

SUBMISSION POSTAL SERVICES MODERNISATION

MAY 2023

EXECUTIVE SUMMARY

The Australian Retailers Association (ARA) welcomes the opportunity to provide comments to the Department of Infrastructure, Transport, Communications and the Arts (the Department) regarding the modernisation of Australia Post and its services.

The ARA supports the modernisation of Australia Post to ensure that its invaluable service offerings remain fit-for-purpose and at the least cost to businesses, consumers and taxpayers.

This submission outlines a number of observations and recommendations following consultation with ARA members, including Australia Post and its Licenced Post Offices (LPOs) and Community Postal Agents (CPAs) as well as other ARA members who use Australia Post's services.

INTRODUCTION

The ARA is Australia's oldest, largest and most diverse retail body, representing a \$400 billion sector that employs 1.3 million Australians. As Australia's peak retail body, representing more than 120,000 retail shop fronts, the ARA informs, advocates, educates, protects and unifies independent, national and international retail members.

We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate across all categories - from food to fashion, hairdressing to hardware, and everything in between.

As noted, The ARA's membership includes Australia Post as well as its 2,800 LPOs and 750 CPAs. Our submission therefore reflects the views of Australia Post, including the LPO and CPA network. The owners of LPOs and CPAs are generally small businesses with many of the same issues and needs as any other small, retail business.

To inform our submission we surveyed our membership and included survey questions specifically for LPOs/CPAs. We also consulted with Australia Post's executive team.

Our submission also outlines the views of our broader retail membership who are customers of the services that Australia Post provides.

RESPONSE TO CONSULTATION PAPER

The ARA supports the modernisation of Australia Post and the services it offers to businesses and consumers across the country. This consultation is timely because it will ensure that Australia Post is best placed to respond to changing market dynamics while retaining its ability continue delivering essential services to the community in a cost-effective way.

The retail sector's increasing reliance on e-commerce is underpinned by the capability of efficient and reliable parcel delivery. While some large retailers operate their own delivery operations, others are reliant on Australia Post's parcel services for business-to-business and business-to-consumer deliveries. We note that the parcel delivery market is highly competitive and Australia Post's services are critical to the success and growth of Australia's \$67 billion online retail sector.

The ARA supports the principles outlined in the consultation paper, outlined below.

- Australia Post remaining in full public ownership, providing a universal and equitable service that meets the needs of Australian people and businesses.
- Australia Post remaining financially sustainable, and invest in its networks, services and people to support improved national productivity and supply chain resilience.
- Postal services that support Australia's digital economy, particularly as a critical enabler of the growing eCommerce market.
- Providing appropriate coverage of the Post Office network, particularly in regional and rural areas, and supporting LPO and CPA financial sustainability.
- Reducing Australia Post's operating cost in delivering regulated letter services, freeing up delivery and processing resources to support parcels delivery to respond to increasing demand and consumer expectations.

RECOMMENDATIONS

The ARA recommends that the modernisation of Australia Post should not be considered in isolation, to optimise benefits and avoid unintended consequences.

For example, while our members value parcel delivery services above other Australia Post services, the responses to our survey conducted in April 2023 ($n=117$) shows that many retailers still also value letter services. Any change to letter delivery service levels will require a reasonable transition supported by clear communication and the availability of suitable alternatives.

We also think that a whole of government approach should be adopted so that synergies and efficiencies are realised in the delivery of government services to Australians. For example, the provision of services, particularly identity and essential financial services, as well as the coverage of the Post Office network should be considered alongside other government agencies delivery of services and their networks.

There are potentially many ways that services delivered by Services Australia, Australia Post and other Commonwealth agencies could be streamlined to provide a more effective and efficient network for Australian consumers to engage with government and access postal services.

We also note that there is a need for the regulatory framework to continue to safeguard the trustworthiness, security and reliability of the postal network. While a shift to digital delivery of letter services seems inevitable, we note that email is subject to spam, scams and fraud in a way that the letter service is not. Digital delivery of letters needs to be appropriately safeguarded so that trust and confidence is retained. This is very important for communications from Government and financial institutions, including important transactions and documents that Australians must be able to rely on.

