

# ASHCROFT 2022

## REFLECTIONS & INSIGHT

DO YOUR HOME WORK BEFORE  
DOING BUSINESS IN 2022

Newsletter Date: 1<sup>st</sup> January 2022

# PAUL GRAHAM

## BACK TO BASICS

We all lament the loss of Christine Holgate as CEO and Managing Director of Australia Post but now we have in charge a supply chain lifer in Paul Graham.

Christine was a marketing expert with a strong background in consumer facing businesses but Paul is a SUPPLY CHAIN expert with deep global experience with a focus on the factory floor.

A modest man Paul was born in Belfast Ireland and migrated with his family to Australia aged about 13 in the mid 1970's. With no university degree Paul has risen from the factory floor. He has risen through the ranks from customer services into sales and then operations. He joined the contract logistics arm of DHL in 2000 eventually becoming CEO chief executive for Asia Pacific, Middle East and Africa before taking on the dual role as CEO for DHL Supply Chains Global Operations. Paul comes to AP after a five year stint with Woolworth's as the chief Supply Officer where he was pivotal in the modernisation of Woolworth's supply chain.

Since starting with Australia Post in September Paul has hit the ground running engaging with all stakeholders to get a feel for his new command. Many LPO Licensee's have actually received a visit

from this engaging man who is focused on the job ahead seeking input from the shop front to the delivery centre floor.

Asked for the best piece of advice he received during his career, Graham said: "Always be conscious of being able to relate to people, particularly front-line team members who are out there on the front line doing the hard yards in the warehouse or on the road.

"Your No. 1 responsibility is obviously to keep them safe but also to take feedback from all areas of the business. Get out of your office and get into the field constantly, because you can easily get yourself in an ivory tower situation and lose touch.

"Humility and making sure you spend time to listen and respect everyone's views, I think, is a great characteristic for anyone to have in any aspect of life."

### PAUL GRAHAM'S BUSINESS MANTRA

I was fortunate late in November 2021 to

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have a meeting with Paul Graham and from the onset he put me at ease. He is quite a modest man who does his homework and had a frantic eight weeks of back to back meetings with all levels of Australia Post and its customer base. He is well informed measured and eager to engage staff from the delivery centre floor to the Licensee's serving on the counter. Paul is grass roots and hands on and knows what he wants. No wall flower he speaks his mind and makes clear decisions. Open frank and to the point. His focus is on:

**PEOPLE**

**PERFORMANCE**

**& PROFIT**

**PEOPLE being both customers and all levels of Australia Posts staff contractors and LPO Licensee's. Customer expectations must be met and where possible exceeded and Australia Post's 66,000 staff and contractors must have a safe work environment and conditions first but be rewarded fairly for the work and services they provide ( there is no profit to be had in slavery or unfair conditions and we need to provide incentive for excellence with the most practical problem solving coming from the floor)**

**PERFORMANCE must be based on SIMPLICITY OF PROCESS and SIMPLICITY OF STRUCTURE. With INOVATION DRIVEN BY WAY OF FEEDBACK!**

**PROFIT is essential for survival. We must provide services and products to our customers that are valued by them and in turn allow them to be**

**profitable in their businesses and life. We as a business need to be profitable in order to grow and provide incentive to all engaged in the Australia Post Family as well as providing a healthy dividend to Australia Post share holders the Australian Government on behalf of the Australian People.**

## **MY VIEW OF PAULS CHALLENGES AHEAD**

Australia Post is a unique business and plays a key part in the life of all Australians, Paul has inherited a difficult job from the fall out of the dismissal of Christine Holgate but there is a great future ahead for Australia Post if the family of Australia Post works together. Australia Post has seen doors open with opportunity and doors close with change The LPO Agreement was born from the principle that in order for Australia Post to be profitable and successful all the stake holders had to be profitable (their interests are parallel). This starts with the customer's satisfaction and interests being the most important. To be profitable the customers interest and satisfaction has to be in line with those of the LPO Licensee's, AP employees, management of Australia Post and the share holder owner being the Australian Government on behalf of the Australian people. There are a lot of competing interests within this group but balance is needed.

One thing I am sure of is that Australia Post's main advantage in this competitive world is its network of approx 3560 retail outlets of which 2800 plus are Licensed Post Offices. The

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retail network has both first mile and last mile advantage over all potential competitors as well as integrity. AP is moving more and more from a letters based business to a parcel based one and as Christine Holgate identified, Post is the last significant community service based business left on the high street.

Since Christine Holgate left, Rodney Boys due to uncertainty has failed to gain traction in key areas that Australia Post needed to pursue for its future growth being 1. the roll out of new technology within the retail network. 2. Capitalising and extending AP's banking deal with its three main bank partners. 3. Gaining clarity from the Australian Federal Government with regards to the transfer to Australia Post of a number of preferred Government services eg Centre Link,. Medicare and the like also with Services NSW. There seems to be great community benefit in this but a conflicted political will to see it happen. 4. Australia Post's poor and failing distribution performance within delivery. 5. There is also the elephant in the room in that I believe AP needs to move from 5 days per week letter delivery down to 3 days ( due to the decline in volume of small letters) but this may be off set by still servicing PO Boxes in Post Office outlets 5 days per week (which could have other benefits) but even more importantly the reduction to delivering letters three days a week will free up more resources for increased (maybe even 7 days per week) parcel delivery.

Licensee's and Australia Post need to move on from the past and we all need to contribute to define Posts future and this includes Government and potential Governments.

We need to shake off Australia Posts Silo Mentality where sectional management interests take precedent over efficiency, productivity, profitability and the collective good. This is reflected in AP's rich history of rewarding the incompetent and ignoring excellence in its management. All of Australia Post needs to think and act holistically in order to prosper and meet the demands of our collective future

Paul has the daunting job of assessing and leading Australia Post into the future. The main challenge in the near future is the political will to accept change and to embrace opportunity.

## CONCLUSION

Christine Holgate is a hard act to follow but Paul Graham has the experience and ability to unify Australia Post, streamline, modernise and transform delivery into the most efficient mail and parcel delivery platform in Australia. Further develop and grow e-commerce as well as grow and expand retail services and product sales. Australia Posts retail network is key to this in its first mile and last mile advantage and is critical to its future. With this in mind Paul has confirmed to me that \$250,000,000 will be spent on upgrading Technology in LPO's and corporate Post Office to enable new business and improve existing business. Investing in Technology and data transfer is key for the growth of e-commerce and improvements in delivery. How effective Paul can be will depend on how Paul can deal with and overcome some of the tired old faces in AP's senior management, their reluctance to change and misreading of what is needed to energise Australia Post into our new world. Senior executive choice is critical as well as dealing with a politically appointed AP board's and agenda's moving forward of the political powers that may be in charge. Paul needs for AP retail to prosper with more Government services and even a AP Bank. The question for governments is why

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Australia Post can not have them when its in the greater public's interest and the common good for these services to be in AP's retail space.

Early days but lets give Paul a go and as I said he is no wall flower and more than capable of speaking his mind and pressing the point.

Balls in your court Paul and LPO's will be behind you all the way so please don't drop it.

AN ARTICLE NEXT BY GRAEME O'BRIEN GENERAL MANAGER OF THE LPO GROUP

## THE FUTURE OF THE LPO NETWORK

It's been another tough year for the Australian community with the advent of COVID19 and its many variants leading to yet more lockdown's, border closures etc. with the result that small businesses in particular have continued to be hard hit.

