



**THE DEACONS REPORT ON
AUSTRALIA POST
CONSULTATIVE PROCESSES**

May 2002

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Consultative Processes*



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The Review Committee

Role of Review Committee

A Review Committee was formed by Australia Post to review the consultative process between Australia Post and its licensees. The members of the review committee are:

- Mark Warren, Commercial Manager, New South Wales
- Mel Jackson, National Group Manager, Retail
- David Charleston, Manager Workplace Consultancy

To assist the Review Committee an expert committee was appointed to enquire into and report on the matters set out below. The Expert Committee was coordinated by Deacons, and comprises:

- Stephen Giles – Partner, Deacons Lawyers and Chairman, Deacons Corporate Counselling.
- Professor Andrew Terry, Head of School of Business Law and Taxation University of New South Wales and Special Counsel to Deacons Lawyers.

The Review Committee will report to and make recommendations to the General Manager, Commercial Division of Australia Post as to whether the current consultative arrangements between Australia Post and its LPOs need to be modified, having regard to the findings of the Expert Committee as set out in this Report.

Terms of Reference

The Expert Committee was asked to:

Review the nature and structure of the existing consultative processes in place between Australia Post and its licensee network in order to determine the adequacy of existing arrangements for licensees to consult with Australia Post, either directly or indirectly through a representative.

1. The Existing Consultative Process

In reviewing the adequacy of the consultative arrangements the Expert Committee was asked to give specific consideration to the following matters:

- the future needs of Australia Post in relation to its LPO network
- format and structure of Australia Post's licensee meetings and forums at local, State and national level
- adequacy of Australia Post's communications to licensees at State and national level
- format and structure of any licensee representative groups, their meetings and forums at local, State and national level
- comparison of representative groups to the licensee network profile
- type and tenor of licensee representative groups communications to their members
- Australia Post's Standard Licensed Post Office Agreement
- level of licensee satisfaction with their representative groups and licensees ability generally to represent their interests to Australia Post

2. Industry Best Practice

The Expert Committee was required to examine and comment upon the consultative processes (including the use of franchise advisory bodies) generally adopted and used in other franchise type systems, and the suitability of such processes for Australia Post and its licensees in terms of best practice processes. In this regard the Expert Committee was asked to give specific consideration to the following matters:

- practical nature of the processes in place
- cost, and the distribution of cost, of these arrangements

- frequency, format and subject matter for discussion at consultative forums
- the effectiveness of representation through these forums

Membership of the Expert Committee

The members of the Expert Committee are Stephen Giles and Professor Andrew Terry.

Stephen Giles is a partner of Deacons Lawyers, and Chairman of Deacons Corporate Consulting Pty Ltd. He has law, economics and accounting qualifications from Monash University, and practices in the field of franchising, licensing, distribution and trade practices. He is currently Chairman of the peak industry body, the Franchise Council of Australia, and Chairman of LAWASIAS Franchising Committee.

Professor Andrew Terry is the Head of the School of Business Law and Taxation at the University of New South Wales and founder and head of the Centre for Franchise Studies.

Stephen Giles and Professor Andrew Terry are co-authors of *Franchising Law and Practice*, the authoritative text for franchising in Australia. They have both written numerous other articles on franchising, licensing and distribution.

Deacons is one of Australia's leading law firms, with 15 offices in Australia and Asia and a staff of around 1500 people. The Deacons Franchising and Distribution Group is rated by legal profiles as Australia's leading national group. Mathew Webster, a senior lawyer within that group, has assisted the Expert Committee in their deliberations and coordinated the publication of this Report.

Research Methodology

Terms of Reference

The Terms of Reference for the Expert Committee were challenging. The Committee's first task was to consider how best to deliver the desired outcomes given the resources of the Committee and the time constraints.

Fortunately Australia Post and the various representative bodies had substantial available material, and were generous in the time they made available to brief the Committee. The Committee would particularly like to acknowledge the valuable input from Mr Paul Ramm and Michael Keen from Australia Post, Ms Marie McGrath-Kerr (POAAL), Mr Marcel Schondelmeir (LPOAL) and Mr Tony Ludington (QLD), as well as Australia Post senior management generally.

The Committee examined the existing consultative and communication processes in the context of what it saw as the legitimate expectations of the parties for those processes. It interpreted the Terms of Reference as requiring recommendations not just in relation to consultation in the narrow meaning of the word, but to consultation and communications generally insofar as communications issues related directly to the business relationship.¹

Interviews

As part of its research the Expert Committee met with:

- Australia Post senior management, notably:

Ian Andrews Acting National Group Manager, Retail

¹ The Committee took a broad view of the term "consultation", as to do otherwise would have been illogical in the context of the broader terms of reference. We agree with Greg Nathan, who commented in his book *Profitable Partnerships* that consultation in networks is more than simply "consultation" – it is an integral part of communication which is universally recognised as the key to strong and effective relations in licensing/franchising type operations.

Geoff Cook	General Manager, WA
Bob Finch	General Manager, Commercial Division
Trevor Holm	General Manager, SA
Peter Lavis	Commercial Manager, VIC/TAS
Bill Mitchell	General Manager, Queensland
John Power	Group Manager, Parcels
Terry Stephens	Group Manager, Financial Services
Mark Warren	Commercial Manager, NSW
Paul Ramm	National Manager – Licensed Post Office Channel
Michael Keen	Manager LPO Policy and Procedure

- Marie McGrath-Kerr, the national chairman of the Post Office Agents Association Limited, Michael Talbot and George Smedly who is a member of the NSW State Committee.
- Mr Marcel Schondelmaier, the National Chairman of the Licensed Post Officers of Australia Ltd
- Mr Tony Ludington, chairman of Gold Coast Licensees Group
- Greg Nathan, author of Profitable Partnerships and corporate psychologist
- Various senior executives from companies such as Autobarn Pty Limited, the Franchise Council of Australia, Kwik Kopy Australia Pty Limited and US franchise organisations

Written Material

Relevant parties were invited by the Expert Committee to provide examples of the forms of written communication between Australia Post and its licensees and

representative groups and their members. The Expert Committee received numerous examples of newsletters, bulletins and other relevant documentation. In some cases the Expert Committee also obtained examples of relevant correspondence from the internet.

The Documentation that the Expert Committee reviewed and considered included the following:

- Samples of licensee bulletins issued by Australia Post
- Correspondence between Australia Post and the Gold Coast Post Office Licensees Group
- Samples of minutes from LPO meetings for various regions including the Riverina & Canberra, Hunter, South, Metropolitan, North, and Far West LPO networks
- Samples of minutes from Australia Post/POAAL Consultative Meetings
- Samples of the PostBulletin issued weekly to corporates
- Invitations to the Queensland State LPO conferences
- Retail Business Bulletin for SA & NT (1 March 2002)
- Samples of the LPO Support Centre Newsletter for Adelaide
- Building our Business Newsletter (27 February 2002 – Edition 14) Commercial Victoria/Tasmania issued by Australia Post
- Samples of correspondence between Australia Post and licensees
- Correspondence between LPOAL and the Minister of Communications
- Samples of the “Letterbox” newsletter sent to LPOAL licensees
- LPOAL Membership Renewal Application Form
- Survey conducted by LPOAL in August 2001 of its members

- The standard form of Licensed Post Office Agreement
- The Australia Post Licensed Post Office National Survey prepared by Dorian Welles Pty Limited for Australia Post (September 2001)
- Australia Post Code of Practice for users of Australia Post Bulk Mail Services 21 October 1999
- Constitutions for POAAL and LPOAL
- Australian Postal Corporation Act 1989
- Background Papers Prepared by POAAL – April 2002
- Examples of POAAL Postal News

The Committee also received written additional background material from POAAL, LPOAL and Australia Post.

The Committee was able to view the results of the surveys conducted by Australia Post and LPOAL. As a consequence and due to the breadth of additional information provided by Australia Post and the representative bodies, the Committee felt it unnecessary to conduct its own survey of licensees.

Abbreviations

ACT	Australian Postal Corporation Act 1989
CEPU	Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia
FAC	Franchise Advisory Council
LPO	Licensed Post Office
LPOAC	Licensed Post Office Advisory Council
LPOAL	Licensed Post Officers of Australia Limited
NRMC	National Retail Marketing Council
POAAL	Post Office Agents Association Limited

Part 1 - The Existing Consultative Processes

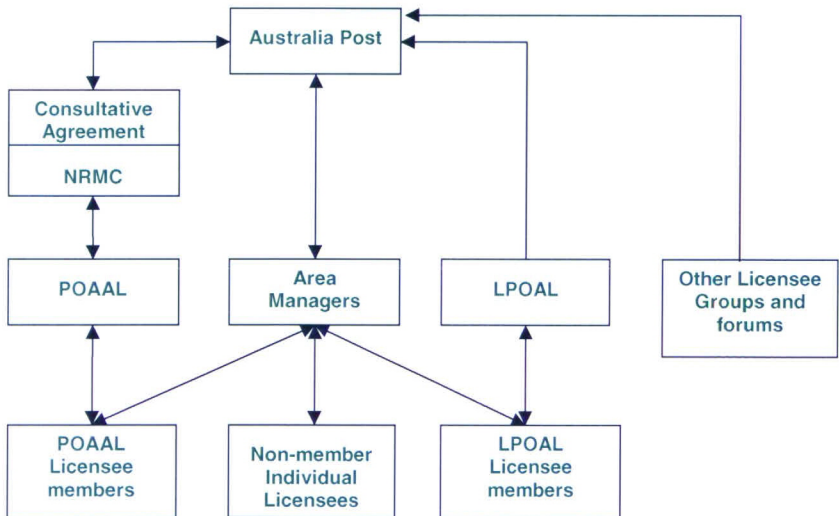
1. The Structure of the Existing Consultative Processes

1.1 Overview / Introduction

There are several aspects to the consultative and communication processes between Australia Post and its licensees.

