

ASHCROFT 2018

REFLECTIONS & INSIGHT

DO YOUR HOME WORK BEFORE
DOING BUSINESS IN 2018

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CHRISTINE HOLGATE WONDER WOMAN!

**CHRISTINE HOLGATE
NOW HEADS AUSTRALIA
POST!** In the short time at the helm she has demonstrated that she is **SMART, AMBITIOUS, FRANK, ACCESSABLE, TRUSTING, COMPASSIONATE, KIND, WARM, ENGAGING, INCLUSIVE, UNDERSTANDING, & CAPABLE** with **A PASSIONATE SENSE OF COMMUNITY** and that the lure of the Australia Post position was the chance to make a “**social contribution**” and to “**build the future**”

She sees no limit to the possibilities of Australia Post.

Holgate has a vision of AP in a role helping to grow and benefit our Great Nation. She wants to generate within Australia Post a renewed sense of purpose and a strong feeling of belonging and loyalty that is all but been lost. A

united Australia Post Family with the community's interests at heart. Service, performance, sustainable growth, value, trust and honesty are her aims as well as returning a healthy dividend to the Australian government.

IMPOSSIBLE YOU THINK!

We have nothing to lose so we need to all believe and trust that “Wonder Woman” Christine Holgate can deliver on her vision for AP but with a little bit of help from her friends you and the greater Australia Post Family.

Ahmed Fahour was considered by many as a **TAKER** not a **GIVER** and LPO Licensee's and indeed AP have somehow managed to **SURVIVE AHMED**. Ahmed saw AP as a half empty glass and spent a lot of time telling everyone just that. Christine on the other hand appears to be a **GIVER** not driven by money but by a sense of **Community and Nation Building**.

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Christine knows that AP is better than a half full glass and as parts of AP's traditional business decline (small letters, Bill paying) she sees endless possibilities for LPO's as the last National network on the High Street.

On Saturday 28th October 2017 Christine attended the LPO Group AGM and Trade Show. Jet-lagged having just arrived from overseas she gave a speech that was both passionate and personal. She spoke with true sentiment and honesty, giving Licensee's an insight into her vision for Australia Post and her review of Australia Post in her first 100 days.

She demonstrated an understanding of the importance of the Post Office's presence in all communities and that LPO's in particular are usually the last service centres left in most high streets. She also spoke of her travels to other countries and of her experiences of their postal industries and how she was learning from these other Post Offices recent experience and directions.

She spoke about the fact that the banks are making big dollars though AP's services to them and that it was time that AP got its fair share for doing their work and for AP's service to their customers. Telstra and the other Telcos should be paying for their footprint in your stores noting that AP was the biggest retailer of SIMS in Australia. We do not work for them, they need to work for us. As Post pays a financial divided

to the Australian Government then the government should be supporting Post Offices by channelling more government business through Post Offices. That all Post Office's should be able to offer all services to all Australians regardless of location or size of your outlet. She noted that Australia Post was the biggest retail network and most trusted brand in Australia and has uniquely skilled staff, it cannot be replaced or duplicated and you are Australia Posts most underutilised resource. Her address inspired a standing ovation that lingered in the room she conveyed in her address both hope and promise and left many teary yet proud to witness the birth of a new beginning and change for Australia Post. Most who attended left the room inspired and looking forward to a future where Australia Post saw LPO's as an asset not a cost.

WHAT ARE THE CHALLENGES FACING CHANGE AND REFORM AT AUSTRALIA POST

1. THE CULTURE OF AUSTRALIA POST HAS TO CHANGE!

Australia Post is a divided workplace driven by Management incentives that encourage greed at a cost to its people and the Business as a

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whole. AP offers nothing to encourage loyalty, common purpose or common goals only personal greed for the well paid few. At the higher level, there is no sense of a common Australia Post family and community rather its every one for themselves - incentives paid within Australia Post work against the best interests of the whole business. Within the various layers of AP there is a great sense of disconnect.

It appears that everything and every one below senior management at Australia Post is seen as a cost to be cut not an asset to be deployed and nurtured. Staff positions have been cut even if needed, standards lowered and poor performance covered up. It seems that the rich in AP get richer based on cutting costs, denying entitlements, killing off financial reward to LPO's and by doing so they are cutting revenue & profitability, failing service standards and shrinking the business as well as killing off incentive at the coal face of Australia Post the LPO's the AP's staff at the counter. Incentives as a whole within AP work against it and are short term based. If a manager cuts costs in the short term he gets a bonus but this type of incentive kills off planned and measured investment that brings long term gain, profitability and economy.

The disconnect within

management of Australia Post and AP's insane so called performance incentives to senior management is costing millions and without a better holistic view of the overall needs of both retail, delivery and online AP areas of operation AP will continue to work against itself.

Most at senior levels in AP see LPO's not only as a cost but second rate in terms of the Post Office network. On many levels there is an attitude of disrespect. Over many years an attitude of denial of rights with regards to fair payment has prevailed, you may be entitled to a mail service payment or a rent subsidy but the request is dismissed in most cases despite its merits on the basis that in the end you cannot sue or fight with AP as they can outspend you to the point you just give up.

CHANGING THE CULTURE OF AUSTRALIA POST MUST START AT THE TOP.

Many large Corporations have realised that incentives have to be linked to common long term goals and improved customer service and AP must come into line with this view.

Christine Holgate must re-establish connectivity within AP and divergent views within management need to be considered On merit rather than dismissed.

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Fairness and respect at all levels needs to be an enshrined principal driving all decision making within AP.

Whistle blowers have to be taken seriously and treated with respect and not dismissed without an independent review. Shooting the messenger has gone on for far too long.

Contribution has to be encouraged and rewarded within AP balanced with longer term growth and achievement and needs to be spread over all responsible for savings or growth not just the one with the whip hand.

AP needs to bring back the Christmas bonus that Ahmed stole away from them.

From a Licensee perspective, we want respect restored and true value placed on the important work that Licensees perform for Australia Post and the Australian community. A just reward for effort can't be too much to ask for in the new era that Christine Holgate is bringing in the new year.

2. AUSTRALIA POST DOES NOT MEET ITS PUBLISHED PERFORMANCE STANDARDS

The public know, Licensee's know and Australia Post know that AP does not meet its published Performance Standards and it hasn't for a long time and claims by AP management

that it does are just statistical and strategic lies or just a BS cover-up of the truth by those in management responsible. I have this year myself had mail take up to two weeks to go from Campsie to Gulgong and I am still getting return to sender mail 7 months after my May mail-out although most of the returns came back on the 20th November having been posted on the 19th May.

