

SUBMISSION TO THE SENATE STANDING COMMITTEE ON ENVIRONMENT AND
COMMUNICATIONS –INQUIRY: PERFORMANCE, IMPORTANCE AND ROLE OF AUSTRALIA
POST IN AUSTRALIAN COMMUNITIES AND ITS OPERATIONS IN RELATION TO
LICENSED POST OFFICES

- a. communities, and the **challenges** it faces in the immediate and longer term
- b. the operation of Australia Post in relation to Licensed Post Offices (LPOs) with particular reference to:
 - i. the **importance and role of the LPO network** in the Australian Postal system with particular reference to **regional and remote areas**.
 - ii. the **licensing and trading conditions** applicable to LPOs, including the **Community Service Obligations**, and any effects these may have on operating an LPO business and
 - iii. **marketing, retail and trading arrangements** between Australia Post and LPO and other entities; and
 - iv. any related matters

Summary

Basic Issues of LPO Licensee's with Australia Post

Initial encounters- training and communication protocols have been inadequate from the outset.

Underpayments have been common and difficult to rectify.

The arbitrary division between the retail and delivery sections adversely affects the overall performance.

This division also results in the exploitation of LPO's

Australia Post exploits its position of power for financial advantage.

Licensees are expected to do more and more work without appropriate payment.

The attitude of Australia Post to Licensees is stated to be one of 'partnership' but is one of servitude.

Initiative is not currently valued.

The future challenges will only be met with significant attitudinal and organisational changes and renegotiation of payments.

Warren and Denise Gould

We are the joint licensees of a small country LPO in Victoria. We bought this as a pre-retirement venture so that we might relocate closer to our daughter who has a debilitating illness. As well educated, mature adults we expected to be treated in a courteous, professional, businesslike manner. Sadly this has generally not proved to been the case. The overall attitude of POST is, just as has been evidenced in the earlier POST appearances at the committee-evasive, secretive, promising much but delivering little or too little too late.

[For brevity I will use the word POST for Australia Post Management]

This is a honest account of our dealings with Post in trying to meet our assumed obligations while trying to maintain the viability of our business and livelihood.

Initial encounters

We realised that we were complete novices in the industry and were prepared to make every effort to learn as much as possible before the assignment took place and afterwards. Licensees have to pay for their initial training by POST. We wanted to pay for the two of us to take part but this wasn't permitted. Even if there were not enough computers, allowing the other one of us to sit in on the training would have made the transition much smoother. Instead I had to learn later on the job largely from my husband, himself a novice. After I persisted, the area manager organised for me to have a few days assistance at a neighbouring corporate centre. This was useful but the full training would have been beneficial to all concerned.

Overall Performance

We have always taken our responsibilities seriously while being aware that we are a very small cog in a big wheel. We have found that POST generally do not address issues raised in a timely manner, if at all. There is an unhealthy 'great divide' between RETAIL and DIVERLY which is detrimental to the overall performance of the organisation. If POST is to move into the provision of social welfare services it will have to vastly improve its level of training and ongoing support for all concerned.

The following comments relate to –The Operations of Australia Post in relation to Licensed Post Offices (LPOs), with particular reference to The importance and role of the LPO network in the Australian Postal system, with particular reference to regional and remote areas.

In this town the LPO used to house the primary sort contractor who delivered the town mail, two other contractors who delivered to properties outside the town (farms and small holdings). It accepted carded parcels from these contractors and relevant parcels from the contractor from the regional centre.

As stated above we were complete novices in this industry. We were keen to to understand not just the workings of the postal system but also how we were being paid. Early on we set up a spreadsheet to try to understand and check the LIPOMS payments. We were very surprised to find that POST was paying us as a manual office while charging us the technology fee for our installed technology. Eventually they admitted the payments were wrong and backpayment was made. This was just the first of many instances where POST just fails to make proper payments. While our actions are subject to stringent auditing requirements, the same does not seem to apply for them.

Roles of contractors and interaction with licensees

There appear to be no guidelines or protocols for working with contractors. This needs to be remedied to avoid exploitation of new licensees and or contractors. POST rents space for contractors to operate within licensees offices. The expectations and responsibilities of all parties needs to be clearly presented. Security is paramount.