The diagram below illustrates the current consultative structure between Australia Post and its licensees.

Diagram 1 – Existing Consultative Structure



Australia Post communicates with its licensees at a State and national level using a number of different forms of communication, including newsletters, memos, bulletins, letters, meetings and conferences. Most licensees receive a significant quantity of written correspondence from Australia Post. The large majority of the information contained in newsletters and bulletins that is sent from the national office is of an operational nature and covers matters such as new products and changes to legislation. Licensee conferences are also held at a State.

These communications tend to be informative rather than consultative.

Area Managers appointed by Australia Post provide another mechanism for communication and consultation. At the State level LPO Area Managers communicate with licensees regarding the day to day operational issues associated with running a LPO. Under the Area Manager system, Area Managers have the responsibility of looking after the interests of the licensees in certain designated areas and dealing with any issues that the licensees may have with respect to the day-to-day operations of their businesses. At the state level there is an LPO co-ordinator who provides support to all of the Area Managers. Different States have different Area Manager structures. Most Area Managers also have support staff working under them.

The Expert Committee was advised by Australia Post that meetings are held approximately several times a year per group of LPOs. These meetings are in addition to the annual LPO conference. Many of the meetings focus on operational issues and have an informal format and few minutes or official agendas are kept. However there were also examples provided of a tiered structure where top tier or larger LPO's meet as part of a more formal organised and structured arrangement. These meetings are more strategic in focus, and provide a useful forum for LPO input and feedback.²

² For example, in NSW a tiered LPO arrangement exists, with the largest LPO's meeting monthly and discussing marketing, business planning and more strategic issues in addition to day to day matters.

Area meetings are attended by licensees in the relevant area and any associations that may exist within the network are not represented at such meetings. The frequency of meetings varies depending on the area. For meetings other than the larger LPO meetings the content is typically information provision by Australia Post, although feed back is sometimes obtained by Area Managers from the licensees regarding future products and services that Australia Post may be intending to introduce.

A written Consultative Agreement exists between Australia Post and POAAL. Under this Agreement Australia Post has agreed to consult with POAAL on matters referred to in the Consultative Agreement. POAAL advises that it obtains input from some of its members and feeds that input back through the formal consultative process.

No other representative body has a Consultative Agreement with Australia Post. Other representative bodies are part of the informal consultative and communication process, although the extent of this involvement is the subject of some debate. The largest of these is LPOAL. Although Australia Post does not specifically consult with LPOAL, the Expert Committee was advised by Senior Management at Australia Post that it does have regard to submissions made by LPOAL when consulting with POAAL. However, LPOAL is not formally recognised by Australia Post in the consultative process, and LPOAL claims it is not consulted and its submissions are often ignored.

Although there is no formal arrangement for licensees to consult direct with Australia Post in some instances direct consultation has successfully occurred between Australia Post and a small forum of licensees. In this regard Australia Post submitted that it has successfully consulted with forums in New South Wales, Queensland and Victoria. This tends to be the largest direct communication and is not the norm. This form of direct communication tends to occur on an ad hoc basis if Australia Post chooses to consult with the relevant party. Licensee representative groups such as POAAL and LPOAL communicate to their members using a range of different methods including newsletters, email, memos, letters, member meetings and conferences. A variety of topics are discussed including meeting details, membership information, website information and product information.

Australia Post points out that the large network of corporate stores are an excellent source of direct information on retail and operational issues. Accordingly there is arguably less need for consultation and feedback than would otherwise be the case.

1.2 The Consultative Agreement

There is a written Consultative Agreement between Australia Post and POAAL which is critical to the consultative and communication processes, and is regarded as very important by Australia Post, POAAL and LPOAL.

(1) Confidentiality

Under the Consultative Agreement the parties agree that the terms of the Consultative Agreement and information disclosed during the process will be kept confidential. A copy of the agreement was requested however Australia Post did not wish to provide a copy without POAAL's consent, and POAAL indicated that consent was likely to be only forthcoming (if at all) after a long and involved process.

This is unfortunate, as the transparency of consultative arrangements would be clearly enhanced if the agreement was generally available, and we could review the document rather than rely on general references from the parties interviewed. It is important that all core documents are relevant to the interests of licensees and of substantial public interest are available to all interested parties. LPO's are entitled to know the terms of all contracts that affect their rights and obligations, and disclosure will help avoid any inference that the arrangements between Australia Post and POAAL do not stand public scrutiny.

LPOAL was certainly of the view that the terms of the Consultative Agreement should be made public. The issue of transparency is important to LPO's judging by some of the comments from the Australia Post National Survey set out in Attachment 1.

POAAL informed us that under the Consultative Agreement Australia Post agrees to consult with POAAL on certain matters including fees commissions and discounts and changes to the Licensed Post Office Agreement and the Licensed Post Office Manual. POAAL also informed us that it has a number of internal processes to facilitate its participation under these consultative arrangements.

We understand that the Consultative Agreement does not specifically define the term "consultation" but sets out certain principles and procedures to be observed where matters are referred for consultation. It is also understood that the Consultative Agreement contemplates a certain amount of participation in the decision making process by POAAL, but Australia Post still has the power to make the final decision.

A marketing committee meets on a regular basis and this committee is referred to as the NRMCC. It is understood that the Marketing Council is contemplated by the Consultative Agreement and has membership including representatives from POAAL, CEPU, Australia Post Product Managers and senior Australia Post Retail Managers.

1.3 Licensed Post Office Agreement

This is the agreement which sets out the terms and conditions of the licence that Australia Post grants to its licensees to operate a LPO.

(1) **What obligations does Australia Post have to consult with licensees under this agreement?**

Clause 11 of the Licensed Post Office Agreement sets out the obligations of Australia Post. These obligations are to:

- (a) furnish the Licensee with the Act, the Post Office Rules and the Licensed Post Office Manual as enforced from time to time;
- (b) ensure that suitable product and service information is provided to the licensee;
- (c) provide initial and ongoing training to the licensee;
- (d) use its best efforts to maximise sales of products and services to the mutual benefit of the licensee and Australia Post;
- (e) make available to the licensee for purchase all shelving, signage, fixtures and fittings required by the licensee;
- (f) provide a range of specialised accounting and business reporting forms at no cost to the licensee;

- (g) maintain the integrity of the Post Office network by protecting the marks; and
- (h) from time to time make available to the licensee a list of suppliers of complimentary products.

Under clause 11 there is no general obligation on Australia Post to consult with the licensee. However, there are other clauses in the Licensed Post Office Agreement where Australia Post does have a specific obligation to consult.

Under clause 8(b) any decision by Australia Post to relocate the LPO shall only be made after consultation and agreement with the licensee. Clause 9(b) provides that the Fees, Commissions and Discounts shall be fixed by Australia Post after having been reviewed at least once annually following consultation with POAAL. Also, clause 34, which is discussed in more detail below, requires Australia Post to consult with POAAL prior to making amendments to the Licensed Post Office Agreement. There is no obligation for POAAL, which is not a party to the Licensed Post Office Agreement, to consult with the licensees.

(2) Waiver and Variation – Clause 34

Clause 34 of the Licensed Post Office Agreement contains the following provisions:

- “(c) Australia Post may after consultation with the Association (except as provided in clause 34(d), without prejudice to this Agreement, at any time and from time to time by instrument in writing signed on behalf of Australia Post, vary, rescind or replace all or any of the terms and conditions of this Agreement and the Licensed Post Office Manual then in force.*
- (d) Australia Post may at any time, upon giving ninety (90) days notice in writing to the Licensee withdraw a service from the Licensed Post Office. Where it is not practicable to give ninety (90) days notice or it is necessary to withdraw a service immediately, Australia Post shall pay to the Licensee, the amount equivalent to the amount paid to the*

Licensee, for the provision of the service for the previous ninety (90) days from the date of the withdrawal."

The term "Association" is defined in clause 1 of the Licensed Post Office Agreement as follows:

"Association" means the Post Office Agents Association Limited (ACN 006 383 314) which has entered into a consultative agreement with Australia Post dated 3rd day of March, 1993 or if that agreement has been terminated, any other representative body of licensees with whom Australia Post has signed a Consultative Agreement."

1.4 POAAL and the Consultative Process

POAAL is the only body formally recognised by Australia Post for the purposes of consultation concerning certain matters relevant to the operation of LPOs. Indeed the exclusivity of this arrangement in terms of the LPO Agreement is reinforced by clause 1 of the LPO Agreement. Under clause 1 it is not possible to consult with more than one body, and POAAL is to be that body unless the Consultative Agreement has been terminated.

POAAL has six State branches, with up to eight committee members on each State committee. Nominations for each State committee are obtained from financial members each year with the committee being democratically elected by the State members. The State committees elect one of their members to the position of branch chairman, and that person by virtue of their office becomes a director of the national committee.

State committees hold regular meetings by teleconference. Marie McGrath-Kerr advised the Expert Committee that POAAL has found teleconferences to be an effective and efficient way of getting together groups of people who are widely spread throughout each State.

Most committee members act as contact points for their licensee colleagues. A small secretariat and management group supports the national office.