Many have still not opened or are facing significant debt with their fingers crossed that they will be able to survive and stay open for business so they don't lose their investment or more importantly their houses. Fortunately post offices have been able to continue to operate during these times, further cementing Australia Post and the LPO network as an essential provider of much needed services to the community. As these challenges are overcome and hopefully things actually get back to whatever the new normal is, what is the future of the LPO network now that a new CEO is at the helm?

There appears to be a continuation of the recognition, at least at the CEO level, that Licensees are a vital part of Australia Post's future plan, particularly with a role to play in the ever expanding parcel business and

the need to provide cost effective and efficient acceptance and delivery processes. The shift from the declining reserved service of Letters to the competitive space of Parcels means that any services or products in the marketplace must meet customer expectations in terms of quality of service and competitive pricing to retain and grow the Parcels business. It is simply no longer the case that Australia Post can produce a product or service in isolation and think that its customers will automatically buy it, even though it doesn't match what customers or the market really wants.

In this, the challenge for Australia Post is to either maintain its current market share of the parcel business which includes a portion of unprofitable or marginal business and continue to increase prices to meet its rising costs and declining profitability (the recent EBA makes provision for a 9% rise in labour costs over the next three years), or look to retain and grow only profitable business which will help increase margins while remaining competitive so that Australia Post can continue to invest in its network such as upgraded point of sale and back end systems and upgrading and modernising its processing facilities and delivery fleet.

It goes without saying that the Corporate and LPO retail network is the main competitive advantage in the parcel competition space in terms of trust and reach across Australia and can be even more of an advantage if profitable pickup and delivery services can be added to the activities that Licensees can undertake. It is understood that there is already a trial of pick-up capability at some LPOs and although little is known about the results of the trial, it seems to be the way of the future. Licensees know and understand their customers needs and wants and are absolutely best placed to grow the relationship and stifle the opposition at the same time.

Similarly, bill pay is declining so an

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upgraded point of sale system is absolutely vital to be able to attract value added transactions such as those offered currently by Services Australia and other services offered by the Banks other than just deposits and withdrawals. It is also important for Australia Post to ditch the idea that licensed post offices are just a cost to the Corporation and have the vision of licensed post offices as community hubs with all of that it entails and work towards the realisation of that vision.

It is unfortunate that nearly every conversation with Australia Post seems to centre on how much they are paying to Licensees without any acknowledgement of either the cost of providing the services to the Licensee or whether the payments actually provide a reasonable return for the investment being made by Licensees into the Retail network.

So what does the future licensed post office look like? Although it won't happen immediately so no cause for alarm right now, some sort of vision of the network in five years time is needed so that an orderly transition can happen. If value added services that have a decent margin can be signed up by AP, does the post office look like a combination of a retail bank in one half while the other half looks like a format similar to Mail Boxes Etc or a Pack and Send with a service similar to MailsPlus run by the Licensee and operating out from the back of the premises. Does this mean that operating out of a retail precinct with its higher rental cost is still appropriate in metropolitan and suburban areas.

Alternatively, if there is a continuing decline in over the counter business including banking with no prospect of value added services being attained, do post offices just look like the front end of a logistics business (which Australia Post in essence will be) with lots of storage and no retail presence to speak of, and would this see a migration to lower cost premises away from the usual retail spaces.

The answer is in the hands of the new CEO and Australia Post Board to guide Australia Post in the right direction while balancing the opposing forces of the Shareholder requirements of a return of its investment, the commitment for ongoing employment for permanent employees in the face of changed consumer preferences, the ongoing requirement to meet its Community Service Obligations and ensuring that its main advantage in the marketplace, the Retail Network, remains profitable and supports Australia Post to provide services into the future.

**LPOG will continue to ask these questions and work towards the best outcome for Licensees and that's why it's so important to be a member.**

## SECOND ROUND PAYMENT REFORM UPDATE

Originally I was going to lead with the story of details of the Second Round of Payment reforms agreed to in negotiations between Australia Post and LPOG which I understood were now completed and the announcement of the details of these agreed payment reforms were due in mid December 2021 but now delayed possibly until late January 2022 due to last minute objections to parts of the reform package from POAAL. That said LPO Licensee's have benefited from Payment Reform First round by up to \$56,000,000.00 approx extra payments in financial year 2020/2021 over base year payment to LPO Licensee's payments for 2018/2019. That first round payment scheme commenced on 1<sup>st</sup> July 2019 and the majority of licensee's continue to enjoy the extra income and incentives that were

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negotiated by LPOG on behalf of Licensee's. These reforms were not perfect but a good start. This now yet to be finalised further payment reform and negotiations with LPOG, POAAL and Australia Post have been ongoing for quite a while with the main areas to be addressed in this round of payment reform being Rural & Remote LPO's who were in part overlooked in some areas in the first round. I wanted in this years newsletter to outline the detail of this second round reforms but the last minute rejection on some aspects of the basically concluded second round of reforms by POAAL has put everything on hold as of the writing of this article.

I understand the proposed and what was thought to be agreed Second Round Reform increased payments were to start from the 1<sup>st</sup> January 2022. It seems that POAAL 's objections are yet to be reviewed but at this stage to my knowledge POAAL has not offered any suggested compromise. Time is ticking and any further delay could cost Licensee's money until the new payments are confirmed and announced by Australia Post. It does not help in this process that the CEO of POAAL resides in Italy considering the time difference with Australia could make any further discussions with Australia Post more difficult and drawn out than they need to be.

## **WHEN SELLING YOUR LPO SIGNING HEADS OF AGREEMENT CAN BE A VERY DANGEROUS GAME FOR BOTH PURCHASER & VENDOR**

In the last year or two a new business agent has emerged in NSW selling LPO's and he

pro ports to solve an age old problem in business sales in that the sale is not confirmed and binding without proper vendor disclosure and until the exchange of a properly agreed and prepared Business for Sale Contract is signed by both parties. His solution is what he puts forward as a Binding Heads of Agreement signed by both parties stating that if the mater does not proceed on the simple terms set out in this document then the substantial deposit paid by the Purchaser is non refundable but the document does not detail (who gets the deposit). The Vendor who signs this HOA assumes he does but this may not be the case depending on the wording of the Agents Selling Agreement and the rights of the Purchaser being enforced.

### **So is a Heads of Agreement with a non non-refundable deposit condition in regards to the sale of an LPO binding and what are the pitfalls?**

Firstly any Vendor or Purchaser wanting to agree to terms of an LPO sale and sign what is described as a Binding Heads of Agreement should seek professional independent legal advise otherwise you risk being tied up in lengthy legal disputes with the potential to suffer substantial financial loss.

I asked leading Sydney Solicitor Tim Weissel to comment on a sample document prepared by our new agent and forwarded to me by a client seeking advice. Set out below is the email chain and Tim Weissel's advice.

Tim re Heads of Agreement.

My view is that the document attached is actually not binding. The Agreement advantages the Vendor and allows the Vendor if so inclined to dictate unreasonable terms. Eg

1. Not to apportion PO Box monies.

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2. Stock at Valuation is completely open and the vendor could insist on Stock and type of stock to be accepted by the purchaser unreasonably.

3. Lease assignment costs are not determined and Vendor can insist that the Purchaser pays these.

4. The inclusion of Plant and equipment is vague and not specific our Vendor can lease this or agree to sell essential plant for an additional sum or perhaps write off the plant and equipment and leave the purchaser with no depreciation.