AP's delivery performance of late has damaged the brand and AP's motto 'We Deliver' should be revised to read 'We Deliver Late'. This failure is damaging your business, costing you and AP Money and is the real reason base rate stamp sales have fallen so much in 2017 as AP is failing to perform and Management at the top are responsible. Set out below is an article by Patrick Howard from Print 21 reporting on an email received from a postal worker the day before Christine Holgate toured a Major Sydney postal facility. To Christine's great credit she has welcomed the feedback saying "the matters are being looked into at this moment in time. I have shared the information with the most senior people and asked for their perspective. Any employee with the courage to come forward must be taken very seriously."

BLOWING THE WHISLE ON BAD POSTAL PRACTICES

In an explosive anonymous email sent to Christine Holgate, CEO Australia Post, (and copied to Patrick Howard *Print21*, 'post worker' details numerous bad practices and fraudulent behaviour by management at the Sydney West Letters Facility at Strathfield. **It's claimed that Australia Post is targeting workers over 60-years-old for redundancies, fast tracking mail that measures performance through embedded microchips and rigging**

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figures to show lower volumes than actually being processed. Favouritism is extended to large postal contractors by allowing them extended hours to lodge post at no cost giving them an unfair competitive advantage

The whistle blower prefers to remain anonymous due to lack of trust in Australia Post's Whistle Blower Policy. He/she maintains they fear being sacked or lose their superannuation if their identity is revealed.

The email arrives on the very day Christine Holgate is visiting the Sydney West Letters Facility. She has reached out to meet with 'post worker' and assures he/she there will be no retribution.

•Among the dramatic claims made by the whistle blower are that Australia Post is taking up to and more than three weeks to process and deliver large letters, in both priority and regular deliveries. This is despite extra charges for overnight delivery.

•Postal workers are tipped off to watch for and fast track mail used to measure performance. They term these micro-chipped items 'Red Train' so they can be processed urgently to improve performance measurements.

•Conversion factors for calculating mail volumes are changed to show lower than actual volumes of letters being processed. One of Australia Post's continuing justifications for increased charges is the falling volume of letters.

•Management bonuses are linked to the reporting of serious incidents, which ensures that not accidents and incidents all are reported.

•Support staff dedicated to major mail users are being reduced in numbers meaning the mail cannot be processed in a timely manner, no matter how many hours of overtime are worked.

'Post worker' writes that he/she hopes their letter makes it to the right people who are able to rectify these problems.

'I love Post and have to do something to stop this destruction of the letter service, and our good name. All the staff disagree

with the managers steering these changes, D.B and G.S

I hope that some one can address these matters. An external body needs to check and monitor all delivery delays. As when left to our managers no delays are been reported. This practice is common across all Facilities around the country.

I'm sure the public will be outraged as I certainly am.

Please fix post.'

3. AUSTRALIA POST NEEDS URGENT LABOUR REFORM

AP's Enterprise Agreement of 2017 was signed off by Ahmed Fahour just before he left in June or early July and does not offer the flexibility that is needed at AP in order to afford to meet its changing business needs. This Recent AP Enterprise Bargaining Agreement locked in employee entitlements while also giving a commitment to predominantly full time employment and no forced redundancies. There is then a reliance of people wanting to leave the business voluntarily so its usual for the good people to go first and the remainder to hang onto their jobs so the quality of the workforce becomes poorer by default with poor morale and productivity. The EBA focuses on full employment that sees many delivery staff doing nothing between the hours of 10am to 2pm. AP needs a more flexible work force and flexible working hours and delivery including Startrack which has 3 separate EBA's is burning money with regards to inflexible and unproductive hours of delivery staff. Urgent attention is needed in order to undertake labour reform to allow flexibility of hours.

4. AP NEEDS NEW INCOME STREAMS AND BUSINESS & DESPERATLY NEEDS CHANGES TO ITS ENABLING LEGISLATION

Australia Post must have new Business as the digital world continues to undermine the profitability of its small letters and Bill Pay business and it cannot think small. AP's clear point of difference to its potential competitors is its large skilled & trusted Retail Network being the biggest in Australia and the last service centre located on the High Street and with real people. It needs to capitalise on this not just maintain it. We need to get back to fundamentals in that to be profitable AP needs to give incentive to this network as well as give value to its customers. We need Government to steer their business AP's way and we need the political will to change AP's enabling Legislation so AP can expand into banking and telecommunications and not just feed off the crumbs that it gets from the banks and telco's table. This will not be easy to achieve but we need to engage in debate and have a go at making at least some of these opportunities become reality.

AUSTRALIA POST NEEDS TO BECOME A BANK!

AP desperately needs to become the 5th major bank in Australia this will require changes to AP's enabling legislation and profits from banking can subsidise AP's community Service obligations. UK's Post Office and NZ Post would not survive without profits from banking and continued growth in financial

services. Now this is a very hard political ask but it can be done as the majority of Australians would welcome more competition in banking. Bank share holders might not like the idea but the vast majority of Australians would. Now all politicians are afraid of the banks but in our current political world it may be possible with the help of the independents to see AP become a Bank. Now at the very least AP should look to grow financial services and there is the potential if AP cannot be a bank it could host the largest Mortgage Broking Business in Australia. Not say "Aussie Home Loans" but say Aussie Post Home Loans. Most Licensees could be trained and up to speed in very little time. AP's cut would be good but the trailing commission on loans could become a significant part of your LPO income. Other credit services are possible like an AP Visa card. But the prize here for AP would to become a full Bank with the biggest branch network in Australia.

AUSTRALIA POST NEEDS TO BE A TELCO!

The Italian Post Office Post and UK Post are Telco's and make good money from it so this could provide a growing income stream for both AP and LPO licensees. Again this would require changes to AP's enabling legislation. So why not, its profitable. The Trusted Australia Post brand would give the AP Telco certain acceptance in the market and would be a clear winner again for AP and its LPO Network. Again this would require changes to AP's enabling legislation.

AP NEEDS TO BE AN INSURANCE PROVIDER!

Now does anyone know of a poor or unprofitable insurance company! This could be big for AP so again why cant AP be an insurance company or at least a broker. AP does some insurance now but

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what about house, contents and business insurances.

OVERSIZED FREIGHT IS POSSIBLE

It is possible that some LPO's could set up to handle bulky goods and oversized freight subject to reasonable weight restrictions and equipment provision as long as fair payment for service was paid. This prospect would mainly relate to rural locations where in the most part premises are much larger and equipment like forklifts could be easily used. This option would be a money spinner for those LPO's involved.

AUSTRALIA POST COULD BE AUSTRALIA'S BIGGEST TICKETING AGENCY

It would need vastly improved technology but AP retail is the ideal place to purchase tickets to the opera, football, cricket, soccer and even rock concerts. You sell Royal show tickets now so lets expand the range or perhaps even travel, cruises, holidays packages etc

AUSTRALIA POST NEEDS TO LEAD & FACILITATE THE GROWTH OF COMPLEMENTARY RETAIL PRODUCT SALES IN ALL RETAIL OUTLETS.

