



**AMWU Submission to the Australian  
Competition and Consumer  
Commission on Australia Post Price  
Notification 2015**

**October 2015**

## Introduction

The Printing Division of the AMWU represents employees working in direct, upstream and downstream industries relating to the mail service industry supply chain.

Industry sectors in the supply chain include paper manufacturing, envelope making, ink manufacture, printing and mail house activity and catalogue production and distribution. These industry sectors as well as other industry sectors in the mailing industry employ 130,000 people according to a report into the mail industry in Australia by *Acil Allen*. The AMWU therefore is a key stakeholder in the mail service industry with a keen interest in any changes including changes to the BPR that may be made by Australia Post.

### Mail Service Industry and the importance of Australia Post

The mail service industry runs deeper than just Australia Post. In addition to the many industry sectors in which AMWU members are employed, there are other industry sectors, as well as the role Australia Post plays in Australia, particularly in remote, rural and regional Australia. The *Senate Environment and Communications Legislation Committee into the importance of Australia Post in Australian communities its operations in relation to Licensed Post Offices* (the Senate enquiry).observed:

*“It must be recognised that Australia Post is not a private business: its shareholders are the entire Australian community and the postal network is woven through the fabric of Australian life. Significant*

*changes to Australia Post and its network will have a commensurate effect.”*

It is for these reasons that the AMWU fully supports the recommendation of the Senate enquiry that a stakeholder group be established to inform on the future of Australia Post and any changes made to secure the future of Australia Post. There are too many stakeholders who will be affected for the decisions to be left solely to Australia Post. As a representative of and advocate for employees in the mail supply chain and upstream industries, the AMWU has a strong stake in any changes that may be made to Australia Post and a stakeholder group informing and influencing change to secure the future of Australia Post and associated industries is vital. A full list of the Senate recommendations is attached.

### Traditional Mail

Australia Post has been particularly vocal regarding the decline in the volume of traditional mail and has cited this as a major reason for the introduction of a two tiered mail service and a rise in the BPR. The Commonwealth Government commissioned a report into Australia Post by the Boston Consulting Group (BCG) which forecast the decline in mail volumes to be in the range of 8 to 11 %, up to the year 2023. This was based on information extrapolated from declines in other countries. The Australia Institute, in a critique of the BCG report determined that the forecast decline was too pessimistic and that the decline in Australia sits at around 5% over the past 4 years.<sup>1</sup>

The Australia Institute also found that the focus of the BCG was narrow in that it didn't look at the overall healthy financial position of

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<sup>1</sup> Review of Boston Consulting Group's Report for the Minister for Communications, July 2014

Australia Post but rather focused on costs and revenues associated with letter delivery services.

The AMWU's view is that Australia Post should engage in a promotional campaign of traditional mail to stem some of the decline and assess the situation periodically to gauge revenue rather than just aim for an increase in the BPR and the two tiered service. The Stakeholder Group as recommended by the Senate enquiry is ideally placed to assist in this and should have input into such a campaign. Along with such a promotional campaign, the AMWU would not be opposed to a small increase in the BPR along with ACCC oversight for any future increases.

Traditional mail is also extremely important to the elderly and people without on line access as their main form of communication and these groups should not be disadvantaged. Traditional mail should not be viewed as an outdated mode of communication; it is still heavily relied upon.

### Business / Bulk Mail Services

This is a vital part of Australia Post services and one which any pricing changes would affect many businesses employing AMWU members in printing companies and mail houses. Since the ACCC oversight of Australia Post's bulk mail pricing, there has been a price increase on seven occasions. This is a disincentive to businesses utilising traditional mail. The Senate enquiry's first recommendation was:

*The committee recommends that Australia Post be required to submit notifications of changes to the price of business mail services to the Australian Competition and Consumer Commission”.*

The AMWU is supportive of this recommendation.

### Conclusion

The AMWU’s view is that the Recommendations from the Senate enquiry are an excellent basis on which to develop a transparent and collaborative approach to securing the future of Australia Post and its many stakeholders, as well as keeping Australia Post in a central role in the Australian community.

We urge the ACCC to consider a holistic approach in its review of the draft Price Notification so that the BPR is not seen as an isolated matter and the whole of Australia Post and its stakeholders can work to reform the business and the traditional mail stream of the business.

# Recommendations

## Recommendation 1

4.86 The committee recommends that Australia Post be required to submit notifications of changes to the price of business mail services to the Australian Competition and Consumer Commission.

