

The Senate

Environment and
Communications Legislation
Committee

The future of Australia Post's service
delivery

August 2020

© Commonwealth of Australia 2020

ISBN 978-1-76093-104-9 (Printed Version)

ISBN 978-1-76093-104-9 (HTML Version)

This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia License.



The details of this licence are available on the Creative Commons website:

<http://creativecommons.org/licenses/by-nc-nd/3.0/au/>.

Printed by the Senate Printing Unit, Parliament House, Canberra

Members

Chair

Senator the Hon David Fawcett LP, SA

Deputy Chair

Senator Sarah Hanson-Young AG, SA

Members

Senator Nita Green ALP, QLD

Senator Marielle Smith ALP, SA

Senator Sam McMahon CLP, NT

Senator David Van LP, VIC

Participating Members

Senator the Hon Kim Carr ALP, VIC

Senator Pauline Hanson PHON, QLD

Senator Rex Patrick IND, SA

Senator Anne Urquhart ALP, TAS

Secretariat

Mr Stephen Palethorpe, Committee Secretary

Dr Emma Banyer, Principal Research Officer

Mr David Pappas, Administrative Officer

PO Box 6100
Parliament House
Canberra ACT 2600

Phone: 02 6277 3526
Fax: 02 6277 5818
Email: ec.sen@aph.gov.au

Contents

Members	iii
List of Recommendations	vii
Chapter 1 – Introduction	1
Conduct of the inquiry	1
Australia Post’s engagement with the inquiry	2
The provision of information to Senate committees	2
Australia Post’s responses to questions	3
Entities have an obligation to provide maximum transparency	4
Acknowledgement	5
Note on references	5
Structure of the report	5
Background to the regulations	6
Purpose	6
Consideration by the Scrutiny of Delegated Legislation Committee	7
Disallowance motion	8
Chapter 2 – COVID-19 and the temporary regulatory changes	11
The need for regulatory ‘relief’	11
Demand for postal services	11
Transport and logistics	14
Development and consultation	15
Development	15
Adequacy of consultation	16
Impacts on service levels	19
Licenced Post Offices	21
Is mail being withheld?	21
Impacts on the workforce	23
Measures taken by Australia Post	23
Would ‘one-in-four’ posties lose their job?	24
The Memorandum of Understanding	26
Impacts on the printing and packing industry	27

Opposition to the regulations	29
Support for the regulations.....	30
Committee view	32
Chapter 3—What is the future for Australia Post?	35
Possible long term impacts of COVID-19	35
The temporary nature of the regulatory changes.....	36
Safeguarding the future sustainability of Australia Post	39
Long term regulatory reform	39
Recent reviews	41
Regulating parcel delivery	43
Other ideas	44
The future for LPOs	44
Supporting Australian business.....	46
Supporting rural and regional Australia	47
Committee view	51
Dissenting report by Labor senators	55
Australian Greens' dissenting report	71
Appendix 1—Submissions and additional information	73
Appendix 2—Public hearing and witnesses	77

List of Recommendations

Recommendation 1

1.22 In line with the Senate resolution on *training – accountability and privilege*, the committee recommends that all Australian Government entities including Australia Post, provide regular training and support to senior staff and officials to ensure they can meet their responsibilities to the Senate and its committees through understanding Senate procedures, including the:

- principles governing the operation of Parliament, and the accountability of departments, agencies and authorities to the Houses of Parliament and their committees;
- proper processes for raising claims of public interest immunity including:
 - acceptable and unacceptable grounds for making a claim of public interest immunity; and
 - the requirement to specify the *actual harm* that may result from the disclosure of information.

Recommendation 2

2.121 The committee recommends that the Senate demonstrate its support for the Memorandum of Understanding signed on 7 July 2020 by Australia Post and the Communications, Electrical, and Plumbing Union by opposing the disallowance of the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020.

