

To: The Department of Infrastructure, Transport, Regional Development, Communications and the Arts

April 2023

Dear Department,

Please find following my submission to the Inquiry into “**Postal Services Modernisation**” 2023.

I make this submission as a private citizen with an interest in public affairs.

Thank you for the opportunity to make a submission to this important Inquiry.

Yours faithfully,

David A W Miller.

SUBMISSION

Postal Services Modernisation Inquiry

Department of Infrastructure, Transport, Regional Development, Communications and the Arts

Introduction

Like most national postal services, Australia Post is facing growing financial losses on its original main service – the delivery of letters - mainly due to many people switching to email for much of their written communications, particularly the less formal communications.

However, Australia Post's parcel delivery service has skyrocketed due to an increase in people ordering goods online for delivery. So, Australia Post needs to try to make its letter delivery service profitable, as well as make sure that its parcel service keeps up to date with trends and consumer preferences, and also, where Australia Post can, provide other services that are in need or are underprovided.

Letters Service

While letter deliveries have declined significantly, email has not completely superseded paper mail, and letter delivery is still an essential service. Not everyone can or wants to use email. Nor is email suitable for all communications, and some legal communications legally require the letter to be sent by post. Furthermore, some organisations and individuals sometimes actually prefer to use paper mail, because they know that an email can easily be removed from the email message list by an email spam filter (even if the email is not spam) or be ignored or overlooked in the multitude of messages typically in an email message list.

Indeed, sometimes a message is sent twice – ie in parallel - by email and also by post mail. For instance, I sometimes get an advance electronic copy of a letter by email, the email containing a footnote saying “A formal copy of this letter will be sent to you by post.”. There seems to be an implicit understanding that “important or formal communications come by post”, but “emails are more likely to be informal, trivial or routine communications, quite apart from the prolific spam and scam emails”. Australia Post may be able to emphasise or make use of this impression in its marketing, to underpin the use of postal letters.

To make the letters service profitable, or at least reduce its financial losses, I see no reason why Australia Post should not continue to ease upwards the postage cost of letters (while maintaining concession stamps for those eligible for them), and ease back the frequency of deliveries. After all, no postal service is going to be able to compete with email in speed of delivery! Residential areas need no more than two letter deliveries per week (perhaps more frequent deliveries in business districts if there is a higher volume of letters).

Parcels Service

Parcel services are logistically different. As well as needing to be cost competitive, parcel services need to be easy and convenient for the sender and receiver, reliable, fast, and ideally have some distinguishing feature to set Australia Post deliveries apart from competing services (unfortunately I cannot currently think of any specific suggestions for the latter).

Financial – Bill Payment and Banking

For me, the most important function that Australia Post performs is the bill payment service. For those of us who do not use online banking, and avoid electronic transactions, this Australia Post service is becoming critical, as increasing numbers of organisations no longer accept cash or even cheque payments to their offices in person or by mail. Without Australia Post BillPay, I would be “up the creek without a paddle”.

Because of the massive bank branch closures and ATM (automatic teller machine) removal projects the banks are engaged in, the Australia Post Bank@Post banking agency is also becoming increasingly important.

Related to the “disappearing bank branch” problem, I think you can further improve Bank@Post by increasing account accessibility for deposits. I am often asked to deposit money into someone else’s private account for the payment of an invoice, usually an invoice of a minor nature, such as for the private tuition of one of my children. At a branch of the bank where the account is held this is usually not a problem. However, at Australia Post, one must have the card and PIN for the account to access the account, even for deposits. As no one is going to or should give their bank card and PIN to someone else (and the account owner usually only has one card anyway) use of Bank@Post is limited to accessing one’s own account. If one could make deposits to someone else’s account at Australia Post as one can at a bank branch, this would be helpful and would expand the reach of Bank@Post.