Finally, we support Australia Post's value-driven commitment to supporting the Australian community during times of difficulty and natural disaster, as well as its commitment to inclusion and sustainability.

SURVEY RESPONSES

To help inform this submission, we draw upon responses to a member survey ($n=117$) including a high proportion of responses from members that identified themselves as LPOs ($n=51$)

In-line with this, survey responses were heavily weighted towards small business, who made up 79% of the sample. While the geographic spread of respondents reflected relative size of each jurisdiction, there was a strong concentration of respondents in regional or rural Australia.

Chart 1

Geographic spread: what states and territories do you have operations in?

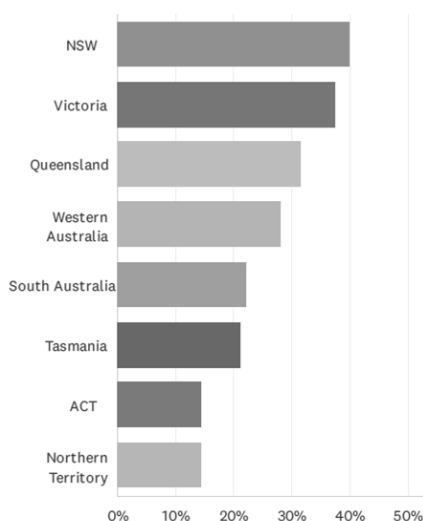
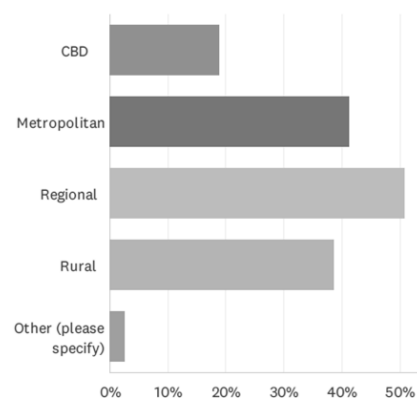


Chart 2

Geographic spread: what regions do you have operations in?



ARA members overwhelmingly rely on and value parcel delivery services. However, high number of respondents also find letter delivery important for their business.

Chart 3

Services: what Australia Post services are most important to your business?

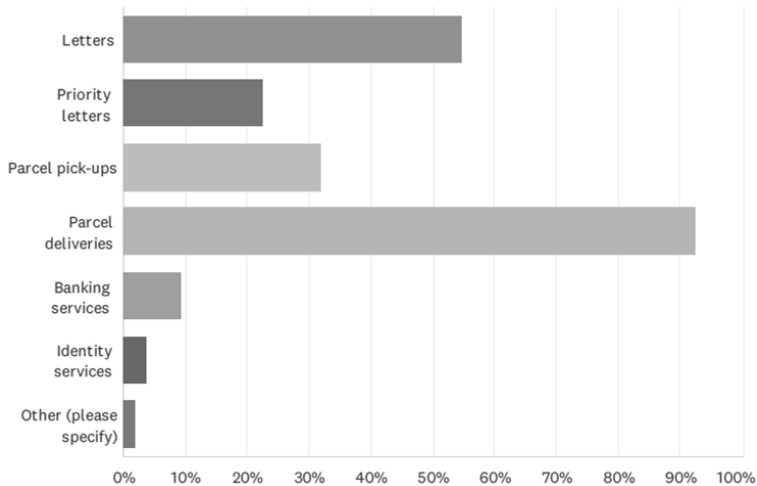
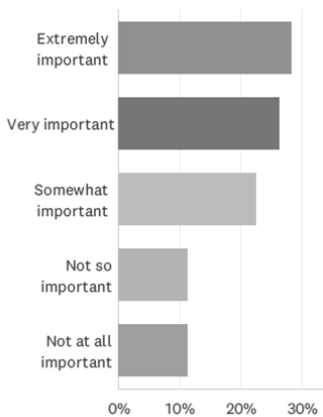


Chart 4

Services: how important is it for your business to send or receive letters?



