

ACCC SUBMISSION

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CONCESSION STAMPS

Concession stamps were introduced by Australia Post in response to the basic postage rate increase in 2015. At this time it was made clear that Australia Post would absorb the difference to the payment received by us for this discount. Since 4th January 2016 the basic postage rate has increased to \$1.00 and we are absorbing the concession. This is decreasing our income significantly.

CLICK AND SEND/EBAY/EPARCEL RETURNS

The above services have all detracted from commissions that we made prior to these services being introduced. We still have to provide the physical location for these articles to be sent and received but we do not receive the same commissions for doing the same, and in some cases, more work.

REPLY PAID ARTICLES

The agreement states that we are paid under the representation allowance to receive and service reply paid articles. The amount of these articles we receive on a daily basis has exploded over the past 6-8 years. We are still expected to receive and service these articles for no financial benefit. It also states in the current LPO agreement that this can be a negotiated payment if there are 'excessive' numbers. We completed a 3-month trial of counting, assessing and weighing reply paid articles as we believed we had 'excessive' numbers. Our request for a negotiated payment increase was denied with no explanation given as to why.

REPRESENTATION ALLOWANCE

This payment covers an ever increasing list of tasks and responsibilities that we are expected to perform. The payment is \$131.91 per month. The amount of time spent performing the tasks and responsibilities does not even come close to covering costs. In fact it costs us to represent Australia Post.

REFUSAL TO PAY FOR INCREASED WORKLOAD

The time it takes to perform most transactions through the EPOS system has dramatically increased but no increase in payment has been forthcoming. We are expected to absorb the increase in workload for no additional remuneration. An example of this is every transaction migrated to WebPos now requires more input. In addition, the recent demand that from 29th May 2017 all mail redirections will now require us to input all details which will take anywhere between 2-10 minutes extra. We have been told the payment for this will be \$5.95, an increase from \$2.49. This work was previously done by AP staff at the delivery centres.

FAILURE TO ADDRESS INBOUND SCANNING ISSUES

A significant amount of time is spent processing inbound postage articles for which we are paid a fee per article. We rely on a number of actions to occur prior to us receiving these articles for us to be paid. The refusal to address ongoing failure by Australia Post employees to correctly process prior to handing over articles is resulting in loss of revenue to us. It is a mystery to everyone what exactly needs to occur to trigger our payment for these items.

INCREASED STOCK REQUIREMENT

The stock we are required to have on hand according to the agreement, has increased significantly putting a burden on cash flow. The number of stamp denominations along with concession stamps and priority labels has increased dramatically over the past 5-6 years.

CANNIBALISATION OF CORE BUSINESS

Australia Post has introduced a whole suite of products and services that compete directly with us. They offer greater discounts to customers if they go direct to them which is in breach of our LPO agreement. In addition the online products for which we get no payment, are still expected to be processed at our physical location, again for no payment to us from Australia Post. This is at a cost to us as we have to pay the overheads associated with a physical business location.

SCANNING OF OUTBOUND ARTICLES and PARCEL TRACKING

There is no outbound scanning clause in our LPO agreement. We are still required to perform these tasks for no payment. We have to provide the physical location for this task at a cost to us. In addition, we are expected to spend unpaid time assisting customers whose parcels have either gone missing or do not arrive as expected. This is particularly galling when the parcel postage has been paid for online where little or no commission has been earned. We have very little power over the delivery of postal articles but are spending a significant amount of time attending to delivery failures.

REFUSAL TO ADDRESS THE CAUSE OF COMPLAINTS

We are constantly harassed by Australia Post for complaints received for issues that are beyond our control. The failure to address the cause of these complaints will ensure that the issues will continue. We have been issued a notice of dispute and have had to attend mediation for issues that we have no control over. This is a cost to us financially and emotionally and is in breach of the LPO agreement.

REFUSAL TO PAY MAIL SERVICE PAYMENT FROM ASSIGNMENT

As per the LPO agreement, if inbound mail is required to be attended before 8am, a mail service payment must be paid. For over 4 years we were not paid this even after bringing it to the attention of Australia Post state management. We are now paid for 15 minutes per day as Australia Post has re scheduled the arrival of inbound mail. For over 4 years we were required to be in attendance from 7.15am and we have never been paid for this.

REFUSAL TO PAY FOR BANK CUSTOMER ENQUIRY SERVICE

Bank customers are able to attend our LPO and utilise our services to do a balance enquiry. This service attracts no payment for us and no cost to the customer. This service attracts a cost to the customer if they attend a bank branch. This is a cost to our business. This service is also available to TAB account holders for which we again are not paid when we provide the service.

UNFAIR PAYMENTS FOR EIS TRANSACTIONS

EIS transactions are time consuming. The payment received for these transactions do not cover the cost of providing the service. Our operating costs per minute is \$2.00. A simple Tax file application can take upward of 5 minutes. We are paid \$5.95 for this transaction when it has been finalised. It costs us a minimum of \$10.00 to provide the service. This does not include the time spent when a customer has not provided the correct documentation and has to return. In addition, most EIS transactions require the customer to print the lodgement form on a home printer. Most home printers are unable to print a scannable barcode which means manually entering data which can add minutes to a transaction.

PASSPORT PROCESSING

Australia Post directed us to provide a free copy service for documents that must accompany the application. We were previously able to charge for this service. The commission for passports did not rise when this direction came into force. We have to lease a copier, purchase paper and toner, supply the staff to service the customer etc. On average, we would recover \$2.00 per passport application in copy fees. We process over 100 passport applications per month so this has equated to lost revenue.

This is one example of the way in which we are directed by Australia Post to alter processes which are always at our loss.

DYSFUNCTIONAL RELATIONSHIP WITH STATE BASED AUSTRALIA POST STAFF

The relationship between ourselves and the staff with whom we liaise at Australia Post has denigrated to such an extent we will now only communicate via written word. We have been assured in the past that issues we raise will be attended to only to have the same issues denied even being spoken about.

It is with interest that we read the response from Australia Post to the ACCC. In that document they claim many things, one of which is that the relationship with LPO's is healthy. We can only comment on our experiences however, it appears apparent that we are not the only licensees experiencing the same dysfunctional relationship with our franchisor.

IN CONCLUSION

We have invested heavily in our business. We are becoming increasingly concerned with the direction Australia Post is taking in regards to LPO's. In the public domain, Australia Post employees at an executive level have spoken about the importance of the viability of LPO's but in reality, we are treated like poorly paid employees.

In the first year of purchasing our business, we raised some concerns about the LPO agreement and the fact that we were not being paid for some tasks that we should have been. After contacting Australia Post about this and getting nowhere we contacted POAAL who advised us not to worry and to hang in there. That is the extent of the support of the LPO association which Australia Post advised us to join.

LPO Group has from its inception, worked with, for and alongside us to improve the chances of our business not only surviving but hopefully evolving into the new age postal service it has the potential to become. This cannot be achieved without a total overhaul of the outdated and unfair current LPO agreement.