Recommendation 3

3.86 Should the Australian government choose to implement future strategic changes to the postal service, the committee recommends the government commence a comprehensive public consultation on options for the future of Australia Post’s service delivery, with the results to inform future regulatory and policy reforms.

The consultation process should consider the changing domestic and global environment, reforms implemented in other jurisdictions, and proposals for reform in relation to:

- the *Australian Postal Corporation Act 1989* and associated regulations, and the *Community Service Obligations*;
- regulating parcel services and/or pricing, especially in rural, regional and remote areas;
- proposals for guaranteeing accessible, reliable and affordable postal services in rural, regional and remote areas;

- **the licenced post office network, how licensees are remunerated, and the number and location of licenced post offices;**
- **options for expanding the service offering of licenced post offices; and**
- **ways in which Australia Post can support Australian businesses and communities during the recovery from the coronavirus pandemic and beyond.**

Chapter 1

Introduction

- 1.1 On 16 June 2020, the Senate referred to the Environment and Communications Legislation Committee, for report by 11 August 2020, an inquiry into the future of Australia Post's service delivery, with particular reference to:
- (a) the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020 and their impact on services, the Australia Post workforce and affected businesses;
 - (b) the impact of COVID-19 on the financial position of Australia Post and its future;
 - (c) a sustainable plan for Australia Post to provide:
 - (i) services that meet community needs and expectations,
 - (ii) job security for its workforce, and
 - (iii) support for regional and metropolitan licensed post offices;
 - (d) international and domestic trends with parcels, letters and pricing; and
 - (e) any related matters.¹
- 1.2 The terms of reference required the committee to consider the impacts of temporary changes to the regulation of Australia Post's service delivery standards and postal service timeframes in the context of COVID-19.
- 1.3 With parliamentary sittings in early August 2020 cancelled as a result of increased community transmission of COVID-19,² the committee chose to extend the reporting date for the inquiry to 25 August 2020.³

Conduct of the inquiry

- 1.4 The committee advertised the inquiry on its webpage and wrote to a number of relevant organisations inviting submissions by 3 July 2020. The committee received 64 submissions, which are listed at Appendix 1.
- 1.5 The committee also received 125 form letters from business and suppliers associated with Australia Post, and 18 form letters from charities supporting the regulations. The committee published as Additional Documents a representative sample of each of the two types of form letters, along with a list of organisations which had sent them.
- 1.6 The committee held a public hearing in Canberra, and via video and teleconference, on 8 July 2020. A list of witnesses is at Appendix 2.

¹ *Journals of the Senate*, No. 56, 16 June 2020, pp. 1945–1946.

² The Hon Scott Morrison MP, Prime Minister of Australia, *Media Statement: Sitting of Parliament*, 18 July 2020, www.pm.gov.au/media/sitting-parliament (accessed 23 July 2020).

³ Pursuant to the temporary order agreed to on 23 March 2020.

Australia Post's engagement with the inquiry

- 1.7 The committee acknowledges the efforts of staff and senior management at Australia Post throughout the course of the inquiry, including those who travelled to Canberra during a very busy time and in uncertain circumstances to attend the public hearing.
- 1.8 However, the committee is concerned that some responses provided by Australia Post to senators' questions suggest a lack of understanding of the critical scrutiny role played by the Senate, and of the particular responsibility of Australia Post as a publicly-owned entity to be accountable to the people of Australia through the Parliament and its committee system.

The provision of information to Senate committees

- 1.9 Senate committees, including the Environment and Communications Legislation Committee, play a number of key roles in Australia's democratic system. Among these are to 'probe and check the administration of the laws, to keep [the Senate] and the public informed, and to insist on ministerial accountability for the government's administration'. In addition, committees have a role to 'exercise surveillance over the executive's regulation-making power'.⁴
- 1.10 Committees are recognised in the Australian Constitution as 'essential instruments of the Houses of the Parliament'⁵ and most committees have the power to summon witnesses and compel the production of documents.⁶ Witnesses who fail to comply with a lawful order to provide relevant evidence, or supply relevant documents, may ultimately be found in contempt of the Senate.⁷
- 1.11 On top of these fundamental obligations, officials representing publicly-owned entities have particular, additional responsibilities to engage in a way that is honest and transparent, upholding various legislated rules and codes of conduct under which they are employed.⁸

⁴ Harry Evans and Rosemary Laing, eds, *Odgers' Australian Senate Practice*, 14th edition, Department of the Senate, 2016, pp. 28–29, www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Odgers_Australian_Senate_Practice (accessed 3 August 2020).