AP has been in the past a poor supplier of profitable retail complementary products. Its wholesaling costs took profit away from LPO licensees any reasonable profit based on fair retail pricing. Now licensees need a 50% profit margin on these good so they have to buy at the lowest cost price to be competitive. Newsagents are disappearing from the high street and the Post Office needs to fill the gap but must compete. SOLUTION AP should scrap the idea of being a

wholesale distributor instead it should engage with both LPO Licensees as well as manufactures distributors and supplier's. AP can be a major buyer by representing LPO Licensees and corporate outlets collectively. The deal would be that Australia Post would not purchase the goods but guarantee payment to a supplier for goods Licensees buy direct from suppliers. If a licensee failed to pay an account AP would pay and recover from the Licensee. On this basis AP could negotiate some great deals on lower volume purchases. Supplier pricing drops if there is payment certainty but minimum economic order quantities must be sustained. AP might offer pricing on transport for orders if daily volume sales to Licensees were established. AP would have no warehouse or distribution costs. Licensees might have to pay a small guarantee fee of say .5% to 2% but discounts offered or negotiated would be very large. Risk to AP none as they hold right of direct debt on your bank account anyhow and ultimately control your business in default. Such a system has to have strict rules and penalties for slow or non payers to maintain favoured buying status with suppliers. Such a system would rely on product leads from LPO licensees and involve little cost to AP. Benefit to AP would be that AP would have significantly more buying power with suppliers for their own stores if licensees were on board. Generic branded goods could also be possible under this scheme with willing manufactures if the potential volume was there. Cut out the expensive middleman costs and go direct to the source. Again licensees would have to

purchase in viable discountable quantities to get the best price. Small licensees could be encouraged to form economic buying cells with each other in an area in order to achieve the lowest unit landed cost. Collectively AP and Licensees are a powerful buying block and very desirable if payment to suppliers is assured.

AP NEEDS TO ESTABLISH CLOSE PROFITABLE RELATIONSHIPS BETWEEN LPO'S & ITS NEWLY ACQUIRED BUSINESSES OF MAIL PLUS & MAILCALL

You do not have to be too bright to realise that there is significant upside for AP, LPO Licensee's and the AP owned Mail Plus and Mail Call businesses if they can work together and profit from mutually beneficial profit sharing arrangements. I know that Mail Plus is keen to work with LPO's on a profit sharing basis but more has to be done with these businesses as the potential upside for all is considerable. AP management in respect to the use of Mail Plus and Mail Call with LPO's have failed up until now to see the synergy and considerable mutual profit potential that close co-operation can bring. There can be great economies and potential for new services that could see AP, Licensee's and AP's Mail Plus offer unique services that no one other than this partnership can deliver to the market place.

5. AP HAS TO BRING BACK TALENTED & EXPERIENCED MANAGEMENT.

During the Ahmed years a lot of the most dedicated, experienced and knowledgeable staff AP had were offered voluntary redundancies some had there jobs done away with, some were pushed out, some were replaced

with younger inexperienced, but degreed staff. Knowledgeable, Skilled and talented management took the offers first because it was easy for them to find another job and you guessed it the lazy, unskilled and unemployable tended to stay. So we have seen a brain and experience drain on AP which has seriously impacted how the business runs and how it understands itself. Just because your old does not mean that your experience is not worth hanging on to. Just because you have a degree does not mean you can do the job. Valuable and experienced staff have been lost and there loss has created the biggest disconnect AP has ever seen as those who replaced them lack understanding of the whole business and have knowledge of only a small part. Time to lure skilled, experienced and talented staff back to AP.

6. TECHNOLOGY HAS TO BE REVIEWED AND UPDATED WHERE NEEDED.

Better planning is needed with regards to technology. In recent years price has come first and seen AP buy the like of dud printers based on price. Trucks destined for long haul routes purchased with low speed differentials because they were cheap but not fit for purpose. A high speed OCR reader placed in a low speed sorting chain. We have your EPOS software that dates back to the ninety's. Technology and planing has to be done better with a strong emphasis on a holistic overview of the total needs of the business and how the purchase will benefit AP's ability to perform and profit.

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REFLECTIONS ON THE RECENT PAST AND QUESTIONING THE FUTURE

AN ARTICLE BY GREAME O'Brien

Let's face it, most people you meet in Australia Post have good intentions and are trying to do the right thing by the customers, staff and Licensees. So why are there constant arguments about Licensee payments, either reduction of existing payments or refusals to pay genuine entitlements? Why was a parliamentary enquiry even necessary to bring AP to the table to respond to Licensees plight of pitiful income for ever increasing work requirements? Now that we have a new MD, Christine Holgate, is the future any brighter for Licensees?

If we look back for a moment, we can see that problems for licensee payments started back in early 2000. Australia Post saw all the overseas postal authorities were losing business to competitors and that mail volumes were dropping at a huge rate and privatisation was high on the agenda for most governments.

AP's response was to freeze the basic postage rate for years and years and to restructure the business to provide improved customer service and also reduce costs as the one shareholder (Government) wanted a profitable postal service to provide a dividend and not a loss.

This strategy worked for AP as mail volumes declined at a much slower rate than overseas administrations, some relaxation of the postal monopoly happened but

privatisation was off the table. Unfortunately, as many licensee payments were linked to the basic postage rate (and still are) this had the effect of keeping the payments at the same rate while other basic costs continued to increase. Increased Bill payments disguised this situation for a while as various companies went from say, quarterly to monthly billing, but when the digital world caught up with on-line payment and charges for paper based accounts, this revenue also started to decline at an increasing rate. It's the same story for banking and other traditional services and while increasing the range of complimentary products always helps, it cannot fully replace the loss of other revenue streams.

More recently, on-line shopping has driven a huge increase in parcel business in the Australia Post network. AP has invested in new parcel facilities and parcel sorting equipment and acquired Startrack to take advantage of the consumer shift to on-line ordering of everything from toilet rolls to air-conditioners and truck parts. There's also been investment into systems for parcel tracking, digital mail box and self-serve terminals and upgraded corporate Retail outlets to promote postal relevance in the digital world.

Although it's a necessary transition to keep in business, once again though, the extra work to meet customer demands like tracking means that Licensees are spending more time doing this work and, quite rightfully, want to be paid appropriately. It's what small

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business is all about, being paid at a reasonable rate for the work that you do. The storage demands of space for parcels, finding the right parcel when a customer brings in a card, scanning and delivering parcels all add up to an increased work load and expense for a Licensee.