The Expert Committee was advised by the chairman of POAAL, Marie McGrath-Kerr that when Australia Post decide to introduce a new product or service the consultative process is usually as follows:

- The new product/service is first discussed by the NRMC. The NRMC comprises representatives from Australia Post headquarters and States, POAAL and the CEPU.
- A briefing paper is then prepared by the relevant group within Australia Post that is responsible for the particular project.
- A copy of the briefing paper is then sent to POAAL. If the briefing paper is not marked "confidential" then POAAL will circulate a copy of the briefing paper to each of its State committees, and request that submissions be made on the document by a certain date. POAAL advise that at this stage input is not sought from all of the licensees in the relevant States as it has neither the time nor the resources to do so. If the new product/services involves LPOs that are not represented sufficiently on the relevant state committees then POAAL and the relevant State committees will endeavour to obtain input direct from relevant licensees. This is usually done by telephone.
- The new product/service is then further discussed by the NRMC. If issues raised during NRMC meetings are complex then the NRMC may refer such issues to a Working Party for their recommendations.
- Consultation will then take place between POAAL and Australia Post as to the relevant fees, commissions and discounts. The Expert Committee was advised by Marie McGrath – Kerr that the fact that POAAL are involved early on in the process enables POAAL to gain an understanding early on of the work associated with and the value of the new product/service. This makes it easier for POAAL to make an assessment of what the relevant split of the fee, commission or discount should be.

1.5 LPOAL and the Consultative Process

LPOAL is a company incorporated under the *Corporations Act*. It was established as a breakaway group from POAAL. LPOAL alleges POAAL does not effectively represent the interests of licensees, and is generally critical of the operations of POAAL. Similar views were expressed by some LPO's in the Australia Post National Survey in Attachment 1.

LPOAL has for some time been seeking the right for formal consultation with Australia Post on matters relevant to the operation of LPOs, and has raised its concerns with Australia Post regarding the consultative processes. LPOAL contributes to the consultation and communication processes by making submissions to POAAL and Australia Post. LPOAL also communicates with members, LPO and Government. LPOAL has substantially fewer members than POAAL, but argues that this is due in part to there being no formal consultative agreement between Australia Post and LPOAL.

Clause 2 (Objects) of the Constitution of LPOAL states that its purpose is to *“protect, preserve and promote the status and business interests of”* inter alia LPOs and *“to represent and support Members as their authorised and nominated representative in the Industry”*.

The Expert Committee was advised by the current chairman of LPOAL that:

- (a) LPOAL has State subcommittees in every State and a national committee.
- (b) In Victoria, New South Wales and Tasmania meetings are held quarterly and in Queensland and South Australia there are monthly meetings
- (c) Usually agenda items are determined by any recent actions of Australia Post that may be of concern to the LPOs. Unless there are specific issues that the relevant State committee or national committee wish to discuss the agenda is usually decided by the members of LPOAL.

-
- (d) Meetings usually have an open format and unless there is disagreement between speakers there are no rules of debate enforced. Minutes of the meetings are kept and mailed out to all of the members.
 - (e) All committee members are current licensees and work for LPOAL on a voluntary basis.
 - (f) The primary source of income for the LPOAL is the membership fees paid by members.
 - (g) LPOAL is managed by a board of directors.
 - (h) There is an annual general meeting and the national committee also meets at irregular intervals via tele-conferences as business requires.

According to the Constitution each State committee is entitled to appoint one director and such appointments take effect after each annual general meeting. State committees are required each year to elect one of their members as their appointee director for LPOAL for the following year.

The chairman of the Board of Directors is elected by the members at each annual general meeting. State committees may meet, adjourn and regulate meetings as they deem necessary.

In general and subject to the provisions of the Constitution questions arising at State and national meetings are to be decided by a majority of votes. Members are not entitled to vote at meetings if their annual subscription fees are more than one month in arrears.

1.6 Other Forums and Groups and the Consultative Process

The Expert Committee understands that within the LPO network other forums and groups have been formed with a view to communicating and consulting with Australia Post on certain matters. For example in Queensland a small group of licensees was formed to communicate with Australia Post regarding concerns that they had about the proposed changes at the relevant time to the Annual Post Office Box renewal matters.

In Victoria, Queensland and New South Wales State licensee business councils were established by Australia Post in August 2000. In Tasmania the concept of LPO focus groups has recently been introduced. The business councils were established to be forum for communication between licensees and Australia Post on a range of issues affecting the LPO network including:

- retail Merchandise and promotional activity
- licensee training
- operational and accounting procedures
- procedure matters including business banking

The business councils meet quarterly.

Area managers also visit licensees, and there are various forms of additional operational support provided by Australia Post.

The Expert Committee was also advised by POAAL in their submission to the Expert Committee that other consultative forums have also been constituted on a range of issues as they arise, such as Security, Business Banking, Training and other issues of a material nature that arise from time to time.

Australia Post has various mechanisms for obtaining input and feedback from its substantial network of corporate stores. Although not directly relevant to the Terms of Reference, this factor is relevant to the capacity of Australia Post to obtain input from the retail "coal face".

1.7 How do the Representative Groups Communicate to their Members?

The main consultative bodies, POAAL and LPOAL use a variety of methods to communicate with their members including newsletters, email, conferences and meetings.

POAAL has a Quarterly Journal, regular newsletters which are sent to both members and non-members and state, branch and area meetings. LPOAL also sends regular newsletters to its members and has meetings with its licensees.

Both POAAL and LPOAL have websites namely www.poaal.com.au and www.lpoal.com.au. LPOAL places copies of most correspondence sent to and by LPOAL on its website and also posts relevant media releases. POAAL also has copies of recent correspondence on its website. In the Background Papers given to the Expert Committee by POAAL, POAAL states that it is presently developing its website as a source of information and feedback.

2. The Adequacy of the Existing Processes

2.1 Current and Future Business Needs

Customers today are sophisticated and discerning. They demand a clear and consistent brand image, quality goods and services, value for money and ever increasing levels of customer service. Business needs to be innovative, and be able to respond quickly to, if not anticipate, changed customer requirements and expectations. In a disciplined distribution system such as the Australia Post network the interests of Australia Post and its licensee's converge in relation to those issues. Both parties have a vested interest in maximising business opportunities for mutual benefit.

(1) Australia Post's Perspective

To assess the future needs of Australia Post in relation to the LPO network the Expert Committee met with a Senior Management team from Australia Post.

We were provided with a copy of the Retail Business Plan (2001/2-2003/4) and met with senior management to discuss the plan. We discussed a number of specific matters with management including the current and future objectives for the Australia Post/licensee business relationship and what communication currently occurs with licensees on business and operational issues.

We considered the regulatory framework under which Australia Post operates in general terms. We also considered Australia Post's community service obligations and in particular its obligation under section 27 of the Act to ensure that the letter service is reasonably accessible to all people in Australia wherever they reside or carry on business and under section 9(Retail Outlets) of the Australian Postal Corporation (Performance Standards) 1998 to maintain at least 4000 retail outlets at which persons can purchase Australia Post products and services. We also noted the requirement under clause 9(2) of the Australian Postal Corporation (Performance Standards) that at any one time there must be located in rural or remote zones at least 50% of all retail outlets in operation and, in any event, not fewer than 2,500 retail outlets.

Australia Post recognise the major role that LPOs play in its business and the importance of providing continued support to LPOs. This is reflected in the Retail Business Plan (2001/2002 – 2003/2004 – Information for Licensees) where it is Stated that:

“Whilst we will see an increase in growth and usage of our electronic channels, our physical network will still be the main point of access to our services for the majority of our customers. With Licensed Post Offices comprising some 77% of our physical networks, licensees will continue to play a major role in our business. In recognition of this, specific focus has been given to enhancing the support provided to our LPO network....

Licensees are an essential part of our network, and a focus of this year's plan is on ensuring that we provide appropriate support on information to assist Licensees and their employees to perform their roles.”

It is important to Australia Post that the LPO network delivers the required goods and services, be viable, operate to the requisite standards, provide consistency in customer experience and generally adhere to the Licensed Post Office Agreement. Although these requirements are imposed by Australia Post, they in essence reflect the requirements of customers.

(2) The Licensee's Perspective

The Expert Committee found the Australia Post National Survey conducted by Dorian Wells Pty Ltd to be very valuable in reinforcing the opinions we formed. In Attachment 1 selected quotes have been extracted, and are included as general support for our process and conclusions.

The Expert Committee met with representatives of POAAL and LPOAL. The Expert Committee did not interview individual licensees regarding their views on the consultative arrangements between Australia Post and licensees, as this would have been a mammoth task and we saw little point given that the Australia Post National Survey had been concluded in August 2001.

We were also comforted by the fact that there appeared to be no substantial underlying difference of opinion between Australia Post and the representative bodies on key business issues. Putting to one side the concern of LPOAL that it is excluded from the formal consultative process under the Consultative Agreement, there was a commonality as to the business needs of licensees. They are largely dependent on Australia Post for brand image, quality, goods and services, innovative marketing, technology and the opportunity to building their business utilising the Australia Post system. The licensees are acknowledged as critical to the success of the business format.

2.2 The Extent to which the Current Consultative Process meets the Parties' Business Needs

(1) Australia Post's Perspective

The Expert Committee met with senior management of Australia Post. Senior management of Australia Post recognised that LPOs are an extension of the Australia Post business and that any commercial arrangements between Australia Post and Licensees need to be a "win/win" situation.

Australia Post is also aware that there is a particular need for Australia Post to work closely with licensees in relation to operational issues. Australia Post accepts that there is a need for more direct communications with LPOs particularly as business issues become more complicated. In areas where consultation has occurred direct there have been from Australia Post's point of view significant benefits. (For example in Brisbane positive outcomes have resulted from direct communications between Australia Post and a small forum of LPOs. In this particular case, although POAAL was kept informed, they were not the representative body as such. The Expert Committee is of the view that these focus group arrangements ought to be encouraged in order to develop the commonality of business and deal with strategic issues.)

Australia Post considers that the consultative processes should involve organisations that are more representative of the LPO network and possibly more representative groups that have a common purpose and objectives. However, Australia Post does

not wish to be placed in a position where it is required to consult with too many representative bodies. Australia Post submits that it is logistically impossible for it to consult with all of its licensees. The Expert Committee is not convinced that this is correct. Whilst formal "consultation" may be impractical, consultation in the sense of two-way communication with all licensees is in our view both possible and highly desirable.³

Australia Post made the point that 70% of its turnover comes from its corporate network, and that it has various mechanisms to access the operational knowledge the business requires.

