



P O A A L
POST OFFICE AGENTS ASSOCIATION LIMITED

A.C.N. 009 362 314

Productivity Commission's Inquiry

Impact of Competition Policy Reforms on Rural and Regional Australia

Issues Paper
September 1998

Submission by Post Office Agents Association Limited

5 November 1998

**THE EFFECTS OF COMPETITION POLICY ON COUNTRY AREAS IN
RELATION TO THE CONTINUING VIABILITY AND OPERATION OF
LICENSED POST OFFICES**

Issue: (c) *the effects on service delivery in country Australia of reform of government monopolies.*

- Almost all rural Post Offices are privately owned and operated. The operators (Licensees) are paid commission on the work they do.

Because there is not much work, there is not much commission.

They often have another business in the hope that they will keep viable. Often the other business is a country general store, sometimes with a petrol pump outside.

Three fifths of all LPOs are classified as rural.

- There are almost 3000 privately owned and operated LPOs in Australia, over 75% of all Post Office outlets. The remaining outlets are corporate owned and operated.
- The effect of competition on these small post offices (ie deregulation of postal services) means that big companies would be able to compete without having the set up and operational costs of a post office. And how can small, usually one person, operations compete with huge companies.

- Rural and isolated areas are already suffering because of the loss of:
 - * the school
 - * the bank
 - * the library
 - * the policeman
 - * the hospital
 - * the doctor
 - * the railway station
 - * most businesses
 - * government services

This means that the population drifts from country areas to cities, making the situation even worse in the country.

A shrinking effect on communities.

Loneliness for young families.

Increased youth suicide.

Social problems such as excessive drinking

Long distances to be travelled to access services such as: doctor, dentist, etc.

Inadequate or non-existent access to government services and programs.

- What will happen when the post office closes? The town/area will eventually die completely as more people relocate to cities. Some of them won't be cut out for city living and won't be able to afford it - causing yet more problems.

- The Liberal Party's rural platform released prior to the recent Federal election included providing \$70 million to set up "rural transaction centres" (or "one stop shops").

These already exist - they are called "post offices".

Only about half of all LPOs have technology. The \$70 million should be allocated to extend the technology in post offices so that **all** Australians could have access to **all** services which are available in post offices (including banking).

Keep the post office open and keep the community alive.

The owner/operators of LPOs employ thousands of people across the country - what will happen to them as post offices close?

- Retaining the uniform rate of postage has major benefits for country Australians.

Community Service Obligations are a necessity in a country the size of Australia.

If so-called "reform" of postal services continues many country post offices and mail contractors will be unable to continue - **they** will be subsidising their customers. There are disadvantages now to operating a small business in country or regional areas. If we want rural areas to remain at least marginally populated we must be prepared to provide incentives.

About 600 rural LPOs have a form of income protection (called "top-ups"), which will be in place, we are advised, until 2003. This income protection should be extended to **all** country and rural LPOs to help retain their services.

- **Technology:** Insufficient numbers of country and rural LPOs have technology for it to have a beneficial impact on the post offices concerned or on their communities. If a post office is considered to be necessary in a particular rural location, then it should be able to provide its customers with **all** services, including those which require technology.

There would be benefits to the community in having access via technology at their local post office to banking, billpay and other services. They would keep business in their own community, spend their money in their own community, help local businesses to be viable, and help provide employment opportunities. Money and time would be saved by not having to travel to another centre for these services.

Extending post office technology to **all** post offices would be beneficial to most parties.

- The spirit of Australia still remains in the country area - but if it is killed by the advent of big business over-running the community spirit of small businesses, the competition policy will have to wear the responsibility.

Australia needs the support, dedication and loyalty of its country people, and especially small business people in the country, to continue its proud tradition of independence and mateship.

These small business provide direct employment for local people, some full-time, some casual, and a spin-off effect in the area.

Left to the mercies of big business, the exodus of people from country to coastal cities would become even more pronounced, making it an expensive and unattractive option to continue to live in country areas. We could end up with a tansured country - do we want that?