



27 April 2023

Director, Postal Policy – Communications Services and Consumer Division  
Department of Infrastructure, Transport, Regional Development, Communications, and the Arts  
GPO Box 2154  
Canberra ACT 2601

By Email: [postalconsultation@infrastructure.gov.au](mailto:postalconsultation@infrastructure.gov.au)

Dear Sir/Madam,

## Review into Postal Service Modernisation

Thank you for the opportunity to make a submission to the Australian Government's Postal Services Modernisation discussion paper (**Discussion Paper**).

Australia Post is an important stakeholder and partner for many Australian banks, and the Australian Banking Association (**ABA**) is supportive of reforms to support the organisation's long-term financial sustainability.

The Discussion Paper identifies that “[a]lternative digital communication options have driven a rapid decline in letter volumes... with Australia Post today delivering 3 billion less addressed letters than at its peak in 2007-08”. These postage declines have been observed in banking, as customers increasingly choose the convenience of online banking which allows for communications to be accessed digitally. Accordingly, banks are sending fewer letters by post and their operational expenditure on items including postage has declining by around 38 per cent since 2015.

As Australia Post has a legislated monopoly on the delivery of most letters in Australia, it is appropriate that it has accompanying Community Service Obligations (CSO) regarding the speed, frequency, and accuracy of letter deliveries. We accept however, as the Discussion Paper notes, that the current CSOs “are no longer financially sustainable and are not well targeted at the needs of Australians due to changes brought about by the digitisation of the economy”.

Any changes to the current CSOs should be subject to further consultation. Banks can have regulatory requirements to provide certain documents and communications within prescribed time periods, which depending on the customer's preferences, may be by post.

Finally, we take this opportunity to note that over 80 banks and financial institutions have entered into significant financial contracts with Australia Post to deliver banking services at over 3,500 Australia Post locations, as part of the Bank@Post partnership. This investment has played an important role in supporting the ongoing financial viability of many Australia Post outlets.

We refer to our attached submission for additional information on the above.

Yours sincerely

**The Hon. Anna Bligh AC**  
Chief Executive Officer



Australian Banking  
Association

### About the ABA

The ABA advocates for a strong, competitive and innovative banking industry that delivers excellent and equitable outcomes for customers. We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.



## Digital trends and declining letter usage by Australian banks

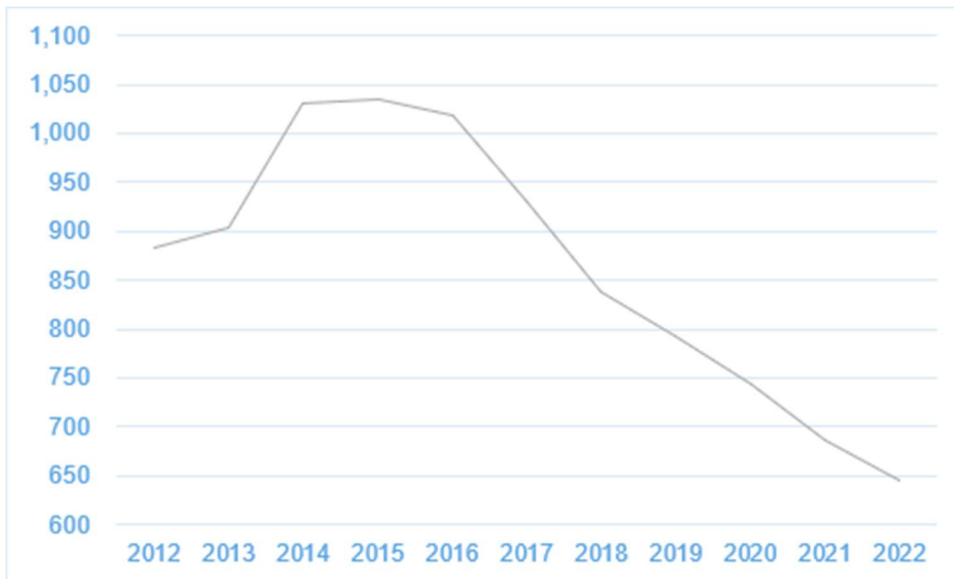
Technology has driven rapid changes to the way customers are choosing to access goods and services. The retail sector has been transformed with the popularity of online shopping, many health services can be accessed remotely through telehealth, online streaming has completely replaced the old video store model, and ride sharing apps have dramatically affected the taxi industry.

Government service delivery is also increasingly shifting online, with demand and consequent investment in initiatives like the myGov portal, the newly launched myGov app, and Services Australia’s focus on modern technology improvements such as the November 2020 launch of video chat options.