There are clearly a number of frustrations with the consultative process from the perspective of Australia Post. Primarily, these frustrations appear to result from the politicisation of the process and perhaps personality issues. It was suggested that members of the representative bodies were not presenting views that were representative of the group, but were rather representing their own personal opinions.

The Expert Committee did not delve into these issues. We felt that these matters were largely irrelevant to the broader issues. We did not observe any conduct that was outside that normally found in many business to business relationships.

(2) Licensee's Perspective

Licensees generally recognise the value of the Australia Post brand and that Australia Post does have a number of good ideas and many great products. Licensees are frustrated that Australia Post was failing to take advantage of feedback from licensees on certain business matters such as the sorts of products it should be selling, new product ideas and customer feedback. POAAL commented:-

"The material advantage AP has with its Licensees is their practical and grass-roots working knowledge of procedures and the customer reactions to AP products and services. This potential is seriously under utilised at present."⁴

³ See footnote 1.

⁴ Although Australia Post argues it has access to that knowledge already through the corporate network, the perspective of licensees, who are independent from Australia Post, is likely to be

According to POAAL nearly half of all complaints at the customer level related to the retail products that were being sold and that there was a wealth of information within the Australia Post LPO network that Australia Post was not taking advantage of. LPOs are generally making money from the sale of retail products but all of the POAAL representatives were in agreement that both Australia Post and the licensees could be making significantly more money from the sale of such products if the collective intellect of the network was being used. ¶

In commenting on the Area Manager structure the POAAL Representatives indicated that this had varying degrees of success depending on who the Area Manager was and the area in which the relevant LPO was situated. It was noted that some Area Managers have difficulty in getting all of the licensees together because of the distance between LPOs and also the fact that it is often difficult for LPOs to leave their businesses.

LPOAL's views of the current consultative process are, not surprisingly, influenced by the fact that there is no mechanism for it to formally participate in the consultative process in the same manner as POAAL. This reality clearly colours LPOAL's overall assessment but there are nevertheless key concerns with respect to communication between Australia Post and LPOAL in relation to commercial matters regarding the day-to-day operation of the licensees' businesses. LPOAL claims it will often find out about a decision regarding the day-to-day operations of the business and only after the decision has been made. LPOAL does not believe that this is in the best interest of the LPO network. This often creates tension between Australia Post and LPOAL particularly where LPOAL may have concerns in relation to the particular decision that has been made. Overall, LPOAL has concerns over the form of the Licensed Post Office Agreement to the extent that it allows Australia Post to implement decisions regarding the commercial day-to-day operations of the businesses without consultation with its members.

very valuable.

2.3 Particular Issues

The unavoidable and obvious conclusion from a consideration of the business plan and discussions with all participants is that there is overwhelming commonality of business interest between Australia Post and the LPOs. The level of business interdependence is high, and there are few long term or strategic barriers to greater business cooperation. In short, anything that makes the LPO's businesses more successful ought to benefit Australia Post, and vice versa.

There are nevertheless a number of particular "structural" and "process" issues that appear to operate to frustrate rather than promote the effective consultation which all parties acknowledge is vital to effective relationships and responsive networks.

(1) Structure

The structure of the formal consultative arrangements has the effect of disenfranchising those LPOs who, for whatever reason, are not members of the POAAL or whose views differ from those of POAAL. This is a significant concern.

There is of course nothing to prevent Australia Post from informally consulting with associations or parties other than POAAL under the Consultative Agreement. However, clause 1 of the LPO Agreement gives POAAL exclusivity in terms of the consultation that must occur under the LPO Agreement, and discourages broader consultation. Based on the Expert Committee's research it appears that voluntary consultation outside the Consultative Agreement does not often occur. In this regard Australia Post's position is that:

*"legally and logistically Australia Post is not in a position to consult with over 2,900 individual licensees. However, to the best of our [Australia Post's] ability attempts are made to ensure feedback on initiatives and operations through face to face meetings including Area and State LPO conferences and written articles in communications such as the Licensee Bulletin."*⁵

⁵ Letter from Australia Post to A J Ludington, 4 March 2002

This may be true. However, it is clear to the Expert Committee that Australia Post is restricted in its consultation processes by the exclusivity of the POAAL arrangement, and by the confidentiality requirements contained in the Consultative Agreement.

(2) Process

Apart from the concern among some licensees as to the structural arrangements for consultation there is a wider held view among licensee's that the process of consultation is less than optimal. Consultation is generally regarded by licensees as a process to sell a pre-determined idea, not to develop the idea or to seek to harness the collective intellect of the hands-on operators. For example, in relation to licensee meetings the main cause of dissatisfaction according to the Dorian Wells Survey⁶ was that little or limited new information or help was given at meetings and there was a need for agendas/improved planning and more meetings.

Although the comments made in the survey are not necessarily representative of all the licensees at the very least it can be observed that of the licensees that made comments a number would like there to be more open communications between Australia Post and the licensees and more consultation. The need for Australia Post and its licensees to work more as a team rather than competitors is also recognised. In addition the desire for Australia Post to consult with and recognise more than just one organisation is also reflected in the above comments. The positive aspect of these comments is that they are in most cases not inconsistent with the future needs of Australia Post and the views of its senior management.

(3) Resources

Although the representative bodies appear to operate remarkably effectively given limited resources, the Expert Committee believes that business to business communication and consultation suffers due to lack of resources. POAAL's resources appear stretched, and the focus seem to be formal consultation under the Consultative Agreement. There appears to be no communication between the representative bodies themselves. LPOAL and other bodies are operated by

⁶ The Australia Post National Survey conducted by Dorian Wells Pty Ltd in August, 2001.

dedicated part time people whose capacity to contribute would be enhanced in a better resourced and cooperative structure.

Part 2 - Best Practice Consultative Models

In this section we consider some different consultative models and in particular the main consultative model used in the franchise industry.

3. Industry Consultative Models

3.1 The Trade Union Model

In what might be referred to as its "natural" State a trade union is a voluntary, unincorporated association⁷. Each member has a contract with the other members whereby the rules of the association are to be observed.

The union model tends to create a certain degree of distance between the employer and the employee and encourages an "us and them" mentality as between the employer and the union. The union model has arisen out of the master servant relationship and the fact that the master has complete control over the decision making process. The relationship between a licensor/licensee is more in the nature of a commercial marriage and so requires a consultative structure that is more suited to such a relationship.

Also, traditionally it has been possible for employees of an organisation to belong to a number of different unions. A significant result of this structure is that employers of any significant size have had to deal with a number of different types of unions. This results in increasing the time and cost involved in negotiating and creates significant potential for disputes as to the demarcation of particular functions between the members of the unions involved⁸. Accordingly, the trade union experience highlights the importance of any consultative process not requiring consultation with too many different parties as this tends to result in inefficiencies including increased costs and likelihood of disputes.

⁷ Breen Creighton & Andrew Stewart, *Labour Law and Introduction*, 3rd ed, The Federation Press 2000, p340

⁸ Creighton, p352.

The union structure has an adversarial nature and the bargaining is often influenced by the threat of industrial action. However, Australia Post needs a consultative process that encourages a team approach rather than an “us and them” mentality and creates a positive environment for honest and open communications. Any model that encourages an adversarial process is not the best model to achieve this.

3.2 The Co-operative Model

The term co-operative society or business generally refers to a business owned by members who may also be employees and who typically share in the profits or enjoy benefits in the form of discounted goods or services.

The members of co-operatives wholly actively participate in setting their policies and making decisions. Persons serving as elected representatives are generally accountable to the membership⁹.

Under this model the licensor really is just an entity that is acting on behalf of the members of the co-operative. Co-operatives will often take the form of a buying group where the co-operative entity/licensor endeavours to obtain discounts for its members and are sometimes subsequently converted into franchises.

In a competitive marketplace co-operatives can be at a disadvantage if decision making is consensus based. This structure is not recommended for commercial activities. In any event Australia Post is not a co-operative and accordingly, the co-operative model does not fit the structure of Australia Post.

3.3 The Franchise Model

Consultative communication, with communication flowing in both directions, forms an integral part of many franchise systems. Most franchisors recognise the need to involve franchisees in business decisions and the benefits of taking advantage of the collective intellect of the franchisees in the network. The best franchisors recognise that it will usually be the franchisees who have hands on experience in dealing with the customer and an understanding of the needs of the customer.

⁹ <http://www.fairtrading.nsw.gov.au/cooperatives/whatisacooperative.html#Principles>

In the franchise industry in Australia the advisory council is probably the most commonly used form of consultative structure. The advisory council will usually comprise of franchisees and representatives from the franchisor. The issues discussed in the advisory council forum vary from franchise system to franchise system but usually include issues such as marketing and advertising, customer feedback and product development.

The advisory council model is non-adversarial and allows the parties to discuss matters in a positive environment. It also allows the franchisor to obtain buy in from franchisees before making decisions. Overall the advisory council tends to create a win/win situation for the parties. In the Expert Committee's opinion this is the model that is most applicable to the Australia Post network.¹⁰

The advisory council model and its use in the franchise industry is discussed in detail in the following section.

¹⁰ Arguably Australia Post has already taken steps towards, or at least consistent with, model in some areas, such as in the establishment of the forums discussed in paragraph 1.6 of this report.

4. The Franchise Industry Experience

4.1 What is a Franchise?

Franchising is a method of distributing goods and services that is formed by a contract between independent business owners. Typically the “franchisor” will own intellectual property and systems that will be licensed or franchised to other parties (“franchisees”) for a fee and on certain terms and conditions. Common features include group purchasing, group marketing, uniform product ranges and consistent operating systems.