In the meantime, all of this new equipment and upgrading of facilities has to be paid for somehow and this usually means increasing volumes and reducing labour and other costs. Although parcel volumes have increased, competitors such as Toll, DHL and TNT and a host of smaller enterprises have all put pressure on prices so that the return on investment can't come from increased volumes alone. This, in turn, places more pressure on cost reduction and, unless done cleverly, usually means a poorer customer experience in longer queues at counters, longer wait times to call Centres, longer times for delivery of mail, parcels and more recently, Express Post where EP is being recovered on a daily basis and delivered to post offices in the afternoon as late as 4pm. Unless this is corrected, this fairly quickly leads to customer dissatisfaction and loss of business to competitors. I'll leave it to you to decide where AP currently sits in terms of customer satisfaction and service performance.

As licensees are viewed as a cost to Australia Post, cost reduction targets are put into AP management performance measures and failure to achieve these targets means a reduction in their bonus or in some cases, no bonus at all. The

recent increases in Licensee payments have been welcomed but will be quickly eroded over time and also serve to increase the cost of the network to Australia Post creating a greater focus on costs.

This means that even though Licensed Post Offices are a significant part of Australia Post's Community Service Obligations and it is in everyone's interest to keep the network viable for the sake of the Australian community and Licensee return on investment, taking away payments such as a mail service payment by arbitrarily changing the mail drop-off times or refusing rental subsidies or to increase other payments, even though it doesn't make any sense if the work and costs haven't changed or could even increase as a result, it will just seem to happen anyway. **There is simply no current incentive for management to look at the longer term implications of their actions, its all about today and the future will somehow look after itself. This point of view simply has to change and can only come from the top.**

Christine Holgate, the new Managing Director spoke at the recent LPOG conference and her message for Licensees was really encouraging. Recounting her experiences in England where the local community fought to keep its post office, she understood the role that post offices, and more importantly, licensed post offices play in the overall community and how it is vital to keep this alive and well. Christine also spoke about the need to work together for a common cause and we would all agree with this sentiment.

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We do recognise the difficult environment that comes with Australia Post being a government business enterprise and its community service obligations while trying to compete in a very competitive parcel world requiring a transition from a postal organisation with a focus on Letters to a logistics business with all the challenges that this brings.

Australia Post want to consult on a revised payment scheme early in the new year and it can only be hoped that the MD's message of inclusion can be relayed down through layers of AP so that the Licensee network is viewed for the true value that it represents to both AP and the wider community and licensees are fairly remunerated for the work that is done on its behalf.

We can only achieve this by supporting each other and working together to achieve a better outcome for Licensees and where there is no need for parliamentary enquiries or other action that can only damage the reputation of Australia Post and, in turn, the Licensee investment in the network as a whole.

THE LPO GROUP GETS ACCC APPROVAL TO COLLECTIVE BARGAINING WITH AP!

LPO Group was delighted to receive formal approval from the ACCC in November 2017, to undertake Collective Bargaining with Australia Post, on behalf of LPO Group members, current and future members, who chosen to opt into the process. This approval will allow participating Licensees to speak with one voice, and will eliminate the divide and conquer mentality that has been the

core strength for holding back payment increases by Australia Post, during the past 2 decades when dealing with licensees.

Since the inception of LPO Group, a little more than 4 years ago, LPO Group has been determined to address the many flaws in our antiquated 23+ year old agreement. Flaws that have increasingly jeopardised the viability of the LPO network, and therefore our own businesses. The major priority for the foundation members of LPO Group, was to significantly increase our payments, to reflect fair and reasonable commercial returns for the activities we undertake for Australia Post, and allow those of us wishing to exit the industry to sell our investments rather than walking away.

The challenge for the foundation members was daunting, because licensees had historically viewed each other as competitors, and kept their distance from each other. There was very little networking or sharing of information. Licensees were left alone and isolated, and comparing and sharing was just not done. This resulted in a lot of financially stressed licensees, all thinking they were very poor business operators, with a feeling that most other licensees were obviously more successfully managing their LPOs. No one really understood in 2012, that it was more likely the business model that was the greatest cause of our misery.

The digital world presented as our nemesis and our salvation. On one hand, Australia Post would ride the ecommerce wave and explore the opportunities that the internet created – but at the same time, it exposed how broken the LPO Payment structures had been, and how fragile the LPO model had become, especially in the modern age.

LPOG used the internet to reach out to Licensees across the nation. And they responded. Licensees flocked to our first website, detailing an array of horror stories about their dealings with Australia Post. We quickly upgraded the website to provide a secure space for these discussions to take place. And the community grew from dozens to hundreds in a short space of time. We had eager Licensees put up their hands to

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become a welcoming committee – they became known as the Three Amigos. We had licensees providing valuable information, sharing correspondence, investigating issues, and analysing data which was indispensable during the Senate Inquiry. LPO Groups forums now contain 77,000+ posts across 4500+ topics.

The foundation members of LPO Group have been on the journey since those very early days, and we have been joined by hundreds of new licensee members since our beginnings, but our aims have always remained consistent. We want improved business outcomes, and we are determined to achieve those aims, one way or another.

It would be fair to say that in 2012, there was probably only a handful of licensees who really understood why our business model was so poor, and the education of licensees has been a major bonus for our membership, and Australia Post, along the way since then. We are now far more upskilled and educated as an industry.

Today, we collectively know, or know who will know, about such things as our LPO Agreements and Annexure A's, LPO Manuals and regulations, return on expenses, (or lack of as the case is for many of us) our costs to serve, agreed labour rates, contribution margins, industry benchmarking, payment schedules and POMs, mandatory products and services, and what that means, and a lot of other vital information that is the essence of our franchise agreement.

In 2013 we focused on seeking political intervention from the owners of this Franchise business, the current Government. LPO Group members swamped federal members and Senators all over the country, 'ventilating' our problems.

The watershed moment came when Senator Nick Xenophon summed up our problems with his famous words "the busier you are, the more work you do, the more money you lose" and for those of us with underpaid LPOs swamped by the exploding parcels business, competition from digital disruption and declining profitable foot traffic, the penny

dropped. The fog started to lift, and we started to see the direction we needed to head towards to find our financial solutions.

Our political lobbying initiated a 9-month long Senate Inquiry, with a report tabled in the Senate in September 2014 that supported our call for significant change.

Sadly, our next lesson was that Australia Post is not compelled to take any notice of the Senate, if the CEO so chooses. Without doubt the previous CEO was not inspired to work with the Senate, unless he was granted the right to reform the postal business as he considered it needed to be reformed. History will judge the overall outcome of that plan, but it is fair to state that Australia Post is still viable, and profitable, and is now actively participating in the digital world, so the previous CEO had some very valid points, and certainly moved the business forward into the modern postal era, in the face of increasing digital disruption.

