

Chapter 2

The provision and importance of postal services in Australia

2.1 This chapter provides background information about Australia Post and its regulatory framework as well as the importance of Australia Post for the Australian community, particularly in remote, rural and regional areas.

Australia Post

2.2 Postal services have been an integral element of Australian life since 1809, when the first postmaster was appointed for the colony of Sydney. Prior to federation, the six colonies maintained their own postal services. From 1901, Commonwealth postal services and telecommunications were provided by the Post Master General's Department (PMG). The PMG was split into the Australian Postal Commission and the Australian Telecommunications Commission in 1974.

2.3 Since 1989, Australia Post has operated as a Government Business Enterprise (GBE) under the *Australian Postal Corporation Act 1989* (APC Act).

Governance structure

2.4 Australia Post is overseen by a Board of Directors comprising the Managing Director, a Chairperson, a Deputy Chairperson, and up to six more directors.

2.5 Australia Post has two Shareholder Ministers: the Minister for Finance and the Minister for Communications.¹ The APC Act provides that after consultation with the Board, the Minister for Communications may, if the Minister considers it necessary in the public interest, issue to the Board such written directions in relation to the performance of Australia Post's functions.² The Minister cannot issue written directions in relation to:

- rates of postage; or
- amounts to be charged for work done, or services, goods or information supplied, by Australia Post.³

Stakeholders

2.6 There are a range of stakeholders within the Australia Post network including Australia Post employees, licensees, franchisees, operators of Community Postal Agencies, mail contractors, unions and the licensee representative groups – the Post Office Agents Association Limited (POAAL) and the LPO Group.

1 Department of Finance, *Submission 5*, p. 4; see also *Australian Postal Corporation Act 1989*, s. 20–24.

2 *Australian Postal Corporation Act 1989*, ss. 49(1).

3 *Australian Postal Corporation Act 1989*, ss. 49(2).

Australia Post's functions and obligations

2.7 The APC Act sets out the functions and obligations. Australia Post's principal function is to supply postal services within Australia and between Australia and places outside Australia.⁴

2.8 The APC Act imposes three types of obligations on Australia Post:

- commercial obligations;⁵
- community service obligations;⁶ and
- general government obligations.⁷

2.9 Each of these obligations are addressed in further detail below

Commercial obligations

2.10 The APC Act imposes the following general commercial obligations upon Australia Post:

Australia Post shall, as far as practicable, perform its functions in a manner consistent with sound commercial practice.⁸

2.11 The Board of Australia Post must also have regard to, among other matters:

- the need to earn a commercial rate of return on Australia Post's assets;
- the need to maintain Australia Post's financial viability; and
- the cost of carrying out Australia Post's community service obligations.⁹

Community service obligations

2.12 The APC Act provides for a set of community service obligations (CSOs) that must be adhered to in relation to Australia Post's letter service. These include that Australia Post must make the letter service available at a single uniform rate of postage for the carriage within Australia, by ordinary post, of letters that are standard postal articles.

2.13 Australia post is also required to ensure that:

- in view of the social importance of the letter service, the service is reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business; and

4 *Australian Postal Corporation Act 1989*, s. 14.

5 *Australian Postal Corporation Act 1989*, s. 26.

6 *Australian Postal Corporation Act 1989*, s. 27.

7 *Australian Postal Corporation Act 1989*, s. 28.

8 *Australian Postal Corporation Act 1989*, s. 26.

9 *Australian Postal Corporation Act 1989*, s. 38; see also Australia Post, *Submission 8*, p. 7.

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- the performance standards (including delivery times) for the letter service reasonably meet the social, industrial and commercial needs of the Australian community.¹⁰

2.14 Performance standards to be met by Australia Post are set out in the *Australian Postal Corporation (Performance Standards) Regulations 1998* (Performance Standards Regulations). The performance standards relate to the frequency, speed and accuracy of mail delivery for its letters service, and the availability or accessibility of post boxes and Australia Post offices (or other places from which Australia Post services may be purchased).