5. In this particular case details other than the front page of the lease to be transferred are undisclosed leaving the purchaser vulnerable to perhaps unacceptable lease terms or an undisclosed demolition clause.

Tim our purchaser is being pressured into signing this document without legal consultation on the basis he would miss out on this opportunity if he does not sign.

Questions.

- a) Does this document constitute a legal binding agreement in itself?
- b) Is the Agent promoting this document in this way in breach on any State or Federal Laws including State consumer Laws?
- c) In your view what are the dangers of this document for 1) The Vendor and 2) The Purchaser.
- d) Is this agreement enforceable and deposit paid at risk.

Regards

Terry A Ashcroft

Terry,

By its very name and nature the document is a heads of agreement and not a contract for the sale/purchase of the business. A deposit is always refundable to a purchaser whether under a heads of agreement (subject to payment of a fee for example for the preparation of the contract subsequent to the heads of agreement) and indeed refundable to a purchaser even under a formal contract for the sale of business in circumstances where the purchaser has a right to rescind the contract. Like any heads of agreement, that document recites the basic conditions of the transaction, without any operational detail as to the achievement of those conditions, save for the references to the agent's ability to relist the business for sale, which is a matter between the vendor and his agent

I agree with you referring to items 1 through to 5 that the normal indicia (required terms and conditions of the contract and attachments) are absent from the document which would entitle a purchaser to rescind the document for failure to disclose that information. As you are acutely aware, the vendor is obliged to disclose all pertinent information about the business including but not limited to the terms and conditions of the lease for the business premises, details about the stock, licence conditions for the operation of the business, debts and liabilities of the business and associated current and ongoing commitments (e.g. hire purchase, equipment leasing, chattel mortgages, etc)

In answer to your specific questions: –

- a) In my view the document does not constitute a legal binding contract for the purchase of the business. It is a document commonly known as a heads of agreement which evinces an intention between the parties to enter into a contract for the sale/purchase of the business.
- b) As I understand, the Conveyancing Act relates generally to the sale of land (real

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property and personal property).

Contracts for the sale of business are formulated with reference to a number of pieces of legislation involving Consumer Law, Industrial law, Real Property law with respect to leases, etc.

- c) if the document is being promoted as a contract for the sale of business, then the document may well be breaching federal or state legislation in particular consumer Law for failing to disclose vital information which needs to be made available to prospective purchasers when considering committing themselves to such transactions. A more detailed investigation of the potential breach of a specific statute or statute would need to be undertaken.
- d) 1) from the vendor's perspective, the transaction may be considered void by reason of lack of disclosure and breach of implied warranties with respect to the business entitling the purchaser to rescind the document and leaving the vendor with an unsold business. The vendor could also be sued for damages if the purchaser had relied upon the document and had expended monies associated with that reliance, e.g. finance application, training expenses, purchase of equipment, etc. 2) the document affords the purchaser no real protection as to the transaction the purchaser is to embark upon, the result of which could involve an unforeseen or unexpected financial outlay for the purchaser, and if the non-refundable deposit provision was unchallenged, the purchaser would stand to forfeit the deposit paid.
- e) Given the lack of the normal terms and conditions set out in a contract for the sale of business required to be completed to achieve the intention of the parties, the lack of documents required to be disclosed to the

purchaser and assertion that the deposit is non-refundable, it is arguable that the document is unenforceable.

I hope this is of some assistance.

**Regards**

**Tim Weissel**

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**My Reply to Tim**

Tim many thanks for you time and reply. I take it then that this document only represents an intention to purchase but needs to be supported in time by a properly constituted and legally compliant contract of sale of business the terms of which needing to be agreed.

With regards to the stated non refundable nature of the deposit if the purchaser does not proceed to purchase I understand that this is not enforceable under this agreement unless it could be argued that some compensation in regards to costs of preparing the contract are liable to be reimbursed but this determination would be a result of a legal dispute or court case.

So if the purchaser did not want to proceed he would have to demand that the agent refund the deposit. If the deposit is not refunded the purchaser I would believe would have to take action against the agent for recovery of the deposit. The agent would then refer the matter to the Vendors solicitor and I would think if the Vendors solicitor did not want to take up the fight for the deposit he would either try to negotiate a settlement or instruct the agent to refund as long as no binding contract

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for sale was in place.

Therefore am I right to say that even though the document called heads of agreement advises that the deposit is non refundable in fact this is unlikely to be enforceable and therefore a nonsense.

Am I correct?

Regards

Terry A Ashcroft

Tims Reply

All correct. It is the Contract for the sale of the business with all its operative terms, conditions, and disclosed attached documents which constitutes the final agreement between the parties, and associated safeguards to ensure that in the event of a lawful rescission by the purchaser that the deposit in full is refundable to the purchaser. To consider the contrary could be construed almost as an extortion or obtaining money by deceptive practice. If any money is to be forfeited it would need to be referable to and stipulate expressly a compensable matter such as the preparation costs associated with putting a contract together, which understandably should be borne by the purchaser if the purchaser decides not to enter the contract after having signed the heads of agreement.

Regards

Tim Weissel

### SO IS THERE A SOLUTION?

### YES THERE IS!

For some time now I have been advising clients that a complete and properly prepared contract of sale of business be prepared at the time of listing the business for sale. Unlike real estate sales where a contract of sale is a legal requirement of placing property on the market for sale

there is no such requirement under NSW law to have a Business contract for sale at the time of offering the business for sale. Most Vendors do not want to pay for this upfront cost but do not realise that the contract has to be drawn up anyway and this process does not in the long term add to their legal costs in a substantial way. Major benefit with the Contract being available is it can be disclosed to a potential purchaser who wants to proceed with a purchase and they can exchange contracts or if time is needed for due diligence, finance conformation or even 1<sup>st</sup> interview revelations from AP being disclosed the purchaser may be required to pay an option fee for a formal limited option agreement based on this contract. The advantage of this process are for the vendor a fee payable to him to grant a limited time for a purchaser to exchange a contract and secure information that may be outstanding at the time the purchaser paid their deposit. On this basis the vendor has an agreed timeline on agreed terms with no loose ends. From the Purchasers prospective the contract and option provides them with certainty of process and conditions of purchase at a known cost if they cannot proceed noting that they should always seek proper legal advice before entering into such an agreement.

This process is both legally sound and fair to both parties.

### CONCLUSION

So a non refundable deposit clause on a simple Heads of Agreement is dangerous for both parties and should not be entered into by any party without proper legal advice but as advised there is a much better way as I have outlined.

**So Beware! As if it looks to good to be true it probably is and more over very dangerous in many ways for both parties.**

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# SELLING YOUR LPO IN 2022 WHAT YOU NEED TO KNOW

This last 20 month period of Covid 19 and lock-downs has disrupted sales and inspections of LPO's producing very much a sit and wait mentality in both buyers and sellers. Strong demand is there for good city based LPO's as well as an improving market is appearing for sea change and tree change locations.

Selling your LPO and moving on is an important step and I have listed below a number of points that will help you decide if its the right time for you to sell.

## **DO YOU REALLY WANT TO SELL OR CAN YOU AFFORD TO SELL?**

My dad taught me that 'you should always sell when you do not need to and buy when you do not have to' his main point in this mantra is do not let yourself be trapped into buying or selling at any cost. There are many reasons we sell the most common are retirement, sickness or other health reasons, death or the possibility, family issues including divorce, partnership breakups, financial distress, upgrading or just looking to move on to what is perceived as a new challenge or greener pastures. So before you sell have a clear plan and ask yourselves theses questions:

1. What are your future needs?
2. Where my income is to come from?
3. Where do I invest my money from my sale and for what return?
4. What income will I have from my investments and can we or I live on this amount or do I need more?
5. What will be my future lifestyle?

