

ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

TERMS OF REFERENCE

That the following matters be referred to the Environment and Communications Legislation Committee for inquiry and report by 11 December 2013:

- a) the overall performance, importance and role of Australia Post in Australian communities, and the challenges it faces in the immediate and longer term;**

Usage of the services Australia Post offers in Australian communities has changed in recent years, with greater use of technology - the internet, emails and online banking. Letters are used less often to communicate than in the past - replaced by email, Skype, video and teleconferencing and mobile phone calls and texts. Every Post Office used to have a Commonwealth Bank agency – now, these are much less common, with the advent of online banking and greater use of cards and Reditellers. Australia Post is not any less important even though usage of its services has changed, especially in regional and remote areas – its parcel delivery service is needed more than ever because of the increase in the use of online shopping. In cities, couriers can be used for speedy delivery of goods purchased – in other places; the medium of delivery is still Australia Post. The challenges Australia Post faces in the future will involve maintaining services in regional and especially in remote areas, while trying to remain cost effective. The distances involved in maintaining mail services in many areas are huge and will make being cost effective difficult. Even though the population served by remote mail services is small, the maintenance of these services is vitally important – the people who live in these areas should have access to “a” mail service. Couriers do not operate in many regional and remote areas – the only alternative is to send items using Australia Post – the illustrates the importance of Australia Post in conducting a business or just getting something like Christmas presents delivered on time

- b) the operations of Australia Post in relation to Licensed Post Offices (LPOs), with particular reference to:**

- i) the importance and role of the LPO network in the Australian postal system, with particular reference to regional and remote areas**

The LPO network is vitally important to communities in regional and remote Australia – as well as handling mail, they are very often the venue where people pay utility accounts, Shire Council rates and insurance, or purchase money orders, reams of paper, envelopes and stamps. LPO owners earn a commission for providing these services. LPOs operate in small towns and villages, so they are usually the only business in the community where these services are available. Sometimes the LPO offers a fax service as well. Often, it is up to 100km to the next nearest Post Office or LPO. In many small communities, older residents do not use technology to pay bills or communicate, so the services offered by the LPO are their lifeline. If LPOs did not exist, many services in regional and remote areas would be very different, in particular mail services. An example: Rowena has an even smaller Australia Post service than an LPO - a Community Postal Agency (CPA). If it didn't exist, local mail would be sorted at a centre 80 kms away or by the local roadside mail delivery contractor at his house or in a shed. Posting a parcel would have to wait until someone went to town, to a PO with a set of scales – 80 to 100kms away. What would happen to registered mail, where a signature is necessary for delivery to occur? There wouldn't be a Post Office to go to, to collect the parcel/letter. What about an oversize object which wouldn't fit in the mailbox? Mail contractors will not leave such an item on the ground beside the mailbox – where would one go to collect that sort of item?

ii) the licensing and trading conditions applicable to LPOs, including the Community Service Obligations, and any effects these may have on operating an LPO business, and

It appears that the commission rate for some services provided by LPOs may be cut substantially in the near future (to 1.8%) – this cut will make such a business unviable in many cases. Why is the commission being cut? Earnings from LPOs are small at the best of times – Australia Post needs to understand that what works in cities or larger centres, doesn't work in regional and remote areas – the “one size fits all” premise. Financial considerations are all important – the effect the proposed changes may have on small communities which have lost many other services, could be far reaching. In the past, some LPOs have maintained operations in very small centres, only because local business people agreed to continue after “pleading” (to use the word quoted to me) by Australia Post senior employees to do so – now these people are having their business profoundly altered, because of across the board changes. Pilliga's LPO is an example of this.

iii) marketing, retail and trading arrangements between Australia Post and LPOs and other entities; and

LPO and CPA owners can stock the same merchandise as larger Australia Post outlets, but in small centres, stocking a range of goods is difficult, because stock must be paid for up front and with a smaller buying population, sales are not assured. Most LPOs stock a very limited range of goods – reams of paper, envelopes, postbags and boxes, plus stamps. They cannot afford to do otherwise. CPAs which do not operate on a daily basis often don't offer payment of utility accounts, rates, insurance etc., as the time involved in processing these is not worth what the owners are paid to do this.

c) any related matters.

CPA owners earn an even smaller income than LPO owners. The owner described what he is paid as “a pittance”. He opens 3 mornings/week on the days when mail is delivered and goes out – he had to source the building the CPA operates out of, as well as purchase all required equipment, other than the parcel label scanner, date stamp and rubber bands. Some CPAs have their rent paid by Australia Post and others have to pay their own way completely. The Rowena CPA owner basically provides a community service by staying open. This seems unfair. Surely, there should be more recompense for services rendered to the community. The CPA owner also has 2 local roadside mail delivery contracts, to try to make a living.

Comment

If the possible intention is to amalgamate Centrelink Offices and Post Offices; that would only work in towns where there are Centrelink Offices (obviously) – the towns with Centrelink Offices in this area are Moree, Narrabri and Walgett – no smaller ones. Putting these two services together would require a new and bigger building in most cases and a total rearrangement of how a Post Office is set up. Many Post Offices operate out of the original building built for that purpose in the town. I doubt that possible amalgamation would work well.