2.15 The performance standards require that Australia Post must:

- service 98 per cent of all delivery points each weekday, and further, 99.7 per cent of all delivery points must be serviced at least two days each week;¹¹
- deliver at least 94 per cent of all reserved service letters within prescribed timeframes. The prescribed timeframes range from next business day after posting within the metropolitan area of a capital city up to four business days for an interstate posting between non-metropolitan areas;¹²
- maintain at least 10,000 street posting boxes, and at least 4,000 retail outlets at which persons can purchase Australia Post products and services. Of these retail outlets, at least 50 per cent of all retail outlets, and in any event, not fewer than 2,500 must be in rural or remote areas. In addition, retail outlets must be located so that:
 - in metropolitan areas at least 90 per cent of residences are within 2.5 km of a retail outlet; and
 - in non-metropolitan zones at least 85 per cent of residences are within 7.5km of a retail outlet.¹³

2.16 In order to meet its CSOs, Australia Post offers a range of delivery methods to customers, including those in rural and remote areas, which reflect cost considerations, transport infrastructure limitations and customer preferences. These

10 *Australian Postal Corporation Act 1989*, s. 27.

11 *Australian Postal Corporation (Performance Standards) Regulations 1998*, regulation 5. Subregulation 5(2) defines a 'delivery point' as 'a mail address that, taking account of accessibility, delivery cost and general volume of mail for the address, it is practicable and reasonable to service frequently' (for example, street and roadside letter delivery boxes, post office private boxes and locked bags, private and community bags).

12 *Australian Postal Corporation (Performance Standards) Regulations 1998*, subregulation 2(b); see also: Australia post, 'Domestic Delivery Times', <http://auspost.com.au/parcels-mail/domestic-delivery-times.html> (accessed 18 November 2013).

13 *Australian Postal Corporation (Performance Standards) Regulations 1998*, regulations 8 and 9; see also Australia Post, *Submission 8*, p. 9.

methods include street and roadside delivery, post office box delivery and counter delivery.¹⁴

Government obligations

2.17 Australia Post also has a number of general governmental obligations to comply with:

- general policies of the Commonwealth of which the directors (members of the Board) are notified under section 28 of the *Commonwealth Authorities and Companies Act 1997*;¹⁵
- any directions given by the Minister under section 49 of the APC Act; and
- Australia's obligations under any convention (such as the Universal Postal Union¹⁶ convention).¹⁷

2.18 In addition, Australia Post has obligations as a GBE:

...a principal objective of each GBE is that it adds to shareholder value by, among other things, operating and pricing efficiently, and earning at least a commercial rate of return. The *Commonwealth Government Business Enterprise Governance and Oversight Guidelines 2011* stipulates a commercial rate of return to include fully recovering costs and working towards a financial target and a dividend policy agreed with shareholder Ministers. The rate of return should be at least sufficient to justify the long-term retention of assets in the business, and to pay commercial dividends from those returns.¹⁸

2.19 Australia Post pays a dividend equivalent to 75 per cent of its profit after tax. The payments of dividends and financial performance are discussed in detail in Chapter 4 of this report.

Services 'reserved' to Australia Post

2.20 In recognition that Australia Post must meet certain CSOs, it has a general monopoly in the carriage and delivery of letters within Australia subject to some specific exemptions.¹⁹

14 Budget Estimates 2013–14, Australia Post, *Answer to question on notice*, No. 156.

15 From 1 July 2014, the provisions of the *Public Governance, Performance and Accountability Act 2013* apply.

16 Australia Post is a member of the Universal Postal Union (UPU) of the United Nations. As such, it has international treaty obligations, including the UPU universal service obligation, which requires signatories to provide an affordable but viable service to all points in their territory, to a standard that meets the needs of the population. Department of Communications, *Submission 7*, p. 3.

17 Department of Communications, *Submission 7*, p. 4.

18 Department of Communications, *Submission 7*, p. 4.

19 Australia Post, *Submission 8*, p. 9.

2.21 Subject to some exceptions, Australia Post has the exclusive right to collect, carry and deliver letters (weighing under 250g) within Australia and to issue postage stamps within Australia. The term 'letters' has a meaning that is wider than its general usage. The APC Act defines 'letter' in section 3 as meaning any form of written communication that is directed to a particular person or a particular address. This is known as the 'Reserved Service'.²⁰

2.22 The exemptions to the Reserved Service including the carriage of:

- a letter weighing more than 250 grams;
- a letter relating to goods that is sent and delivered with the goods;
- a newspaper, magazine, book, catalogue or leaflet, whether or not directed to a particular person or address and whether or not enclosed in any sort of cover;
- a letter otherwise than for reward;
- a letter on behalf of a foreign country under a convention; and
- a letter within Australia for a charge or fee that is at least four times the then rate of postage for the carriage within Australia of a standard postal article by ordinary post.²¹

2.23 The price of postage for items less than 250 grams is known as the Basic Postage Rate (BPR). Currently, letters less than 250 grams account for 99 per cent of total letter volume.²²

Basic Postage rate

2.24 Australia Post may seek a variation of the BPR, which it must be assessed by the Australian Competition and Consumer Commission (ACCC), and must notify the Minister. This undertaken pursuant to the *Competition and Consumer Act 2010* (CC Act).