6. Can I continue if I don't sell?

7. What if I don't sell?

8. Is it a good time to sell?

If you can answer these questions and are confident then you are now ready to move on and put your LPO on the Market.

## **CHOOSING A BUSINESS AGENT TO SELL YOUR LPO AND HOW THE SALE PROCESS NEEDS TO BE DONE.**

This can be like buying a used car and meeting the salesman, some may be boastful presenting themselves as the greatest of all time with astonishing skills, special deals with friends on the inside & amazing success and the other might have decades of industry knowledge and industry respect as well as being trusted by both Buyers and Sellers alike. The choice will be yours but make sure the Agent holds the appropriate Licence, has a proven record and has not only your trust but the trust of your prospective purchaser. The question you should ask yourself is if you were buying another LPO who do you most trust to advise you?

### **Key functions of the Business Agent**

1. Advise on what documentation is necessary and collate AP and financial records, lease etc that are required to be available for assignment approval from Australia Post as well as for due diligence and bank requirements for finance approval.
2. Inspect premises of the LPO and source details that are required for listing and seek details on the business eg; opening times, mail arrival and dispatch, staff details & roasters, customer base, buying patterns, product mix, shop fitting condition and compliance as well as seeking understanding of the customer base and related share of current sales.

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Assessment of potential growth options and improvement of management.

3. Advising the vendor client on price expectations and demonstrating values by way of sale and site comparisons in the current market. This is all about what the vendors need to know and not what the vendor wants to hear. Important here is that values are not simple multipliers of projection of net income they are influenced by location, desirability, returns on investment, quality and currency of shop fitting, trading hours, customer base, skill required and vendors skills and commitment needed to maintain or grow profitability. Believe it or not sometimes a very run down LPO with poor management but presenting very good financials can be worth more than the financials reflect simply based on opportunity for improved income outcomes with new management and measured improvements.

4. Agreeing on a marketing price and conditions of sale and entering into the appropriate Agency Agreement between Vendors and Agent including full disclosure of the Agents commission fee or any other charges.

5. Advertising and promotion of the LPO. These days most advertising is on line but leading Trusted Business Agents will have a long term referral base of clients who have industry knowledge, capacity and proven track records (their clients trust them and their proven expertise. **Big warning here.** Most advertising is on line and the majority of potential LPO buyers will reply to these on line advertisements so if an Agent claims he has a large data base of potential buyers he most likely does, simply by listing your business on line and collecting their details but this can create a problem for you the seller in

that if you list your LPO with two or more Business Agents they are all fishing in the same pond. But unlike fishing where only one fisherman can catch a particular fish you run the risk of being liable for two commissions if the final purchaser has enquired with both Agents over your business. So best to only list with the Agent you trust and respect most as multi listing could see you exposed and liable for more than one commission on your sale. Always discuss the advertising options with your agent noting that in many cases you may want your LPO's location kept confidential for staff and security reasons until a sale contract is exchanged.

6. Make sure your Agents has experience in handling lease reviews and lease negotiation as this can be critical for your sale and here there is no substitute for long term experience.

7. Less than 20% of LPO prospective buyers are viable and the critical role of the Business Agent is to qualify your prospective buyers so you don't waste time with buyers who cannot meet both Australia Posts and Finance requirements, fishing for information for other competitive purposes or are seeking your information for the possibility of ever increasing identity theft. Your Agent must be able to **a) establish if the buyer has genuine interest b) establish a capacity to purchase and the ability to finance c) demonstrate that the purchaser has the ability to meet AP's assignment approval requirements.** This is very hard to do on line and best done through an interview process with the agent. Yes face to face meetings are still the best (despite the covid world) for the agent to establish genuine interest & ability to proceed and if your potential buyer does not want to engage this way by

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taking the time to do this they have just established that they are really not invested enough at this time to learn more or proceed.

8. One of the brokers most important duties is to act in the best interests of his vendor client ( he works for you not the purchaser) in negotiating a sale he should guide both vendor and purchaser of the process and steps. Before confirming a sale all details need to be covered so that any potential issues are covered and agreed before we go to Deposit, AP advice, sales advice, notice to the solicitors. I will not go through the whole process here but an upfront contract is preferable but full details of concern need to be settled before proceeding. Of note please be aware that AP will require any prospective purchaser now to demonstrate at their first interview that they have full finance approval even to the point where they may be required to show longer term bank balances. Finance should be in place before proceeding and the abilities of the purchaser confirmed. Most legal and professional advice to purchasers is to have the first AP interview before exchanging a contract which can be a pain but is quite prudent especially where AP can review payments in area's like mail service payments or notification of a potential new competitive facility nearby or even notice of cessation of services provided of say, withdrawal of a payment or service in the Disclosure Document which AP provide at the first interview. Remote chance perhaps but possible. The Agent needs to be knowledgeable in order to pre-empt and deal with potential problems before they arise.

9. Assist the purchaser to meet all of Australia Posts requirements including the interview process.

**PLEASE NOTE! Australia Post wants a Business Plan prepared by the prospective licensee not a plan drafted by a third party or worse the agent selling the LPO ( HE SHOULD ASSIST AND GUIDE) but your buyer needs to be involved, have in-depth knowledge of what they are buying as it is in fact such a good way for your purchaser to understand and to meet the challenges and opportunities of the future. Its not acceptable if the agent does it and palms it off as the purchasers work!**

The business plan is in many cases very daunting for first time LPO Licensee's especially if their first language is not English, but it is part of AP's approval process. The purpose in AP's mind of requiring a business plan from a prospective LPO Licensee is to test and establish their understanding of a) the business of an LPO b) the detailed potential, scope, operating costs, labour required, realistic historic financials and forecast, S.W.A.T etc of this particular LPO c) complete understanding of the present, past and future financials of this office demonstrated in a month to month cash flow on an historic and projected basis. In the sales I handle and advise on I spend quite a few hours with clients, coaching and advising on their Business Plan. Firstly I give them a simple template and they prepare their first draft. We have a meeting and I will give a tutorial on what I would suggest in the various areas of their plan and cash flow. I review the clients draft and they prepare a second draft and we then have a second meeting and further discuss and improve their plan based on their now solid understanding of the opportunity and of the business and its financial records both from Australia Post and auditing back to reference to the lodged tax returns. We then usually have a third of final meeting where we

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review and finalised the plan and most importantly the cash flow and I make sure our purchaser has full understanding of their completed plan and actually own and are invested in it. My process guides and give confidence to our buyers and they appreciate the understanding they now have because of this process. Business plans prepared this way by your purchaser help guide and ensure their success moving into their new LPO and because they have done this work they have little problem establishing their suitability to own, run and improve their chosen LPO to Australia Post. Being engaged and doing this work helps make AP approval much easier for them and allows your purchaser to feel confident in the decision to purchase. My process may take longer than if I did the plan for them myself but it would not give them the understanding of the business that AP require in the purchaser. One Agent in NSW actually charges \$2,695.00 plus GST to prepare a business plan of behalf of purchasers and to what point? To deceive Australia Post that the plan was prepared by the purchaser who may not really fully understand what has been written and disclosed in it. Australia Post are not stupid!

