

**Senate Standing Committee on Environment and Communications**

**Answers to Senate Estimates Questions on Notice**

**Additional Estimates Hearings February 2016**

**Communications Portfolio**

**Australia Post**

**Question No: 21**

**Australia Post**

**Hansard Ref: Page 29, 09/02/2016**

**Topic: LPOs – PIP Report**

**Senator Urquhart, Anne asked:**

**Senator URQUHART:** Okay. Is there any difference in the work required for by category if another LPO is processing parcels? What is the amount of work required?

**Ms Corbett:** Unfortunately, I do not have the report with me, so I am very happy to take that on notice for a category in particular. But the difference with an item that goes directly to a post office is that when it goes there it is like sorting into a post office box. It will actually come with all the other mail and parcels. It gets put aside and the standard processes take place, as they do each day that mail actually comes in.

...

**Senator URQUHART:** I am not sure the LPOs would agree with that, but I understand the explanation. Can you step us through the recommendations that were made in the PIP report regarding category F parcel payments.

**Ms Corbett:** Unfortunately I do not have the report here but I am happy with respect to taking anything to do with the PIP report and the recommendations and executive summary and table that back on notice.

**Senator URQUHART:** That would be great, and so I would like to ask you what is Australia Post's response to the recommendations, particularly in line with that category of parcel? Is Australia Post doing anything else to address the inequity in payments between category F and other LPOs? My understanding is that there are about 150 LPOs that fall into category F and that they are disadvantaged in terms of the income that they make compared to other LPOs. You may not agree with LPOs or me, Mr Fahour, but that is the view. Unless you can convince me and the LPOs otherwise then I am asking what are you doing to address the inequity.

**Answer:**

(a) The Partners in Performance “Independent Review of Licensed Post Office (LPO) Network – 12th May 2015 Final Report” made a number of findings directly relating to Category F LPOs as outlined below:

- For smaller, low volume outlets, particularly in rural Australia, the current earnings from Australia Post are not enough to cover the cost of running the full business
- The review concluded that payments made under the LPO Agreement are fair and reasonable at a net ‘agency economics’ level, but that returns at a whole of business level do not generate benchmark returns for a large part of the network

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- In order to address the below benchmark returns, we [PiP] recommend the business entities address all profit levers of volume, cost and price. A number of improvement opportunities were identified in the review including low staff utilisation which have been referred to the LPO Forum for further analysis

Australia Post's response to these findings was to:

- Commission a second "deep dive" study conducted by Partners in Performance into Post Office Boxes and Counter Mail
- Increase the Minimum Payment Allowance for Licensed Post Offices and Community Postal Agents
- Increase all delivery and mail related payments by 42.86 per cent as a result of the increase to the Basic Postage Rate

(b) Based on the Partners in Performance review, Australia Post does not believe there is an inequity in the payments a Category F LPO receives.