

Submission

Postal Services Modernisation discussion paper

The Local Government Association of the Northern Territory (LGANT), as the peak body for local government councils, welcomes the opportunity to provide feedback to the Postal Services Modernisation discussion paper.

About LGANT

LGANT is the voice of local government in the Territory, representing the 16 municipal, shire and regional councils, and 67 local authorities.

We provide leadership, support, representation, and advocacy on behalf of our member councils for the benefit of their communities.

Local government makes a significant contribution to the NT economy as they collectively employ around 3,000 Territorians. Councils are the largest employer of Indigenous people in remote and regional areas, manage and control assets and infrastructure valued at \$2.57 billion, are responsible for over 13,000 kilometres of roads and receive and expend over \$505 million in the NT annually.

Local government councils look after matters close to our homes including local roads, street signage, lighting, footpaths, parking, cycle ways, parks and playgrounds, sporting fields and swimming pools, pet control, land and coast care programs, libraries, waste management, and community programs such as child and aged care – and in some places, act as Centrelink and Australia Post.

Community Service Obligations

Australia Post's Community Service Obligations, as set out in section 27 of the *Australian Postal Corporation Act 1989* (APC Act), include the provision of a letter service and that this letter service be reasonably accessible to all Australians wherever they reside – but Australia Post services mean so much more than letter services to people living in regional and remote areas of the NT.

This importance is reflected in the Postal Services Modernisation Discussion Paper (page 22) which states: *Post Offices are becoming increasingly important in many communities by providing access to postal, financial, business and community services. Post Offices also provide vital face-to-face services for vulnerable Australians who are not digital citizens or those that live in remote, rural and regional areas.* As page 10 of the paper notes, Post Offices also provide some identity related services in the NT e.g. renewing driver's licences.

To this, a lot of people are considered vulnerable in the NT including the large Indigenous population in regional and remote areas. This vulnerability is overlaid with poor enabling infrastructure, particularly telecommunications, and seasonality (e.g. wet season) which makes for a complex and challenging operating environment.

The discussion paper (page 24) goes on to say that in contrast to a decline in revenue in major city Post Offices, revenue from regional and remote Post Offices grew by 19% and 15% respectively from 2016-17 to 2020-21 (while noting costs have risen during this time).

LGANT's member councils who operate Licensed Post Offices (LPOs) and Community Postal Agencies (CPAs) agree costs have risen considerably over time, but they are not being remunerated accordingly.

During recent LGANT member council consultation, it was noted that existing Australia Post contracts do not even factor in Consumer Price Index (CPI) increases.

Contractual arrangements

Delivering Australia Post services is not the core business of local government councils – but they are often the provider of last resort and provide the service as there are no other options. LGANT’s member councils feel Australia Post is aware of this and subsequently “holds councils to ransom” during contract negotiations.

The discussion paper (page 5) states that modernisation can be realised through continuing support for regional and remote communities where Australia Post is needed most. Page 9 goes on to say that more investment is required to continue service to regional and rural Australia where others do not.

LGANT agrees that more investment is required, particularly for fair remuneration of service delivery. Current arrangements are having a detrimental impact on the financial sustainability of local government councils, with some councils operating the service in deficit. Under the NT *Local Government Act 2019*, local government councils are prohibited from operating in deficit so this means other council services suffer or cannot be delivered.

LGANT’s member councils feel that costs are not factored into the current arrangements including:

- extensive resources required train staff and then for them to collect, sort, and distribute mail and respond to phone and walk-in enquiries;
- resources required to retrieve the mail from the mail plane;
- fuel, vehicle wear and tear, registration, insurances etc; and
- general council overheads such as electricity, storage, and shelving.

Staff in CPAs are not dedicated to deliver Australia Post services and are often council administration staff. Further to the comments above about vulnerable Australian’s relying on Australia Post for several services outside letter delivery, these staff often spend considerable time with Australia Post clients due to the requirements of modern-day transactions, such as the requirement of photo ID for parcel pick-up e.g. elderly Indigenous people often do not have birth certificates which makes photo ID difficult.

The overlay of other Australian Government programs such as getting people job ready through the Community Development Program (CDP) has flow-on benefits to more efficient delivery of Australia Post services in regional and remote areas of the NT.

Additional revenue streams are often not an option for local government councils due to limitations of existing facilities e.g. storage (which is particularly important in areas impacted by wet season road closures etc) and leasing arrangements (delays in negotiating section 19 leases under the *Aboriginal Land Rights Act 1976*). The ability to apply and renew passports might be an additional revenue stream LGANT member councils would consider if adequately remunerated.

In summary, the current LPO and CPA contractual arrangements are not acceptable, and the sector considers it cost and responsibility shifting.

LGANT therefore requests Australia Post appropriately remunerate local government councils in the NT who operate LPOs and CPAs.

Letter delivery

Given some of the current contractual arrangements for LPOs and CPAs do not include mail delivery services, relaxation of letter delivery frequency would not present savings for local government councils as the Post Offices would still need to open and trade as contracted.

LGANT does however request that mail delivery frequency into communities (e.g. by road, sea or air into communities) not be relaxed. LGANT suggests these delivery methods could however be reviewed. For example, the increase in parcels means weight limits of mail planes are often reached without all the mail loading, which then causes delays in delivery. Australia Post may want to consider an increase in capacity of these planes or partnering with other logistics companies to ensure more efficient delivery.

Conclusion

LGANT and our member councils look forward to continuing to work with the Australian Government on this important policy piece.