13 August 2026

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
CANBERRA ACT 2600

via email: ec.sen@aph.gov.au

Dear Committee Secretary,

Inquiry into Australia Post's retail network

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to make a submission to the Senate Standing Committees on Environment and Communications into the Australia Post retail network.

Small businesses are an essential part of Australia Post's retail network. As of 2025, 84% of the network comprised of Licensed Post Offices (LPOs) and Community Postal Agents (CPAs), [1] which are small businesses who operate under an agreement with Australia Post. Many Australian small businesses also rely on the services delivered by Australia Post's retail network, particularly those in regional and remote communities who lack alternative ways to access postal and other essential services, such as a local bank branch.

Some licensees face challenges to their financial viability as over-the-counter transactions continue to decline and customers shift to digital channels (such as digitisation of government services and paying bills digitally). This is a reality that Australia Post has acknowledged, [2] but as identified in our consultations with licensee representative bodies and our review of the findings of the 2013 Senate Standing Committees on Environment and Communications inquiry, many of the challenges identified more than a decade ago continue to persist.

In our submission, we highlight the importance of Australian small businesses having access to postal and other essential services such as Bank@Post, which requires that these services be delivered in a way that enables service providers to be financial sustainable. Drawing insights from small business stakeholders and our Assistance function, we highlight some of the issues licensees face when dealing with Australia Post. We also suggest some areas where current delivery arrangements could be amended and encourage consideration of alternative business models.

Given the challenges with Australia Post's current service delivery model and the importance of ensuring access to an adequate level of postal and other essential services across Australia, there may also be merit in undertaking a more comprehensive examination of this important issue.

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[1] Australia Post, 'Australia Post Annual Report 2025', Australia Post, 26 August 2025, accessed 17 July 2026.
[2] Australian Senate Environment and Communications Legislation Committee, *Senate Estimates*, 27 May 2026, p 109.

Challenges faced under the current delivery model

Australia Post's retail network plays a critical role in providing postal and other essential services (such as Bank@Post) to communities across Australia. It is a network which many small businesses rely on, especially those in regional and remote areas who lack access to alternative service delivery options. Given the challenges to the current service delivery model due to declining transaction volumes, reduced in-person banking and lower customer foot traffic, with LPOs and CPAs reporting they are absorbing losses that threaten their viability, consideration must be given to ways service delivery could be made financially sustainable.

The importance of financial sustainability is recognised in Australia Post's Statement of Corporate Intent 2025-26, where it emphasises, "the importance of a financially sustainable Australia Post to ensure it continues to meet the needs of Australian communities cannot be overstated."[3] However, feedback from stakeholders representing LPOs and CPAs, and insights from the ASBFEO's Assistance function, highlight a range of concerns with implementation of the current model.

Operating environment is particularly challenging in rural and regional areas

Licensees serving rural and regional communities often struggle to maintain viable operations given their relatively high operating costs and the small, dispersed populations and businesses they serve. Many licensees are experiencing low and declining foot traffic and transactions, while still incurring operating costs to keep their business open. This challenging operating environment not only impacts their ability to sustain services in those communities, but it also makes it difficult for owners wanting to sell their business to attract buyers or replacement licensees.

In contrast, metro licensees have access to larger populations and business activity which typically generates higher foot traffic and commercial opportunities.

Licensees face complex operational requirements and a changing service mix, with some experiencing commissions and payments issues

Licensees reported that many aspects of service delivery, for example, non-major bank transactions through Bank@Post, can be complicated. Handling cash involves regulatory, compliance, and AML/CTF obligations, and security concerns can arise from potential misuse of PO Boxes and other postal services for illegal activities. With the increasing digitisation of routine services, licensees are increasingly left handling complex identity verification and passport-related cases, which require more time and expertise.

There are concerns that payments from Australia Post do not adequately reflect the costs incurred in managing the complexity of these transactions.

The ASBFEO has also received complaints from licensees relating to commissions and payments. Complaints typically involve disputes over a lack of, insufficient or miscalculation of payments from Australia Post for specific services delivered by licensees.

While the circumstances of individual matters vary, these issues place further financial strain on licensees. They also highlight the importance of transparent communication, clear commercial arrangements, and effective support and dispute resolution mechanisms to maintain constructive relationships between Australia Post and its licensees.

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[3] Australia Post, Statement of Corporate Intent 2025/26 – 2028-29, Australia Post, accessed 3 August 2026.

Uncertainty regarding agreement terms and renewal processes

The ASBFEO is aware of several instances where there has been a misunderstanding between the licensee and Australia Post regarding the terms of the agreement and renewal processes. We note that LPO agreements are ongoing, which can be assigned or transferred at any time subject to approval.[4] Based on evidence by the CEO of Australia Post in Senate Estimates May 2026, LPOs would be placed on a fixed term licences if Australia Post are conducting an EOI for a full LPO—because the LPO is closed, or there is a change in circumstances for that owner, such as moving premises or a lease expiry.[5] CPA agreements operate under two year terms and require renewal.[6]

In one case, a regional-based licensee who had operated for several years assuming their agreement was ongoing, reported receiving correspondence from Australia Post indicating that it was a fixed-term agreement that was about to be renewed as an ongoing agreement via a public EOI process. This came as a shock to the licensee, and they reported that it was an experience shared by several other licensees who had received similar correspondence. The licensee reported that Australia Post subsequently offered another fixed-term agreement but they decided to submit an EOI, however, they were unsuccessful despite understanding they were the only bidder.

In another case, a licensee was advised that Australia Post was reviewing their EOI process at a time that created considerable uncertainty around the process for the renewal of their LPO, including when the lease of their premises was up for negotiation. They sought an extension of their agreement which became a protracted engagement between Australia Post and the licensee, during which the ASBFEO was approached for assistance.