Franchising is used in a wide variety of industries and franchise systems can have a number of different structures and formats. There has been some debate as to whether the LPO arrangement is a “franchise”, although it would appear to come within the definition contained in the Franchising Code of Conduct. There also appears to be some sensitivity as to the use of the term franchise. However, it is clear that the LPO arrangement is structurally similar to a franchise, and proven franchising techniques merit strong consideration in the LPO context.

4.2 The Importance of the Relationship between the Franchisor and the Franchisee

The franchise agreement is an important part of the franchise relationship because it defines the legal rights and obligations of the franchisor and the franchisee. However, the existence of a franchise agreement does not guarantee that there will be a good relationship between the parties. Greg Nathan observes that:¹¹

“Co-operation, commitment and communication are the real building blocks of success in a franchise chain. These largely come, not from legal agreements, but from ethical dealings, strong leadership and the mutual respect of each party for the goals of the other ...

¹¹ Greg Nathan, *Profitable Partnerships*, 2nd ed, Nathans Corporate Psychology, Brisbane Australia, p.5.

... Where a franchise network has developed a system of good internal communications pressures on one party – rather than becoming a cause for conflict – can provide an opportunity for people to pull together and grow strong. This is the true spirit of franchising.¹²

The above comments are also applicable to the Australia Post network.

4.3 Best Practice – Advisory Councils

Where there is substantial interdependence between two parties, with each performing separate aspects, there is a need for sound communication structures and processes. This issue is discussed by Greg Nathan in his franchise sector publication *Profitable Partnerships*. The Expert Committee spoke to Greg Nathan about these issues. Many of the following observations have been drawn from these discussions.

Most franchisors in Australia recognise that for the franchise relationship between the franchisor and the franchisee to remain positive and successful it must ensure that there are processes and a structure in place that allows effective communication between the franchisor and its franchisees.

In order for any kind of relationship whether it be personal or commercial to continue in a positive manner both parties must be able to clearly communicate with each other. In the context of franchising the franchisor must be able to clearly communicate to franchisees its position on key strategic issues regarding the franchise network. Franchisees must be able to communicate their concerns to the franchisor. The same logic clearly applies to the Australia Post/LPO situation.

If good communication does not exist then disputes and conflict between the parties will be inevitable. Whatever might be the frustrations and concerns of the parties or the franchisee the issues will not be resolved in a negative environment. Communications must always be conducted in a positive environment where each party has the common aim of resolving problems to the mutual advantage of both. If the consultative environment is negative and adversarial people will tend to focus on finding more problems rather than solving them. FACs are an example of a structure

¹² Martin Mendelsohn, *The Guide to Franchising*, 5th ed, Cassell, p.153

commonly used by franchise systems to create a positive environment for franchisors and franchisees to discuss various issues relevant to the franchise.

The advisory council is probably the consultative structure most commonly used by franchise systems in Australia and the FAC is regarded by both franchisors and franchisees as an important part of the communication structure of a franchise system.

4.4 What is an Advisory Council?

Generally, advisory council is the term used to describe a group of operators who meet on a regular basis with executives of the network owner to discuss various matters relevant to the franchise system.

In most systems, advisory council members are elected, however, in some the representatives are appointed by the franchisor or the position rotated so every franchisee serves a term at some stage.

The role of the advisory council will vary from system to system. However, input in relation to marketing, product development and strategic direction is common. One of the key purposes of an advisory council is to allow the franchisor to take into account issues raised by network operators so that more informed decisions and decisions that are more likely to be accepted by the network operators can be made. This can create a win/win for both parties. Greg Nathan observes in relation to franchise advisory councils that:

"The Franchise Advisory Council (FAC) is a concept that embraces the view that the franchisees, with their extensive front line experience and vested interest in the franchisor's decisions can make a valuable contribution to the running of the franchise system."¹³

¹³ Nathan, p105.

4.5 Types of Advisory Councils

In very broad terms there are 2 forms of advisory councils. The first type as discussed above is either established at the sole initiative of or at least supported by the franchisor or licensor. In the franchise industry this type of council is often referred to as a franchise advisory council (“**FAC**”). This is by far the most common type in Australia and accordingly in considering best practice consultative processes it is the form that will be discussed in the most detail in this report. In the course of discussing this type of advisory council Martin Mendelsohn makes the following point:

“The association which is created in a spirit of goodwill with mutual advantage as its objective extends the climate of understanding which should exist into a practical reality, thus providing a strong weapon in cementing the franchisor and franchisees together in a powerful business alliance. It acts as a positive synthesis of the franchisor’s and franchisee’s entrepreneurial talents for their mutual benefit.”¹⁴

The second type is more appropriately referred to as an association. This type of association is usually, but not always, borne out of frustration and dissatisfaction by network operators with their network and formed independently of the licensor/franchisor. These associations will often adopt an adversary position because of the circumstances in which they have been created. Usually they will be more focused on the operators of the network. The formation of such an association may indicate that the franchisor/licensor has failed in some of the following areas:

- to communicate with members of the network;
- to be supportive;
- to be receptive to ideas that the network operators have;
- to provide the right field support between the network operators and the licensor / franchisor;

¹⁴ Mendelsohn p157.

- marketing programmes.

Unfortunately, associations formed in these circumstances will not solve the problems that may have given rise to their formation. Also due to the adversarial relationship between the association and the licensor/franchisor if there is no clear agreement as to the purpose of the association and it is not supported by the licensor/franchisor it will most likely be destructive and may have serious consequences for all parties. Mendelsohn in commenting on the formation of associations for the reasons referred to above notes that:

*"Concerted actions by franchisees on such a basis have a tendency to run into difficulties. Human nature being what is, there will inevitably be ringleaders (some of whom may be early unsatisfactory franchisees) and those who will respond to peer pressure. Experience shows that when serious action is proposed many franchisees lose enthusiasm. Those who responded to peer pressure step back and those who fear a loss of their business investment are not prepared to run the risk. Furthermore, since each franchisee's case and circumstances are different, a group of this nature can result in inter-franchisee disputes and differences which harm the whole network and can sour the atmosphere."*¹⁵

As noted in *Franchising Law in Practice* "franchisors are not surprisingly, concerned at the formation of franchise associations which can function as an effective lobby".¹⁶ Accordingly, many franchisors will pre-empt the formation of a counterproductive association by providing for a viable and effective advisory council. However, franchisors are not entitled to take any action to prevent the formation of an association. In this regard, clause 15 of the Franchising Code of Conduct provides that:

"A franchisor must not (whether by threats or promises or otherwise) induce a franchisee not to form an association or not to associate with other franchisees for a lawful purpose."

¹⁵ Mendelsohn p. 155.

¹⁶ Giles, Redfern & Terry, *Franchising Law and Practice* (1988), Butterworths at pp.[4.0290].

4.6 Why are Advisory Councils formed?

Advisory councils are usually formed at the initiative of the licensor/ franchisor in order to improve communications and reduce unnecessary conflict between the licensor/franchisor and the network operators.

Advisory councils provide an opportunity for the network operators to make recommendations and contribute towards the success of the relevant franchise or distribution system and the same time they, if run properly, help to improve the quality of the relationship between the parties. In particular they allow the network owner to take advantage of the collective intellect of the network.

4.7 Australian Statistics

A detailed study of advisory councils in the franchise industry in Australia was conducted in 1994 by researchers McCosker, Frazer and Pensiero at the University of Southern Queensland ("Queensland Survey").

In the Queensland Survey, data was sought on matters such as the background to the decision to establish an advisory council or not, and the powers and perceived effectiveness of advisory councils. Two thirds of the franchisors that were surveyed were found to have an advisory council or similar committee and one half of the remainder indicated that they were planning to establish an advisory council at a later date.

The researchers who conducted the Queensland Survey noted that *"the concept of having a FAC clearly has been accepted by nearly all franchisors, although the organisation and role of such committees may vary between franchises"*.¹⁷ Even among the minority who had no intention of forming an advisory council, nearly half claimed to be holding informal meetings. In the experience of the members of the Expert Committee the large majority of franchisors in Australia embrace advisory councils and regard them as an important part of their network structure.

¹⁷ C McCosker, L Frazer & D Pensiero, *An Exploration of Franchise Advisory Councils: Expectations and Relationships* (Jan 1995), p 4

In the executive summary of the Queensland Survey it is Stated that "*FACs were found to be more prevalent where firms had been operating longer, franchising longer and where there was a higher number of franchised outlets.*"

The survey revealed that franchisees with advisory councils exhibited greater expansion. Both the franchisors and the franchisees indicated that overall they were satisfied with their advisory councils although it was noted that there were some significant differences between responses.

The researchers noted that advisory councils were playing a key role in improving the franchisor-franchisee relationship and "*that nearly all are formed to assist the efficient and harmonious operation of the franchise for the benefit of both franchisor and franchisee.*"

4.8 Benefits of Advisory Councils

Advisory councils can offer substantial benefits to a franchise network. Perhaps one of the most important benefits of the advisory council is that it helps to improve communication between the licensor/ franchisor and the network operators. In the Queensland Survey, it was reported that to improve communications between the parties was the most important reason for the formation of an advisory council.

In the published version of the Queensland Survey "*Looking Ahead – A Pilot Survey of Business Confidence Among Queensland Franchisees and Franchisors*"¹⁸ it was found that 90% of franchisors and only 70% of franchisees, felt that the advisory council made a useful contribution to communications, marketing, problem solving and product service development. 90% of the franchisors who responded felt that the most relevant contribution made by the advisory council was in communications. However, the franchisors were less satisfied in other areas.

Advisory councils tend to increase the licensor / franchisor's accountability by encouraging more transparent decision making. They can also make it easier for the franchisor to introduce changes into the system by allowing franchisees to understand

¹⁸ C. McCosker, University of Southern Queensland 1996, published by Howarths Brisbane and Commonwealth Bank of Australia.

the reason for the change, ensuring franchisee concerns are considered and obtaining “buy in” from the franchisees¹⁹. Another key advantage of FACs is that they help to prevent conflict and relationship breakdowns.