Financial – Cheques, Money Orders and Physical Cash

Supposedly because of the reduction in cheque usage, the banks have taken it on themselves to try to phase out cheque transactions entirely, and to try to force everyone onto the financially insecure, risky world of online banking and internet-based electronic financial transactions. I do not believe that anyone should be forced to use online banking, particularly as it is less safe than conventional banking, particularly for those who are not “tech savvy”. To see where the excessive and unnecessary use of electronic transactions is taking society, please see the following article:

<https://www.dailymail.co.uk/debate/article-10466311/ALEX-BRUMMER-make-tech-websites-banks-pay-fraud-scams-vanish-overnight.html>

Having themselves engineered the reduction in paper-based financial transactions, the banks are now complaining that there are not enough cheque transactions to make cheques worthwhile for the banks. Eliminating cheque processing is rather like saying that because most people now use mobile phones for most of their calls, that the landline telephone service should be shut down, so that it does not have to be maintained. That would cause serious problems for organisations, businesses, government departments, and many individuals.

Therefore, because of the banks’ war against cheques, the Australia Post Money Order facility is also likely to become increasingly important to some people, including myself.

The banks are also trying to make it as hard as they can for people to access and use physical cash - the banks are using measures such as accelerating branch closures and ATM removals, refusing, restricting, or closing bank accounts to organisations and individuals involved in the physical cash management industry, and at some remaining bank branches, increasingly refusing to issue or accept physical cash. This is an area where Australia Post can play a critical role in maintaining access to physical cash.

The Australia Post National Bank

I believe that by far the greatest initiative that would restore Australia Post's profitability is the creation of the proposed Australia Post National Bank, which would turn every post office into a branch of this bank, and restore and guarantee in-person banking facilities to all communities, particularly regional communities. The bank should provide a full range of transaction services and a full range of lending services. Such a bank should support physical cash issue and processing, including facilities such as coin sorting machines and automatic teller machines, and the issue and acceptance of cheques.

This would further benefit individual Post Offices by increasing the number of customers coming through their doors.

I gather that banking can be a very profitable business. As well as making Australia Post financially profitable, the Australia Post National Bank could be a real "cash cow" for the government. An income stream from such a profitable business would be a better and more politically palatable option to fund increased defense spending and the back debt from Covid relief projects, than other measures to free up revenue such as increasing taxes and/or cutting back Medicare rebates etc.

Another community benefit of the Australia Post National Bank would be that it would be in the interests of freedom of business, speech and conscience, by preventing or making ineffective the practice of "debanking" referred to above, where banks arbitrarily close or restrict an account because the individual or organisation operating the account is not liked by the bank, such as because the account holder is involved in the physical cash management industry (which the existing banks are trying to suppress), or is a church or religious charity, etc. Because banking is an essential service, debanking can potentially destroy the ability of an organisation or individual to operate, and the banks know this. But because the Australia Post National Bank would be publicly owned, it should be set up to be impartial to law abiding customers – ie the bank should support freedom of business and conscience and combat "cancel culture".

A government owned bank would be a good counter weight to the existing banks, because as all the existing banks are currently privately owned, the existing banks currently have too much power, as has been alluded to above.

This abuse of power can be seen by the fact that since the previously government-owned Commonwealth Bank was privatised in the 1990's, we have had little but complaints about, and inquires into, the current banks' behaviour.

Summary, and Answers to Questions in the "Postal Services Modernisation Discussion Paper"

Questions 1-3, Page-11:

*** 1. "What services provided by Australia Post are most important to you?"**

For me personally, Australia Post BillPay is the most important, followed closely by letter delivery (to either my residential address or to a potential PO Box – preferably the former).

Parcel delivery and Bank@Post are also very important.

*** 2. "What does Australia need in a modern postal service?"**

As a high-level generalisation, in addition to its current services, I think Australia Post should be on the lookout for services that it could fulfill and that are in demand but are not otherwise provided, or that are underprovided, and try to fill that gap.