In both cases, the licensees reported that the uncertainty regarding the future of their business was having an adverse impact on their mental health and wellbeing. These cases illustrate the importance of ensuring that licence terms, renewal processes and associated obligations are clearly communicated, transparent and well understood by all parties.

Concerns about Australia Post's consultation and disclosure practices, and a lack of visibility regarding future service delivery plans

The ASBFEO heard concerns from licensees regarding Australia Post's consultation and disclosure practices, for example, that prospective licensees do not receive sufficient information about future service changes which can affect business planning and investment decisions.

One licensee reported that they invested in an LPO on the understanding the upgrade of the retail network's Point-of-Sale system would facilitate the introduction of additional services, only to find that approximately 60 services would be removed and only 15 new services introduced, resulting in a net reduction in service offerings. Licensees have also reported that Australia Post has installed parcel lockers nearby LPOs without prior disclosure to the impacted business, despite Australia Post acknowledging that parcel-related services are a key driver of customer visits.

Such examples resonate with the experience of franchisees in other parts of the franchising sector, where the *2023 Independent Review of the Franchising Code of Conduct* found that many negative franchisee experiences stem from changes that are often seen as opportunistic, and/or being

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[4] Australia Post, *Licensed Post Office information, Australia Post* [website], n.d., accessed 3 August 2026.
[5] Australian Senate Environment and Communications Legislation Committee, *Senate Estimates*, 27 May 2026, p 114.
[6] Australia Post, *Community Postal Agents (CPAs), Australia Post* [website], n.d., accessed 3 August 2026.

made solely to benefit the franchisors' interests, rather than being in the spirit of the original deal struck with the franchisee, or in the interests of the broader franchise system.[7] In that review, franchisees expressed the view that the Code should require franchisors to consult or obtain the consent of franchisees to any changes to the business model, and to take into account the views of franchisees before making any major changes.[8]

The ASBFEO agrees with the Franchising Review's recommendation that franchisors should be encouraged, and provided with targeted education and best practice guidance, to manage change processes in ways that support productive working relationships with franchisees. This should include consulting franchisees regarding any major change to the business model during the terms of the agreement.

Bank@Post services

Bank@Post allows customers with participating financial institutions to deposit cash or cheques, withdraw cash and check their account balance. The 2022 Australian Government's Regional Banking Taskforce final report notes that more than 1,800 Australia Post offices provide Bank@Post services in rural and remote areas, with over 1,150 of these in communities with no bank branch.[9]

While demand for Bank@Post services has declined as online banking continues to grow[10], many small businesses in regional, rural and remote areas still on rely these services, especially those using and handling cash as a means of payment.[11] The Taskforce found that Bank@Post services can be a viable alternative to regional bank closures but that it is not well known and is underutilised in regional communities, recommending that Australia Post and participating banks do more to promote and support these services.[12] The ASBFEO supports this recommendation, noting that a higher level of awareness of Bank@Post services should facilitate greater utilisation, supporting more sustainable service delivery.

The ASBFEO also notes the finding of the Code Compliance Committees for the Banking Code and Customer Owned Banking Code that subscribing banks currently rely on Australia Post to develop and deliver training for Bank@Post staff, recommending those banks do more to ensure training for Bank@Post staff supports compliance with Code obligations. Given the importance of Bank@Post services and the complexity of some transactions, the ASBFEO supports measures that strengthen the training and support available to Bank@Post staff.

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[7] M Schaper, *Review of the Franchising Code of Conduct Final Report*, The Treasury, Australian Government, 2023.
[8] M Schaper, *Review of the Franchising Code of Conduct Final Report*, The Treasury, Australian Government, 2023.
[9] Banking Code Compliance Committee and Customer Owned Banking Code Compliance Committee, *Code Compliance in Bank@Post Services*, 2026.
[10] Australian Senate Environment and Communications Legislation Committee, *Estimates*, 27 May 2026, p117.
[11] The Treasury, *Regional Banking Taskforce - final* report, The Treasury, Australian Government, 2022, accessed 31 July 2026.
[12] The Treasury, *Regional Banking Taskforce - final* report, The Treasury, Australian Government, 2022, accessed 31 July 2026.

Supporting more sustainable services

As well as greater transparency, clearer communication and better engagement with licensees, consideration could be given to whether amendments to current delivery arrangements would provide more sustainable services while enabling the financial sustainability of service providers. If factors that contribute to the challenging operating environment are not addressed, there is a risk that rural, regional and remote communities will face further erosion of postal and other essential services as more licensees become financially unviable.

Potential areas for consideration include Australia Post:

- reviewing the current remuneration model to ensure payments accurately reflect the cost of delivering postal and other essential service delivered by licensees, particularly in communities with low population density and limited opportunities to generate additional revenue.
- providing licensees with greater support and maximum flexibility in meeting the agreement's compliance requirements, to streamline processes and reduce operating costs.
- working with licensees to ensure the service remains up-to-date, fit-for-purpose and agile in managing changing customer needs and evolving technologies.
- providing dispute handling processes that are readily accessible to licensees, afford natural justice and seek mutually beneficial resolutions and proportionate outcomes.
- making a public, ongoing commitment to remain with the Franchising Code of Conduct.

As flagged in the inquiry's terms of reference, there may be alternative business models that would be more effective in providing regional, rural and remote communities with access to postal and other essential services, and that are financially sustainable for the service provider. While the ASBFEO does not have any particular models in mind, there may be proposals in other submissions which we would encourage the Committee to consider.

If you require any further information, please do not hesitate to contact the Policy and Advocacy team via email at advocacy@asbfeo.gov.au.

Yours sincerely

Lynda McAlary-Smith

Australian Small Business and Family Enterprise Ombudsman