



EXECUTIVE SUMMARY

The Print & Visual Communication Association (PVCA) is the peak industry body for paper, print, mail, packaging, publishing, and distribution. To assist Government across the modernisation of the postal service consultation, the PVCA has formed a Mail Industry Coalition to ensure a united, accurate and relevant voice is provided for your information and review.

The Mail Industry Coalition, facilitated by the PVCA, welcomes the opportunity to provide this submission with the Government's communicated focus of working with Australia Post to improve productivity, efficiencies, and revenue across mail delivery, while managing costs to support both sustainability objectives and benefits.

The PVCA and the Mail Industry Coalition (Industry) believe a modern postal service is one that embraces change while retaining its core elements of value. The Industry is looking for a long-term and sustainable postal service beyond ten years. Given Industry prepared Business Mail, represents 90% of the Letters Business, Industry calls on a priority focus and partnership between Australia Post and Industry be mandated to deliver auditable outcomes rather than 'consultation'. To achieve this, an inclusive partnership between Industry and Australia Post is necessary, operating hand in glove with mutual respect and trust.

Within a modernised landscape and vision, there is an opportunity for greater cooperation and collaboration towards a common goal. We can learn from international examples such as the United States Postal Service, Royal Mail in the United Kingdom, and Canada Post, Canada, who have made multi-million-dollar investments in Business Mail media currencies, research, communication, and events. The Australian Industry is seeking supportive investment matching dollar for dollar with Industry and Australia Post to stabilize decline, build efficacy metrics, and increased marketing value awareness.

We believe there is an opportunity to leverage the flexibility of Industry to promote Business Mail, while utilizing the accessibility of Australia Post's network. The Industry and Customer voice is aligned with a commonality of commerciality and therefore Industry is the best conduit to deliver such programs. Australia Post and Industry working with Customers to secure continued investment through the mail marketing channel through Business Mail promotion will stabilise decline, as is proven with our international counterparts.

Further to Business Mail promotion, the Industry seeks commercial outcomes through regular consultation to develop, in partnership, operational efficiency gains and two-way dialogue that delivers cost-out and value-in support.

The Industry believes this is best achieved through the development of a Mail Industry Stakeholder Committee that works with the Australia Post Letters Business at an operational level and provides a report annually into the Australia Post Board, Executives and Federal Minister Sponsors outlining deliverables and achievements. Further to the Mail Industry Stakeholder Committee, the Industry seeks representation on the current Australia Post Stakeholder Committee.

To support mail volume stabilisation, Industry engagement to cost efficiency gains into Australia Post and Customer promotion, Industry highlights the criticality of Pricing stability. More so than reduced service provision concerns or the Basic Postal Rate across Stamps.

Service provision to delivery is moderately acceptable whether daily or thrice weekly, if the service is consistent, reliable, affordable, and delivers a return on marketing investment with consideration to data expiration, privacy, and other legislative considerations. Stamp price, with a 20.6% decline in volume trending, requires review to reflect other OECD countries and current inflationary pressures. Industry cannot support Stamp letter pricing in its current form, however, caveats this position to the Business Mail pricing being modelled on a 'discount to BPR' approach as it is today.

Pricing Stability has a direct impact to volume stability. Industry and Customers cannot model annual marketing budgets with multiple, ad-hoc, and unpredictable price increases. A significant price increase implemented without notice is representative of the former Australia Post, operating within dated procedures, practices, and dialogue. We believe a modern Australia Post delivering a modern postal service, works towards stabilized price modelling with volume elasticity considerations providing a multiple-year assessment and forecast rather than months-notice at a time review.

Industry also supports Australia Post when engaging with sophisticated and respectful dialogue with trade unions and employees to re-deploy and develop a reduced, cost-effective team reflecting declined volumes, minimized distribution centre capacity, and increased processing responsibility solutions with Industry who are nimbler and more capable of flexing to maintain employment, improve mail processing manufacture, and reduce Australia Post's cost to letterbox and final mile impacts.

Industry further believes the commerciality versus Government Department juxtaposition that Australia Post sits within is a continual conflict unless Australia Post's Charter is amended to reflect the modern era and broader cognizance of the role the postal service plays across Australian society. We suggest removing profitability Charter commitments, regulatory obligations, and business modelling that few Commercial Boards would accept. Instead, modernise legislation to assist Australia Post in being one or the other, not challenged by being both, and provide opportunity to evolve into the modern era in greater commercial partnership with Industry as a partner with oversight influence.