⁵ Harry Evans and Rosemary Laing, eds, *Odgers' Australian Senate Practice*, 14th edition, Department of the Senate, 2016, p. 461.

⁶ Harry Evans and Rosemary Laing, eds, *Odgers' Australian Senate Practice*, 14th edition, Department of the Senate, 2016, p. 499.

⁷ Noting that there are a number of 'possible qualifications', and committees rely on the Senate to make any such finding. Harry Evans and Rosemary Laing, eds, *Odgers' Australian Senate Practice*, 14th edition, Department of the Senate, 2016, p. 500.

⁸ Department of Finance, 'The role of directors in Commonwealth GBE's Guidelines', www.finance.gov.au/business/government-business-enterprises/role-directors-commonwealth-gbes-guidelines (accessed 30 July 2020).

1.12 While statutory authorities and GBEs like Australia Post are not ‘subject to direction or control by the executive government’ in relation to their operational decisions and day-to-day operations, the Senate has resolved on multiple occasions that such entities ‘are accountable to the Senate for their expenditure of public funds and have no discretion to withhold from the Senate information concerning their activities’.⁹ However, the Senate has also recognised that there may be instances where it is not in the public interest for certain information to be disclosed. Senate procedural orders provide a process to be followed by public sector witnesses for making public interest immunity claims.¹⁰

Australia Post’s responses to questions

1.13 It is in this context that the committee comments on the responses provided by Australia Post to a number of questions taken on notice at the public hearing, and additional questions in writing sent following the hearing.

1.14 For the majority, Australia Post answered committee members’ questions. However, Australia Post declined to provide information requested on several occasions on the basis of commercial-in-confidence claims.¹¹ In some circumstances, the claim has been adequately justified. For instance, the response to a request for technical reports relating to a purchase decision for electric delivery vehicles states:

Information in technical reports, and pricing information, relating to third party products or services is commercial-in-confidence. Publication of such information is likely to cause detriment to those third parties as a consequence of their commercially sensitive information being publicly available.¹²

1.15 This response identifies a recognised ground upon which to claim that providing the information would not be in the public interest and specifies a commercial detriment to the businesses involved that could result if the information is disclosed.¹³

⁹ Harry Evans and Rosemary Laing, eds, *Odgers’ Australian Senate Practice*, 14th edition, Department of the Senate, 2016, p. 671.

¹⁰ Senate procedural orders 10 and 11, *The Senate, Standing orders and other orders of the Senate, Procedural orders and resolutions of the Senate of continuing effect*, pp. 132–134.

¹¹ The responses are published on the committee’s website, here: www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/AustraliaPost/Additional_Documents (accessed 30 July 2020).

¹² Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020 (received 17 July 2020)*, p. 3. See also page 21 of the *Proof Hansard*.

¹³ *The Senate, Standing orders and other orders of the Senate, Procedural orders and resolutions of the Senate of continuing effect*, pp. 132–134.