## Recommendation 2

4.90 The committee recommends that the Minister for Communications undertake a thorough examination of cost allocation within Australia Post and report back to the committee.

## Recommendation 3

5.49 The committee recommends that greater commercial freedoms for Australia Post should be only be considered if this provides support for the delivery of the community service obligations through a viable Licensed Post Office network.

## Recommendation 4

5.70 The committee recommends that the Commonwealth Government immediately commission an independent review of the community service obligations contained in the Australian Postal Corporation Act 1989 and associated regulations.

5.71 In undertaking this review, the committee further recommends that:

- the future of mail delivery services be assessed;
- the number of retail outlets required in the network be assessed;
- the effects of any changes to the community services obligations on Australia Post employees, Licensed Post Offices, Community Postal Agencies, franchisees and mail contractors be investigated; and
- consideration be given to the needs of remote, rural and regional communities particularly where other service providers have ceased to operate.

## Recommendation 5

5.92 The committee recommends that, before further or more complex trusted services are provided through the postal network, the Minister for Communications consult Australia Post and relevant government agencies with a view to determining the requirements for the provision of those services.

5.93 The committee also recommends that Australia Post undertake consultation with all licensee representative groups in regard to any additional requirements related to an expansion in the delivery of trusted services, including training, staffing, shopfront space, technology and remuneration.

## **Recommendation 6**

5.110 The committee recommends that the Minister for Communications form a formal postal network strategy group that engages all stakeholders in the development of a comprehensive strategy to inform changes to the Australian Post network in the face of emerging challenges.

5.111 The committee further recommends that a broad community consultation program be implemented.

## **Recommendation 7**

6.51 The committee recommends that, at the request of any recognised association, Australia Post be required to renegotiate the terms and conditions of an LPO Agreement.

## **Recommendation 8**

6.79 The committee recommends that Australia Post capture information relating to 'issues requiring attention' raised under the dispute resolution process in order to provide early identification of systemic problems.

## **Recommendation 9**

6.83 The committee recommends that the Australia Post dispute resolution process should be amended to provide for a more streamlined process.

## **Recommendation 10**

6.88 The committee recommends that Australia Post provide further information to licensees and franchisees on the alternative dispute resolution processes available under the Franchising Code of Conduct.

## **Recommendation 11**

6.129 The committee recommends that the definition of 'Association' in the LPO Agreement be amended to include, in addition to POAAL, other licensee representative groups including but not limited to the LPO Group.

## **Recommendation 12**

8.33 The committee recommends that Australia Post, as a matter of urgency, reassess post office box payments to licensees to ensure that they reflect the true costs borne by licensees in providing this service.

## **Recommendation 13**

8.80 The committee recommends that Australia Post review parcel storage requirements in Licensed Post Offices with a view to providing payments for those licensees who incur additional storage costs.

## **Recommendation 14**

8.96 The committee recommends that Australia Post review the margins on postal products it sells to licensees with a view to ensure that margins are in line with commercial practice.

**Recommendation 15**

8.99 The committee recommends that Australia Post allow for the return of unsold and out-of-date stamps by licensees and franchisees.

**Recommendation 16**

8.119 The committee recommends that Australia Post ensure all employees, in the relevant areas of its corporate network, understand Australia Post's rules and behavioural expectations in relation to the transfer of business from Licensed Post Offices to Corporate Post Offices and that 'poaching' and other predatory behaviour is unacceptable.

**Recommendation 17**

8.141 The committee recommends that the Minister for Communications, as a matter of urgency, commission an independent audit of the activities undertaken by the Licensed Post Office network specifically to determine the validity of claims made by licensees that payments made under the LPO Agreement are not fair or reasonable.

8.142 The committee recommends that where a payment is found to be not fair or reasonable, that a study should be conducted to determine what an appropriate payment rate should be.

**Recommendation 18**

9.26 The committee recommends that Australia Post, when negotiating the current value of franchises, takes into account the impact on the value of franchises of its inability to deliver the promised opportunities.



1. The first part of the book is devoted to a general introduction to the theory of the firm. It discusses the basic concepts of production, costs, and profit, and the role of the firm in the economy.

2. The second part of the book deals with the theory of the firm in a more detailed way. It discusses the production function, the cost function, and the profit function, and the relationship between them.

3. The third part of the book is devoted to the theory of the firm in a more advanced way. It discusses the theory of the firm in a more general context, and the role of the firm in the economy.

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