



POAAL

Post Office Agents Association Limited

Supplementary submission to the
Australian Competition and Consumer
Commission

Australia Post Draft Price Notification
Ordinary Letter Service

Post Office Agents Association Limited

Mail: Level 6, 21 Victoria St
MELBOURNE VIC 3000
Email: membership@poaal.com.au
Phone: 03 96544533
Fax: 03 96544577
Web: www.poaal.com.au
ACN: 006 382 314

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Price path approach – Postal Charges booklet

1. POAAL notes that if the basic postage rate were increased in small increments, instead of moving directly to \$1, then there would be additional printing and distribution costs for Australia Post not just for the Postal Charges booklet but for any manuals or marketing information that include pricing information.

Promoting the letters service

2. The AMWU suggests that Australia Post engage in a “promotional campaign of traditional mail to stem some of the decline”. POAAL agrees with this suggestion, however any campaign would most likely be a means of slowing decline rather than stemming the decline in letter volumes.

A “deal” with LPOs?

3. ADMA states in its submission that “Australia Post has leveraged their monopolistic advantage to broker deals with the LPOs, Unions and the Charity sector to garner their support for the BPR increase.”
4. POAAL can assure ADMA and the ACCC that it has not done any “deal” with Australia Post to support the application for an increase to the BPR. POAAL’s reasons for supporting the increase are laid out in plain English in our original submission, which is publicly available from the ACCC website.
5. POAAL is an independent member association and does not accept any funding from Australia Post. We are fiercely independent.

PO Boxes and regulation of e-commerce

6. Sendle raised the issue of other carriers gaining access to Australia Post’s PO Box network for deliveries. In its submission, Sendle used provocative language, arguing that “monopoly practices in [Australia Post’s] non-restricted activities reduces market competition and hurts consumers.”
7. Australia Post’s policy regarding access to PO Boxes is not a monopoly practice. Australia Post does not have a monopoly on private letterbox services. Secure letterboxes are available for hire through service stations, newsagencies, and other businesses. Australia Post delivers to these addresses without any extra charge.
8. Other carriers may lodge items with Australia Post for delivery to PO Boxes for a fee.
9. Sendle claims that for “consumers in rural or regional areas who may rely on a Post Office box for their deliveries, it restricts services involving deliveries (such as e-commerce) that they may be able to access online.” This is, of course, bunkum. There are customers in rural and remote Australia whose addresses aren’t served by Australia Post’s street delivery service, and as such they are eligible for reduced rate PO Boxes. But that doesn’t mean that other parcel carriers can’t deliver to those customers’ residences.
10. In some respects, Australia Post is already the parcel deliverer of last resort, delivering to areas served by no other parcel carriers.
11. Licensees own the PO Boxes at LPOs, and Australia Post rents the box from Licensees.

12. Around the world, different carriers and e-commerce companies have set up their own networks of parcel lockers. These parcel lockers are typically carrier-specific.
13. Australia Post delivers parcels to newsagencies that are part of the “Hubbed” network, a direct competitor to Australia Post, without any extra charge to customers or Hubbed itself.
14. If the ACCC were to take the view that access to PO Boxes must be regulated, based on other parcel carriers’ desire to deliver parcels to PO Box addresses, then this would be a step towards regulating the entire e-commerce sector.
15. Professor Matthias Finger, when discussing the European e-commerce market, stated that bottlenecks that prevent infrastructures from deploying their full (economic and social) potential should be regulated. This may include cross-border delivery, consumer rights, internet access and affordability, and security of payment.¹
16. As Professor Finger notes:

After being tasked with a USO (Universal Service Obligation), [postal operators] could now, in addition, be tasked with a UeCSO, a Universal e-Commerce Service Obligation, making Posts the ultimate (national) e-commerce infrastructure provider. Of course, at that point, one would also have to regulate the interfaces between these different national providers, notably in terms of interconnection and interoperability. At that point we would be back in a public monopoly.²
17. Designating e-commerce as an infrastructure, and then regulating it, would be “a slippery slope [which] will be difficult to stop.”³
18. POAAL acknowledges that the issue of e-commerce regulation is outside the immediate scope of Australia Post’s draft pricing notification and the ACCC’s Issues Paper. It is a matter for policy makers to decide. Nonetheless, POAAL’s present position is that the e-commerce sector does not require regulation, and that the general public would not receive any benefit from regulation. The entire e-commerce industry is very dynamic, and as such there is an inherent risk of regulatory failure.⁴

Transfer of business

19. While Australia Post’s projections are for an overall decline in letter volumes, there may be growth in some segments. Future growth of any part of Australia Post’s letters business cannot be based on transferring existing customers away from LPOs to deal directly with Australia Post’s corporate network.

¹ Professor Matthias Finger, *the Postal Industry Regulation*, Vol 1, Issue 1, 2013, p7

² Ibid.

³ Ibid.

⁴ Christian Jaag PhD, *the Postal Industry Regulation*, Vol 1, Issue 1, 2013, p9