The ARA therefore recommends that Australia Post will need to carefully manage any modernisation of the letter delivery service. For example, by providing substitutable, secure alternatives and allowing reasonable transition timeframes to ensure small businesses and consumers are not adversely impacted by any changes to service levels.

ARA members also find delivery speed to be an important factor in relation to the letter service and were also reluctant to see a change in either speed or frequency of letter delivery services. As noted, this strongly indicates the need for clear communication and reasonable timeframes around any changes in service levels as well as the availability of secure and trustworthy alternatives to letter delivery services.

Chart 5

Services: what is most important to you when deciding to send a letter?

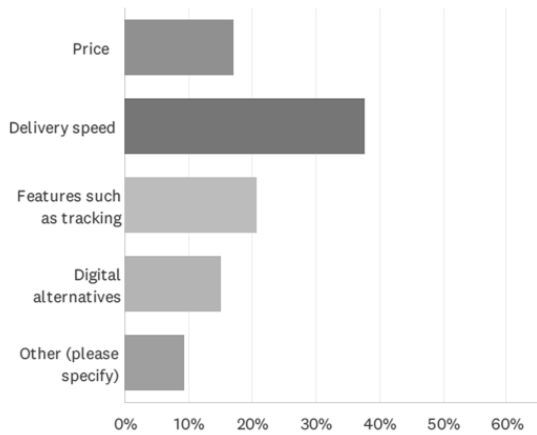
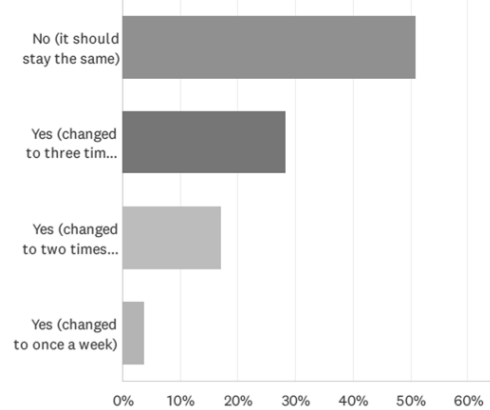


Chart 6

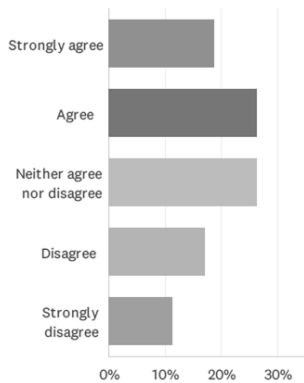
Services: would you support a change in the speed or frequency in letter deliveries?



However, most did not believe a change in the frequency or speed of letter delivery would have a material impact on their business, indicating that there is likely potential for changes to be accepted as long as changes are supported by clear communication over a transition to alternative services.

Chart 7

Services: a change in the speed or frequency in letter deliveries would materially impact my business



Not surprisingly, parcel delivery services were seen as being more important to retail business than priority letter services.

Chart 8

Services: how important are parcel deliveries to your business?

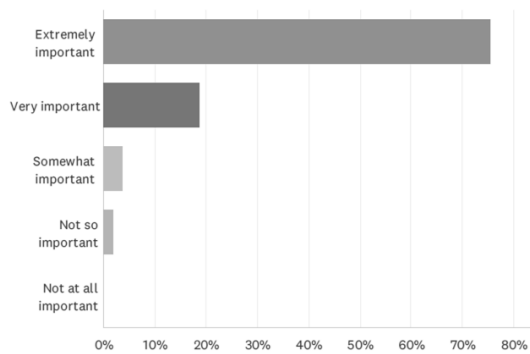
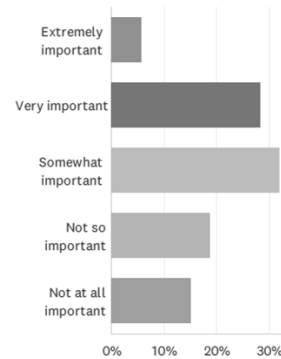


Chart 9

Services: how important are priority letters to your business?