4.9 FACs formed at the Initiative of the Franchisor

In the Queensland survey, 81% of the franchisors responding claimed that advisory council formation was primarily their initiative. Of those, 17% were started as a joint effort with the franchisees.

4.10 Membership of Advisory Councils

Whether a network operator is required to meet certain membership criteria varies from system to system. Greg Nathan conducted a survey²⁰ into the State of advisory councils in the franchise industry in 2001. Most people surveyed indicated that the following criteria were desirable for franchisee membership of an advisory council:

- Members must be positive about the franchise system and supportive of the franchisor and other franchisees.
- Members should have a track record of operating a successful business.
- Members should be balanced and objective.
- Members need to be able to afford the time to participate in meetings.

51% of franchisors surveyed in the Queensland Survey have their advisory council representatives elected by franchisees. Some had pre-requisites for membership although there was no consistent pattern of such a requirement. The most common pre-requisite was summarised as being “*a positive attitude and strong commitment to the franchise*” (25%) with (12%) setting a minimum period of experience as

¹⁹ Nathan, Profitable Partnerships, p.109.

²⁰ Greg Nathan, *What makes Franchise Advisory Councils Work* (2001), p4.

franchisee, often 1 year. The median number of franchisee representatives was found to be six, with two franchisor representatives.²¹

4.11 How often are the advisory council meetings held?

In the experience of the members of the Expert Committee in the franchise advisory councils usually meet about 3 or 4 times a year. This is supported by the results of the Queensland Survey in which it was reported that 25% of advisory councils meet monthly and 42% meet quarterly. However, how often meetings are required/held will vary depending on the size and particular circumstances of the relevant network.

4.12 Size of Advisory Councils

Advisory councils in Australia usually have between 6 and 12 members. The Queensland Survey revealed that the median number of franchisee representatives on an FAC was found to be 6 with 2 franchisor representatives. Although there were a number of variations among the respondents to the survey, the above figures were the most common.

Advisory councils that are not too large so that they are still manageable tend to work best. If the advisory council is too large then this can be counterproductive. Psychological research suggests that once a committee grows to more than 8 people there is likely to be a fundamental change in how the group functions. In this regard, Greg Nathan observes that:

"In smaller groups it is easier for people to interact and they often feel more comfortable sharing opinions. However, because communication tends to be more inhibited in a larger group, the stronger personalities will start to dominate and take control of discussions.

This means that for large franchise systems committed to adequate representation in their FACs, the size factor is a challenge. In larger groups

²¹ C McCosker, I Frazer and D Pensiero, *An Exploration of Franchise Advisory Councils: Expectations and Relationships* (Jan 1995), University of Southern Queensland

the role and skills of the chairperson or facilitator is thus absolutely critical to the FAC's success."²²

In a large network it will usually be best to implement a structure that ensures that members of the advisory council represent particular regions. Policies and procedures should be put in place to ensure that operators who are within a particular advisory council member's region are able to channel any issues that they have or wish to be discussed by the advisory council to the relevant representative. Accordingly, in large networks there will often be regional advisory councils and a national advisory council which comprises representatives of the regional advisory councils.

4.13 Costs

According to Greg Nathan,²³ in the franchise industry, the costs of establishing and running an advisory council are typically shared in the following ways:

- Franchisees pay the costs. This might be in the form of a levy to cover the direct expenses of the members. This is the case in about a third of advisory councils.
- The franchisor can pay the costs. This accounts for another third of cases.
- Franchisees and franchisors can share the costs. According to Greg Nathan this occurs in about 20% of cases.
- The costs can be taken from a marketing fund, which tends to happen in about 10% of cases.

The Expert Committee considers that further work needs to be done on the issue of cost sharing in the Australia Post network. However, conceptually some financial contribution by all parties is desirable.

²² Greg Nathan, *What Makes Franchise Advisory Councils Work* (2001).

²³ See n.11 at p.107.

4.14 What makes an effective advisory council?

(1) Purpose and Structure

For an advisory council to work well it must have a clear purpose and structure. Both the parties need to work together in establishing a clear structure and purpose for the advisory council so that each party has a common objective. The purpose and objectives of the advisory council should be focused on improvements to the network as a whole. It may take some time initially to establish the purpose and structure of the advisory council. However once the purpose and structure have been agreed the fact that both parties have a common objective will help to avoid conflict in the future. It is very important that the expectations of both parties as to the purpose of the advisory council are clarified at the outset.

(2) Document the Purpose

Effective advisory councils will usually have the purpose and structure of the advisory council documented in some way. This information might be recorded in a constitution, terms of reference, charter or code of conduct for the advisory council. The written information might include details as to how often meetings are to be held, the election of members, guidelines for issues to be discussed during meetings, voting procedures, dispute processes, costs, the preparation of agendas and other relevant matters.

In the franchise industry common objectives of an advisory council include²⁴:

- to improve the communication between the franchisor and the franchisee;
- to create a mechanism to assist the parties to solve problems regarding the network;
- to create a forum for ideas to be discussed as to product and service development.

²⁴ Martin Mendelsohn, *The Guide to Franchising* 5th Edition 1992, p160.

The rules of appointment of members of an advisory council need to be clearly documented and understood by the entire network.

If the advisory council is going to be able to work positively towards achieving its objectives then it is very important that all members fully understand and accept their specific roles and responsibilities as an elected member of the advisory council. Advisory council members must have an awareness of what is going on within the network and important events. This helps to ensure that the advisory council is viewed as a credible group by other operators in the relevant network.

(3) Objectives Must Relate to the Network as a Whole

It is important that the objectives for an advisory council relate to matters that are relevant to the network as a whole. An advisory council should not be used as a forum in which individual operators can raise their own personal and/or political issues. If an advisory council gets too involved in matters which are only relevant to individual operators then the advisory council is likely to become nothing more than a “boxing ring” and be sidetracked from dealing with important issues that are relevant to the entire network.

4.15 Topics to be Discussed During Advisory Council Meetings

The topics discussed at advisory council meetings vary from system to system. Issues relevant to the day-to-day operation of the network such as marketing and advertising, training, promotional ideas, performance of key suppliers and operator feedback about customers are often discussed. Strategic issues such as profitability, expansion policies, and brand development may also be discussed.

In the Australia Post network the Expert Committee considers that all business issues should be open for discussion. However, it appears there is more need to discuss day-to-day business issues, particularly where new products or services or changes to existing practices are involved.

4.16 Who has the decision making power?

This is a matter which needs to be made very clear at the outset when the purpose and structure of the advisory council is being formulated and agreed. In the experience of

the members of the Expert Committee, in the franchise industry, generally the franchisor will have the final decision making power in relation to issues that are discussed at advisory council meetings. Sometimes there may be a policy that certain issues must be decided by agreement or by a specified percentage of votes.

At the end of the day it is the franchisor who owns the brand and the system and who has licensed that brand and system to its franchisees. Accordingly, it will be important to the franchisor that it maintains control of the decision making power so that the franchisor can make system and system management changes that are in the best interest of the network. Advisory councils help to ensure that such decisions are informed and take into account issues that may be raised by network operators. Generally the decisions made by the franchisor at advisory council meetings are consultative decisions.

In the Australia Post network there may need to be some exceptions to this rule. For example, the negotiations concerning fee arrangements will require broad agreement. The current business model may need to be examined to ensure that negotiations on issues such as fees do not become adversarial and therefore impair the operation of the advisory council.

4.17 Effectiveness of Representation of Advisory Council Forums

The extent to which an advisory council effectively represents the interests of the operators of the network that it represents really depends on the extent to which an appropriate structure is put in place to ensure that effective representation is achieved.

A good network will have a structure in place that ensures that there is appropriate representation of the interests of the operators in the network on the relevant advisory council. For example, a very large network may have regional based advisory councils and a structure that allows one representative of each regional advisory council to sit on a national advisory council. Members of the network will then be able to channel any issues they have to members of their regional advisory council who can discuss them, and if appropriate, pass them on to the national advisory council for further discussion. Accordingly, provided that an appropriate structure is put in place, and this structure is actually used, advisory councils can allow for effective

representation of the interests of the operators in the network. However, it must always be kept in mind that advisory councils should not be a forum for discussing individual issues that are not relevant to the network as a whole. Individual issues are best dealt with on an individual and case by case basis.

Part 3 - A Best Practice Model for Australia Post

5. The Need for a New Consultative Model

5.1 Deficiencies in the Current Model

No party to whom we spoke was particularly satisfied with the current processes or the outcomes they delivered. At the same time Australia Post is posting record profits, and the licensees are also for the most part enjoying significant business success.²⁵

It is clear that the processes do not adequately address the business needs of the parties, and arguably fail to access the collective intellect of the network. Australia Post would argue that it has access to that collective intellect through the corporate stores. However the licensees are independent, come from outside Australia Post and have in our opinion additional value to contribute.

The consultative arrangements are convenient but open to criticism on a number of fronts, and the area management support system works well but would deliver additional benefits if given extra resources and focus. Representative bodies are performing functions that ought sensibly be performed by Australia Post, and much time, effort and expense is spent by members of the network doing business with themselves rather than working co-operatively and efficiently to do business with the customer.

²⁵ There are clearly challenges to the business model presented by rural and regional demographic issues outside the scope of this report or indeed the capacity of Australia Post or licensees to influence.

At present Australia Post makes most business decisions. It makes use of the consultative arrangements to implement changes rather than develop them. It has the power to implement change through the Consultative Agreement with POAAL, and may even amend all Licensed Post Office Agreements using the POAAL process.

A better consultative process will allow Australia Post to make better business decisions which should lead to more profits for both Australia Post and its licensees in the long run. In the Expert Committee's view there is a need for Australia Post to seriously commit to best practice communications process that provides all LPOs with the opportunity to have input into matters of business significance.

