

Postal Services Modernisation

Submission

April 2023

Contact

David Voss

Policy and Research Manager



James Walsh

CEO



The Shooting Industry of Australia (SIFA) welcomes the opportunity to contribute to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, and the Department of Finance Postal Services Modernisation discussion.

SIFA is the peak body representing the major importers, wholesalers and retailers of firearms and related accessories in Australia.

Although a niche industry in relative terms, Australia's shooting industry generates many triple bottom-line benefits for Australia.

- Social
 - Enabling Australia's security by supplying Defence, Law enforcement and other government agencies.
 - Supplying Australia's ~1,000,000 licensed firearm owners and shooting clubs.
- Economic
 - Contributing \$2.4 Billion to Australia's GDP.
 - Supporting an estimated 19,500 jobs.
- Environmental.
 - Firearms are the most common and most humane method of controlling over abundant wildlife populations, protecting our ecology.
 - Firearms are frequently used by farmers to satisfy their biosecurity obligations and to mitigate the impact of pests, protecting the viability of their crops and our food security.

Clearly, our industry is reliant upon and benefits from "a large, national network of postal services, particularly in rural and regional areas".

SIFA's Insight 2022 industry survey data shows us that most licensed firearm dealers are located in regional areas, and that fifty five percent of those dealerships are mixed businesses providing a range of benefits and economic activity to their local communities.

Further, the national Firearms Agreement (NFA) assumes that licensed firearm dealers can readily and securely ship firearms and other regulated items from dealership to dealership (B2B).

This requires a readily accessible parcel network with adequate national coverage, secure storage facilities and appropriate tracking systems to ensure the safe delivery of regulated items such as firearms.

In our experience, smaller scale or regional carriers are incapable of meeting the disparate regulatory requirements for moving firearms and ammunition nationally. The regulatory burden is such that only a significant carrier such as Australia Post has had the capacity and systems necessary to comply.

Supply chain resilience.

It is apparent throughout the themes and questions posed in the discussion paper that Australia Post's critical role in enabling the viability of industries such as ours is, if anything, underappreciated.

On the 26 November 2015, the ACCC announced that it would not oppose the acquisition of TNT by FedEx, stating that "the proposed acquisition is unlikely to result in increased prices or reduced service levels. The merged entity will continue to face significant competition, including from other international rivals with significant global delivery infrastructure and networks. The merged entity will also face a credible threat of new entry and expansion by rivals."

After achieving a position of market dominance in Australia, on 7 July 2021 FedEx announced that effective from 9 August 2021, "we will cease the transportation of firearms, weaponry and ammunition".

With only one month's notice, our industry was blindsided by this announcement which appeared to be purely philosophical and ignore Australia's strong regulatory framework and the NFA.

Counter to the ACCC's conclusions when approving the acquisition of TNT by FedEx, the shooting industry found itself with no viable freight alternatives when on 5 August 2021 Northline advised us that it too would no longer service firearms retailers nor would they work with freight brokers or forwarders who consign firearms and ammunition.

After direct and urgent representation by concerned Commonwealth politicians to the then Communications Minister Paul Fletcher and the CEO, Australia Post were able to combine elements of Parcel Post, Express Post, Secure Accept and Collect, Startrack Express and Startrack Special Services to ensure the safe, secure and reliable transportation of firearms was able to recommence from mid-October 2021.

Australia Post proved to be our carrier of last resort, for which the industry remains grateful. Without public ownership and government oversight, we doubt that industry alone would have been able to negotiate the solution which Australia Post put in place.

Public ownership and government oversight is also critical when there is misalignment between regulation and the availability of business services. Only governments can deconflict regulatory demands and the unavailability of business services which are assumed by those regulations.

We have seen first-hand what can happen without that single point of integration, and escalation, when non-government organisations such as FedEx take actions which are not in our national interest.

New opportunities.

The Australian Shooting Industry is increasingly experiencing denial of service by corporations working within a poorly targeted ethical social governance (ESG) framework or with a very poor understanding of the regulatory regime in which we operate.

This extends from banking and finance, to freight, advertising, and insurance.

The issues at play here are not new and have all been examined previously, including the Regional Banking Taskforce 2022 and the Council of Financial Regulators report on Potential Policy Responses to De-banking in Australia 2022.

SIFA has made several submissions to those enquiries and reviews, given the long-term risk this behaviour represents to the viability of our stakeholders.

Branch closures alone are cause for concern but when combined with the major banks increasing willingness to deny access to essential services to lawful businesses for whatever reason, the situation is increasingly untenable.

The impacts upon regional and rural communities should those local mixed business cease trading needs no explanation. As banks continue to abandon regional and rural communities, we increasingly look to alternatives such as Australia Post to fulfil that “provider of last resort” function.

Australia Post is in a rare position to address this by leveraging existing and foreshadowed capability.

Whilst mention is made of current Australia Post services such as Bank@Post, where post offices act as proxies for absentee banks and offer limited banking like services, this falls short of replacing all the business facilities being denied to us by banks.

The conceptual model already exists with licensed or community postal agents. SIFA would like to explore the concept of extending the ecommerce facilities and the infrastructure used to support Australia Post’s community postal agents into customer businesses themselves.