2.25 The CC Act price notification provisions apply only to 'notified services' and 'declared persons'. The object of these provisions is to have prices surveillance applied only to those markets where, in the view of the minister, competitive pressures are not sufficient to achieve efficient prices and protect consumers. Australia Post letter services, other than the business letters service, have been declared to be a service covered by the CC Act provisions and Australia Post to be a declared person in relation to those services.²³

20 *Australian Postal Corporation Act 1989*, s. 29 and s. 30; see also Australia Post, *Submission 8*, p. 9.

21 *Australian Postal Corporation Act 1989*, s. 30.

22 Department of Finance, *Submission 5*, p. 3.

23 ACCC, 'ACCC role in postal services', <http://www.accc.gov.au/regulated-infrastructure/postal-services/accc-role-in-postal-services#assessing-price-notifications-for-australia-post-s-reserved-services>

2.26 The APC Act requires that, before the Board of Australia Post varies the rate of the BPR, it must give the Minister written notice of the proposed determination. The Minister may, within 30 days after receiving notice of a proposed determination, give the Board written notice disapproving it. In exercising his discretion on this, the Minister must consider:

- Australia Post's obligation under the APC Act;
- changes to the Consumer Price Index; and
- any other matters the Minister considers appropriate.

2.27 Effective from 31 March 2014, the BPR was increased by 16.7 per cent. In addition, Australia Post introduced, for the first time, a concession rate stamp for eligible customers so that they have access to the original 60 cents postage until 2017. Eligible customers will be limited to 50 concession stamps per year.²⁴

2.28 Australia Post is able to charge freely for all other services it provides.

Australia Post business structure

2.29 Currently, Australia Post's business structure consists of four business groups:

- Mail: the collection, processing and distribution of mail items, digital communications and associated services. This includes all regulated mail. Regulated mail comprising:
 - reserved letters—the collection, processing and distribution of domestic letters defined as reserved by the APC Act; and
 - non-reserved mail – the processing and distribution of non-reserved domestic letter services;
- Parcel and Express: the processing and distribution of parcel and express products, international mail services along with freight forwarding operations;
- Retail: provision of postal products and services, agency services, mail boxes and bags, financial services and other retail merchandise, principally philatelic, stationery, telephony, greeting cards, gifts and souvenirs; and
- Other services.²⁵

2.30 In June 2014, Australia Post has announced that it will restructure the Australia Post Group around its two key brands: Australia Post and StarTrack.²⁶

24 Mr Ahmed Fahour, Australia Post, *Additional Estimates Hansard*, 25 February 2014, p. 107; Mrs Christine Corbett, Australia Post, *Additional Estimates Hansard*, 25 February 2014, p. 111.

25 ACCC, *Assessing Cross-subsidy in Australia Post 2012–13*, June 2014, p. 10.

26 Australia Post, 'Reform critical to future of Australia Post', 10 June 2014, <http://auspost.com.au/about-us/reform-critical-to-future.html>.

Size and distribution of the Australia Post retail network

2.31 As at June 2013, the Australia Post Retail Network consisted of a total of 4,429 retail outlets. The outlets reflect a variety of formats and ownership type as follows:

- Corporate Post Offices (CPOs) – owned and operated by Australia Post and offer Australia Post's full suite of products and services;
- Licensed Post Offices (LPOs) – owned and operated by a licensee (not an Australia Post employee). LPOs are obliged to provide mandatory services which are postage assessment, mail acceptance and delivery, and agency banking and bill-pay. LPOs may be standalone – that is, provide only Australia Post services – or run in conjunction with a host business. More than half of all LPOs are run in conjunction and are often situated in smaller communities;
- Franchised Post Offices – franchised post offices are a turnkey operation with arrangements being entered into for 10 years. There are currently 29 franchised post offices. Australia Post has announced that the franchises will be converted to LPOs;²⁷ and
- Community Postal Agencies (CPAs) – established in a host business or other local premises and offer basic postal services only.²⁸