The benefits of improved consultative processes would also include:

- A substantial reduction in the informal politics within the network
- Significant benefits from innovations suggested by LPOs and practical feedback on issues relevant to the day-to-day operations of their businesses
- Greater uniformity and better systems compliance

Although there are structures for communication in place regarding day-to-day operational issues there is a need for improved structures and processes in order to ensure that input from a broader range of licensees is obtained before decisions are made.

5.2 Dangers of the Current Model

The current consultative process not only fails to deliver the benefits to Australia Post and its licensees that it should but it is also in its present form potentially destructive of a strong, co-operative and mutually beneficial relationship.

The Expert Committee reviewed various examples of correspondence between the main representative groups and their licensees. Overall the communications between representative groups and their licensees are reasonably positive in nature and cover a wide range of important practical matters. However, the Expert Committee found

some examples of communications with licensees by the representative bodies were perhaps unnecessarily alarmist, adversarial or unfairly critical of Australia Post.

Ultimately the Expert Committee found these examples to be illustrative of political expediency or frustration with the process, rather than indicative of a breakdown in the business relationship. Licensees appear fundamentally satisfied, but at the same time there is considerable evidence of frustration that opportunities for superior outcomes have been missed.

Communications that are adversarial in nature and over emotional tend to attract a hostile response and sidetrack the relevant parties from the real issues. As Martin Mendelsohn points out:

"hostile action tends to bring hostile reaction and a deterioration in relations which cannot only usually be avoided but which will inevitably be counter-productive and result in a situation which helps no-one".²⁶

Accordingly, it is important that all communications by representative groups to their members are kept factual and representative of the interests of the group as a whole. Communications that are too emotional/hostile do not encourage positive outcomes and motivate people to respond in an emotional/hostile manner.

5.3 Improving the Consultative Process

It is apparent that some improvements can be made to the existing consultative and communication processes. For example:

(1) Conferences

Opportunities exist for improvements to enable greater interaction and licensee input.

²⁶ Mendelsohn, p.153

(2) Area Management Support

There is an opportunity for Australia Post to maximise the benefits of the area management structure by improving that structure and perhaps increasing the resources applied to it subject to sufficient funding being available.

Australia Post has on a State by State basis introduced several informal initiatives that have improved communications and consultation with larger licensees. These initiatives should be formalised within a consistent national structure, and broadened.

The Expert Committee understands from its enquiry that for the general licensee community many of the issues raised by licensees direct with Area Managers or at area management meetings tend to relate to operational matters regarding processes and products that have already been introduced by Australia Post. Accordingly, although Area Manager meetings are a valuable resource for licensees, they do not constitute a forum at which licensees can consult with Australia Post prior to Australia Post making decisions on such matters. Area Manager meetings could be given a broader scope to facilitate more effective consultation and communication.

(3) LPO Focus Groups

Greater use could be made of informal LPO Focus Groups. We do not see these activities as impinging upon the formal consultative arrangements.

5.4 The Need for a New Consultative Model

Although the efficiency of the current consultation and communication model can be increased through rethinking the *process* of consultation and communication, the Expert Committee is strongly of the view that changes to the underlying *structure* are required. The need for effective consultation demands that there is consultation with, and communication through, *all* licensees through a representative council rather than consultation with a particular association or with licensees whom are members of a particular association.

The structural consultative arrangements that exist between Australia Post and POAAL which are enshrined in the Consultative Agreement (and also in the Licensed Post Office Agreement which Australia Post has with all licensees) were a convenient

mechanism at the time of the introduction of the LPO network but are now an impediment to a strong united and responsive system.

Parties other than POAAL should have some input into the consultative process. POAAL, with limited resources, seems to be doing an effective job in most cases. The fact is that most licensees are not members of POAAL (or indeed any other body), and membership appears to be as much a consequence of commercial advantages (eg. insurance) as representation. POAAL appears a genuine and hard working representative body. However, there were sufficient examples presented to the Expert Committee for us to conclude that POAAL was not representing all view points at all times.

There is a need to involve as many licensees as possible, and not disenfranchise them either through a tiered Australia Post structure, or as a consequence of non-membership of POAAL. The Gold Coast Licensee Group is an example of an interest group with apparently useful input to provide. It appears that this group was formed as a result of the relevant licensees being frustrated by the fact that Australia Post was not consulting and communicating with them. Thus in the letter dated February 2002 sent to the Hon Richard Alston, the Minister of Communications and Information Technology, by the Gold Coast Post Office Licensees Group the following comments were made:

"We are sir forwarding this letter to you as small business people, who have been frustrated by the lack of consultation and consideration shown by AP to us the Post Office Licensees...We are requesting that you use your good offices to intervene on our behalf to ensure that proper consultation takes place and that our views on this important matter are acted upon."

In this context reference may be made to section 51AC of the Trade Practices Act, the new business unconscionability provision. While it is not suggested that opportunities for consultation granted to one group of licensees, which are not available to others is suggestive of unconscionability (but see sections 51AC (3)(f),(i)) it is an argument that could be made. However, irrespective of the legal implications, the current arrangements fall below best practice.

It should be noted that the current consultative and communication process cannot be adjusted in isolation. Changes to the business roles of the parties and the underlying LPO business model are likely to be necessary to accommodate a new best practice model. Funding for improved processes and better outcomes will be required but there are many apparent savings and opportunities if the network can work more cooperatively and efficiently.

6. The Best Practice Model

If we ignore for the moment, the history, the existence of the Consultative Agreement and the associations and were asked to set up a structure that would reduce need for licensees to form associations and facilitate communication and consultation between Australia Post and its licensees then the franchise sector's advisory council model would in the opinion of the Expert Committee clearly be the ideal model to achieve these objectives.

The existence of the current arrangements are not barriers to the move to this best practice option. However, they are important determinants of the process.

The great virtue of the franchise advisory council models in successful franchise systems is the apparent commonality of purpose. Anecdotally franchisors and franchisees describe the early frustrations of the FACs, which had more of a dispute resolution role. However, in well run systems this role quickly matured into a business enhancement role as the issues causing concern were resolved, the franchise network grew and all parties realised the value that could be derived from accessing the collective intellect of the network.

Franchisors such as McDonalds realise that their role is not to be the font of all knowledge, and that it is not an affront to their role to accept suggestions from franchisees. McDonalds acknowledge that almost all of their innovations have come from franchisees. McDonalds have communication processes which source, consider, refine and process innovations. This should be an aim of the communication processes within the Australia Post network. This may require some refinement in Australia Post's attitude to new product lines and business opportunities. It may also require a reconsideration of the retail format for an LPO beyond the Australia Post core range.

We consider it would be a retrograde step for Australia Post to enter into multiple consultative agreements along the lines of the POAAL Agreement. At the same time we can appreciate the concerns raised by other bodies representing certain

licensees. Rather than make an interim change we see these issues as helping to provide the motivation for the broader changes we have recommended.

We believe that the current communication processes, and perhaps the attitudes of the parties towards them, are not ensuring that the collective intellect of the whole network is effectively accessed. We recommend the establishment of a LPOAC which has the following features:

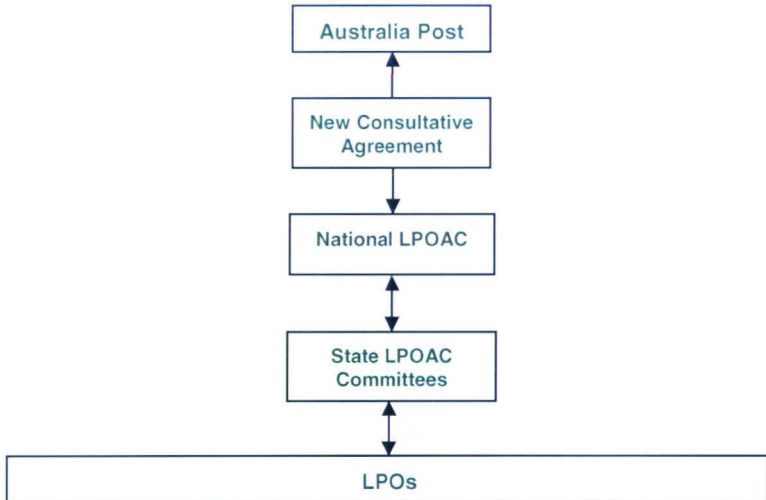
- all LPOs are entitled to representation;
- the LPOAC is funded substantially by Australia Post, but with some financial contribution by all LPOs;
- Australia Post and the LPOs are represented in equal numbers on the LPOAC;
- the LPO representatives are directly elected in a transparent process by the LPOs.

We recommend that there be a formal consultative agreement between Australia Post and the LPOAC along similar lines to that which is currently in place with POAAL. However, the focus of this form of consultation should be the business to business issues. The LPOAC should have a clear charter and objectives, and it is important that Australia Post commit to using the LPOAC.

We make no recommendation at this stage in relation to other consultative arrangements other than that they should be public documents available to all interested parties. Formal consultation with POAAL is enshrined in the LPO Agreement and is exclusive. Consultation with the LPOAC would therefore need to be separate, at least initially. There are many issues to be worked through, and current shareholders and representative bodies have an important role to play. We would hope that the introduction of the LPOAC would be supported by all parties and would ultimately mean that other consultative arrangements became largely redundant.

The best practice consultative model for Australia Post would most likely have a structure similar to that shown in the diagram below:

Diagram 2 – Best Practice Consultative Model for Australia Post



To take account of substantially different needs of the licensees, there may need to be some tiering in the structure. Larger licensees are likely to require more frequent meetings, with different agendas. However we recommend that the tiering should not be too presumptive, and should allow smaller licensees to become more extensively involved if they wish. In other words, tiering should relate to the agenda of the meeting, rather than entitlements to attend and participate.