Questions 4-8, Page-17:

*** 4. "How important is the ability to send or receive a letter and what would be the impact of further increases in postage rates...?"**

For me the ability to send and receive letters is very important. The letter service is still an essential service. I see no reason why Australia Post should not continue to ease upwards the postage cost of letters – provided price does not go so high as to cause a noticeable drop off in letter usage purely because of price. Australia Post should however, maintain concession stamps.

*** 5. "Do you expect usage of Australia Post's letter services to change in the next 5 years and why?"**

It may continue to decline somewhat, mainly because of email and the like, however, because the letter service is an essential service, and is still highly valued in certain circumstances, sooner or a little later the decline is likely to bottom out – because nearly all individuals and organisations who are going to use email and the like are probably doing so by now.

*** 6. "What do individuals, businesses and charities take into consideration in deciding whether to send a letter...?"**

As an individual, I choose to send letters in preference to email when I want my communication to stand out, to be noticed, to be read, and to make a bigger impact – and not be overlooked or trivialised by being just another item in a massive email inbox message list (or even deleted by an overzealous spam filter). Sending a letter also communicates to the receiver that this communication is important to me because I have taken the time and effort to type and print, envelope and address, stamp and post, the letter.

I suspect that businesses and charities, when they do choose to use the more expensive and work-intensive letter option (rather than using emails or texts) do so for similar reasons. I think that such organisations often regard sending a letter as a formal and personal communication that is more likely to solicit a response than a mass-produced email, which might be dismissed as spam. Such organisations may utilise email primarily as mainly an informational communication medium – that is, to report on the organisation's progress and activities. However, sometimes I receive requests for donations both by post and by email, but responding electronically by clicking on a link in the email risks being scammed by counterfeit emails.

I also MUST use letters when I wish to send an individual or an organisation a cheque, as a payment or donation, which I still often do. I think more people are starting to realise that electronic payments, while probably reasonably safe in such situations as supermarket checkouts, are not as safe as conventional payment methods when the electronic payment is done through the internet.

Considering the above usages, for me one of the most important attributes the letter service (and for that matter the parcel delivery service) should have, is not so much speed of delivery, as RELIABILITY – I need to be reasonably sure that the letter will definitely arrive at its intended destination. So far, Australia Post has been pretty good in this regard.

*** 7. "What is the value of the regulated priority letter service to you?"**

I rarely use the priority letter service, but for those who need that guarantee of delivery speed (probably mainly certain businesses), I think they are prepared to pay a premium price for it. They probably pass the cost on to their customers. I do not think that double the price of a standard letter is unreasonable. After all, just using a large

envelope for standard letter deliveries results in twice as much postage cost as a normal size envelope.

*** 8. "Should the current letters service speed or frequency of delivery requirements change in line with the expected decline in the number of letters being delivered?"**

Generally, and within reasonable limits, yes. Residential areas need no more than two letter deliveries per week. Business districts may warrant more frequent deliveries if there is a high volume of letters to be delivered.

Questions 9-12, Page-21:

*** 11. "As someone that receives parcels – what features of parcel services do you value most...?"**

For me, personally, as a consumer, the most important feature is reliability of delivery, that is, to be reasonably sure that the parcel will definitely be delivered to me, and in good condition. It is also good to be notified when it has been delivered, so that the parcel does not stay unattended on my doorstep for longer than necessary. Other tracking is only important to me if there is some problem or delay – in those cases it lets me know what has gone wrong and when I can expect delivery.

Speed of delivery, provided it is reasonable, is not the most important thing to me – that is, I do not usually need rapid delivery such as same-day/next-day delivery (although I realise that some businesses might). Ease-of-returns is not an issue for me, as the few times I have needed to return a purchased item I had mail-ordered, probably whatever returns system is in place I knew that I was going to need to take the item to the post office to be returned to the sender.

*** 12. "What environmental sustainability factors matter most to you in relation to parcel delivery services?"**

The feature most important to me is that the packaging is simply and easily recyclable. However, I realise that this does not always depend on Australia Post, but is largely under the control of the vendor, who packages the item for delivery.