2.32 LPOs and CPAs provide the vast majority of services in rural and remote areas. LPOs are the most prominent model in rural and remote areas, accounting for 64 per cent of all of these retail outlets as at 30 June 2013. Australia Post noted that the majority of these LPOs (58 per cent) are run in conjunction with a host business.²⁹

27 Mr Ahmed Fahour, Australia Post, *Additional Estimates Hansard*, 25 February 2014, p. 126.

28 Australia Post, *Submission 8*, p. 20.

29 Australia Post, *Submission 8*, pp 23–24.

Table 2.1: Outlet types and distribution, June 2013

Type of outlet	Total number of outlets	Total number of outlets in metro area	Total number of outlets in rural area	Total number of outlets in remote area
Corporate Post Office	761 (17.2%)	517 (27.7%)	223 (10.9%)	21 (4%)
Licensed Post Office (including 29 franchisees)	2,924 (66%)	1,299 (69.5%)	1,357 (66.6%)	268 (51%)
Community Postal Agencies	744 (16.8%)	52 (2.7%)	456 (22.4%)	236 (45%)
Total	4,429	1,868	2,036	525

Source: Australia Post, Submission 8, Tables 3.3 and 3.4, p. 21.

2.33 In 2012–13, the Australia Post network handled 4.58 million mail articles. This included a total of 4.4 million articles posted in Australia for delivery in Australia and overseas and 180,000 posted overseas for delivery in Australia. These figures do not include articles that do not generate revenue, such as official mail or redirected mail.³⁰

2.34 A more detailed analysis of Australia Post's mail service, trends in mail use and the impact on Australia Post is provided in Chapter 3 of this report.

Role of the Australian Competition and Consumer Commission

2.35 The Australian Competition and Consumer Commission (ACCC) has three specific responsibilities in the regulation of postal services:

- assessing proposed price increases for Australia Post's notified reserved services (assessing price notifications);
- monitoring for the presence of cross subsidies between Australia Post's reserved and non-reserved services; and
- inquiring into certain disputes regarding the terms and conditions under which Australia Post supplies bulk mail services.

2.36 The ACCC's role in assessing any variation to the BPR being sought by Australia Post is discussed above.

2.37 The APC Act requires the ACCC to assess whether Australia Post is cross-subsidising its non-reserved services (generally, services it provides in competition with others) with revenues from its reserved (statutory monopoly) services. The

30 Australia Post Annual Report 2012–13, p. 132.

ACCC commented that this would be a concern because Australia Post could damage competition in competitive markets by the use of its legislated monopoly.³¹

2.38 Prior to 2011, Australia Post was required to provide the ACCC with notification of proposals to increase charges for bulk (business) mail. Australia Post is no longer required to submit price notifications to the ACCC for changes in the prices of its business mail services. However, regulations made under section 32B of the APC Act allow the ACCC to inquire into disputes about the terms and conditions, including price of access to Australia Post's bulk mail services.

Franchising Code of Conduct

2.39 The *Competition and Consumer Act 2010* (CCA) and its associated Franchising Code of Conduct apply to Australia Post. The CCA is administered by the ACCC by:

- preventing or halting anti-competitive behaviour so that all businesses have the opportunity to survive and thrive, and to conduct their business in a manner consistent with the interests of the Australian public, the Australian consumer, and
- protecting consumers against misleading and deceptive conduct.³²

2.40 The ACCC may take action against any corporation which it believes has broken the law and has acted in an anti-competitive or unfair manner against the interests of consumers or other businesses. The ACCC takes on cases on behalf of small business when there are allegations from those businesses concerning unconscionable conduct, misleading or deceptive conduct or breaches of the Franchising Code.