We recommend that the LPOAC:

- be structured in a way that combines the area management activities and the formal consultative arrangements, such that there is only one set of LPO meetings that addresses all issues.
- the role of the LPOAC remain consultative.

-
- further work be commissioned to develop a structure for the LPOAC that is acceptable to Australia Post and the LPOs and which contains detailed communication processes aimed at:
 - (a) minimising the need for adversarial communications;
 - (b) focussing the LPOAC on business issues to the exclusion of political or personal matters;
 - (c) ensuring any recommendations of LPOAC are treated with due respect by Australia Post.

Australia Post and LPOs expressed a common desire for increased business innovation in the network. In our opinion the current communication processes do not deliver a mechanism to facilitate the type of exchange of information and mutual input that enhances innovation. In general the current processes are informative rather than consultative.

We note that the annual negotiation of rates between Australia Post and LPOs appears to distort the communication processes. We recommend that further work be commissioned to consider whether a more long term fee structure or formula acceptable to all parties could be implemented.

There will be some implementation issues that need to be worked through due to the current structure of the Australia Post network. Issues associated with the implementation of an advisory council model for Australia Post are beyond the scope of this report but are nevertheless noted in the following section. We recommend that Australia Post obtain further advice as to how the advisory council model could be implemented having regard to the existing structure of the Australia Post network. In our opinion if the goodwill of all stakeholders can be focused on the obvious mutual benefits the structural changes can occur as part of a constructive consensus process. We are not at this stage recommending the dismantling of any current arrangements except by consensus.

A properly run and implemented LPOAC would in the opinion of the Expert Committee:

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- Help to ensure that Australia Post is obtaining the benefit of the collective intellect of the LPO network.
 - Reduce the potential for conflict between Australia Post and its licensees by ensuring that licensees are more involved in the decision making process.
 - Reduce the risk of Australia Post having to communicate with a number of groups on the same issues.
 - Be relatively cheap to operate.
 - Lead to greater uniformity and better system compliance.
 - Reduce the level of informal policies within the network.
 - In the long run lead to increased profits for Australia Post and the LPOs.

A number of significant issues arise in relation to the constitution of the LPOAC should Australia Post decide to adopt the best practice model. The structure, the role, the powers, the jurisdiction and the process of the LPOAC require careful consideration and these issues include:

- National/state/regional integration
- Method of election of members and term of membership
- Number of licensee and Australia Post members
- Funding
- Agenda preparation, chair, minute taking and process
- Frequency and location of meetings
- Reporting back process
- Jurisdiction of the council – marketing issues? new products? etc
- Powers of the council - to be consulted? to advise? to decide?

These and other issues relating to the constitution of the advisory council must be determined and documented and possibly given contractual effect.

Although not part of the terms of reference it appears to the Expert Committee that the NRMC more closely resembles a typical franchise sector advisory council than the formal consultative process under the Consultative Agreement. It is nevertheless a matter of consideration whether an advisory council's role is primarily marketing and new product development or extends to the wider operational jurisdiction under the Consultative Agreement. The Expert Committee notes that the process in relation to both the Consultative Agreement and the NRMC was not always satisfactory.

In POAAL's background papers that were prepared for the Expert Committee it is stated that:

"Generally AP and POAAL have developed sound communication and consultation processes between them which for the most part operate with professionalism and goodwill on both sides.

Concerns do arise however, when there are breaches of established procedures. This includes occasions when AP provides insufficient or no time in which POAAL can have input about new services or procedures or there is an inconsistent approach within AP to the consultative process, especially where these areas are not conscious of the consultative commitments established between the two organisations"

POAAL made the following comments in its submission to the Expert Committee regarding the NRMC.

"It provides a mechanism to meet regularly to advise of changes or new proposed Australia Post products and services. While it generally operates effectively it can lose its value when Australia Post omits to discuss changes or new proposed products and services. In these circumstances the Marketing Council is then put in the position of giving and receiving criticism rather than positive input."

In relation to the NRMCAustralia Post acknowledged that currently these meetings are ad hoc and submitted that both Australia Post and POAAL need to be more disciplined in terms of committing to meeting times and making time available to meet.

If an LPOAC was established the arrangements under which it is constituted would require commitment by both parties to follow disciplined procedures and processes.

7. Issues in Implementing the Best Practice Model

A number of commercial and legal issues must be negotiated prior to the establishment of a LPOAC. These issues which are outside the scope of the terms of reference and are merely noted below, relate to the *implementation* of the LPOAC as opposed to issues noted above as to its constitution.

- The LPOAC should be established as a body representing, and elected by, all licensees. It will probably be necessary for there to be some regionalisation, but the LPOAC should be a single national body rather than a federation of States.
- In due course the Licensed Post Office Agreement would probably require amendment to recognise the role of the LPOAC. Clause 34 in general merits review in light of s51AC of the Trade Practices Act.
- The associations (POAAL, LPOAL and others) would operate in conjunction with or alongside the LPOAC to the extent they consider necessary, with any decisions as to their role to be left to them to determine. However it would seem desirable that individuals involved with these organisations be encouraged to stand for election for the LPOAC executive to minimise duplication of activities. The best interests of LPO's, which should be the key reference point for Australia Post and for the representative bodies, are best served by all parties working cooperatively and constructively.
- Consideration will need to be given to whether the franchised post offices have any role or representation in the LPOAC structure.

Ultimately, it may not be possible or practicable to engraft a best practice LPOAC onto the existing Australia Post LPO system. The parties may have to revisit the underlying business and commercial arrangements. In this regard the Expert Committee notes that:

- There is substantial divergence in product range between LPOs, with LPOs rather than Australia Post co-ordinating group purchasing.
- The business model, despite its excellent performance to date, appears to have great potential for improvement, particularly if there is the capacity to re-align some of the roles of the parties.
- POAAL provides to licensees a range of services (eg: group insurance) that one would have expected Australia Post to provide. POAAL advised the Committee that it would willingly withdraw from these activities if Australia Post was able to offer the same benefits. It may be that increasing Australia Post's involvement in the provision of value added services to licensees could provide extra funds to enhance the communications processes.
- The training of new LPOs was an area which both licensee associations indicated that Australia Post needed to improve. Australia Post has new initiatives in this area.

These factors suggest that the development of the Australia Post LPO system may have reached that level of maturity where the original model requires refining to accommodate the current needs of both Australia Post and its licensees. The decision to implement a best practice consultative model in the interests of both parties provides the opportunity for this to take place.

The Expert Committee believes that the key to success lies in the process. It must be embraced by all stakeholders, and seen as a cooperative effort rather than an initiative of Australia Post. The process will need to be strongly facilitated, probably by an external facilitator who can gain credibility and respect and control efforts to divert the process.

We commend the Report to you, and hope that you will find value in it and see fit to give it broad circulation.

Attachment 1

Relevant Comments from the Australia Post National Survey

(refer section 2.1(2))

Partnership Issues

- *Recognition of LPOAL as an alternative. Try to work together more as competitors i.e. Australia Post v Licensees.*
- *Australia Post should recognise LPO Association not just POAAL who I believe are not pursuing LPO's interests 100%.*
- *Australia Post only recognises associations of its choice, not ours.*
- *Chain of command/communications needs to be more open. It should be an us and them attitude, it should be all working together attitude.*
- *Australia Post has no right negotiating payments with POAAL. This body is not democratically elected therefore it is in position to represent us. This is definitely a point that needs to be addressed.*
- *Australia Post is a franchise operation. However, it competes unfairly with both its treatment of corporate owned offices and LPO operated outlets.*
- *As much as Australia Post changes the method thick and fast, so too does the licensee's situation. More consultation is paramount.*
- *Unfortunately, any issues we have, have always been treated as irrelevant and after 13 years we have given up as the association is of no assistance either.*
- *POAAL organisation is ineffective un-democratic and organisation which has too cosy a relationship with Australia Post.*

- *LPOs have had to listen to 2 unions trying to make out they are both the best for us and I feel that has taken away the real help we need to improve our commission rates and other increases needed in the famous management fee to cope with all the extra mail sorting we do for all the reply-paid envelopes that now go through the system for which we receive no payment.*
- *Australia Post executives seem to want to work with licensees to increase business levels but we have a blocking agent in the middle called an area office where nothing positive ever happens.*
- *I am totally dissatisfied with LPO official representation to Australia Post (POAAL) it is a secret society – no Stated objectives. I want open representation which States its intentions and seeks and respects the views of its membership.*

Systems IT

- *More consultation with LPOs on issues, e.g. uniform, EPOS changes, procedure changes, etc. – sometimes only given 24 hours for an EPOS change.*
- *Australia Post made a commitment to make technology available to the smaller LPOs at the time the LPO agreement was negotiated. What was initially made available has been withdrawn.*
- *... Australia Post needs to treat LPOs as part of the overall Australia Post network. i.e. Each of us runs a business. In many respects we have our life savings invested in this enterprise.*

Training/Support

- *Australia Post needs to learn to communicate better, be less defensive and work as a team. Not always assume the LPO owner is wrong.*
- *AP decided to set up a council of LPO to address issues. After one meeting it disappeared without trace. Why?*

- *My main complaints come from not being able to get in contact with anyone to help when needed. Country LPOs have no support.*
- *There is a genuine feeling from Australia Post that LPOs are second rate despite the service they provide.*
- *I feel that we would be better served by having an independent body look after us (that know about small business) than to have the current system of Area Managers. They do their best for us, but I'm afraid their allegiance lies with Australia Post first.*
- *I feel that enough consideration is not given to the small off-line LPOs. Quite often these LPOs are in rural and remote communities and ideas, procedures and restrictions implemented by Australia Post can prove to be detrimental to these small offices.*

Future

- *Would like equal standing of LPOAL with POAAL.*
- *Where is Australia Post going? What about franchisees?*

Attachment 2

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