LPO Group supported the call for mail reform, with the expectation and understanding that the LPO network would be reformed, and work would commence to determine that reform, and the LPO network would be included in the distribution of the greatly improved financial rewards of the reformed business. Our expectations, and assurances that our needs would be considered, only resulted in marginal investigations into some aspects of our payments, and saw our existing crumbs being upgraded to scraps from the Australia Post table, instead of the main meal we so rightly deserve. Australia Post retained the vast majority of the improved financial outcomes for the corporate side of the business. Another hard lesson learnt.

What was established during this period was a consultative process that enabled LPO Group to directly engage with Australia Post on matters relating to our members, which included our payments. Unfortunately, Australia Post was also required to consult with POAAL, who also represents some licensees and who do not consider the LPO Agreement, in its current form, is flawed or in need of reform. This allowed Australia Post to play us off that break.

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While it is tantalising to pack up our bat and ball and march off to the Federal Court, to mount a legal case that might compel Australia Post to pay licensees a fair and equitable commercial return for the services we provide on behalf of Australia Post, it will be no walk in the park.

While this avenue has not been dismissed, it is currently not on the table, instead LPOG sought the formal approval from the ACCC, for the right to collectively bargain directly with Australia Post as a block of licensees. We can now effectively speak with one voice, and seek solutions that will address the needs of the current members who have opted into this process, and also future members who will join LPO Group, and provide their written consent to participate in the collective bargaining process.

What does that mean in terms of getting long term fixes into our agreements? It's a very good start, combined with a new CEO who has taken the helm, and our determination to build onto the gains that have already been made. The fact that collective bargaining is not binding on any party is not of great concern at this stage. It is the process that is necessary to allow us to change the way we manage our agreements, and the outcomes of our business. Several hundred licensees can send a powerful message to Australia Post when standing side by side. That will not be easily ignored by our corporate side.

The changes that have been put in place under the Franchising Code of Conduct over the past 2 years will also empower Licensees in any future consultations. Franchisors and Franchisees must act in good faith, and financial penalties are now in place for any Franchisor who breaches their agreements under the FCC. Added to that are the new regulations covering independent contractors, and our situation is very different now, than it has been in the past. So, the upshot is that we are entering a new era that we have yet to determine how to best to maximise to achieve our aims, but it is a vast improvement on what was previously available to us.

Our job ahead is to reinvent the agreement, or more importantly the payment schedule, which is supposedly not part of the agreement, but rules our pay! This makes it part of our agreement in our thinking! There is agreement, from 2 of the 3 parties to the LPO Agreement that the payment schedule needs to be reworked to reflect the current postal business. POAAL remains unmoved and unconvinced apparently. LPOG collective bargaining approval will allow that to be side stepped. It remains to be seen how effective that will be, but we are very optimistic, and a start is a start. We can still leave the field with our bat and ball to seek redress elsewhere, if we are ever at a stalemate.

Australia Post has advised the ACCC that they will be undertaking a formal review of the LPO Payment Scheme over the next 12 to 18 months. LPO Group intends to work very closely with Post in that process, and we will be calling for an independent body to evaluate and manage all the payments made to LPOG licensees under our collective bargaining approval. As we have always stated, the LPO network is a very valuable asset for AP, and the payment arrangements should be managed accordingly. It should not be up to an employee of AP, or random licensees for that matter, to be managing a multimillion dollar industry such as the LPO network. If this industry had been managed professionally over the last 25 years, by that we mean in the hands of skilled financial professionals, then we would not have been in the mess we found ourselves in this past decade.

Starting in Jan 2018, and continuing over the next 12 months, LPO Group will be seeking input from skilled licensees who can contribute to the view for our future arrangements. If you believe you can add value to how our payments should be calculated, or aspects that need to be considered, please contact

admin@lpogroup.com.au

We need to make sure we hear from every sector of LPOs, and that we define and refine what we get paid for, how much we are worth, and set the boundaries for the future of the industry. As with all these things, it is what is not written, more so than what is, that

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ends up causing the biggest problems.

Australia Post's new MD/CEO, Christine Holgate, may well be our biggest supporter. Christine made some heart-warming observations about the value and the work of the LPO network, which was music to licensee's ears, at the recent LPO Group Annual Conference in Penrith in October.

If our CEO believes in the worth of the contribution to the business from the LPO network, and views the LPO network as a most valuable asset for Australia Post, then we may finally have a champion high enough up the food chain to help bring about the longed for reform.

With renewed interests in the long term viability of the LPO network, increased support from the CEO, changes to the FCC that support small business and independent contractors, and ACCC approval for collective bargaining with commercial and administrative oversight, the future for LPOs may well have started climbing back towards the secure, blue chip small businesses we once believed we had invested in.

It is a long time since many of us felt excited by our future prospects, yet I believe that excitement is building, and as licensees, the best way for us to benefit from the changes happening is to get involved and help move this business forward.

If Australia Post's new MD/CEO, Christine Holgate is going to include Licensees fairly in the future distribution of profits from this enterprise, then it is in our very best interests to help build those profits to be shared.

Let us support the people who will be supporting us. LPO Group members urge licensees to join up, pay up, and speak up, to help rebuild our industry.

There has never been a better time to be proactive.
https://www.lpogroup.com.au/member_join

Angela Cramp
Chair, LPO Group

THE LPO GROUP IS NOW THE LEADING LPO LICENSEE REPRESENTATIVE BODY

**On the 23rd March 2013 the LPO Group was formally born as a LPO Licensee representative body and as of June 2015 the LPO Group has now been written into the LPO Agreement as a named association registered and acknowledged by AP as an important Licensee representation body. It has achieved miracles in getting Licensee issues on the table and addressed. The Senate Inquiry and its positive recommendations and outcomes are largely due to the efforts of this new vital LPO representative body. Now coming up to its fifth birthday in 2018 the LPO Group is here to stay with over 800 members and offers all Licensees membership with the absolute promise to fight for Licensees rights and payments with all fair means available. LPOG is aggressive in its defence of Licensees and will do what is necessary to achieve fair and just outcomes for its members. The LPOG website is a must visit for all Licensees with over 600 visits recorded each day and growing. Australia Post acknowledges that without the assistance of LPOG and its Licensee members AP would have been unlikely to gain government and ACCC approval for its mail reforms and the increase in the BPR to \$1. LPOG is on the front foot in 2018 Now with the advent of Collective Bargaining is looking to help grow your business and protect your financial interests so please add your support
www.lpogroup.com.au**

THE LPO GROUP NEEDS YOUR INPUT AND CONTRIBUTION AS A MEMBER SO JOIN NOW!