10. The agent holds the 10% deposit in trust on exchange of contracts and needs to follow up on your purchasers training process. Other duties will be organising stock takes, assisting in the assignment of lease process, assistance in assignment countdown and in my case I always do the PO Box adjustments for settlement and advise new to LPO solicitors, of the assignment processes and on issue as they come up.

11. Post settlement advice is needed in many cases to be provided to both vendors and purchasers so this is

always part of the job.

**If you are contemplating selling your LPO in the near future and need advice on any part of the process please feel free to give me a call and discuss. This advice is free and backed by over 48 years of hands on experience in selling and advising on Post Office Businesses.**

**M: 0429183137**

## **WARNING YOUR SELLING AGENT COULD EXPOSE YOU TO POTENTIAL IDENTITY THEFT!**

In recent times within the period of Covid 19 and Covid lock downs there has been a growing demand from potential purchasers of LPO's to request full financial details of a business including Tax Returns and lodgements, AP data the lot on general inquiry. In all cases they should have signed a Non Disclosure Agreement to receive this information but they are dealing with the agent on line, he has no proof in most cases who they really are, where they are located and whether they have genuine interest, financial capacity or ability to be approved by AP. They could have ghost profiles for all we know. One agent I suspect sends detailed financials to all and sundry on his data base once he has listed a business relying on the Non Disclosure Documents signed on line and submitted without any real verification which are general and apply to any information on any of his potential listings. His purpose in doing this is to secure an introduction to a potential buyer establishing a right of claiming a commission even if the business is sold through another agent and being first off the

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blocks with details to potential buyers of the business. This shotgun process without any real qualification and checks, means that potentially confidential information about your business and your finances including balance sheet information could end up in the wrong hands and for the wrong purposes. I often through my on line adds get really dodgy requests, sometimes quite demanding with false information being provided, names contact numbers addresses with the only thing that seems to work being the email address. Others when contacted are not prepared to meet or engage except through email. Genuine buyers engage but they still need to be qualified as to capacity and ability to proceed.

My process has always been to meet and interview, inform and educate potential purchasers. Provide accurate and comprehensive background and initial detail which allows our potential purchaser to move to the next stage. I assist in providing reference to appropriate banks advising on lending requirements and potential lending issues. It is important to qualify our buyers before I release your information. Your buyer cannot conclude a decision to buy if they have not seen inside your LPO so its important that you as vendor meet your potential purchaser and its important for our potential purchaser to meet you and ask questions relating to day to day operations in your office. I will release the required taxation and AP information after consultation with you the vendor ensuring a secure process and not exposing you to potential misuse of your financial information and personal details. An on line signed Non disclosure agreement is not good enough to protect your interests and security. Please note the LPO Agreement obliges you as Licensee under Clause 12 e) keep confidential any information gained as a result of the operation of the LPO and not disclose such information to any person outside Australia Post or use such information for any

purpose not authorised by Australia Post. **So you need to be very clear on who, when and after what background checks your detailed financial and AP data is released or risk your information to be used for other purposes. One case many years ago I am aware of the boyfriend of a vendors ex wife posed as a potential buyer, gained the vendors tax returns then they were used in a case brought by the ex wife for increased child support and spousal maintenance.**

## THE LICENSED BUSINESS PARTNERSHIPS PROGRAM BIDS FAREWELL TO TED BUTLER

The LBP program was introduced by Australia Post in 2020 as it seems they finally recognised that Licensees were the people best placed to maintain existing and grow new business opportunities.

The program has been a huge success because Licensees got behind it in a big way and also that the Australia Post Manager who implemented the program, Ted Butler, was committed to working with Licensees to make the program a success.

Unfortunately, Ted Butler has just resigned from Australia Post and although giving the required notice period, was walked out the building

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immediately. Ted's team has also left Australia Post so it is not known if the program will continue with a fresh new face running it at some time in the new year or whether the program will be handed over to some other Australia Post Manager where it is sure to shrivel and die due to the usual lack of attention.

Because he worked for the benefit of Licensees and broke new ground in implementing this successful program, we wish Ted Butler and his team all the best in their new venture and can only hope that Australia Post finds someone with the same passion and knowledge to continue this important program that is a benefit to both Licensees and Australia Post. It's a big ask and lets hope Australia Post is up to the challenge.

## YOUR LPO'S FUTURE IS IN YOUR HANDS!

By Angela Cramp Executive Director of LPOG

Every LPO Licensee needs to look to the future. You can assist! So invest just a little time to make it better.

With a federal election coming up, now is a very good time to contact your federal member and voice your concerns at the disregard for a successful Australia Post and our shared future for the Postal Service of Australia. Ask your federal member what his party's plans are for Australia Post, and more importantly, what are they going to do to support the viability of the community Post Office network?

Community Post Offices are all across Australia, serving over 80% of the Australia Post retail footprint. We are the locals, working in and serving our local

communities. We are not paid public servants. As Licensees, we purchase the license which grants us the right to operate our community Post Office.

Once we have been assigned the License to operate our community LPO, Australia Post pays us fees and commissions as per our License Agreement. With the sole exception of a \$6.60 (ex GST) daily representation fee, our income is based only on the level of business transacted in our community LPO, by our customers. As such, we are very much dependent on a successful and very well managed Australia Post. We must have a successful and profitable Australia Post, for now, and for Australia's future.

LPOGroup has often been informed that the Government of the day believes their community service obligations is fulfilled by the delivery of letters to 94% of delivery points, and by mandating Australia Post provides a postal footprint of 4,000 retail outlets (which can include CPAs). However, the Government does not see it is any part of their obligation for those Postal outlets to be profitable, and they do not accept they have any obligation to deliver parcels to households or businesses. So effectively we are the football in this political football game, where each side tries to kick the obligations over to the other side, time after time after time.

The Government of the day, and the Board and executive of Australia Post must accept that Australia Post must be commercially successful, and must share that success all through the business, including with Licensees. To do otherwise denies the whole nation of this essential service that enables businesses anywhere, and everywhere, to have a cost effective and accessible logistics provider which powers e-commerce.

The management teams of Australia Post, including the politically appointed Board must ensure Australia Post is a fit for purpose postal service for the future needs of all of Australia. The past 24 months has revitalised Australia Post and granted a commercial position that was most unexpected. After 24 years of very underwhelming management of Australia Post, Licensees are looking for leadership that will capitalise on this unexpected bounty and continue to achieve and deliver results not seen or expected by any postal service elsewhere around the

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world. Australia Post is just not about only delivering letters any more.

For decades Licensees just accepted they were powerless to impact decisions made by Australia Post Board and management teams and Shareholder Ministers, and many withered on the vine due to that acceptance of poor management and business strategies made by past Australia Post Executive teams. With an estimated \$3 billion dollars of investment in this industry, that is not an acceptable way for Licensees to operate. LPOGroup was established to change that, and we have made great inroads into building different outcomes for community Licensed Post Offices.

