



Australian Government



Australian  
**Small Business and  
Family Enterprise**  
Ombudsman

26 June 2020

Senate Standing Committees on Environment and Communications  
PO Box 6100  
Parliament House  
Canberra ACT 2600

*via email: ec.sen@aph.gov.au*

Dear Sir/Madam

### **The future of Australia Post's service delivery**

We welcome the opportunity to provide comment on the future of Australia Post's service delivery and offer the following for consideration:

#### **1. Fair treatment of Australia Post licensees and agents**

Licensed Post Offices (LPO) and Community Postal Agents (CPA) are typically small or family businesses and tend to be community hubs for mail delivery and other essential services, such as identity services, and financial transactions and payments. For many rural and remote residents, their local LPO or CPA is a community lifeline; it is often the main or sole provider of such services and employment opportunities. It is therefore crucial that licensees and agents receive fair treatment from Australia Post through fair contract terms that offer sustainable business practices, adequate rights and protections and reasonable pathways for dispute resolution.

#### **2. Parcel delivery standards**

Whilst letter delivery standards are legislated, this is not the case for parcel delivery standards. For a sustainable future that supports Australian small businesses, Australia Post needs to move in step with the consumer trend of increased parcel deliveries to the doorsteps of their home, business or workplace. Parcel delivery standards should be included in the *Australian Postal Corporation Act 1989* (the Act).

#### **3. Parcel delivery pricing structure**

- a. The cost of letter delivery is regulated by the Act; however, the same does not apply to parcel delivery. This has resulted in seemingly arbitrary pricing structures, with a lack of competition in rural and remote areas often driving prices higher. Similarly, businesses who ship large volumes of parcels are offered a 'bulk discount', with the cost of the discount presumably borne by those who ship in smaller quantities. This disproportionately impacts small and start-up businesses. Small business owners in rural and remote areas who rely on Australia Post for delivery of their products to clients are also at a significant disadvantage. Whilst the 2019 introduction of the flat rate 'If it Packs, It Posts' range has provided more consistent pricing and lessened the rural disadvantage, legislating the cost of parcel delivery will provide further clarity, and assist to level the playing field for small businesses.
- b. My Office has received a number of complaints from small businesses regarding the price competitiveness of domestic parcel delivery as opposed to international parcel delivery for same or similar products. For example, a product sold and shipped from a China-based seller may attract free or low cost delivery (e.g. \$5). The domestic delivery cost for the same product, shipped to the same location, from an Australian small business could be double that of the international seller. As Australia Post is a Universal Postal Union (UPU) member,

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prices for the transport of parcel and letters of foreign origin is constrained by the UPU agreement and Australia Post cannot set parcel prices to reflect their actual costs. We recommend Australia Post renegotiate their UPU agreement terms or implement a fee on all incoming international parcels to establish equity in shipping costs. This will assist Australian small businesses to gain more footing in the online retail market, which has seen a boom during the COVID-19 crisis, and contribute to Australia's overall economic recovery.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact

Yours sincerely

**Kate Carnell AO**

Australian Small Business and Family Enterprise Ombudsman