Get with the strength join now, all are welcome and members access great Insurance deals direct with the LPOG's Insurer WILLIS TOWERS WATSON. THEY PROMISE TO EITHER BEAT OR MATCH ANY COMPETITORS QUOTE LIKE FOR LIKE! GET A QUOTE BEFORE YOU RENEW YOUR POLICY THIS YEAR AND SAVE \$ \$ \$ \$ \$ on line follow the links on www.lpogroup.com.au or

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**Contact: WILLIS TOWER WATSON
INSURANCE**

**Call 03 86819781 FOR A COMPETITIVE
QUOTE: Attn Brett Batson email
batsonb@willistowerwatson.com**

TIPS & REMINDERS FOR 2018

Get involved! Christine Holgate has asked all LPO Licensee's to contribute your ideas moving into the future in order to grow AP and your business. Please support her efforts to gain more Government Business voice your opinion, offer your ideas for new potential business and join the effort with Australia Post to make what seems impossible possible. Australia Post has a new vision and with issues like an AP Bank, Telco or even back to the possibility of Medicare & Centrelink we should all be asking our National Government why not and if the AP enabling legislation needs changing then change it. Licensee's do not realise their collective political power! Our 2880 LPO's in Australia have contact and personal repour with approximately 60% of the Australian people and you, one on one with your customer base can portray the case for change and as to the freedoms needed in order to grow the services to those communities. Think about what can be done to induce change if we just explain the options to them and get their support. Collectively Licensees can assist change for the common good but you need to get involved, work together and have a common goal as mountains and road blocks can be moved and the result will be that every one is a winner including AP, the government as share holder and most importantly the Australian people your customers. So do not ask why, but why not.

Reinforced rights under the updated Franchise Code of Conduct now makes addressing problems like underpayment and the future of your business very much easier giving the ACCC a greater ability to enforce fairness. This will be tested in the year ahead and we all look forward to a positive result. Look to grow retail, and get out in the front shop area and merchandise your shop. Newsagency's are disappearing and LPO's are the businesses that will pick up the stationery, card and gift trade

as these businesses decline. So go hard for this growth area and retail sales will increasingly become a most important growing part of your income into the future as bill pay and small letter volumes continue to decline.

If you have staff give them incentive in promoting your retail sales. Product knowledge and incentive go hand in hand.

Review your POMs payments (Learn how to read them first) and if need be get help to make sure you are being paid fully for what you are doing. Keep watch and updated because AP seldom point out that they are underpaying you. If selling remember that you must:

1. Have your 2017 tax return available and showing at least close to your real Gross Profit.
2. Your lease is very important and if possible a purchaser would like a 5 year lease and five year option otherwise he has problems with bank finance. If you have less than 5 years on your lease left and no option its very hard as you will basically need a cash buyer.
3. Apply to AP for a current Disclosure Document and have this ready.
4. Update your shop-fit to meet AP standards as a Purchaser will estimate a much higher cost to them to do this work as well the upgrade usually helps increase your sale figures up until sale.
5. Prices are reasonable and reflect returns but be realistic as to not be could see you not sell for quite a while. Overall values are reasonable and improved incomes based on the BPR increase to \$1 and AP improved income prospects as result of mail reform have helped improve sales in 2017 as well as AP's increased profit of 2017.
6. The removal of stamp duty on Business sales did finally eventuate and took effect on the 1st July 2016 as predicted and has continued to stimulate market interest but has still not fully flowed on to LPO pricing yet.
6. Join the LPO Group if you want your issues and problems addressed. Get involved and voice your opinion. Your collective future depends on your participation so do not leave your future posterity to other's get involved as the value and future of your LPO depends on what you can do now. Do not let others carry your load. Remember your input and support will translate to dollars in your pocket and a growing sustainable future for Australia Post

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2017 LPO MARKET REPORT

The Good news is AP have declared an after tax profit of \$95.4 million in 2017 up from profit of \$36.4 million in 2016. This profit was made despite Ahmed's \$10.78 million going away present! By the way Top AP management pay has gone from \$13,795,901 for the top 8 in 2016 to \$15,432,440 in 2017 without Ahmed's bye bye bonus an increase of just under 12%. We would all accept that kind of increase if we can get it with the inflation CPI for 2016/2017 being 1.9% . The 2016 increase in the BPR has seen small letter volumes falling along with Bill pay but the public have accepted the 42.86% increase in the BPR but not the decline in performance standards. Banks, Business, accountants and the public are yet to see that there is a future ahead in this business. Now AP has gained from reforms and those to its CSO's with results of:

1. Introduction of the two speed mail system.
2. Increase in the Base Postal rate from 70 cents to \$1 as of 4th January 2016.
3. Potential for reform of restrictions on AP created by its 1989 enabling legislation in order for AP to compete in other areas of business especially financial services.
4. AP's purchase of Mail Plus is now starting to see potential dividend' and opportunities but for now its watch this space. Mail Call has giving AP extended capacity into Asia through AMEREX. Funding of LPO purchases has continued to get tighter and difficult compared to even last year with much more reliance by banks of declared taxable income as a basis of determining debt serviceability due to continuing changes to the banks APRA rules. WESPAC is back lending but remains very conservative while the ANZ is still more accommodating but the trade off is a higher interest rate with both banks now leading 50% of the purchase price if the Licence only is used as security. The big disappointment of late is that loan approval times are still getting longer and frustration is increasingly been felt by both Vendors and Purchasers. Funding options are tight and difficult with banks still seeing a negative future for the business moving forward (this is a perception not based on fact). The brakes have still been on LPO Prices, and LPO sales with 2017 being another hard year for sales with reduced demand but improving interest in profitable and well priced

Sydney LPO's. With the appointment of Christine Holgate and her positivity with regards to the future and future options I can only see that a market upturn in demand for 2018 but this will not materialise until after Christine's review. Improving prospect's for Australia Post's business, no stamp duty on Business sales in NSW and more positive news coming from AP's HQ are the keys to a revival in the LPO market. Higher incomes will continue kicking in and reflecting better returns on capital. Over the coming year AP will reflect an improved positive picture of the future, bank interest in lending will improve further with the only negative being a probable increase in interest rates perhaps by late in the year. All LPO Licensee's have done better this year but the best LPO licensees have done extremely well especially LPO's in growth population areas or LPO's run by dynamic LPO retailers. Operating costs are up but now the incomes of all LPO's have increase substantially the only main negative being falling base rate stamp sales, falling mainly due to poor delivery performance from AP . The truth is still that there are some very talented Licensee's out there doing extremely well leading the pack, but they are the exception not the average and their skill and work ethic is the key to their success.

So in summary sales have been still way down on what I consider normal but things are looking better under Christine Holgate and much more positive. Good fair sales did happen in this difficult market mainly to clear thinking new Licensee's who are focussed on the future not the past and who are looking forward to further reforms and opportunities ahead. Tough year but a very brighter with the hope of an improving picture ahead in 2018.