Again, not surprisingly, speed is the critical factor for retailers when it comes to parcel delivery. ARA members also value Australia Post's parcel locker service.

Chart 10

Services: what features matter most to your business in terms of parcels?

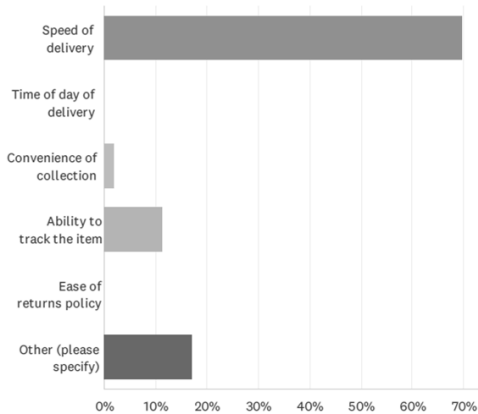
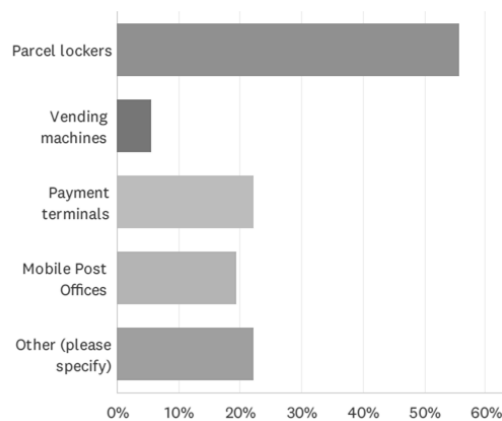


Chart 11

Services: what other products or services would be useful for your business?



FEEDBACK FROM LPO AND CPA NETWORK

Our survey also asked small business members in the LPO and CPA network to share their views. Many of the licensees and agents' responses reflected the same concerns and challenges that face other small retail business owners and included:

- Inadequate staffing due to labour shortages.
- Increased costs of electricity and other overheads.
- Increased rents.
- Lack of foot traffic, yet to rebound in some locations following the impact of Covid-19.

They also cited areas where Australia Post could provide more support, including:

- Improved systems and reliability of ITC infrastructure
- More transparent tracking and service level information so that this can, in turn, be shared with customers.
- Simplified product offerings and pricing would be more understandable for customers.
- Align service offerings between LPOs and corporate post offices because customers do not differentiate and expect the same experience from all Australia Post outlets.

Comments made by respondents reflected support for modernisation and for Australia Post to “become a one-stop shop for services” in rural areas.

Staffing issues were particularly of concern in rural areas with one respondent noting that if they were sick there was nobody who could replace them with the result that their customers could simply not access services for as long as the agent was unwell.

OPPORTUNITIES FOR IMPROVEMENT

Finally, our member survey provided an opportunity for members to comment on ways Australia Post could improve or better support retailers and suggestions included the following:

- Provide cash and coin counting machines.
- More banking services, including raising the limit on deposits.
- Better security measures for cash handling services.
- Simplify service offerings, make them less confusing for customers.
- Reinstate postal deliveries to individual shops within a retail shopping centre.
- Improve the availability of banking and identity services.
- Invest in computer terminals with internet access for customers to use to access forms.
- Extend operating hours, including for customer service call centres.
- Provide sustainable packaging solutions.

CONCLUSION

The ARA and its members value the services currently provide by Australia Post. The ARA supports the modernisation of Australia Post to continue serving small businesses and the broader Australian community.

As outlined in this submission, we see merit in a whole-of-government approach in streamlining government services, particularly in regional, rural and remote areas. Our members also have strong views on how services could be improved. We submit that modernisation is not inconsistent with improvement and the ARA urges the department to ensure that security, trust and availability of services to all Australians remain at the forefront of ongoing consideration of how modernisation can be best progressed.

For any queries in relation to this submission please contact [REDACTED]