

Commission of Audit Submission

**Communication Workers Union of Australia
National Office**

- Our submission aims to provide strategies for:
 - the financial viability of Australia Post into the future.
 - maintaining the standing of the Australia Post brand which is a trusted Australian icon.
 - ensuring that existing postal services are maintained.
 - the protection and maximisation of meaningful employment.
 - the continuance of Australia Post as a public asset which has public service as a priority.

What?

We believe that this can be achieved by developing and utilising the following strategies.

Promotion of the Brand

1. Surveys have showed that over 85% of the public polled still value the traditional mail service. Australia Post should leverage off this support and actively promote this in conjunction with the major mail users. Recent commentary suggesting that Australia Post would have losses of over \$1 billion in mails by 2015 is so far from reality as to be farcical.

How?

Stamp price and Staffing levels

2. A stamp rise to 70c be approved, subject to Australia Post publicly committing to ensure existing services are maintained with a particular focus on rural and regional Australia. Chronic and deliberate understaffing in such areas have led to hundreds of delivery rounds and tens of thousands of customers receiving a sub-standard service which is consequently damaging the brand and the status of a trusted icon.

How?

New Service Integration

3. Australia Post's retail network should be given more freedom to leverage off of the trusted icon status, especially in rural and regional areas and move into new services such as banking and financial services, insurance services and communication services. This would enable "one stop shopping" for communities and help fill the vacuums that have been created by the banks and other service withdrawals from regional and rural Australia. Additionally, both individuals and businesses in metropolitan areas would benefit from an added competitor to the big four banks and the obvious reduced cost of banking that would ensue.

How?

We include examples from around the world to support our submission and suggest that the provision of extra services by Australia Post would yield results that would surpass those experienced by international counterparts, given Australia's unique geography. Australia lends itself to being a natural monopoly given its large landmass and sparse population.

International Counterparts

- Established in 2001 as a wholly owned subsidiary of New Zealand Post Limited.
- Now services over 850,000 customers.
- Rated in the world's fifty safest banks in 2012 and 2013 by Global Finance.
- Experienced 8% customer growth in 2012, despite “flat” market.
- \$97.1 million in profit in 2012, an increase of 23%.
- Customer deposits of \$12.1 billion.
- Provides insurance products in addition to banking services.
- Operating revenue of \$446 million.

Kiwibank, New Zealand

- Established in 2006 as a subsidiary of the national postal service, La Poste.
- Provides banking services to 10.6 million customers, 480,000 business customers.
- Rated in the world's fifty safest banks in 2012 and 2013 by Global Finance.
- Over \$1 billion Euros in dividends to La Poste in last 5 years.
- Keen focus on socially responsible lending practices for lending to financially vulnerable.
- Provision of insurance services including personal risk, health, property and life cover.
- Projects to combat banking exclusion.
- La Poste is now the second largest employer in France, after the government.

La Banque Postale, France

- Established in 1999 following restructure of the Italian Post Office.
- Wholly owned by Ministry of Economy and Finance.
- Postamat debit card and Bancoposta Mastercard credit card introduced in 2000.
- BancoPosta revenue accounted for over 60% of total revenue.
- 343 million Euro profits in 2012.
- Available in all postal outlets.

Banco Posta, Italy

We believe that Australia Post has a bright future and is able to maintain existing services with a modest stamp price increase and a move into new and innovative services. This will protect the brand in an environment where letter volumes are decreasing but at a generational change rate and where the vast majority of Australians and Australian businesses, highly value the traditional mail service as a tried and tested method of customer contact.

Knee jerk panic reactions and consequent slashing of existing services, especially to regional and rural Australia is counterproductive.

The delivery of small parcels by posties and the expenditure of \$100 million on the infrastructure, will improve productivity and over time, mitigate losses in delivery.

The continuance of Australia Post as a public asset that has public service as its priority is vital for all but particularly for small and medium businesses and for regional & rural areas.

We submit that the development and implementation of these strategies will ensure that Australia Post remains a viable and valuable asset and remains the trusted icon that is owned and respected by all Australians.

Review