

27<sup>th</sup> April 2023

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

Dear Sirs

Re: Postal Services Modernisation Discussion Paper

I would like to make some general comments and suggestions in relation to the current enquiry into the ongoing financial viability of Australia Post. My views are strictly my own and they are views that reflect my owning and operating a busy Licensed Post Office [LPO] for the past 25 years. I am very passionate about my business and the Australia Post brand in general. There are systems and forums in place for us as Licensees to put forward suggestions with the day to day running of our LPO, but I feel this is a rare opportunity for me to make a few comments on the much bigger issues that face Australia Post.

Firstly, surely the time has come for the relevant authorities to make the tough decisions to ensure that from hereon, the declining letters business is run on a user pays basis in order to achieve at least a break even point with letters. If this means increasing prices or reducing letter delivery services on an annual basis, then that's what has to happen. From my day to day over the counter dealings with customers I firmly believe the overwhelming majority of customers would have no problems with this arrangement providing it was clearly explained to them the reasons for these changes. Also, with the rapid digitisation of our economy it is just not fair on the average taxpayer to be continually subsidising the loss making letters business. That's why a break even point is critical.

Secondly, in a similar line of thinking to my previous comments, surely the time is up for any Corporate Post Offices [CPO] to be allowed to operate whilst trading at a loss. Once again, this is just not fair for the average taxpayer to be subsidising loss making CPOs. Excluding the GPOs, any loss making CPO needs to be closed or privatised. The percentage of CPOs operating at a loss is quite frankly, alarming. My belief is that probably 100% of customers don't care nowadays if they walk into a Post Office that is a CPO or a LPO and more often than not, they don't know the difference as both types of Post Offices predominantly do the same work. Also, on this matter should any CPO be converted to a LPO it needs to be an open market tender process and not just handed to an existing CPO manager. Any new owner should be able to prove they have the business acumen and provide a comprehensive business plan before being granted permission to run an ex-CPO.

Thirdly, I have grave concerns for the future financial viability of the much smaller LPOs as Households, Business and Governments rapidly transition down the electronic path. The time is now for a formal plan to be put in place in order for the Licensees of these eventual unviable smaller LPOs to exit the industry with dignity. A buyback of these commercially unviable LPOs going forward will clearly not be an option so it is incumbent on the relevant authorities to have a plan in place to meet these difficult and confronting situations when they do arrive. In the end I guess every case will be treated on an independent basis but Australia Post and the Government need to be cognisant of the significant expense by way of infrastructure and long term leases these LPOs have incurred. To be proactive in this space is critical rather than sit back and be reactive

when handling the negative publicity by all concerned parties when an LPO finally does close it's doors.

Fourthly, I also have grave concerns about the rise and rise of Amazon in Australia. Absolutely no one person can safely predict where Amazons growth will level out and absolutely no one could rule out Amazon establishing a rival delivery network to match that of Australia Post. This is one area where Australia Post could greatly assist LPOs by ensuring LPOs are given first choice at installing 24/7 Parcel Lockers. If the LPO chooses not to spend the money or time and effort in promoting 24/7 Parcel Lockers, then by all means Australia Post should look at alternate sites within the existing LPOs locality. Anything to do with parcels growth will assist an LPO. We used to do letters, now we do parcels. However, the take up and promotion of 24/7 Parcel Lockers by LPOs is extremely slow as we are not paid appropriately for this service. I am adamant that should LPOs be paid the normal commission for a parcel Australia Post will see an explosion of LPOs wanting to install 24/7 Parcel Lockers. I know because I have 24/7 Parcel Lockers in my LPO, and the customers absolutely love them. Surely there will be significant cost savings for Australia Post going forward if they can significantly increase the take up rate of 24/7 Parcel Lockers throughout the LPO network, which will in turn assist in deterring rival start up delivery networks.

## GENERAL

Right at this point in time the two significant growth areas in my business are parcels and banking transactions thanks to recent initiatives by Australia post in these areas. In lots of ways our LPO business model has matured, and this will only continue with the imminent processing of Passport applications online. So it is parcels and banking that are the growth areas in my opinion and ANYTHING that can be done to maintain and indeed increase our market share in these areas should be given utmost priority to ensure the outstanding business that is Australia Post remains a constant in every Australians life.

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