2.41 The Department of Communications noted that, in his speech to the 2004 POAAL National Conference, the then ACCC Commissioner John Martin stated that 'given Australia Post's dominant position [with regard to market power] any allegation of conduct by it which deliberately damages the competitive process would be investigated by the ACCC'.³³

2.42 The ACCC may undertake franchising audits and has the power to obtain from a corporation any information or document it is required to keep, to generate or to publish under the relevant industry code.³⁴

2.43 Proposed changes to the Franchising Code of Conduct will allow the ACCC to use its audit powers to obtain documents that the franchisor has relied upon to support statements and claims made in their disclosure documents. In addition, the

31 ACCC, *Assessing Cross-subsidy in Australia Post 2012–13*, June 2014, pp 6, 7.

32 Department of Communications, *Submission 7*, p. 7.

33 Department of Communications, *Submission 7*, p. 7.

34 ACCC, Industry Code Audits (<http://www.accc.gov.au/business/industry-codes/industry-code-audits>)

changes will introduce a general obligation on franchisors and franchisees to act in good faith during their dealings with each other.³⁵

2.44 The committee understands that individual LPOs have written to the ACCC in regards to their own relationship with Australia Post. The Committee intends to write to the ACCC requesting they examine the overall relationship between LPOs and Australia Post and determine whether the allegations put forward by some LPOs are appropriate to pursue under the powers of the ACCC.

The importance of Australia Post and the Australia Post network

2.45 Postal services have been a vital part of Australian life since the earliest days of the Sydney colony. Australia Post now has a presence across Australia through an extensive network of corporate and privately owned post offices. The services being provided by Australia Post have grown from 'traditional' letter deliveries to include parcel delivery services, many government services and commercial services such as bill payments and banking as well as new services that embrace the digital economy.

2.46 While many submitters noted the decline in letter volumes and the increasing use of electronic communications, Australia Post is still seen as being a central service provider for the business sector, the general community and government. As Mr Stephen Giles stated:

Australia Post is an iconic and trusted brand with an unrivalled business network. For more than 100 years Australia Post has been an integral part of our Australian community, facilitating communication and ensuring that important services are provided to all. The efficiency and accuracy of delivery that the Australia Post network achieves is globally acknowledged, and rendered even more remarkable given Australia's geographic and logistical challenges and our relatively small population base.³⁶

2.47 The Community and Public Sector Union (CPSU) and the Communications Electrical Plumbing Union (NSW Postal and Communications Branch) (CEPU (NSW Branch)) both pointed to the importance of Australia Post, with the CPSU stating that Australia Post is 'an important public institution that provides a variety of essential services to the Australian public every day'.³⁷

2.48 The CEPU (NSW Branch) added that Australia Post has stepped in to provide trusted services when other institutions, for example, financial institutions, have closed. It concluded that 'in many areas, Australia Post has been the underpinning reason for the survival of local economies'.³⁸

35 The Treasury, *Amendments to the Franchising Code and the Competition and Consumer Act*, April 2014 (<http://www.treasury.gov.au/ConsultationsandReviews/Consultations/2014/Franchising-Code>)

36 Mr Stephen Giles, *Submission 1*, p. 5.

37 CPSU, *Submission 4*, p. 1.

38 CEPU, *Submission 11*, p. 2.

2.49 Submitters noted that the Australia Post network is more important to some groups in the community than others, including the elderly, the disabled and those who do not have access to computers. The Communication Workers Union Postal and Telecommunications Branch Victoria (CWU Victoria Branch) stated:

While digital messaging has decreased the reliance on mail, it must be realised that not everyone has access to a smart phone, computer and internet. Many low income people cannot afford this access, or many people do have the technical skills to keep their systems fully functioning. For some types of messaging, physical mail is the preferred option. This is particularly true of documents containing signatures or confidential information or that are lengthy.³⁹

2.50 This was acknowledged by the Department of Communications which stated:

...replacing physical letters with an electronic service would not yet be appropriate for all communities and businesses, in particular those which do not have ready access to an electronic service that could act as a replacement.

While electronic services are increasingly an option for many, there are consumers who prefer to use letters for other reasons, such as security or familiarity (such as among the aged). Alongside this, the role of Australia Post in Australian communities continues, but the importance of physical letter services is diminishing.⁴⁰

2.51 The Post Office Agents Association Limited (POAAL) also commented on the range of services provided by the Australia Post network to different groups in the community:

Post offices serve the elderly, the frail, the disadvantaged, the infirm, the unemployed and low-paid workers, as well as mums and dads and local businesses. Many of these people living in country areas do not have access to the internet nor can they afford it.⁴¹

2.52 This view was supported by other submitters; for example, one licensee commented on the great value of the services provided by LPO; not only postal services but also bill paying facilities. They stated that this was 'particularly important to elderly residents who are not confident with online or telephone payment arrangements, who are given personal care and attention, and many of whom do not have ready transport to larger centres'.⁴²

