



27 April 2023

Department of Infrastructure, Transport, Regional Development,
Communications and the Arts
GPO Box 2154
CANBERRA ACT 2601

Via email: postalconsultation@infrastructure.gov.au

Attention: Director, Postal Policy—Communications Services and Consumer Division

Re. Postal services modernisation

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission in response to the consultation process launched by Minister Rowland on behalf of the Albanese Government on the future of Australia Post and the associated discussion paper *Postal Services Modernisation*.

The NFF was established in 1979 as the national peak body representing farmers and the agriculture sector more broadly across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF welcomes this review of Australia Post's service delivery. It is important that these services, which are so heavily relied on by regional, rural and remote Australians, are regularly reviewed to ensure they continue to provide benefit and meet the changing needs of customers, and account for the evolving technologies that enable new service delivery options. It is also essential to ensure that legislated community service obligations and performance standards are maintained and enforced.

The importance of Australia Post to regional, rural and remote Australia

Australia Post is a vital institution that creates significant social and economic value in regional Australia. Australia Post's national post office and delivery networks support a diverse range of economic and social activity in regional Australia, providing employment and economic opportunities, contributing to a supportive community culture and improving the liveability of these communities. In many cases, the local post office is the sole provider of delivery, financial and government services, as well as selling retail goods and providing broader community support.



These services enable the connection of often isolated communities and consumers with the rest of Australia and overseas.

As of 2019, Australia Post had over 2,500 post offices across regional and remote Australia. These post offices account for over one-third of all Australia Post financial transactions, and nearly 40% of total parcel collections occur in regional and remote communities. Not only is Australia Post important to regional and remote Australia, but regional and remote Australia is an integral part of the Australia Post system and identity. A Deloitte Access Economics report¹ released earlier in 2020 provided a detailed analysis of the economic and social value of Australia Post to regional, rural and remote Australia. The NFF recommends that the committee consider the findings of this report as part of the inquiry.

Many regional businesses in particular rely on an efficient postal service and the physical presence of post offices – the 2020 Deloitte report found that regional business owners visit the post office significantly more often than other regional residents – at an average of 25 visits in the past 6 months (compared with 15 visits for other residents). The COVID-19 experience has demonstrated the huge potential for growth in regionally based businesses – including businesses that sell and distribute products to customers across Australia and overseas. Postage pricing and service standards must remain competitive to support regional development and growth.

Australia Post's commitment to customer service

Australia Post's community service obligations require it to provide a reliable, accessible and affordable service for all Australians wherever they live and require that performance standards for the service reasonably meet the social, industrial and commercial needs of the community. The NFF has heard various concerns about Australia Post's commitment to customer service for regional customers who have no alternative to Australia Post services. Specific concerns include:

- Decline in the frequency of deliveries. For example, customers living in the outer areas of Broken Hill, and serviced by light aircraft, reporting that deliveries and pick-ups have declined to half of the previous service.
- Contractors having no obligation to find alternative solutions to delivery if they cannot provide a service in a timely manner.
- Difficulty in contracting appropriate service providers to undertake delivery in remote areas.
- Lack of transparency in renewing service provider contracts and limited awareness of contract opportunities.

¹ Australia Post, 2020. [Economic and social value of Australia Post to regional, rural and remote Australia](#). A Deloitte Access Economics report commissioned by Australia Post.



- Lack of transparency in performance monitoring. Specific KPIs are not made public, nor is the achievement against those KPIs, or any request for customer satisfaction against service.

More specifically, regarding servicing of remote customers, the NFF is aware of significant failures to meet delivery standards involving contractors using light aircraft as the mode of transport. Failures have been attributed to a variety of reasons, including aircraft breakdown, weather, other properties not being able to receive a service due to runway repairs.

The NFF recommends in awarding these contracts that service providers have in place alternative modes of transport available to meet their delivery standards whenever aircraft are unable to operate.

