POAAL

Post Office Agents Association Limited
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24 June 2011

Committee Secretary
Joint Committee on the National Broadband Network
Parliament of Australia
PO Box 6021
Parliament House
CANBERRA   ACT   2600

Email: jcnbn@aph.gov.au

Dear Sir,

National Broadband Network and the post office

The Post Office Agents Association Limited (POAAL) is the national association representing the owner/operators of Licensed Post Offices. There are 3000 LPOs across Australia, comprising about 80% of Australia Post's post office network. POAAL also represents Mail Contractors who deliver mail under contract for Australia Post.

The postal network is Australia's original national communications network.   Our members are in the business of communication. They are communication hubs for their community. The National Broadband Network must be implemented and used in such a way to bolster existing access to communications, especially in rural and remote areas.

A submission is attached, detailing some of the current challenges facing Australia Post's retail network, and how the NBN could help overcome these challenges.

If the Committee has any questions regarding POAAL's submission, I may be contacted at the POAAL National Office or via email at ian@poaal.com.au.

Yours faithfully,

Ian Kerr
CEO

POAAL submission to the

Joint Committee on the
National Broadband Network

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Introduction

The mail as a means of communication has existed for hundreds of years. In Australia, the first postmaster was appointed in 1809 in the colony of New South Wales.

Today, the Australian postal network extends the length and breadth of Australia. Its 3780 post offices are community hubs – especially in regional, rural and remote areas – and Australia Post delivers to a staggering 98.8% of all Australian households every working day.

The post office has seen many changes during its history, many of which could have been viewed as a threat, for example the telephone, the telegram, the telex and the fax. The post office remains, constantly evolving, while some of these technologies are now viewed as being virtually obsolete.

The proposed National Broadband Network promises to accelerate the impact of the Internet on many aspects of Australians' businesses and personal lives. The National Broadband Network must be implemented and used in such a way as to bolster existing access to communications, especially in rural and remote areas.

Community Service Obligations

Australia Post's retail network, including Licensed Post Offices (LPOs) and Community Mail/Postal Agencies, reaches every corner of Australia. There are almost 3000 LPOs serving metropolitan, regional and remote Australia, making up about 80% of Australia Post's post office network.

Australia Post is bound by Community Service Obligations (CSOs), including obligations to:
- Provide a letter service at a single uniform rate within Australia
- Maintain a network of 4000 post offices (2500 in rural and remote areas)
- Deliver to 98% of delivery points five days per week
- Deliver to 99.7% of delivery points no less than twice per week
- Maintain a network of at least 10,000 street posting boxes

The Australia Post annual report includes a statement of its performance against each of the CSO criteria. Australia Post has consistently met or exceeded these CSOs. LPOs play a significant role in Australia Post meeting its CSOs, but most receive no funding from Australia Post or the government.

While the CSOs address the matter of the number of post offices, and to a point, the distribution of post offices, it does not stipulate that all post offices offer all Australia Post services. All post offices offer basic postal services (assessment and lodgement of postal items, for example) but not all offer online banking, ID verification, parcel tracking, money transfers, real-time bill payment or access to certain Local, State and Federal Government services.

Australia Post has been an agent for the Commonwealth Bank for decades, and in the last 15 years Australia Post has added to the range of banking services available

from various banks at post offices. Now, in many communities, the local post office has become a primary access point for cash. While this is not one of Australia Post's CSOs, a community expectation has grown over the years that basic banking can be done at the local post office.

NBN as a means to bolster existing infrastructure

If the NBN is to be Australia's next major infrastructure project, then it should be used not only to build new infrastructure but to help maintain or improve the existing infrastructure.

Of the 3000 LPOs in Australia Post's retail network, 464 do not have access to Australia Post's electronic point-of-sale system (known as EPOS). Australia Post has not installed EPOS at these LPOs because they process a small number of transactions (typically less than 2500) each year. There is no compelling commercial case for Australia Post to install its electronic point-of-sale system at these LPOs.

Without access to Australia Post's electronic network, and all the products and services available through that network, it is unlikely that a manual LPO will ever grow its business to such a level that the LPO's transaction levels meet Australia Post's minimum criteria for the installation of its electronic point-of-sale system.

Manual LPOs cannot perform transactions such as:
- EFTPOS banking transactions;
- CBA debit card deposits/withdrawals;
- Mobile phone top-ups;
- Proof of identity transactions;
- Local, State or Federal Government services; and
- Business banking.

These manual LPOs are typically small, and serve rural and remote communities. They are critical to Australia Post meeting its CSOs.

The costs associated with EPOS include:
- Data connection;
- Computer hardware;
- Training; and
- Ongoing help and support.

Installing and maintaining the data connection is the major cost for the installation of EPOS at a post office.

If the NBN can provide remote and rural LPOs with access to high speed data connections at a low cost, then this will reduce a significant cost barrier to installing EPOS in small LPOs.

Community benefits

Installing EPOS at manual LPOs would be of immediate and enduring benefit to the local community, to Australia Post and to the owner/operator of the LPO.

1. A more viable LPO

A post office able to offer more services is a more viable business, better able to serve its customers.

Manual LPOs are at greater risk of closure than LPOs with EPOS facilities. The closure of an LPO can have a devastating effect on rural communities. The community can lose more than just the post office (and the jobs at that post office) – it can have a "knock on" effect for other businesses and services in the community.

The availability of EPOS will broaden the range of services available at an LPO and therefore increase its value to the community and its income.

2. Greater postal services for the local community

Postal services are evolving as a result of advances in technology and the growth in e-commerce. Demand for track-and-trace products is growing.

For example, because they lack Australia Post's EPOS system, manual LPOs are not part of the track-and-trace network. With EPOS, these LPOs would be able to scan items on lodgement and delivery.

As noted above, manual LPOs typically serve rural and remote communities. These communities do not have easy access to many retailers, and where products are not available in their own town or area, customers often turn to the internet to find those products.

If Australia Post's electronic network becomes more widely available as a result of the NBN reducing installation costs, then it will assist in removing some of the disparities between rural/remote areas and built-up metropolitan areas.

3. Access to cash in the community

The major banks have closed many of their smaller branches (especially outside of major centres), meaning that communities have come to rely more and more on their local post office as a place to withdraw cash.

In some communities, the only local ATM might be located in a pub or licensed venue, excluding access for under-18s.

Access to cash is important to a community. Typically, where customers access cash is where they spend it. Access to a greater range of banking options at manual LPOs will have a positive flow-on effect to other businesses.

Conclusion

POAAL believes that all Australians deserve access to a first-class postal service, regardless of where they live. The changing nature of the postal industry, driven by factors such as improvements in technology and the growth of parcel delivery volumes, means that the post office continues to be relevant to Australian businesses and everyday Australians.

POAAL wants to see the National Broadband Network used to strengthen Australia Post's network of post offices, by reducing the costs of installing EPOS at small manual LPOs serving regional, rural and remote communities across Australia. This will give Australia Post a true electronic network across Australia, allowing all members of local communities to benefit from the NBN, even if they don't personally have access to the internet.