Questions 13-16, Page-26:

*** 13. "How important is the Post Office to individuals, businesses and communities, including which Post Office services are most valued?"**

As an individual, and even though I live in a metropolitan area, the Post Office is vitally important to me. For me, the most important services the Post Office provides, are BillPay, Bank@Post, letter delivery, and parcel delivery. Should I no longer be able to access cheques, the Money Order service would become very important to me.

*** 14. "Are other facilities, such as parcel lockers, vending machines, payment terminals or mobile Post Offices, helpful to serve community needs?"**

For me personally, I do not envisage needing to use these suggested facilities, but I realise that some other people may value them. However, should Australia Post eventually make the undesirable decision to discontinue letter or parcel home deliveries, then using a PO Box or a parcel locker would be a less convenient, but workable alternative for me.

*** 15. "Are there other services Australia Post could provide to better support the community?"**

There sure is. **By far** the most important thing that could be done to support communities, particularly regional communities, and to increase the profitability of post offices, is to create the proposed Australia Post National Bank – a government-owned national bank operating through all Australia Post Offices. This could be a real income source for the government as well as for Australia Post, and a better and more politically palatable way to raise funds to pay for increased defense spending and Covid-relief debt, than say, raising taxes or reducing Medicare rebates or Centrelink benefits.

Such a bank would restore, and guarantee, a full range of transaction and banking services to all communities, and should be chartered to prevent “debanking”, thus preventing or making irrelevant unjust discrimination by the private banks. This is a real community service. The Australia Post National Bank would be profitable for the government, but not driven by squeezing every dollar of profit out of customers, as the current banks seem to be doing.

Furthermore, the existing banks are increasingly refusing to support cash and cheques, causing inconvenience for many people. A government bank could correct this.

After the establishment of the Australia Post National Bank, if the other banks still want to close their branches, then let them! The Australia Post National Bank will cover the community’s banking needs.

One might say “Why do we need such a bank when Australia Post already operates as an agency for the other banks?”. But Australia Post just operating as an agency for the other banks is “not the same”.

Australia Post just acting as an arms-length agency for other banks, cannot offer the full range of specialty expertise and information services regarding a bank’s financial offerings and loans. And under the current bank@Post system, one can only make deposits to one’s own account. Also, currently Australia Post may not have coin sorting machines, ATMs and other specialised services that some businesses and customers need. So, Australia Post just acting as a bank agency is mainly limited to doing simple straightforward deposits and withdrawals to an individual’s own account. And the current banks are charging their customers steep surcharges for making these simple transactions through Australia Post!

As well, the existing banks can choose to discontinue using Australia Post as an agency at any time, leaving that bank’s customers “high and dry” and continuing the opportunity for the banks to try to force people onto electronic banking and electronic transactions, against the customer’s will. I understand that one of the major banks – ANZ – have already done this, and have already discontinued their arrangement with Australia Post!

It is sometimes said that the decisions of the banks, such as branch closures, are just the natural outworking of business decisions to maximise the bank’s business profits, and that this is what a capitalist economy is all about. But what this does not say is that as well as being a business, banking is also an ESSENTIAL SERVICE. The control of essential services should not be subject just to the whims of private industry. For this reason, other essential services, such as Emergency Services, Healthcare, Education, electricity generation, Police, courts, the military, etc, remain entirely, largely, or partly, under government ownership and control. However, currently, all **banking services** are entirely under private industry control! This gives far too much power to the banks and is not good for society. The banks are not just responding to consumer demand, they are manipulating demand!

So, using Australia Post as an agency for the banks will suffice as a stop gap measure, but is inadequate in the longer term.

Question 17, Page-29:

*** 17. "How can Australia Post best support the community?"**

By implementing the Australia Post National Bank, by supporting physical cash and cheques, by preventing "debanking", by improving Bank@Post, by keeping a lookout for other services in demand that it can fulfill, and by continuing to provide all its services effectively, efficiently, and reliably.

Thank you.