Pricing

In its report *Economic and social value of Australia Post in regional, rural and remote communities*, published earlier this year, Deloitte Access Economics recognised that “the value of providing services to these areas is much higher than the prices charged, and revenue earned by Australia Post.” The NFF recognise that delivering services to geographically remote locations comes at a higher cost, but stress that price discrepancies should be fair and reasonable and not overtly disadvantage regional, rural and remote Australians and businesses.

Due to its legislated obligations, Australia Post has a physical presence and an existing distribution system across Australia. This provides Australia Post with an advantage over competitors in the regional parcel delivery market. For competitors who don’t enjoy these advantages, the higher costs associated with operating a delivery service in regional Australia act as a disincentive to expand their services in these areas. Regional Australian businesses rely on Australia Post to fill this gap.

The NFF has been made aware of concerns about recent price changes for contract parcel deliveries (and the eParcel service) that will see significant price increases for regional areas, and rate reductions for urban areas. These rate changes are underpinned by a ‘capital city’, ‘metro’ and ‘remote’ area classification, with the highest rates paid for remote destinations. The rationale for this approach is acknowledged, but the NFF has concerns about the large discrepancy in ‘metro’ vs ‘remote’ postage rates, and with the allocation of postcodes to the ‘remote’ classification. For example, major regional centres like Toowoomba, Shepparton, Yass, Armidale, Port Augusta and Bunbury are classified as ‘remote’ and attract the highest rates. This classification would appear difficult to defend, given the size of these regional cities – and their proximity to capital cities.

The NFF recommends that third-party open access arrangements to Australia Post’s last mile delivery infrastructure in regional and rural Australia for parcels be



considered to ensure this infrastructure is better utilised, while keeping costs lower, better meeting the needs of Australian people and businesses, and reinforcing the financial viability of Licenced Post Offices and Community Postal Agents.

Informal services

In some remote areas an informal two-way postal service has been set up, where mail to be sent is left in the roadside mailbox and collected as the incoming mail is delivered. This has been a very beneficial service to farmers, who may not have the capacity to frequent the post office in town. The NFF recommend Australia Post look into the formalisation of important services such as this two-way mail system.

Recommendations

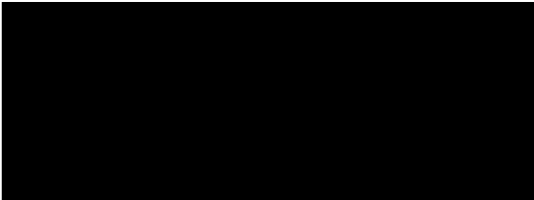
In summary, the NFF makes the following recommendations for consideration by government as part of the current review of Australia Post services:

- 1) Consider the findings of the Deloitte Access Economics report *Economic and social value of Australia Post in regional, rural and remote communities* as part of the inquiry.
 - i) In particular, the increasing importance of Australia Post in facilitating financial transactions in communities where all bank branches have already closed or are likely to do so.
- 2) Australia Post's legislated community service obligations and performance standards are maintained and enforced, including contractually with those servicing remote customers by aircraft.
- 3) Pricing and service standards must be competitive to support regional development and growth.
- 4) Price discrepancies between metro and non-metro locations must be fair, reasonable and not overtly disadvantage regional, rural and remote Australians and businesses.
- 5) That Australia Post recognise the large disparities in 'capital' and 'metro' vs 'remote' contract postage rates, and reconsider those postcodes that are classified as 'remote', particularly those that cover larger regional centres.
- 6) Third-party open access arrangements to Australia Post's last mile delivery infrastructure in regional and rural Australia for parcels.
- 7) The formalisation of important services such as the two-way mail system, which is particularly important to Australians who live in remote areas.



Thank you again for the opportunity to contribute to this inquiry. Should you require any further information in relation to this submission, [REDACTED]

Yours sincerely



TONY MAHAR
Chief Executive Officer