2017 IN REVIEW

1. Australia Post continued to cut costs including staff . But we now have a much better relationship with AP. LPO management have proved to be much more helpful and responsive despite limited experience and knowledge of the LPO Agreement. Licensee's as a whole now have a much better relationship with AP and at least talking about the issues that matter but there are sign's at least at a very senior level that the old guard of AP might be trying to revert to some of their old defiant and

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deaf eared ways. Let us hope that common interest and perhaps Christine Holgate can return us to the co-operative family type relationship LPO licensee's had with AP in the past.

2. Interest rates remain at the lowest levels since the late 60's but recent international interest rate rises is putting potential upward pressure on them with our major banks having maintained higher rates for business loans and rates hikes are predicted in late 2018.

3. Loan approvals continue to take much longer to obtain with tighter terms and conditions and greater income proof required but at least WESPAC has made a difference and is competing.

4. Unemployment rates are very low and predicted to continue to fall but watch out for this to change by late 2018.

5. The Australian dollar is steady on the back of improving commodity prices and lower interest rates but is now coming down against the US dollar based on a strengthening US economy and the introduction of Donald Trumps US tax reforms.

6. Residential Property values in Sydney definitely show signs of having peaked with a glut of units likely and signs of buyer default with some off the plan sales. Commercial property sales are improving on the back of improved business demand stimulated by the lower Australian dollar and historically low interest rates. Retail shop rents are still being impacted by on line shopping but are improving for how long I do not know with Amazon now in Australia.

7. The rural property market has further grown an average increase in value of 10 to 15% this year on the back of strong rural commodity prices. Rural land price increases are expected to continue due to improved seasons in the eastern states especially Queensland. Grain prices are finally on the rise and there is increased interest in cropping country.

8. The share market has now rallied and strengthened on better world economic forecasts in December and prices of many stocks seem overvalued based on yeilds.

9. Self funded retiree's are still feeling the pinch with lower deposit rates forcing many back to work but super returns have improved.

10. Savings levels are falling and family debt rising on the back of low wages growth.

11. Demand for new investment units is now slowing with the values potentially set to fall.

12. LPO prices have bottomed out but are now stable.

13. The assignment process is increasingly more demanding on the applicant with increased requirements on new prospective Licensees, especially with Business Plans. AP are being far more selective and this has to be very noticeable in the second half of 2017.

14. Bill pay in 2017 has continued to fall.

15. Australia Posts on line sales are increasingly eroding LPO's retail sales. As well on line AP competition is being AP promoted and having further impact on LPO retail sales.

16. AP has not passed on the BPR increase to the Street Addressed Carded Article fee and has declared now that it is linked to the CPI.

Review is under way and debate rages.

17. Malcolm has had a rough year but gay marriage passed, he survived the by elections due to the citizen scandal and now trumpets his success of budget repair based on improved budget figures.

18. AP bought Mail Call and got into bed with Aramex.

19. "Wonder Woman" Christine Holgate is now CEO of AP and offers hope, fairness, vision and a future to all of the Australia Post's family.

20. Tough year but optimistic as to our future.

21. US debt continued to rise and be it known China's growing debt is of major long tern concern and could eventually be the catalyst for a world economic downturn. Good news though is that it looks like Australia's debt has peaked with our budget predicted to return to surplus.

INSIGHT 2017

1. Interest rates could rise in 2018 on the back of US interest rates rises but is unlikely until at least late in the year but possibly not until early 2019. The Aussie dollar could touch 80 cents 2018 but a strengthening US dollar could see it back near 70 cents in the second half but this will be offset to some extent by the better rates against other world currencies.

2. Oil prices have continuing to rise and are likely to steady in 2018 along with other commodities like coal and base metals and gas but I do not think oil prices will rise too high or at a level that cannot be afforded. The world

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economy is improving on the back of better US performance and an improved Chinese outlook. The Chinese economy is still improving but overproduction here might eventuate and impact demand by late 2018. But thank god for China for without its trade we would be in real trouble but our export commodity prices are on a steady plain and could possibly decline a little by years end. Looks like we are in the black for a while. Grain prices are likely to rise but beef prices will come back off the highs of 2017

3. Australia's retail economy will continue to be subdued due to restricted household spending and high household debt. With the arrival of Amazon and the steady Australian dollar reducing on-line purchaser's from overseas with a lot of these sales now on shore adding to AP's parcel business.

4. Unemployment this year will more than likely increase a little late in the year mainly due to job losses in construction areas with investment in new unit development slowing but on the upside mining related jobs have levelled out and are now look likely to improve on the back of increased production volumes and reasonable long term prices. The NSW economy will remain the best in Australia with property still selling solid levels with no downside immediately ahead except for a possible unit supply bubble the building industry and building materials suppliers will tick along but need to have a close eye on the horizon with fewer developments commencing, reduced sales, a downturn is within sight. Government infrastructure projects will continue to generate jobs in the local NSW economy. Older people with savings will see slightly better interest returns on cash deposits and could see better dividends from super. 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 are steady and with a lower Australian dollar real returns to producers will be maintained. Commodity prices will hold the key to the dollars future with lower prices seeing weakening and stronger prices seeing strengthening. But the lower dollar has kept

the door open to acceptable prices for agricultural commodities such as beef, lamb, and now at last grain with significant price increases of late 2017 likely to improve further in 2018 despite improved seasonal conditions in North America.. Strong stable prices will stimulating increased production and underpin rural land prices. New China and Korea trade deals are reducing duties and improving markets and prices for many of these food products. The bush will benefit along with some rural communities dependant on mining. Farmers not affected by drought are back in the black but still beware on where Trump goes on Trade.

6. Gold and silver values have been stable in 2017 but there is likely to be rises in prices in 2018.

7. China, India and Asia in general still hold the key to our economic future and we are continuing to become dependent on the strength of the China economy for our continued prosperity. Declining household savings and exposure to larger home loan commitments in the face of the likelihood of increased interest rates in late 2018 being the biggest danger area looking ahead especially with the potential fall in unit prices on the cards for Sydney in 2018 so lock in on lower fixed rates before July and before any further expected rises late in 2018 or early 2019.

8. The falling Aussie dollar against the US dollar may put minor upward pressure on white goods, building materials and imported goods in general but an improving world demand on the back of an improving US economy may fuel inflation along with increased energy and raw material costs and this could stimulate price increases in the short to medium term. I believe increased production levels will keep this possibility low for most of 2018 but inflation could loom as a problem late next year and I think start pushing interest rates up leading into 2019.

9. Licensees need to be involved more in future directions of our AP business as not to be engaged will see you an AP miss out.