Security-and Accountability

The contractors were housed in an area adjoining the retail section. All had keys to the building and open access to stock at all times. The contractors delivering the mail early in the morning also had open access. When we raised our concerns with Australia Post they were not interested. Their property was in the safe. We were particularly concerned about the safety of our stock and this forced us to come into the office very early every day- much earlier than the 8am that POST says that work starts. Needless to say we have never received any Mail Payment Fee for work before 8 am.

Apart from the lack of security in this situation there was also a lack of professional conduct with contractors yelling out to customers while we tried to attend to other customers. As licensees we had no control over those running their contracts from our office. POST gave no guidelines or help. We had to accept complaints and queries re mis- deliveries or missing parcels with no support. Yet 'delivery' was stated to be nothing to do with us. Any contact with them had to be through our area manager. We are told to tell customers with complaints or queries to phone 131318. Many older customers particularly do not find this at all helpful.

These unsatisfactory conditions and the need for more room for the evergrowing number of parcels along with a need to provide disabled access contributed to our decision to relocate the Post Office in 2009. This also allowed us to develop the retail side of the business to ensure our ongoing viability.

Attitude to licensees-

Our agreement says that we are **agents**, not technical partners, but POST expects us to deliver as 'partners', while treating us with complete disdain. This does depend on the managers but seems to be endemic.

It is standard business practice to answer your mail, especially the Registered Mail required in certain circumstances, emails and telephone calls. Until recently this has rarely been the case in dealing with POST. We can give examples of unanswered queries and requests. Furthermore queries are treated as if we are the only ones with that problem. The activity leading up to this inquiry and the actual inquiry have shown that the problems we have experienced are widespread and unproductive.

We are now fortunate in that we have an area manager who does her best to get answers despite a heavy work load. Nevertheless it always seems that each level of the management squashes those below so that they can meet their performance management targets and bonuses.

As noted in the inquiry there are few official complaints-the reason being that they don't give out the form unless you are very persistent. POAAL have never acted productively and don't even advise you to lodge a formal complaint.

Reference: Rural and remote areas- general concerns

In an area such as ours there are numbers of people with no mail delivery at all. Such people can get a reduced rate for their post office box payments. POST is supposed to pick up the shortfall for licensees (as we are providing the service for them). However in the case of A4 boxes there is no stated reduced fee. Hence for the last four years we have been paid improperly or not at all for these boxes.

The LIPOMS report is user unfriendly and POST seem to work on the principle that changes and corrections are not made if the licensee doesn't query and complain repeatedly. Surely it is their responsibility to pay us properly for everything in the first instance. This would save a lot of work, confusion and ill-feeling. It is reasonable to expect to be paid for all work done at a realistic rate and in a timely manner.

The system can only produce the correct result with both reliable data and appropriate formulae and programming. As licensees we are performing services for DELIVERY but they will not give us the relevant data to check our inputs to the LIPOMS system. Information such as the total number of points attached to an office should be regularly updated and readily available. The contractors no doubt have points and payments adjusted as the population grows. We just get more and more parcels and queries and are told the number of points doesn't matter. It is really essential information to establish the real number of carded items delivered.

Remote areas and carded item count

In our situation, significant numbers of people live out of town and call in to the Post Office on the way home or in response to an email from POST. They often present with no card. This means that we have no card to count so that we might get the 39.6 cents fee for handling a parcel varying from a book to a saddle to a playpen and countless heavy boxes of wine.

We do scan the parcels in when the contractors bring them in (they don't have scanners yet). This scan may in fact trigger the email.

We do scan them out as well. However with the scanning there seems to be more than one set of figures. There are those which we can print out in a report from the system, then there is another set which POST presents in a monthly email report. The latter is always much less than the former hence fewer 22 cents are paid for scanning.

We are in the situation of having to count the cards to get the 39.6 cents and then argue about the number of scans. We await the payment for scanning box items as well.

Before Christmas I responded to Mr Fahour's Christmas message with one saying that we too were satisfied with our performance under very difficult circumstances. I enclosed details and photos of the huge number and size of parcels. His office did respond and said that they would speak to our area manager so that we would not be disadvantaged by the contractors not yet having scanners. This response was welcome but it later transpired that we were just to be paid one set amount and our number of scans was not taken into consideration.