The past couple of years has been one of the best time's ever to own a community LPO, and our passion for our industry is equally matched by the potential to continue to turn this business around and putting us up front and centre in every community. No longer are we irrelevant and out of touch with today's world. We are becoming a one stop community hub that continues to provide so much of what has been lost in most communities by economic cuts and rationalisation to most other service providers. We have also been commercially empowered to engage with our business customers through the local business partner program, and the financial rewards from that program for community LPOs are highlighting potential every day at our counters. We have a lot to work with to ensure our future is not clawed back by short term goals of political appointees looking out for their own financial interests. It seems the Government of the day, currently the Liberal Government, has lost sight of the needs of the communities outside of the ivory towers. This is not a new phenomenon, in the previous decade, the Labour Party, did exactly the same thing. Kevin Rudd, Julia Gillard and Minister Stephen Conroy enshrined Ahmed Fahour as CEO, stacked the Board, and proceeded to run the business into the ground (we can only assume) in order to make selling off the profitable parcels side of the business more appealing to the Australian people, and Licensees were all left to rot on the vine. This decade, we are experiencing similar disregard from previous and current politicians, Tony Abbot, Malcolm Turnbull

and Scott Morrison, and Ministers Turnbull, Fifield and now Fletcher. The current Board is stacked with Liberal appointees, who did not support their very successful CEO, and support instead a rumoured business plan that would cut services, jobs and the footprint, canvassing a potential sale of the parcels side of the business, and once more leave the postal service with an uncertain future.

The common factor in these 2 decades of oversight is absolutely no skin in the game from any of those punters. None of the above has even \$1 invested in Australia Post, whereas Licensees have collectively invested an estimated 3 Billion dollars into Australia Post. We fund the infrastructure that provides over 80% of the retail footprint, and the CSOs of the government of the day and Australia Post. If Australia Post is marginalised and downsized, and we no longer see foot traffic in our outlets, we still have to pay out that 3 billion dollars to clear our personal liabilities. Most of us expect to sell our license to operate the LPO to the next Licensee, and to realise some capital gain for our hard work and investment over the years of operating our community Licensed Post Office.

If we do not stand up and insist our voice is well represented in the management of this Business, we are facing a return to days of old, while watching un-invested punters cashing in on our years of hard work to further their own careers. Time to be proactive and stop the ROT. As the most invested stakeholder group, we must have Australia Post Board representation to protect our interests.

The last 12 months have been another very hard slog for all of us. We have been very challenged with massive disruptions for most of us, and the retail footprint has proved to be the salvation of Australia throughout this crisis. We have kept businesses, communities, customers, and families connected every working day of every week, while our world was locked down. We provided retail, logistic, medical supplies, financial services, and social support for our communities.

The level of e-Commerce happening in Australia today, has reached the predicted levels that were expected to be reached in 5 years' time from now. e-Commerce is on

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steroids all over the world and we are the enablers in Australia, with more than 80% of domestic parcels being delivered by Australia Post.

For the past decade, all the investment in Australia Post has been prioritising delivery services to grow, and it is now time for investment into the retail footprint to shore up the first and last mile advantage we have. The relocation of industries and workers back to the suburbs, and regional and rural areas, where most LPO's are sited herald a new era for the retail side of this business, and if the executive teams continue to disregard this sector it will not be long before someone comes along with an enticing plan that could offer the LPO network a better alternative.

It has been a year like no other, and we probably don't ever want to see more years like it, but next year is still an unwritten book at present, so well done to all of us. Give the person next to you a pat on the back and if there is no one nearby, give yourself a pat. Try to enjoy a few days break before those parcels start building up again, and Christmas starts all over again.

Let's hope the year 2022 brings us a successful roll back to a more normal world and we can get back to all the things we used to take for granted. It seems like it was such a long time ago.

Thanks everyone, for helping make this year work for Australia despite the odds.

Angela Cramp LPOGroup.

## **YOU MAY FACE AUDIT BY AP OF YOUR LICENSEE WORKPLACE OBLIGATIONS IN 2022**

**Licensee's continue to underpay staff in most cases innocently paying level one rates when level three applies. Please take note as you could be liable for substantial back payment and enter into a costly exercise of dispute with AP's**

### **Auditors so please take note!**

in recent times as part of its compliance obligations under the FAIRWORK AMENDMENT (Protecting Vulnerable Workers) Bill 2017 Australia Post has been, and will, undertake Audits of individual LPO Licensee's payments to their employees to ensure compliance under this act of proper payment and records. The Audit process undertaken on behalf of Australia Post by PKF(NS) AUDIT & ASSURANCE LIMITED PARTNERSHIP is extensive and invasive as you can see by previous published in my last years news letter, Information Request Annexure 1 and Annexure 2 Document & Information Request-Frequently Asked Questions as set out in last years News Letter available on the LPOG website. [www.lpog.com.au](http://www.lpog.com.au)

**Key obligations for franchisors Like Australia Post Are.**

- 1. Making a franchisor (who is able to exert a significant degree of influence or control over a franchisee) liable for a variety of different contraventions of the Act by franchisees within their network in circumstances where they knew or reasonably ought to have known about the contraventions but failed to take reasonable steps to prevent those contraventions occurring**
- 2. Making a holding company responsible for a variety of contraventions of the Act by its subsidiary where the holding company fails to take reasonable steps to prevent those contraventions occurring**
- 3. Making officers of a franchisor or holding company potentially liable as**

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- an accessory to a contravention of these new provisions by a franchisor or holding company**
- 4. Allowing a person who has suffered loss from a contravention by the franchisee to seek a compensation order against a franchisor or holding company (for example to enable an employee working in a franchised business to recover unpaid amounts that its employer failed to pay)**
  - 5. Giving a franchisor or holding company a statutory right to recover from the franchisee or subsidiary an amount paid under such a compensation order**
  6. Penalties for a category of serious contraventions of the Act where penalties 10 times higher than normal will apply. A contravention will be a serious contravention if a person knowingly contravened the provision and the persons conduct was part of a systemic pattern of conduct relating to one or more persons
  7. Penalties for providing Fair Work inspectors with false or misleading information or records and new prohibitions for hindering or obstructing them
  8. Prohibitions against an employer or prospective employer requiring an employee or prospective employee to unreasonably spend or pay an amount – (to prevent cash back arrangements
  9. Doubling the maximum penalties for 'strict liability' contraventions relating to employee records and payslips
  10. Trebling the maximum penalties for giving false or misleading employee records or payslips
  11. Giving greater investigation and enforcement powers to the Fair Work Ombudsman including the power to seek from the AAT presidential member a FWO Notice requiring a person to give information, produce documents or to attend before the FWO and answer questions
  12. Prohibiting a person from intentionally hindering or obstructing the FWO or an inspector in the performance of their functions
  13. Imposing a presumption in respect of certain civil remedy provisions where records are not provided by an employer. The presumption places the burden on the employer to disprove an allegation made by an employee in relation to contraventions of specific civil remedy provisions where the employer was required to make and keep a record, make a record available for inspection or give a payslip but fails to do so. Importantly however, that presumption will not apply if the employer has a reasonable excuse why it failed to make or keep a record, make the record available for inspection or to give a pay slip
  14. Adopting a different definition of 'franchise' which will capture and expose some businesses involved in the licensing of intellectual property under agreements that are not currently captured as a franchise agreement under the Franchising Code.

Be aware Australia Post takes its responsibility seriously under the Act and all LPO licensee's need to take stock and review their payments to their staff in line with the General Industry Retail Award. AP will take action against you if you do not meet

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your employer obligations to your employee's. So don't put your business and future at risk clean up your act now before Australia Post looks to do it for you! Be aware that if you underpay you will be caught and the consequence could go as far as the forced sale of your LPO or even the loss of your LPO Licence.

