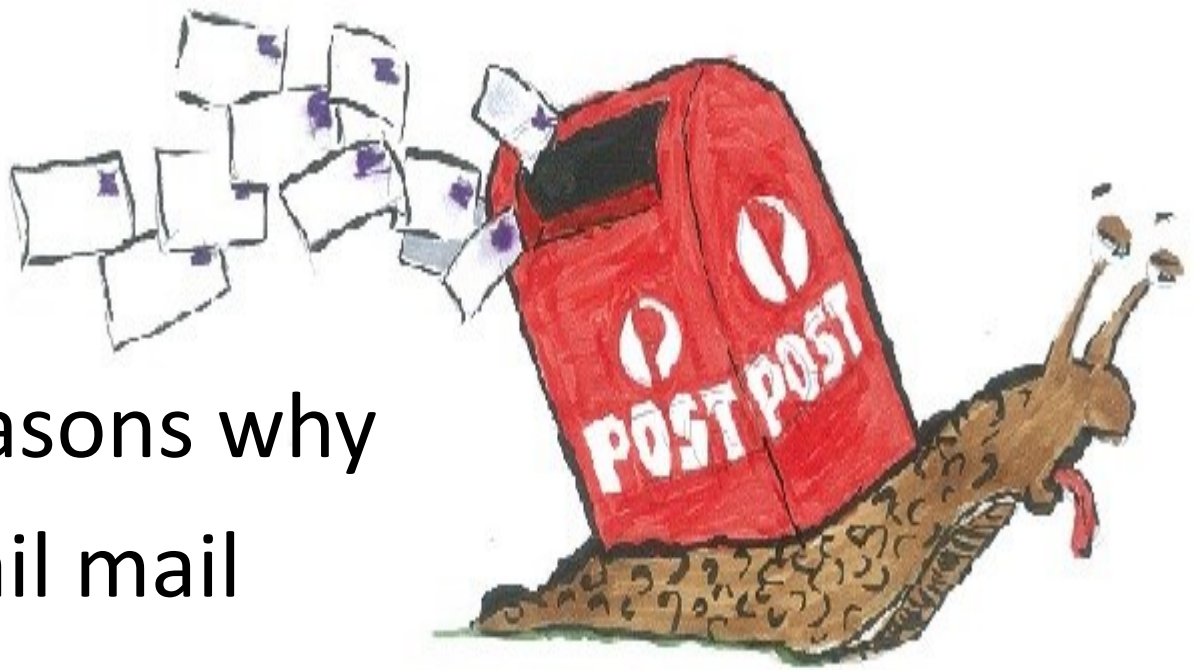


# Reasons why snail mail should be dead already.



**Last Month I think we showed convincingly why Newspapers should remain being published, because sometimes they are just too funny to be ignored.**

So we come to this month's topic: **Why retaining Australia Post (AP) in its current form is a bad idea.**

Can you remember in 2000 when you could pop a card or letter into the post box at the corner and within a day or two it would arrive at its destination all for the cost of 45c.

Now 16 years later and Australia Post has just announced that not only is your letter going to cost \$1 to post but there is no guarantee that it will arrive within the next 5 working days (if at all, they admit to a loss rate of approximately 4%).

Most people are now paying as many of their bills as they can online, send emails to communicate and use a private delivery service like Crisis Couriers or Toll Express to send packages fast and reliably, so it doesn't seem unreasonable to stop Australia Post postal service rather than just slowing it down and watching it sluggishly going ahead and self-destructing.

If old red can no longer perform, then it's out to the barn with him, together with the 12 gauge.

Local convenient postal agencies will close plus posties on bikes will be employed for "other duties".

Australia Post's financial problems are really starting to catch up with it, with a loss last year of \$222 million; that's the first loss to the corporation in 30 years of operation.

To be honest we may be better off without Australia Post. Look at it; it's on its last legs. It's too slow in a world where we all expect instant gratification, why are we still clinging to this antiquated way of a past slower life? We now have a system delivery time that would not be out of place last century.

So let's all stop pretending that it's worth waiting a week to receive the letter from your loved one, inviting you to their party, Australia Post is not moving forward, in fact, it's not even attempting to move at all. Under normal business practice, businesses are rewarded for being innovative, they attract motivated workers, and look for more efficient methods to improve their businesses. Success means that you earn more money and continue to do business. But Australia Post's spirit of innovation has collapsed in all areas. Workers no longer feel the need to innovate because being a government run agency there is no need to compete with others. Leaders who feel that they would like to move things along, find that they are restricted by unions and regulatory constraints.

Australia is not alone to face a diminishing postal service the United States Postal Service (USPS) is going through the same dramas. Relying in the past on huge mail-order companies using the postal service to deliver their goods to the customers, USPS where reaping huge rewards, now with even more competent postal competitors, these same mail-order companies are increasingly using private delivery companies or using local suppliers to cover the physical goods or in the case of music and DVD's, deliver them using online streaming versions.