10. Keep your floor plan up to date.

11. In 2018 focus on basics such as pushing more private boxes especially with the increase in identity fraud and be more focussed on increasing complementary product sales.

12. Based on solid LPO incomes, no NSW

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Business purchase stamp duty and the positive impact of our new CEO Christine Holgate we will see LPO's listings increase and demand increase with clearance rates improving with older Licensee's taking the opportunity to retire as long as Tax records and lease terms are good. Quality will sell first and rural LPO's with much better income outcomes will see improved rural LPO sales after a long drought. Low interest rates, the lower Aussie dollar, improved returns and a more favourable public perception of AP's future will hopefully see an improving market for LPO's this year. This year again small to medium LPO's will be the most sort after particularly under \$800,000.

13. On an investment note it will pay most investors to keep their money liquid until interest rates have increased and share and real estate prices have bottomed most likely only starting by the end 2018. If interested in real estate now look to rural areas close to major cities like Sydney where house prices have not moved much in the last 5 years as they are still excellent value and due for price increases in the very near future.

14. Property Values will remain strong in inner Sydney near transport. They defy gravity but with 100,000 new residents moving into Sydney each year and the unit development explosion it's a fair bet that house prices in the inner areas will still remain strong. But with the large number of units being built get ready for a price fall first in unit rentals then in unit values. Prices of residential property in the outer west of Sydney looks though to be soft for 2018. Inner Sydney LPO's are a good investment bet as increased population's in these areas is leading to improved business as its just a matter of numbers.

15. Getting to know your Area Manager better can be a way to break down barriers. The updated franchising code of conduct put advantage now with licensees. Your Area Manager can be your friend so take the time to advise your position and accept only in writing both good or bad news. Show respect in order to receive respect. Firm yet fair and polite as well. Demand fairness and give respect in return.

16. Stamp Duty in NSW on business purchases was abolished on 1st July 2016, this has only just started to stimulate interest in small business sales and interest in small business

which can be an engine room to continue to improve the Australian economy

17. Do not be surprise if AP put forward another increase in the Base Postage Rate latter next year. I know they were working on this but put it on hold and the tip I have it will be \$1.20 Now that could give LPO licensees another boost but we will know either way by late in the year 2018.

GIANT TRADE SHOW&MEETING IS PLANED IN MARCH OF 2018.

In conjunction with the LPO Group and it has been suggested in conjunction with AUSTRALIA POST If it comes off it will be the biggest event of its type for many years. At this stage Venue and details are unknown but I will keep you posted NOT TO BE MISSED!

INCENTIVE, RESPECT & MUTUAL BENEFIT IS THE BASIS OF THE LPO AGREEMENT AND INDEED THE FUTURE OF AUSTRALIA POST!

Changes to the Franchising code of conduct especially the requirement for all parties to ACT IN GOOD FAITH as well as enforceable penalties for breaches of the code together the upgraded Unfair Contracts Legislation and now the arrival in office of you new CEO Christine Holgate will ensure that INCENTIVE, RESPECT & MUTUAL BENEFIT will return to Australia Post and LPO Licensee's in their future relationship moving forward. In fact it now has. Australia Post and Licensee's returned to the basic principles of the LPO Agreement. We can deal with the problems of today and those of the future. Australia Post is forever changing, adapting and evolving. The new digital world is removing some traditional business but opening up new opportunities to engage the Retail network. It has always been that as one door closes another opens. Focus for all parties engaged within Australia Post must be to grow business and services and adapt to an ever changing world as we have in the past. We need remain relevant and adapt and engage with the positives of the future and deal with

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and adapt to the negatives. Our world must now re-engage with the half full glass not the half empty one and indeed we should all be looking for a bigger glass. AP management at senior levels will return to providing incentive for all involved within the AP family but not without a fight. AP has achieved its primary goal of mail reform and the increase to \$1 of the BPR now looking for \$1.20? and now need to share the spoils with you and return incentive as the primary driver of the business and not focus on their own short term interest. Return mutual benefit to all and you will recharge the business and create a renewed and more profitable business outcome for all within the Australia Post family. AP in recent times moved back from making the mistakes of the past but need to listen and continue to engage with the stake holders and heed the warnings of their long term experienced management. There is no substitute for wise heads and the hands on experience of those at the coal face. Past experience is more often than not the window into our future. The improved environment and culture of support, consultation and consensus will enrich and enhance future prospects for all and the future endeavours of AP and not to provide fair incentive at the coal face of AP's retail operations will secure failure and decline of Australia Post and as a consequence. Australia Post has been full of unhappy employees and unhappy Licensee's and this unhappiness has reflected on the way we all engage with the customer being the Australian Public. This is changing and has to continue to change because collective co-operation between AP management Licensee's and the Licensee's representative bodies can help drive and guide the business into the future but also can ensure is profitable survival and constant improvement. AP needs new opportunities and it is up to every LPO Licensee to help engage in this process and make the impossible a reality.

REDUCING THE NUMBER OF NETWORK SUPPORT STAFF AND KILLING INCENTIVE IS NO WAY TO RUN AUSTRALIA POST!

The greatest asset Australia Post has is its network with over 4406 outlets through out

Australia with the majority of this network being LPO's transacting just on 60% of Australia Posts retail business. Without its network AP has no natural monopoly its vast network gives it strength with options to deal with the many challenges of the future. It gives Australia Post its edge and credibility. With LPO's being 78% of the retail Post Office network its hard to understand why Network Support Staff are still an endangered species as we look to their possible extinction. There are fewer experienced and knowledgeable network staff left and the new real decision makers in the LPO management group have little real knowledge of your LPO business. The other major asset of AP is its experienced staff and this includes all Licensees as they reflect the image of Australia Post to Australia and the happier they are, the better trained they are, the better they do their jobs and the more profitable Australia Post is. People being AP staff and Licensees respond to incentive, kill incentive and make your people unhappy and this will eventuate into a negative image and portrayal of Australia Post and reduced income and profit for all. There is much more to making a profit than cutting costs! Australia Post is a great business and A P need to recognise that for this business to flourish it must provide incentive to all. Experience and knowledge are still lacking in Australia Post today and staff and Licensees alike with this experience and knowledge are real assets for Australia Posts future.

The future of Australia Post is linked to common incentives and a focus on service and a vibrant retail network. AP's future is aligned with the growth of parcel business, additional services, innovation and better retail products and we all need to engage. With another round of restructure and redundancies coming up in the new year in AP, management needs to pause and reflect on how valuable some of the people they want to let go are to this business and reflect on what is needed to drive Australia Post into the future

HAROLD A ASHCROFT REAL ESTATE & BUSINESS AGENTS HAVE MOVED OUR OFFICE.

We have moved to new offices being REAR BUILDING 7 Amy Street CAMPSIE 2194. Come and say hello if in Campsie.

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