

**SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE  
REFERENCES COMMITTEE**

**INQUIRY INTO GENERAL AGREEMENT ON TRADE IN  
SERVICES AND AUSTRALIA/US FREE TRADE AGREEMENT**

**SUBMISSION**

**Submission No:** 149

**Submitter:** Post Office Agents Association Limited

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Chairman

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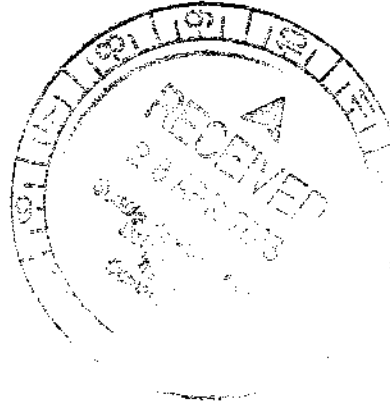
**Attachments:** No



# POAAL

POST OFFICE AGENTS ASSOCIATION LIMITED

A.C.N. 006 382 314  
Ref: 127A/04/03/N3159



15 April 2003

Senator Peter Cook  
Chairman  
Senate Foreign Affairs, Defence and  
Trade References Committee  
S1.59  
Parliament House  
CANBERRA ACT 2600

Dear Senator Cook

## WTO GATS

As requested, we enclose a copy of a paper we provided to the Department of Communications, Information Technology & the Arts last year in regard to WTO GATS.

We would be pleased to attend the public hearing in Melbourne on 9 May, and have noted the time as 9.00am. Thank you for the opportunity to participate. Please send details of the hearing, including location, to me at the address below.

Yours faithfully,

Marie McGrath-Kerr  
Chairman.



# POAAL

POST OFFICE AGENTS ASSOCIATION LIMITED

A.C.N. 006 382 314

Ref: 050/5/02/c2068

17 May 2002.

COPY

Department of Communications,  
Information Technology & the Arts  
GPO Box 2154  
CANBERRA ACT 2601

ATTENTION: Mr Brenton Thomas,  
General Manager, Enterprise and Radiocommunications

Dear Mr Thomas,

**RE: POSTAL SERVICES NEGOTIATIONS DISCUSSION PAPER - WTO GATS**

I refer to your letter of 17 April which invited POAAL to make further comments on the postal service negotiations under the WTO GATS.

Since that time we have had the opportunity to liaise with the national office of the CEPU and they have shared their submission on this matter with us. POAAL finds that it strongly supports the comments and concerns raised by the CEPU.

In particular POAAL

- Opposes any proposal during the current WTO GATS negotiations which would have the effect of reducing the nature or scope of Australia Post operations and revenues; and
- Seeks government support to expand the current WTO GATS exemption for government services to include Australia Post to ensure that it continues to provide the full range of services to all Australians.

In view of the brief period POAAL has been given to comment on the Department's paper we provide preliminary comments only at this time. These early observations are attached.

If POAAL is to make a meaningful contribution to these discussions it must be provided with all relevant WTO GATS papers. Can you please ensure that our organisation has access to these papers?

POAAL is available to discuss to any issues that arise from either the attached or subsequent documents in person or teleconference. Given that many of the concerns and issues are similar to those expressed by the CEPU it is strongly suggested that these discussions be held jointly with them.

Thank you for the opportunity to provide some input to these deliberations.

Yours faithfully,

Marie McGrath-Kerr  
Chairman

May 2002

**World Trade Organisation - General Agreement on Trade in Service  
Postal Service Negotiations**

**Departmental Discussion Paper**

**Comments by the  
Post Office Agents Association Limited (POAAL)**

**The WTO proposals provide no benefit to Australia?**

Both the departmental discussion paper and the submission of the CEPU make clear that Australia already has, in comparison to world practice, relatively free access to much of its courier and postal business.

The country also has one of the best standards for delivery performance and operates at one the lowest rates of postage in the OECD.

In the circumstances it seems little is to be gained for the Australian economy by further liberalising of the current trade arrangements in the manner suggested by the WTO.