We are still counting cards and scans and applying for adjustments. All this is time consuming and frustrating on top of the physical work. It must also be an additional burden on our area manager. We support the technology as our compliance figures show. It's time POST got the count and payments right.

Provision of post office boxes

Licensees need to invest in more boxes to meet additional demand. However this demand is not assured. We have found that DELIVERY can attempt to service an area currently served by remote road boxes or our LPO boxes without any consultation with us. In this case the delivery did not go ahead. If it did we could lose many box customers as they would no longer get any reduced rate. We would have empty boxes and no compensation.

Post Office boxes are expensive to purchase. There is no competition. Australia Post only allows their purchase from one supplier. This doesn't seem consistent with the Restrictive Trade Practices legislation. Furthermore they dictate the sizes you can purchase. The small ones were designed for a time when envelopes were much smaller and customers did not get magazines and CDs in the post. We had to argue to be allowed to install a number of medium and A4 boxes.

Payment for Post Office Boxes

This is another instance where payments need to be constantly followed up. One would think that the Post Box renewal program would communicate properly with accounts in the preparation of the LIPOMS statement and payments. We have found that this is far from dependable. When recently checking the effects of the expected BPR rise on our payments we found that we had not been paid at all for our 12 A4 boxes. Further checking showed that this had occurred before. We had either been paid incorrectly

sometimes for a fewer number of large boxes and sometimes not at all. When I sent in a query to the acting area manager she queried why I hadn't raised the matter before. We had let the boxes and serviced them. We trusted that we would be paid properly. This trust is obviously misplaced. Instead of preparing my submission I have had to spend a lot of time going back through the statements to try to decipher just what is missing. Perhaps I should have noticed earlier but I am worn out with chasing everything with POST. They have all the figures on their computers. We have to trace back through the LIPOMS manually. It seems we need to set up yet another system to check all our box payments.

The current year's box payments will need extra careful monitoring. They supposedly have paid us already 75% of the post box payment. We do not know which payment this is the pre or post rise.

Boxes and Mail Service Payments

The information regarding the price of post boxes given to the senate committee on Monday 17th March was even incorrect. POST do not pay us the full amount of the post box rent even though we have to purchase the said boxes. All they do is send out accounts. In addition we are supposed to be paid a mail management fee per box. This is for performing the service of distributing the mail to the said boxes. If they were not paying us for this service they would have to pay contractors to deliver the mail. There is also some variation in the implementation of this payment. Business points are supposed to be paid at a higher rate than private points. However POST does not regard farms as businesses even though they have an ABN and often run sundry diversified activities.

Mail contracts- Licensee 5% preference, transparency, Primary Sort implications.

As the licensees of this post office we do not hold the primary sort. we still have to field queries and accept changes to mail services etc but receive no mail management fee for this service. It's not just the money in this case. The public don't understand that we have no control over their mail unless it is to a post office box. They expect to be able to look for mail at the post office or enquire about its delivery.

Here there are multiple contracts- the primary sort along with the town delivery, two other contractors delivering outside the town. All these and a fourth emanating from the regional centre all card parcels to our Post Office.

Contract fiasco

In 2010 the then town contractor was experiencing problems and wanted to reassign his contract. We were negotiating to take it over and made the necessary legal and physical preparation. Meanwhile we actually performed the contract for him for a number of weeks. Unfortunately he did not produce the required figures until a few days before the official change was to take place. When we eventually sighted these we could see that the figures were just not viable. It was very obvious why he was in such dire straits. We asked the delivery manager for a written assurance that the numbers and payments be reviewed imminently. He would not do so and resented our asking. He called the contract in and put it out to tender. It later transpired that the contractor went into liquidation and did not pay us for work already performed.

The delivery manager brought in Australia Post personnel (or so we thought) to do the work. The points were recalculated and the contract went out to tender. We put a lot of work into submitting a comprehensive realistically priced bid but obviously were not meant to get the contract. The delivery manager had personnel from the successful tenderer working here even before the contract was awarded. (Specific details available on request). The successful organisation, which had multiple contracts throughout the region, then brought in a large sorting frame and a number of different workers.