2.53 Another licensee also provided details of the assistance his office provides to elderly and homeless customers:

39 CWU Victoria Branch, *Submission 6*, p. 2.

40 Department of Communications, *Submission 7*, p. 5.

41 POAAL, *Submission 9*, p. 6.

42 Ms K Whelan and Mr P Lee, *Submission 130*, p. 3; see also, Mr Robert Richardson, *Submission 117*, p. 2.

May I explain that our LPO, as would many other small community post offices help the community in so many ways that a lot of people would not even realize. From helping the aged who cannot see. I have a couple of people who have me fill in their cheques to pay their bills. I have elderly residents in the caravan villages who are incapacitated and to whom I deliver parcels because they cannot collect them from the post office. In many cases I am the only person people can talk to when they are grieving the loss of their partner and they are left all alone...A lot of people are unaware of the number of homeless people that "reside outside" in our area whose only link with authorities is our post office for everything from making a phone call for them to contact Centrelink maybe the hospital when they have appointment.⁴³

2.54 It was also noted that the postal network is of great value to government, through the provision of services:

Post offices are of inestimable value to government. They meet the necessity for human interaction while providing a government service. It is my belief that Australia Post provides an essential community service in addition to it being another Government Business Entity. It is therefore very important that this not be sacrificed to corporate expediency under the guise of financial restraint.⁴⁴

2.55 Australia Post recognises its important role in the Australian community. Mr Fahour has stated:

We and the licensed post offices play a vital community role, which I know you all believe in...They are vitally important for the success of Australia Post and to provide our community with the services it deserves. We are committed to a strong and sustainable future and to working cooperatively and effectively with all our partners—our valuable workforce, our very important LPO network. We want to continue to serve the community

2.56 The committee recognises that in many areas across Australia, the local post office provides not only postal services but also an invaluable amenity for individuals and local business and for the community as a whole.

Importance of the Australia Post network in regional and rural communities

2.57 Australia Post submitted that it has a 'demonstrable commitment' to rural and remote Australia, and that over 5,500 people are directly employed by Australia Post in rural areas.⁴⁵ Mr Fahour commented:

...Australia Post prides itself on being able to service the community in places where very few institutions are left. Particularly in regional and rural

43 Mr G Bond, *Submission 195*, p. 2.

44 Mrs Margaret Fowler, *Supplementary Submission 98*, p. 3.

45 Australia Post, *Submission 8*, p. 23.

Australia there are not many options available to the community, and Australia Post tends to be there to assist across a range of services.⁴⁶

2.58 In rural areas, as shown in table 2.1 above, of the total of 2,036 post office outlets 10.9 per cent are Corporate Post Offices while the remainder are LPOs or CPAs. In remote areas it is LPOs and CPAs which provide the vast majority of postal services, with only four per cent of outlets being Corporate Post Offices. It was noted that without the LPO network, Australia Post would not be able to deliver its CSOs.⁴⁷

2.59 Many submitters emphasised the importance of the Australia Post network, particularly LPOs and CPAs, in remote, rural and regional communities. A licensee commented:

...I believe the community service obligations of Australia Post have evolved to be far broader than the supply of a letter service as defined in Section 27 of the Australian Postal Corporation Act. The services provided by local post offices often tend to make the post office the face of government. This is especially so in rural towns. The post office in these communities is seen as an integral part of the social fabric of that society. Indeed, from my observation, there is an expectation in the community that even if a problem does not relate to the post office per se, someone in the post office will know where to direct the enquiry.⁴⁸

2.60 Submitters also pointed to the lack of other services and problems with other forms of communications in rural and remote areas. For example, the CWU Victoria Branch further observed that 'Internet and even mobile phone coverage in country Victoria is often patchy, and sometimes (especially during rain) non-existent.'⁴⁹

2.61 Submitters highlighted the central role of post offices in rural and remote areas which were described by some submitters as the 'hub of the community', particularly where other services had closed or in times of an emergency.⁵⁰ Ms Helen Bain commented further:

Since many banks, government services and offices have left regional areas and centralized in cities, rural post offices have become essential for the provision of banking, bill paying, financial transactions, communications and general business services within small towns.⁵¹

2.62 The Southern Grampians Shire Council added that post offices and LPOs in smaller communities provide a focal point for a range of community services and

46 Mr Ahmed Fahour, *Additional Estimates Hansard*, 25 February 2014, pp 119–20.

47 See for example, Ms Helen Bain, *Submission 19*, p. 3.

48 Mrs Margaret Fowler, *Supplementary Submission 98*, p. 1.

49 CWU Victoria Branch, *Submission 6*, p. 2.

50 See for example, Ms Lisa Cooper, *Submission 71*, p. 3; Mr Kevin Nicholls, *Submission 53*, p. 2; Mooball and District Moovers (Inc), *Submission 78*, p. 1.