In other words, the technology upgrades proposed to enable Australia Post outlets could actually become a revenue generating service offering in its own right. We believe it should be possible to develop a “shop in a box” package which Australia Post could make available to client businesses on a commercial basis, which would provide the basic ecommerce suite (e.g., merchant services) that a regional business requires to keep trading, and which banks are not always willing to make available.

It would appear that this concept satisfies and is consistent with many of the principles and themes which the discussion paper seeks to explore but falls outside the specific questions asked.

Just as Australia Post became the carrier of last resort when the major freight companies abandoned our market, Australia Post could well become an ecommerce technology provider of last resort as banks abandon communities and business sectors such as ours.

Principles.

Australia Post remaining in full public ownership, providing a universal and equitable service that meets the needs of Australian people and businesses; ·	Critical. Private enterprise has proven itself unable or unwilling to navigate the complex regulatory environments our industry operates within.
Australia Post remaining financially sustainable, and invest in its networks, services and people to support improved national productivity and supply chain resilience;	Supported. No business can survive long term by remaining static. Australia Post must continue to manage its resources for best effect within ever changing social and commercial environments.
Postal services that support Australia's digital economy, particularly as a critical enabler of the growing eCommerce market;	Supported. It is important to note however that our needs are predominantly B2B and B2C not C2C.
Providing appropriate coverage of the Post Office network, particularly in regional and rural areas, and supporting LPO and CPA financial sustainability; and	Supported. The heavily regulated nature of our industry demands ready access to secure points of presence through which physical transactions can be conducted.
Reducing Australia Post's operating cost in delivering regulated letter services, freeing up delivery and processing resources to support parcels delivery to respond to increasing demand and consumer expectations.	Supported. It makes little sense to orient a business towards declining, high-cost markets at the expense of emerging markets.

Themes

Parcels: Increasing flexibility and improving reliability for parcel delivery, making it more convenient and accessible for consumers and business customers. ·	Critical. A range of opportunities exist to enhance B2B and B2C delivery and payment services leveraging Australia Posts existing facilities.
Technology: Better technology to help make it easier for businesses and consumers to use Australia Post. ·	Supported. This applies not just to the use of technology to support traditional services but deploying that technology in new ways as a service in itself.
Regional Australia: Continuing support for regional and remote communities, where Australia Post is needed most.	Supported. Regional communities are the areas affected most by market failure. We see this across banking, freight and other essential business services.
Retail: A retail presence that meets the needs of communities – including tailored formats, expanded services, self-service and mobile options. ·	Neutral. Our needs are for a convenient point to lodge a registered parcel for delivery, or to collected registered items.
Business Customers: Investing in customer experience and eCommerce services making it easier for businesses of all sizes.	Supported. Again, there is more to this than wrapping innovative technology around existing Australia Post services. The ecommerce support package (shop in a box) provided to post agents is a valuable commodity in its own right.
Environmental Sustainability: Investment in more environmentally sustainable customer services, solutions and operations. ·	N/A.
Supporting Communities: Continue to invest in communities to support those in need through community partnerships and community products (concession stamps).	N/A.

Questions.

1. What services provided by Australia Post are most important to you?	Secure parcel distribution with real time tracking.
2. What does Australia need in a modern postal service?	<p>A universal and equitable “one stop shop” for essential business solutions for regional businesses.</p> <p>Ecommerce and payment gateways through to secure and integrated supply chain and product delivery services.</p> <p>Tracking secure freight.</p>
3. Do you agree with the potential benefits? Are there additional benefits from your perspective?	Yes. Leverage existing Australia Post systems to enable external businesses.
4. How important is the ability to send or receive a letter and what would be the impact of further increases in postage rates to allow Australia Post to fully recover the full efficient cost of providing the letters service?	Low priority. The ability to securely ship product is our biggest focus.
5. Do you expect usage of Australia Post’s letter services to change in the next 5 years and why?	Yes, we expect that continued reductions will occur. In fact, we actively advocate for the digitisation of the physical mail generated by and sent to firearm registries in the interests of improved public safety.
6. What do individuals, businesses and charities take into consideration in deciding whether to send a letter — for example, price, delivery speed and features (such as tracking), or digital alternatives?	N/A
7. What is the value of the regulated priority letter service to you?	Nil. Regulated secure parcel delivery is far more important.
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?	Yes. This is a logical response.
9. How important are parcel delivery services to your business?	Extremely important. Without this our sector would not exist.

10. For businesses that send parcels — what parcel service features matter most to your business?	Signature upon receipt, secure transport, and online tracking.
11. As someone that receives parcels — what features of parcel services do you value most — for example, speed of delivery, time of delivery, convenience of collection, ability to track the item and ease of returns policy?	Security across the end-to-end delivery chain, ability to track.
12. What environmental sustainability factors matter most to you in relation to parcel delivery services?	N/A. access to a reliable service is a far greater consideration.
13. How important is the Post Office to individuals, business and communities, including which Post Office services are most valued?	Very important in the B2B and B2C spaces we operate within.
14. Are other facilities, such as parcel lockers, vending machines, payment terminals or mobile Post Offices, helpful to serve community needs?	Yes, see our earlier comments.
15. Are there other services Australia Post could provide to better support the community?	Yes, see our earlier comments.
16. For Post Office licensees and agents — tell us the challenges and opportunities from your perspective.	N/A
17. How can Australia Post best support the community?	See our earlier comments.