In any event POAAL believes that a "balance sheet" of benefits and costs needs to be developed to enable a meaningful debate on the merit of the WTO proposals.

With respect to reciprocal opportunities, only Australia Post can really offer comments on its offshore aspirations. To date they have been conservative and have only been pursued in the context of a foreign country seeking to partner in some commercial venture or to seek assistance with the development of the local postal service. That is, they have not been aggressive in nature.

Unless Australia Post has other so far unstated offshore ambitions little is to be gained from "better" access to overseas markets for Australians or Australia Post.

### **Will trade reform really provide access to offshore markets?**

We note the Department's comments with respect to these negotiations leading to treaty obligations. Recent experience in trade reform overseas would leave POAAL extremely sceptical of their meaningful application.

The North America Free Trade treaty is a case in point. Despite this agreement the United States continues to exert its economic muscle over its partners. In the postal industry the Canadian government finds itself the subject of a \$US220 million suit from UPS over the operations of Canada Post. In another industry the USA has decided that the Canadian Timber manufacturers are subsidised by the government (which the government denies) and imposed a 29% tariff on its imports.

Both of these actions can and have had material adverse consequences for the government and particularly the industries involved.

These experiences of "free trade" would indicate that the treaties can simply open the way for countless technical legal actions by aggressive trading countries while not really allowing access to off-shore markets as intended.

The position for trade liberalisation seems to be most strongly expressed by the European Union. While POAAL is not fully across all of the trade issues arising from the operation of the EU it seems that much of its tough talk is, at least in part, designed to divert attention from the reluctance of its own member states to break up national monopolies. In fact the issue of postal and other government service deregulation appears to be a bargaining position in a broader trade negotiation forum. If correct, there seems little benefit in participating in such a charade.

### **Is this deregulation by stealth?**

POAAL is particularly concerned at the present lack of public debate and scrutiny of these proposals.

During the recent federal election both political parties expressed their opposition to further postal deregulation and their continuing commitment to the concept of a universal postal system with affordable access by all.

Adoption of the position put by the WTO would reverse this position in a manner that has not received parliamentary review of the consequences. Even POAAL has only become aware of the deliberations through the actions of the CEPU.

Until recently there appears to have been no involvement of industry bodies or the opportunity to see and comment on the submissions of overseas postal administrations.

## **WTO Proposals could Jeopardise the Retail & Mail Delivery Networks of Australia Post**

The present retail postal network provides an important access to all Australians especially those in rural and remote localities. Mail and Parcel Contractors also undertake most of the delivery in country and regional areas as well as many metropolitan areas. Together they represent a vital element in the infrastructure of Australia Post necessary to meet its obligation to provide a reasonable access to the mail by all Australians.

Close to 80% of this retail network (almost 3000 in number) is operated by Licensees (franchisees), the small business operators who have made a material financial investment in these post offices. In addition, nearly 600 small businesses operate Community Postal Agencies that operate within Australia Post's network. In each case much if not all of their livelihood is dependent on this work.

Many environmental factors are already placing financial strain on Australia Post and in turn on these networks. These include in-direct competition in the messaging market from various electronic media and direct and aggressive competition for parcel and expedited services.

In addition the government continues to take significant dividends from Australia Post culminating last year in the recovery of all of Australia Post's net profit to Consolidated Revenue.

With the price of basic postage held constant over ten years and with either steady or declining volume in its core businesses, Australia Post is starting to see real losses in its revenue base. While Australia Post is obviously looking for new revenue streams they are unlikely to occur at the same pace of the present decline.

This inevitably places further pressure on its cost structures including its retail and delivery networks.

In all, this places enormous pressure on AP and in turn the small business operators of its retail and delivery networks.

Adoption of the WTO proposals would have doubtful benefit for

- the Australian economy;
- the operation of Australia Post; or
- its improved access to offshore markets.

Yet it would clearly put in jeopardy

- the investment that has been made by small business people in over 3,000 Licensed Post Offices, and 6000 Mail Contractors;
- the livelihood of the nearly 20,000 people employed in these services; and
- the communities that they serve.