51 Ms Helen Bain, *Submission 19*, p. 3.

activities apart from the postal services that they provide directly. The council went on to state:

...the importance [of LPOs] lies not just in the provision of services proved at and by LPOs but also in the capacity of such facilities to strengthen communities...LPOs act as community hubs. In many smaller communities these are the main service centre, providing a focal point for a range of community services and activities quite apart from the vital service they provide directly...

The effect of the loss of 'institutions' such as LPOs on small communities should not be underestimated.⁵²

2.63 It was also noted that the post office can play an important role in times of emergency. One licensee submitted:

In our small community we are the last business still operating. In the recent floods we were the focal point for all of the community and the emergency services. The communities' very identity is now reflected in the local Post Office as the last government service available to them...

The role of the regional LPO is to keep regional communities connected to the rest of the country in the same way as their city relatives.⁵³

2.64 The Country Women's Association NSW (CWA NSW), while recognising the costs of maintaining postal services in regional and remote areas, added that:

Even though the population served by remote mail services is small, the maintenance of these services is vitally important—the people who live in these areas should have access to "a" mail service. Couriers do not operate in many regional and remote areas—the only alternative is to send items using Australia Post—this illustrates the importance of Australia Post in conducting a business or just getting something like Christmas presents delivered on time.⁵⁴

2.65 The CWA NSW went on to comment about the role of LPOs and problems that would be faced by communities where postal services were no longer available:

The LPO network is vitally important to communities in regional and remote Australia – as well as handling mail, they are very often the venue where people pay utility accounts, Shire Council rates and insurance, or purchase money orders, reams of paper, envelopes and stamps. LPO owners earn a commission for providing these services. LPOs operate in small towns and villages, so they are usually the only business in the community where these services are available. Sometimes the LPO offers a fax service as well. Often, it is up to 100km to the next nearest Post Office or LPO.

In many small communities, older residents do not use technology to pay bills or communicate, so the services offered by the LPO are their lifeline.

52 Southern Grampians Shire Council, *Submission 175*, p. 2.

53 Name Withheld, *Submission 88*, p. 1.

54 CWA NSW, *Submission 18*, p. 1.

If LPOs did not exist, many services in regional and remote areas would be very different, in particular mail services. An example: Rowena has an even smaller Australia Post service than an LPO – a Community Postal Agency (CPA). If it didn't exist, local mail would be sorted at a centre 80 kms away or by the local roadside mail delivery contractor at his house or in a shed. Posting a parcel would have to wait until someone went to town, to a PO with a set of scales – 80 to 100kms away. What would happen to registered mail, where a signature is necessary for delivery to occur? There wouldn't be a Post Office to go to, to collect the parcel/letter. What about an oversize object which wouldn't fit in the mailbox? Mail contractors will not leave such an item on the ground beside the mailbox – where would one go to collect that sort of item?⁵⁵

2.66 Other submitters also pointed to the great distances that customers would have to travel to access postal services if local post offices closed.⁵⁶ The Mooball and District Moovers commented on the impact of the loss of postal services in its district and stated:

Village lifestyle functions around and depends on these local services – it is often the only contact residents have to "the outside world"...

