal allowances, before any approval of the relaxation in delivery standards.

LPO Group once again emphasises that the retention of the post office box service at the current service standard and customer promise allows customers to access a five-times-per-week service and is in line with the user pays principle for additional service and must be included in the Performance Standards as a matter of priority.

Retail Network

Concerning the draft Regulations regarding the availability and accessibility of retail outlets, LPO Group has serious concerns regarding the proposed definition of a retail outlet. The current proposal is to *"maintain at least 4,000 retail outlets at which products and services can be purchased"*. The previous regulations outlined Australia Post's obligation *"to maintain offices from which Australia Post products or services may be purchased."*

The current definition would enable an Australia Post parcel locker installation combined with a mail products vending machine to qualify as a retail outlet. Taken to an extreme, this could result in the complete withdrawal of face-to-face services in the Australia Post retail network, and see face-to-face outlets replaced with parcel locker installations as described. Such a facility already exists in Southern Queensland and appears to be used to avoid introducing a face-to-face facility in that location. The proposed amendment would allow the circumstances described to be within the Regulations and defined as a retail outlet. The LPO Group believes this may be an unintended consequence when drafting the proposed amendment.

LPO Group acknowledges that a sensible reduction of the retail network needs to be undertaken in any metro or regional areas where there is ample evidence of outlet overservicing. However, LPO Group is greatly concerned that the systemic reduction of the network is being set as the default strategy in light of the absence of Australia Post providing any replacement services or products for the declining business in its retail outlets, particularly in regional community Post Offices.

The statements by the CEO of Australia Post in the senate estimates hearing on 13 February 2024, such as *"There are more post offices and supermarkets in Australia. We are required by regulation to maintain a national network of 4,000 outlets. This is not sustainable. More outlets will close as their financial losses grow, specifically in metropolitan areas, where we have a significant oversupply of post offices. The minimum size of our post office network was set in 1989 before online shopping and the Internet boom. It makes no sense for Australia Post to continue operating such a vast network, where there can be up to 83 post offices within a single suburban area. We will always ensure Australians have appropriate access to postal services and other important community services. No retail business can sustain loss making stores over the long term."*

And *"We are seeing a demographic shift of a lot of our licensees. I have been out visiting a lot of them in regional and rural areas. They are in their twilight years looking to retire after decades of fantastic service to that local community. Unfortunately, the community and people who are business people know that is a sunset business and it's not financially viable."*

These statements demonstrate that Australia Post's position is to allow its community Post Office network to wither on the vine as the business model fails. There is no solution to rescue these small business operators from this appalling prospect other than their replacement with a parcel locker

installation. Putting aside the personal tragedy befalling these Licensees, where is the plan to continue servicing their communities when their Post Office closes?

LPO Group resolutely believes that community Post Offices are part of the Australian Government's critical infrastructure serving Australia and that the overwhelming feedback from Australians to the Government will emphasise how individuals, businesses and communities rely on access to essential services (especially as many organisations, including Banks, have deserted the regions as they push digitalisation), that the Postal network provides.

LPO Group urges the Government to make provision in the performance standards for a definite number of face-to-face retail outlets to preserve services to the community, such as banking and identity services, in addition to the sale and acceptance of postal products and services, and that Australia Post, as the Licensor, be obligated to provide a viable business model for those outlets.

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