

POST OFFICE BOXES

Do you have Post Office Boxes (still known to many as Private Boxes) at your LPO? If so, then read on...

Background

Following the introduction of the Licensed Post Office arrangements, a level playing field was introduced for all Licensees in regard to Post Office (Private) boxes. Previously, where a post office was located in an area where there was no mail delivery, the payment to the Post Office Agent for post office boxes was for the "subsidised rate" – which was substantially less than the standard payment for this service. In other words, you were discriminated against according to where your post office was located.

The LPO arrangements saw beneficial change. As a large number of subsidised (reduced rate) post office boxes were at POAs, Agents (now Licensees) were disadvantaged before the level playing field was introduced. There was the same amount of work regardless of location, so why shouldn't the payment be the same? And why should Licensees have to send out their own accounts for post office

boxes as was previously the case prior to the LPO Arrangements? Surely it made sense for AP to send out the accounts, follow up slow payers and so on. And why should Licensees have to pay for replacement locks and keys? Surely it made sense for AP to provide them. POAAL thought that common sense should prevail, and fortunately AP agreed to this.

Payments

Look at Pages 12 and 13 of the LPO Payment Scheme to check the payments made to Licensees who have post office box installations at their LPO.

Payment 1: Annual Fee for each let Box
Payment 2: Mail Management fee for each Box let.

The Annual Fee for each let Box is in two categories: Licensee owned boxes and AP owned boxes. It is further broken down into small, medium, large and A4 size boxes.

The Mail Management fee is in two categories: Private and Business/Government institutions. It is further divided into numbers of delivery points in each of these categories. The "over 1000" private points rate and the "over 400" business points rate are negotiated individually by Licensees with Australia Post, thus giving Licensees the opportunity to show their negotiating skills and to explain to AP why the Licensee is requesting the payment they can justify.

Marketing

What do you do when you have Post Office Boxes vacant (ie not let)? Australia Post will provide Licensees, free of charge, with "rent me" signs for boxes, and brochures. Banners can also be borrowed from AP, advising customers of vacancies.

Locks and Keys

Spare locks and keys are available to Licensees free of charge from Australia Post. Always

make sure you have several on hand so that you can make changes on a needs basis.

Increasing Size of Installation

Perhaps you have the customer demand and the space to increase the number of post office boxes at your LPO. What do you do?

- If you own the premises, check with the local Municipal Planning Office that you can install more boxes. You may need to provide a plan with an explanation.
- If you rent the premises, check with the owner or agent and get written permission to increase the size of the PO Box installation. Do not start work before you have that written permission.
- Write to Australia Post requesting authorisation to purchase new post office boxes from Speedie Engineering Services. A pro forma letter for this purpose is available from POAAL or on the POAAL website.
- Check with Australia Post regarding the numbering for an extended post office box installation.
- When authorisation is received, proceed with ordering the new boxes.
- Arrange for them to be professionally installed, paying particular attention to any building regulations or Council requirements. Try to arrange to have the work done at a weekend to lessen the inconvenience on your business and your other post office box customers. Advise current box customers that work will be done on a specific date and that their mail will not be available while work is in progress. Store mail from those post office boxes in a secure place while the new installation is taking place.

New boxes/bags system

Australia Post has indicated that it is looking to introduce a new system which it anticipates will address some of the limitations in the current system. POAAL will monitor this very carefully because there are implications for LPOs in any changes to the system.

Increases in payments

There have been several increases to the Annual Post Office Box LPO Payment and the Mail Management Fee since the LPO Agreement was implemented. The payments are linked to the basic postage rate, and increases are automatic when the BPR increases, not linked to the amount the customer pays, which varies from place to place and which would seriously disadvantage the large number of Licensees whose post office box setup is largely for subsidised customers. More subsidised post office boxes are located at LPOs than at Corporate Post Offices, meaning that these hundreds of Licensees would all be worse off if the Annual Post Office Box payment were linked to customer rental rates.

Pros and Cons

The benefits of post office box installations are many. They include: drawing customers to your outlet; annual payments and mail management fee; indoor sorting – no outdoor delivery; Australia Post chases the slow payers. Some Licensees see a disadvantage in having to store items which are carded to post office boxes because of the space involved and because some customers are slow at collecting their items or perhaps do not clear their box frequently. However, there are good systems for storing items awaiting collection, and we

will have an article on that in the next issue of this journal.

Is There a Future for Post Office Boxes?

Post Office (Private) boxes have been a feature of mail delivery in Australia for a long time. Will that continue to be the way as letter volumes decrease and customer needs change?

With the increased digitalisation of mail, will customers still need a physical mail box located at a Post Office? Will the younger generation simply have a Digital Mail Box located somewhere in the cloud?

As letter volumes fall, will customers in the future at renewal time consider a Post Office Box worthwhile considering the expense and the location?

Over the years alternative mail box companies have set up and continue to operate in competition to Australia Post. Many large buildings have their own internal private box setups. Recently we have seen Toll Holdings make a concerted attack on the market share of mail (online parcels) with parcel lockers in service stations, newsagents at shopping centres. Future generations of Australians may have a Digital Post Box in the "cloud" to receive what would have been ordinary letters/bills and opt for a parcel locker at the local servo for ordering online or the odd hard copy letter/document occasionally needed.

Australia Post does not have a monopoly on post office boxes or parcels, it is all up for competition. What impact will that competition have on your LPO? Owners of LPOs are business people and should look to retain and expand current business and seek new business.

Here is a sample calculation assuming 240 leased PO Boxes. The first table is for the PO Box fee only, the second is for the Mail Management Fee (MMF) for the PO Boxes.

| | Number of boxes let | Private | Business | Annual fee per box | Total PO Box fee |
|---------------|---------------------|---------|----------|--------------------|--------------------|
| Small | 190 | 175 | 15 | \$73.34 | \$13,934.60 |
| Medium | 40 | 25 | 15 | \$107.07 | \$4,282.80 |
| Large | 10 | 0 | 10 | \$165.74 | \$1,657.40 |
| TOTAL: | | | | | \$19,874.80 |

| | Private | Annual MMF per private delivery point | MMF private subtotal | Business | Annual MMF per business delivery point | MMF business subtotal | MMF total |
|---------------|---------|---------------------------------------|----------------------|----------|--|-----------------------|-------------------|
| Small | 175 | \$29.35 | \$5,136.25 | 15 | \$73.34 | \$1,100.10 | \$6,236.35 |
| Medium | 25 | \$29.35 | \$733.75 | 15 | \$73.34 | \$1,100.10 | \$1,833.85 |
| Large | 0 | \$29.35 | \$0.00 | 10 | \$73.34 | \$733.40 | \$733.40 |
| TOTAL: | | | | | | | \$8,803.60 |

The grand total for these 240 PO Boxes is \$19,874.80 + \$8,803.60 = \$28,678.40