

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Supplementary Budget Estimates Hearings October 2015

Communications Portfolio

Australia Post

Question No: 137

Australia Post

Hansard Ref: Written, 29/10/2015

Topic: LPOs

Senator Urquhart, Anne asked:

1. Australia Post has previously linked increased payments to LPOs to the reforms progressing. What payment increases to LPOs will not proceed if the ACCC rejects Australia Post's proposed changes?
2. What parcel payment increases are planned for LPOs? Have these gone through yet? If not, why has this been delayed?
3. Will all LPOs receive any increases?
4. What other measures are planned to improve the sustainability of LPO operations?
5. Can you give me an update on the work of the LPO Forum?

Answer:

1. On 9 December 2015, the ACCC released its decision to not object to Australia Post's intention to charge a \$1.00 Basic Postage Rate (BPR) for the new Regular service. The \$1.00 BPR, which came into effect on 4 January 2016, means that Licensees will receive an increase of \$75 million in annualised payments. Licensee payments directly associated with the increase to the BPR include, but are not limited to, mail and delivery related activities such as the Mail Management Fee, Representational Allowance, Counter Mail Delivery, Outward Mail Processing Fee, Transit Mail and Post Office Boxes and Bags.
2. An increase to the payment for the handling of street addressed carded articles took effect on 1 July 2015. All eligible licensees have received an increase to this payment.
3. Yes. All licensees eligible to receive an increase to the payment for the handling of street addressed carded articles have received this.
4. (a) The increase to the Basic Postage Rate has significantly increased licensee payments associated with mail and delivery related activities.

(b) Australia Post increased the Minimum Payment Allowance for eligible licensees to \$30,000 GST exclusive per annum. The increase to this payment took effect on 1 July 2015.

(c) Australia Post has introduced a number of new products and services including Virtual Stock and an extended Fast Moving Consumer Goods catalogue range and is currently working with a number of third-party vendors to explore new revenue generating and cost reduction initiatives.

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- (d) Australia Post has provided licensees with an increase to their stock credit limits over the period of November 2015, December 2015 and January 2016.
- (e) Australia Post has provided licensees with extended stock credit arrangements over the period of November 2015, December 2015 and January 2016 to help them manage their cash flow during the peak period.
- (f) Australia Post will bring forward the payment of the advance of Post Office Box fees. It is intended for this payment to occur in January 2016. These fees represent over 15 per cent of their annual payments.
5. The LPO Forum commissioned two studies from Partners in Performance into the current payments and deep dive into the impact of parcels. The work associated with these two studies has now concluded with Australia Post and licensee representative groups having worked through the outcomes of both reports and agreeing to interim payment increases.