We strongly urge the Government to support Australia Post in its modernisation efforts by removing outdated and cumbersome Community Service Obligations and legislative constraints that hinder a flexible, efficient, and modern operational environment. However, we caution against lifting these obligations recklessly. Instead, we suggest replacing the Business Mail sector obligations with commercial key performance indicators that promote operational efficiency gains, supported by Industry consultation and clear commitments from both the Industry and Australia Post to the sustainability of the postal service provision.

Moreover, we call on the Government to recognize the vital role that the postal service provides for Australian citizens as societal trends shift and new communication channels emerge. We emphasize the importance of the community network of post offices and posties across Australia, both regional and metropolitan, and the significant economic contribution of the 258,000 Australians directly employed across the sector and the additional 122,000 indirectly employed.



Industry urges the Government to develop a strategy that balances profitability and societal benefits. It should not only focus on maintaining a profitable postal service but also prioritize the societal balance of communication that the postal network provides, particularly for vulnerable populations. In a world where digital scams make up 54.6% of all scams, and only 0.65% are from mail, the trust and credibility of our postal service must be maintained, as it is a critical channel for communication.

The letterbox's accessibility to all Australians, regardless of socio-economic status, provides increased comprehension opportunities and bridging of the digital divide for our most defenceless citizens.

We believe that modernisation efforts should not overlook the societal benefits and contributions of the postal service, and we urge the Government to recognise and prioritise these benefits in their strategy.

Industry recognises the detail to achieve these recommendations require further considered dialogue, however we provide the following recommendations throughout our submission as a starting point and with careful consideration to output. We firmly believe they will deliver improvements and partnership to assist Australia Post achieve their strategic goals.

We welcome the opportunity to meet with the Department and other stakeholders to discuss these issues in more depth and make ourselves available for any further discussions and/or additional information requests.

Yours sincerely,

Kellie Northwood
Chief Executive Officer
Print & Visual Communication Association

Further contact details:
E: kellie_northwood@pvca.org.au
M: 0424 188 745

KEY RECOMMENDATIONS SUMMARY

BUSINESS MAIL PRICING STABILITY

- > That Australia Post provide Industry with pricing stability on Business Mail with a pre-determined rate card across a three-year period. This will benefit the Industry to promote and further invest in the channel, engage more Australians with employment stability, invest in technology to provide better mail and service innovation for Customers and thereby benefiting Australia Post with stabilised volume and revenue structure.
- > That Australia Post provide regular Mail Industry Metrics and Data to the Industry to assist in their business forecasting trends, particularly around pricing communications with Customers.

BUSINESS MAIL PROMOTION AND INCENTIVISATION

- > That given the significance of the Industry as Australia Post's largest client base, Australia Post should work with Industry to develop volume increase incentives and a Business Mail promotion investment.
- > That Australia Post provide Industry with support for Business Mail research and promotion with a dollar-for-dollar investment match.
- > That Australia Post include the Mail Industry as a Business Mail advising body working throughout the year with Australia Post Letters Business and reporting to Government, Australia Post Board and Executives annually.

APPROACH TO INDUSTRY AND STAKEHOLDER CONSULTATION

- > That Australia Post enter into a committed formalised longer term and meaningful approach to Industry engagement for beneficial outcomes to all stakeholders.
- > Australia Post should undertake to provide transparent and evidence-based responses and updates to stakeholder feedback post-consultation.
- > Given our Industry is one of the biggest client bases of Australia Post, a PVCA endorsed representative of our Industry, should be appointed as a member of the Australia Post Stakeholder Council.
- > Additionally, that a formalised consultation process be entered into between the Industry and Australia Post, with the establishment of the Mail Industry Stakeholder Committee to work with Australia Post Letters Business regularly and reporting to the Government, Australia Post Board and Executives annually.

AUSTRALIA POST OPERATIONAL EFFICIENCIES

- > That Australia Post prioritise collaboration with Industry to identify and implement beneficial operational efficiencies.
- > Due to the impacts on Industry and its Customers, any decision for Australia Post to permanently move to alternate day delivery timetables should collaboratively address Industry concerns and issues prior to determination.