Immediate and future impact on our communities in the event of the loss of our Postal services would necessitate residents having to access Postal services at Murwillumbah Post Office which is 20 kms north west of the Mooball community. This would pose many problems for the elderly, ill and incapacitated residents who do not drive or have access to personal transport with the only daily transport available being the school bus. Not the best option.⁵⁷

2.67 The committee also received a number of submissions concerning the potential closure of small LPOs including the Gulgong LPO. The Gulgong Community Action Group provided the committee with a list of affects if the LPO were to close including:

- loss of productivity for businesses in the town as they would have to travel to Mudgee (a one hour round trip) numerous times per week for mail;
- increased travel costs for local business which may make the business no longer viable;
- loss of business in the local community as people will do other business while in Mudgee;
- isolation of elderly and disabled members of the community; and

55 CWA NSW, *Submission 18*, p. 1.

56 See for example, Mr V Cooney, *Supplementary Submission 201*, p. 1.

57 Mooball and District Moovers (Inc), *Submission 78*, p. 1.

- the community being forced to use online services taking away a customer's right to choose the way they conduct their business in an area with poor internet access.⁵⁸

2.68 In addition to concerns about the closure of post offices in rural and regional areas, the CWU raised the issue of changes to rural and regional mail services that would impact detrimentally on individuals and communities. The CWU, for example, noted that Australia Post has recently announced cuts to existing services in regional and rural NSW. The CWU stated that there is no justification for reducing these services.⁵⁹ The CWU pointed to the importance of mail delivery services for the elderly in regional areas and commented:

Ingham [in rural Queensland] has a large elderly population who are accustomed to receiving physical mail and for whom the postie may be the only person they see every day. As long as there is post, at least one human being comes to your home with something for you...mail delivery has changed from 10 days in a fortnight to 5 days a fortnight. This has caused a lot of concern for the Ingham residents. There has been no public consultation.⁶⁰

2.69 The CWU also commented on the impact of postal employees. It stated that 'cutting the delivery schedule will overload workers on the days when mail is delivered, backlog sorting centres and isolate regional/rural and remote communities reliant on the mail for communication'.⁶¹

2.70 It was also argued that moves by Australia Post to centralise its main sorting centres will impact on next day delivery services. In Victoria, Australia Post will move the majority of mail from regional Victoria to its main sorting centre in Dandenong. The CWU concluded that 'not only are they abandoning next day delivery for mail posted between Melbourne and Ballarat and between Ballarat and adjoining country towns, but to make matters worse only 94% of mail will be delivered on the second day'.⁶²

2.71 Mr Fahour has indicated to the committee that Australia Post has a strong commitment to the development and maintenance of the physical post office network and stated 'we are absolutely committed to maintaining that physical presence in communities everywhere so that we can continue our role of providing trusted services that connect all Australians'.⁶³ Australia Post launched a rural sustainability

58 Gulgong Community Action Group, *Submission 204*, pp 4–5.

59 CWU Australia, *Submission 2*, p. 2; see also see also Mr Martin O'Nea, Assistant National Secretary, CWU, *Committee Hansard*, 6 December 2013, p. 31.

60 CWU Australia, *Submission 2*, p. 4; see also CWU Victoria Branch, *Submission 6*, p. 2.

61 CWU Australia, *Submission 2*, p. 2; see also see also Mr Martin O'Nea, Assistant National Secretary, CWU, *Committee Hansard*, 6 December 2013, p. 31.

62 CWU Australia, *Submission 2*, p. 5.

63 Mr Ahmed Fahour, Australia Post, *Budget Estimates Hansard*, 28 May 2014, p. 80.

package to support the viability of rural outlets in June 2014. This is discussed in Chapter 6 of this report.

Committee comment

2.72 The committee recognises the expanded role played by post offices across the country and the services that are provided to the community. Many elderly Australians use the post office to pay bills and to access a range of government services. People with disabilities and poor levels of literacy are assisted by post office staff to use banking facilities, to fill out forms and to access other services.

2.73 The committee was provided with numerous examples of the assistance provided to members of the public through the postal network. The committee commends the many Australia Post employees, licensees, franchisees and mail contractors who provide services and assistance to members of the public far beyond their stated responsibilities.

2.74 In small remote, rural and regional communities, the postal network provides essential services for communities. This is particularly the case where other facilities are no longer available with the additional services provided by post offices, such as banking and account payments, ensuring that community life can continue. This is of great importance in areas where public transport is limited, where major towns are some distance away and where internet services are unreliable. The post office also provides invaluable services for individuals who cannot afford computer access or have difficulty using electronic means of communication.

2.75 The majority of the postal services in rural and remote Australia are provided by LPOs and CPAs. The committee notes that Australia Post has recognised the possible adverse impact for communities if LPOs were to close. In response, Australia Post has developed the rural sustainability package. The contribution of this package for the long-term sustainability of the rural and remote postal network is examined later in this report.