Instead of having three people at any one time in the room there could be five or more and a rotating group of posties. There were lots of operational problems beyond our control but for which the public often blamed us.

The harassing behaviour of some of the contractors eventually forced us to ask POST to relocate them. Previously we had been told that such a move would affect us adversely as we would lose not only the rent but also our percentage of the associated mail management fee. When we finally insisted that they had to go we were then told that we would not be worse off and that our payments would be adjusted. This adjustment was not carried out until nearly two years later despite numerous requests. Our latest area manager finally sorted it out.

Now we get no mail management fees apart from those associated with our post boxes. We are supposed to be paid for parcels from the contractors but that, as stated before, is dependent on the collection of cards and their collation and processing.

The postal situation in town, especially with regard to parcels is something like 'Dad's Army'. The mail and parcels are delivered very early in the morning to another site across the road, behind the local milk bar. The primary sort is done there and mail and parcels for the boxes are trundled across the road. This is followed throughout the morning by numerous loads of carded items from the contractors. All this takes place in all weathers. Further someone is paying for all this additional labour. It certainly is not efficient and can't be cost effective.

Alternative proposals- We have suggested to POST that the Primary Sort should be returned to the LPO. All parcels could be delivered here and handled once only. Given the new technology we could give the cards for delivery to the contractors along with their mail. This would be a much more efficient and effective arrangement. Unfortunately that is not the way it is done by POST- we are RETAIL and that is DELIVERY and there are **no apparent channels for change**.

Lack of support

Although we are supposed to be "partners", the give is always one way. When we applied to relocate the post office, POST was adamant about what we could and could not have in the fit out and security but we had to pay. When we moved the local shire, egged on by the owners of the previous building, prevented us from taking our two hundred post boxes on quasi historical grounds. The boxes were our property not POSTs but they represented our chattels. Eventhough they were not owned by POST, they could have provided some support in our argument to take them. Instead we had to buy all new boxes for the new location and the old ones still languish in front of the information centre while we have a waiting list for boxes. POST give community grants for all sorts of things. We as one small business have had to leave behind in excess of \$10,000 worth of boxes with no compensation from anyone.

When we moved DELIVERY even failed to move the street box for several months and we had to have two staff on hand at mail time as someone had to go up the street and clear the street box. They also did not achieve any parking for contractors to pick up and set down mail.

Despite the problems the public now enjoy 24 hour access to a well lit secure , internal box room and full wheelchair access to all areas. We have delivered.

POST AS A SUPPLIER

Until quite recently the ordering system was particularly bad. It has been improved somewhat so now at least you can get a list of items ordered and the price on one sheet like a normal order. However, we still have to order on one day only. We do not get delivery sheets with the actual deliveries. These may or may not come via email and often do not match the goods delivered. This makes it very difficult and time consuming to match the goods received with the account received especially given the current account format. Here again we need to continually check for correct deliveries. We have more problems with POST than with all our other suppliers. POST forgets that in this instance **we are the customer**. Like many others I purchase as much as I can from suppliers other than POST. Only since the senate inquiry started have they started giving much publicized increases in margin to LPOs. In lots of cases their trading terms are so poor we just cannot afford to stock the goods. It also takes POST a long time to process any refunds.

POST also reduces retail prices in their corporate stores but we do not have the margin to follow suit. It is better for us to send people away than to sell at a loss.

POST and NEW SERVICES

As we only have one terminal, and are located about twenty five kilometres from each of two corporate stores, we do not have passports, working with children etc. These identity services are quoted as bringing more money into LPOs but we all don't have them. Having just one terminal, and no back office machine also means that all ordering and updating of the post box system etc has to be done after hours. There is not even an opportunity rent further systems.

Conclusion

Through our own hard work, initiative and investment we have built a significant alternate business. This extended retail business has to subsidise the Post operations. POST simply do not pay their way with respect to parcels.

We hope that this senate inquiry might lead to better outcomes for all parties. We are aware of the changes faced by POST. The way forward needs to include recognition of the contribution of all parties and fair payment for all work done. The imbalances need to be redressed.

Thank you for the opportunity to state our concerns.

Denise and Warren Gould