The US has gone down the same self disruptive path as Australia, increasing the price of stamps, decreasing the local service and convenient outlets to their customers, and experiencing the same backlash and comments as being currently witnessed in Australia.

So what's happening elsewhere? Some European post offices' are embracing the electronic age and swapping stamps for text message payments, while others have given up on parcel and letter post and simply subcontract it out to private firms.

The slower delivery service and the soon to be abandoned sorting centres will save Australia Post millions of dollars over the next year, almost enough to keep this antiquated and outdated service afloat but hardly making a dent in the overall running costs. The demand for the letter postal service has rapidly decreased in the last decade while the expense to keep it going has remained the same, a pattern that will require a public bailout if allowed to continue unless addressed in the most draconian fashion. Since 2010 Australia Post has moved into the period called "Future Ready", moved to counter the digital competition with a "eServices" Strategic Business Unit. Over the last 6 years, Australia Post has broadened its product and service range and invested in major technology-based infrastructure programs. To-day, it operates in three core areas: Letters and associated services, such as express / courier service through Messenger Post; Retail merchandise and agency services, in its 2015 report Australia Post claim that up to 90% of their profits derived from this sector; Parcel and logistics. It also has a number of joint ventures and subsidiaries, including "Star Track Courier" which since 2014 is a Australia Post wholly owned company responsible for "Messenger Post couriers", plus Sai Cheng Logistics International, a joint venture logistics company established with China Post.

Well how's all that going? In June 2015 Australia Post announced that in view of their mounting losses, and especially the accelerating decline in its letter delivery services, it would reduce its work force by 1,900 over three years through voluntary redundancies. At the time, mail delivery losses were approaching \$500 million for the 2014-2015 year. Australia Post currently employs over 32,700\* with an income of \$6.37 billion\*. Australia Post has always had a monopoly and mandate to post private letters up to 250 grams but if their statements are correct just over 10% of their business is derived from this area with nearly 90% of the corporation's profit coming from selling products and services in the competitive sector.

In September last year the corporation announced its first loss in 30 years. The \$222 million loss was down from a \$116 million profit the previous year. Large decreases in addressed and stamped mail led to a \$381 million loss in the mail delivery side of the business. Parcel delivery now accounts for over half of the total revenue. While overall revenue was stable.

\* 2105 Report



As we have seen the letter postal service is rapidly dwindling, while the expense to keep it running remains the same, so why not simply cut our losses and focus on the areas that are making money? After all stamps are a hassle, most of us can count on one hand the number of times we use a stamp each week, some of us have moved completely into the electronic era and only use these annoying little stickers once or twice a month, yet they still are able to frustrate us, we still buy boxes of the things just in case we'll need them, only to find that when we do need them we can't find them or the price has gone up since the last time you posted a letter, you then have the choice do you put two 70cent stamps on your letter or go to the post office, stand in line for twenty minutes and you guessed it buy one 30cent stamp?

The first organised Postal service in Australia started in 1809, prior to this letters were delivered in an ad hoc fashion with arrangements made between transporters, storekeepers and settlers. It was common practice for your neighbour to ride many miles out of their way simply to deliver the mail, and enjoy a fresh cuppa and a chat.

Not much has changed in the early days if you had received a letter from overseas, your name was posted in the Sydney Gazette, and for the fixed price of a shilling you could go to the Postmasters home in George Street, Sydney and collect it, of course if it was a package you'd have to pay more. Sounds like the card system used to-day.

It took 16 years before the government fixed the postal rates and appointed extra Postmasters outside Sydney, this in fact was the first true organised postal service, with letters being delivered to the addressee in 1828, ten years later with the postal service now grown to cover all the Australian colonies, the first prepaid stamped letters were introduced in Sydney and prepaid adhesive stamps being introduced in the 1850's.

The Postal service was an essential communications service and the government needed to ensure its success. To-day, though, no one receives urgent messages in the mail. It's used to deliver magazines, junk mail, and the occasional bill. Even for these, there are private businesses that can handle them more efficiently.

Gone are the days when the mail man was a welcome visitor, delivering something that was worth receiving, these days Australia Post, doesn't care what they shove in your mailbox as long as they get paid for it. It's hard to blame them after all they are millions of dollars down the drain, but there is no way that either you or your postman can be happy both carrying or receiving piles of coupons, catalogues, and cards all with little or no interest, waiting for you in your mailbox.

Both annoying and an incredible waste of paper. Getting ride of letter deliveries should discourage bulk mailing and unsolicited advertisements.

So should the axe fall on the letter delivery section of Australia Post would we be worse or better off? I believe that although there would be a short term outcry the benefits would soon be apparent to every one, Australia Post could concentrate on doing what they do well, we could free ourselves of the need to continually clear our letterboxes of junk mail but more importantly the Australian Tax payer would not be asked to subsidise a dwindling business that no-one is using any more which is sure to happen if the corporation keeps losing money at it's present rate.