I understand the Audit programme is random and can be quite unexpected. It is likely though to be initiated if you are changing directors of your company, taking on additional partners, or buying another Licence. The Audit can arise from employee complaint or can come completely out of the blue so you have to comply and no more cash payments, employing non residents or those without work permits or those employees you know are receiving social security when not entitled to. Dodgy employment deals linked to migration agreements where payments back to the employer are particularly highlighted for full investigation where suspected.

## 2021 LPO MARKET REPORT

Despite covid lock downs and other businesses going to the wall Covid 19 has in general brought prosperity to most LPO's in 2021 with incomes for LPO's continuing to improve and will further improve when Payment reform round 2 is finally approved by POAAL and implemented, hopefully early next year. Our world is getting back to normal and back to business with supply chains slow, inflation on the rise but better days ahead. Australian are 90% vaccinated and getting back to work and play. Job keeper and Job seeker payments payments are no more but Australia is a healthy place by comparison to the rest of the world. Paul Graham is

now in charge and has had a positive impact so far.

The Covid 19 pandemic impacts on our market with the stop start lock downs now fading but still fueling a growing increase in enquiry for LPO,s.

- Those wanting to purchase an LPO have increased in Number due to fears of continuing economic uncertainty, Termination of income support like Job keeper, increasing general economic uncertainties brought on us by Covid 19 and the continuing supply chain difficulties as well as a desire for a safe income with proven security.
- Those thinking of selling have reduced in number due to increased incomes from payment reform, increasing economic uncertainty due to covid 19 and reduced returns and uncertainties with other investments. Also with low returns for all assets yet increased values, those looking to retire are still differing the decision because they fear they will not have a good enough income to retire on but travel in retirement options are improving with the prospect overseas wise now possible in the foreseeable future. Also many continue to see their performance & income rising in 2021/2022 financial year encouraged by the impact of second round payment reform due to be announced shortly establishing a higher sales price if they stay and then sell in the second half of 2022.
- Government payments like job keeper, job seeker and support payments to small business now are all but gone spurring potential purchasers on and now less hesitant, confused and indecisive about whether they will or should commit to buy an LPO. But strong jobs and employment prospects are beginning to enter the picture.

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- Business finance still takes up to three months to gain approval with limited funds available due to factors like little money coming back to the banks because of loan repayment holidays from the banks and general risk adverse policies of banks to lend to any business in these uncertain economic times,

I have never in 48 years of selling Post Office businesses seen this sit and wait mentality in both buyers and sellers just as indecisive as they have been in 2021. That said good LPO's continue to sell for very good money but the assignment process is still slow with Australia Post still doing the first and second interviews on Zoom and most Network staff working from home. In summary good prices, slow sales process with finance uncertainty and long approval times making the sales process lengthy favouring cash buyers. AP continuing also to step up demands and setting higher standards for LPO Licensee applicants than they have previously. Including the close scrutiny of loan approvals at the first interview and cash balances in the bank. Now as we end 2021 and look forward to 2022 I expect that our market for LPOs in 2022 will see improved genuine demand, improved financial approval times as loan repayments to the banks start to flow again but still reduced availability of good LPOs as Licensees tend to stick to the certainty of the business and income they know.

The Conditions best for an improved buoyant LPO market are:

1. Increases in unemployment
2. Low interest rates
3. Quick and easy finance
4. Economic uncertainty
5. A low Australian dollar
6. Improving LPO incomes, income options and opportunities.
7. Good press for Australia Post and its new energised CEO Paul Graham.

We basically have most of these conditions

now except for 1. Increasing unemployment  
3. easy finance, perhaps 5. a low Australian dollar .

All these factors aside as at the close of 2021 our market is stronger now than it has been and the year ahead looks much better than the last for good sales as the pandemic fades and vaccinated population gets on with life and our economy returns to something close to normal. With welcome increases in payments from round 2 of payment reform, continued double digit growth in parcels and the growing return of passport renewals and photo's improving incomes and therefore values of LPO's are mostly assured.

## INSIGHT 2022

After nearly five months of brutal lock down in NSW ( longer in Victoria ) as well as the turmoil of nearly 2 years of living with covid 19, the Australian People in all states see a future of getting back to a new normal. Our new life will be different as well as much more careful of the risks to health , family and livelihoods. We want to travel but are scared to, we want to get out and enjoy life but are cautious as we see case numbers rise as we open up. Looking to what has happened after restrictions have lifted in the US, Europe and the UK make us think that the future ahead could be a bit bumpy. Safety and security have much more meaning than before covid changed our world.

That said real estate and shares have boomed with real estate in both city and country having grown in value by over 20% in 2021 alone due to low interest rates, increased savings and the realisation that inflation has arrived and increased the costs of many every day goods and staples. Again we all are seeking safety and security in all aspects of our life and endeavours.

So what is ahead in 2022.

1. Interest rates are at least for 2022 are unlikely to increase much but growing

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world inflation, increasing costs in commodities, transport/logistics and services will see interest rates climb from 2023 on. Australian banks have already raised their service margins on loans to 3% and some even to 3.5% meaning that a home loan given at say 2% needs a service income established by the borrower that they can handle a 5.5% interest rate on the loan. Cost increases imposed by covid 19 on small business and domestic economy, as well as the continuing trade bans and punitive tariffs now being imposed on Australian goods by China as punishment for Australia calling for an enquiry into the origin of Covid 19 will still impair our life and business but these should fade as we get back to a more normal life and Chinese anger is replaced by the realisation that Aussie products of the likes of Wine, Barley, Coal and Beef are the best quality and value in the world today.

2. The world will continue to face the impact of Covid 19 on health, national economies, trade and travel but will open up as current vaccine's and new ones being developed complete their roll out around the world. With world travel getting back to some form of normal late in 2022.

3. Oil prices have risen sharply in 2021 and as the world gets back to work will remain high until supply and logistics get back to normal. Oil price rises of the 1970's started rampant inflation so they need to be watched in 2022. Supply is likely to increase and become stable or at a level that can be afforded as our world economy recovers substantially post-covid 19. The major economies of US and China have to pull back on their ongoing trade war. President Xi needs to be more restrained and less aggressive as his attitude will only see world trade and its benefits shift to other countries with a negative impact on the future of the lives, jobs, incomes and business outcomes of the Chinese people.

4. The leftover impact of Covid 19 on the Australia's retail economy will continue to see a continuing increase in online

shopping platforms like ebay, Amazon etc with the rising Australian dollar slightly increasing on-line purchaser's from overseas but with increased number of players on shore all adding to AP's parcel business.

4. Unemployment this year will more than likely fall on the back of the easing of covid 19 restrictions. Government support payments have done their job but get ready for it we now have to pay for them. As well as firming interest rates of the major banks and their current appetite for increased margins on loans. The current lower incomes for retirees though will still prompt some to go back to part time work putting further pressure on jobs and unemployment with others even going back into business, perhaps an LPO with its much better outlook and income ahead.

5. Australia's export commodity prices will remain steady with beef and iron ore having reached record values in 2021 with only a potential small downside if any for 2022.

6. Gold and silver values are likely to rise again in 2022 as economies struggle with inflation rises and world manufacturing gets back to normal. Silver is used in electronics, solar panels etc and world production is much less than mined production.

7. China, India, Asia and now the UK in general still hold the key to our economic future and we are likely to continue to become less dependent on the strength of the China economy for our continued prosperity.

8. House and real estate prices will continue to rise in 2022 by about 6% but most banks predict falling prices in both real estate and shares as rates rise in 2023.