In banking, more than two-thirds of Australians reported having downloaded their bank’s financial app.<sup>1</sup> While collectively the major banks report that around 26 million customer accounts are ‘digitally active’ (noting customers often have accounts with different banks) meaning that they have accessed online services in the past month.<sup>2</sup>

The ABA acknowledges that these digital trends have similarly affected Australia Post’s letter delivery business. From a banking perspective, Australian banks are sending fewer letters by post as the uptake of online banking means that significant numbers of customers are electing to receive communications digitally. Analysis of banks’ Annual Reports shows that their operational expenditure on items including postage has declined by around 38 per cent since 2015 (Figure 1 refers).

**Figure 1: Operational expenditure on stationery & postage, 2012 – 2022, \$m**



Source: Annual reports: ANZ, CBA, Bendigo & Adelaide, BOQ, NAB, Westpac  
Note: NAB, Bendigo & BOQ include telephones; ANZ includes telephones & freight

These trends are expected to continue for banking customers with increased digital uptake as well as regulatory relief that permits the use of digital disclosures<sup>3</sup>.

While other businesses are able to modify their practices in light of these changing customer trends, Australia Post’s situation is unique. It has a legislated monopoly over the delivery of most letters in Australia and this is appropriately accompanied by CSOs contained in the Australian Postal Corporation (Performance Standards) Regulations 2019 regarding speed, frequency, and accuracy of letter delivery.

Noting the continued appropriateness of CSOs where there are policy reasons for legislated monopolies, the ABA accepts that Australia Post’s current CSOs are no longer fit-for-purpose given

<sup>1</sup> RFi, ADBP quarterly tracker  
<sup>2</sup> Bank Annual Reports, Investor Packs and ESG supplements; ABA  
<sup>3</sup> For example, ASIC Regulatory Guide 221, Facilitating digital financial services disclosures.



declining letter volumes. We note the Discussion Paper estimates that the current CSOs cost \$348.5 million in 2021-22, and that this is contributing to a full financial year loss in 2022-23 for Australia Post.

## Changes to Australia Post's CSOs

The ABA encourages the Government to consider any changes to the current CSOs in light of regulatory obligations that certain organisations, including banks, can have to provide documents within prescribed time periods.

While many disclosures, for the purposes of the *Corporations Act 2001* (Cth) and *Corporations Regulations 2001*, can be done digitally; there are others that must be made available in any way agreed to by a customer or their agent. That can mean that banks are required to provide physical copies of the documents, typically by post.

Examples of this include:

- Financial Services Guides and Statements of Advice (s940C of the Act).
- Product Disclosure Statements (s7.9.02A of the Regulations).
- Ongoing disclosure of material changes and significant events (s7.9.75A(1) of the Regulations).
- Periodic Statements for retail clients for financial products that have an investment component (s7.9.75(2) of the Regulations).
- Provision of additional information in relation to a product (s1017A(4) of the Act).

While we accept that the current CSOs are no longer fit-for-purpose, ongoing CSOs remain important while Australia Post retains a legislated monopoly over letter delivery noting how changes could affect organisations' regulatory obligations. Accordingly, further consultation will be important if Government makes the policy decision to change Australia Post's current CSOs.

## Bank@Post

Finally, the ABA takes this opportunity to note that while overall customer preferences are shifting towards digital, over 80 banks and financial institutions participate in the Bank@Post partnership with Australia Post. This is a significant financial investment by participating banks into Australia Post.

At a minimum, Bank@Post allows the personal and business customers of participating banks to undertake the following banking services (subject to daily limits):

- Deposit cash or cheques.
- Withdraw cash.
- Check account balances.

Australia Post reports that over 14.5 million of these Bank@Post transactions were conducted at Australia Post outlets, last financial year.<sup>4</sup>

Bank@Post has been recognised by the Australian Government's recently concluded Regional Banking Taskforce (**Taskforce**) as a good face-to-face alternative banking option that has given customers of those participating banks, who retain a preference for face-to-face banking, with over 3,500 additional locations to do so.<sup>5</sup> Over 1,800 of these Bank@Post locations are in regional and remote areas, with the Taskforce final report noting that 1,150 of these regional and remote Bank@Post locations are in communities without a bank branch of any brand.

<sup>4</sup> Australia Post annual report 2022, page 34.

<sup>5</sup> Regional Banking Taskforce final report, September 2022, page 13.



## Australian Banking Association

While jurisdictions like the United Kingdom and New Zealand have trialled co-location banking hub models, participating banks in Australia chose to continue delivering banking services through Australia Post so as to leverage its large network and trusted position in communities.

Bank@Post has played an important role in supporting the ongoing financial viability of many Post Offices, which have faced significant declines in foot traffic. The Discussion Paper notes in this regard, that the:

*“... adoption of digital technologies has also resulted in declining visits to Post Offices. For example, since 2013-14, retail transaction volumes have declined 39 per cent.”*

The ABA believes that Bank@Post provides a good example of how Australia Post’s service offering can be modernised and the financial sustainability of this important essential service, maintained and supported into the future.