9. Increased LPO incomes will see prices for better LPO's increase in demand and there will be renewed interest in country LPO's in regional Australia as we look to more secure, safe and relaxed lifestyles.

10. Life in 2022 will not be perfect but much better than 2021.

# Who or What is LPOGroup?

**We are Community LPO Licensees that are connected by our shared goals!**

LPOGroup is a Franchisees Association established in 2013 by working **community LPO Licensees** from all states across Australia. The Association was formed to ensure the viability and the financial outcomes of the community LPO model for both Licensees and the Australian communities we serve. It is our aim to provide a professional and committed Industry body to represent our member's interests in our ongoing relationship with Australia Post, and to provide support and resources to help build more successful outcomes for community Licensed Post Offices.

A community Licensed Post Office, by its very nature, is an integral part of the Australia Post business, and as such, part of our mission is to build a healthy and collaborative relationship with our franchisor, Australia Post. In doing so, we must, understandably, be rather focused on the best outcomes for community LPOs, while working closely with Australia Post to grow the entire business, for all to thrive. We have a symbiotic relationship, we cannot stand alone, we must work together to achieve our mutual best outcomes. Historically, Licensees have been challenged with inadequate representation in the face of the obvious power imbalance, being the small business arm of a major corporation. LPOGroup is determined to improve the voice of Licensees, and to address more fairly the needs of the Licensee owners of community LPOs, in order to achieve a more successful and robust industry with a positive future.

LPOGroup is bound by a constitution (available at [www.lpogroup.com.au](http://www.lpogroup.com.au)) and every Licensee Member has the opportunity to join Committees and stand for elections for the Board.

Our current board of Directors:

- Emeric Charles (Blackbutt LPO, QLD) - **Director** [emeric.charles@lpogroup.com.au](mailto:emeric.charles@lpogroup.com.au)
- Angela Cramp (Shellharbour, Warilla LPO NSW) - **Executive Director** [angela.cramp@lpogroup.com.au](mailto:angela.cramp@lpogroup.com.au)
- Andrew Hirst (Beresfield LPO, NSW) - **Chairperson** [andrew.hirst@lpogroup.com.au](mailto:andrew.hirst@lpogroup.com.au)
- Graeme Obrien (QLD) - **Managing Director** [graeme.obrien@lpogroup.com.au](mailto:graeme.obrien@lpogroup.com.au)
- Terri Polman (Berrimah and Charles Darwin University LPOs, NT) - **Director** [terri.polman@lpogroup.com.au](mailto:terri.polman@lpogroup.com.au)
- Andrew Costanzo (Margate Beach LPO, QLD) [andrew.costanzo@lpogroup.com.au](mailto:andrew.costanzo@lpogroup.com.au)

You can help shape LPOGroup by becoming a Member, sharing your advice and experience and support for fellow Licensees, or nominate for State Committees. We need as much support, experience, and enthusiasm as possible, to tackle the big issues that threaten our considerable investment in community Licensed Post Offices in Australia.

Our future will only ever be as good as we make it, and together we can give each other a hand, build on our strengths, and grow our future.

Licensees are Australia Post's most heavily invested stakeholder group, with a combined investment of more than 3 billion dollars that provides the infrastructure for almost 80% of the retail footprint. Now, more than ever, with the prospect of yet another change in management, we need to join together and stand united so that we have a strong voice to represent our interests in this business, and make sure that our voice is heard.

Join LPOG by visiting [www.lpogroup.com.au/member\\_join](http://www.lpogroup.com.au/member_join)

LPOG building a better future for LPOG Licensees

# GROUP BUYING

Listed below are a number of good suppliers of products and services to LPO's. Please support those who support you!

1. **BARTEL** 36 Ricketty Street, Mascot, NSW, 2020  
Attn: Kevin Berry, TEL: 96673999 FAX: 96673452. M: 0413172999  
**Calendars & Books Products** web [www.bartelcalendars.com.au](http://www.bartelcalendars.com.au)
2. **BUYERS PARADISE** Over 1000 high margin products across high growth product areas  
[www.postofficesupplies.com.au](http://www.postofficesupplies.com.au) Attn Bob Barot 02 87985392 Woodpark Rd Smithfield 2164
3. **WILLIS TOWERS WATSON LPO Insurance packages** Attn: Brett Batson email  
[brett.batson@willistowerswatson.com](mailto:brett.batson@willistowerswatson.com) 03 86819781 Fax 03 86819781 [www.lpogroup.com.au](http://www.lpogroup.com.au)
4. **GNS** Attn Stephen Melville TEL: 87083400 or 87083415 [smelville@groupnews.com.au](mailto:smelville@groupnews.com.au)  
**Paper & Office Products Stationery** [www.groupnews.com.au](http://www.groupnews.com.au)
5. **DOWNIES** Top deals on collector coins Attn Matthew Lawler 03 84568452 email  
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I became the principal of the agency in 1977 on the death of my father having worked with him since 1972. In 2004 I reached the landmark of 1,000 Post Office Sales and to date I have sold 1,379 Post Offices. Our business has a reputation of being fair and honest in its dealings with all. Our main aim is to do the best by our vendors, yet be fair to our purchasers, because ultimately we would like to be of service in again selling the business.

I spend many hours each week educating, counselling and qualifying potential purchasers of Licensed Post Offices. This work I do without charge and willingly because it gives me my marketplace for the sale of L.P.O. businesses with nearly all serious buyers passing through my door. My income is derived from the commission I earn when I sell an LPO. I will never provide any prospective vendor with an unrealistic assessment of their L.P.O, but I still have achieved record sale Prices for my Vendors. **I do not ask for sole agency's** as this practice only **benefits the selling agent**, restricting exposure and in some cases seeing the Vendor pay an Agent a commission when the office is sold direct to a family member independent of that Agent. **Sole Agency robs you** of the opportunity to sell your office without unnecessary delay, and at the best market price of the day. A successful smooth sale to the satisfaction of both vendor and purchaser is my ultimate aim. With this in view, I sincerely urge you to give me the opportunity to provide your post office with an obligation-free professional and unbiased assessment should you wish to sell, remembering that I have 48 years of direct experience in this area and 1,398 completed Post Office sales to my credit.

You will be pleased to know that when we take a deposit on a Post Office, it is taken with all bases covered ie; lease, finance, intention, training and evidence of income have all been discussed and confirmed with the purchaser so that no impediment stands in the way of the sale proceeding.

Please note that in selling your Licensed Post Office through my Agency you are in the hands of an Agent who has your interests as the first priority and does not and has never **Traded Licensed Post Offices** ie: **Purchasing** a Licensed Post Office **from a client or Australia Post** and then on **selling the LPO** for a substantial **quick profit**.

Please contact me at the office or home if I can be of any assistance.

TERRY A ASHCROFT.

**YES TERRY HAS FINALLY ADOPTING INTERNET ADVERTISING IN EARNEST FROM 2020 WITH FREE LISTINGS ON PROMINENT BUSINESS FOR SALE SITE.** <https://australia.businessesforsale.com/>

**I am on track and up to date now but remember that there is no substitute for my 48 years of hands on experience in the sale and advising on Licensed Post Offices.**

**If you have any questions about selling or just need help to guide you into the future just call me on 02 97183137 M: 0429183137 email taash@bigpond.com**

**TERRY ASHCROFT PO Box 37 CAMPSIE 2194 TEL: 0297183137 Fax: 0297182187**