1.16 In other cases, the response provided by Australia Post was inadequate. For instance, in response to questioning about alleged efforts to monitor Australia Post staff for leaks to the media, officials again rely on the ground of commercial-in-confidence to claim immunity from an obligation to provide a detailed response, saying:

Australia Post maintains a risk-based security program... Details of that program are commercial-in-confidence. Publication of such information is likely to cause detriment to Australia Post as a consequence of the details of its security program being publicly available.¹⁴

1.17 It is unclear to the committee why the ground for refusal in this case would be *commercial* in nature; no specific detriment (commercial or otherwise) has been outlined; and it appears that no consideration has been given to providing the information to the committee on a confidential basis, an option about which Australia Post was informed.¹⁵

1.18 The committee is concerned that, in drafting responses to questions on notice, GBEs may misunderstand or underestimate their fundamental responsibilities to the Parliament, preferring to avoid transparency rather than provide the information requested.

Entities have an obligation to provide maximum transparency

1.19 The committee notes that there are resources available to help guide government agencies, statutory bodies and GBEs on how to adequately discharge their responsibilities to the Parliament and its committees.¹⁶ The committee further notes Senate resolution 53, relating to the need for senior government officials to undertake training on parliamentary accountability and parliamentary privilege.¹⁷

1.20 Government guidelines discuss the grounds upon which it is acceptable for officials to withhold information, including public interest immunity, and commercial-in-confidence claims.¹⁸ The guidelines include examples of the

¹⁴ Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020 (received 17 July 2020)*, p. 7.

¹⁵ Confidentiality would be subject to the committee's agreement.

¹⁶ The *Government Guidelines for Official Witnesses before Parliamentary Committees* are provided by the Department of the Prime Minister and Cabinet on its website and are also made available on the Parliament's website.

¹⁷ The Senate, *Standing orders and other orders of the Senate, Procedural orders and resolutions of the Senate of continuing effect*, pp. 159–160.

¹⁸ Australian Government Department of the Prime Minister and Cabinet, *Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters*, February 2015, p. 13.

types of detriments and harms that may result from the disclosure of commercial information, and case studies to guide officials.¹⁹

- 1.21 All GBEs must ensure senior staff and officials have a clear understanding of the importance of parliamentary scrutiny, and have the skills and capability to meet their obligations in relation to committee processes.

Recommendation 1

1.22 In line with the Senate resolution on *training – accountability and privilege*, the committee recommends that all Australian Government entities including Australia Post, provide regular training and support to senior staff and officials to ensure they can meet their responsibilities to the Senate and its committees through understanding Senate procedures, including the:

- **principles governing the operation of Parliament, and the accountability of departments, agencies and authorities to the Houses of Parliament and their committees;**
- **proper processes for raising claims of public interest immunity including:**
 - **acceptable and unacceptable grounds for making a claim of public interest immunity; and**
 - **the requirement to specify the *actual harm* that may result from the disclosure of information.**

Acknowledgement

- 1.23 The committee thanks all those who made submissions or gave evidence at the public hearing.

Note on references

- 1.24 References to the committee *Hansard* are to the proof *Hansard*. Page numbers may vary between the proof and the official *Hansard* transcript.

Structure of the report

- 1.25 This report has three chapters. This first chapter provides information about the inquiry and introduces the *Australian Postal Corporation (Performance Standards) Amendment Regulations 2020*.

- 1.26 Chapter 2 discusses evidence around the regulations, including the:

- need for regulatory ‘relief’;
- development of the regulations, and consultation processes;
- impact on postal delivery service levels;
- impacts on the Australia Post workforce; and
- levels of support for the regulations.

¹⁹ Australian Government Department of the Prime Minister and Cabinet, *Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters*, February 2015, p. 13.

- 1.27 Chapter 3 considers the future of Australia Post's service delivery, specifically the:
- possible long-term impacts of COVID-19;
 - question of whether the regulatory changes will be temporary;
 - planning for the future sustainability of Australia Post;
 - future for licenced post offices; and
 - servicing rural and regional Australia.
- 1.28 Chapters 2 and 3 finish with the committee's view and recommendations in relation to the issues discussed in those chapters.

Background to the regulations

Purpose

- 1.29 According to the Explanatory Statement, the purpose of the *Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020* (the COVID-19 regulations) is to amend the *Australian Postal (Performance Standards) Regulations 2019* (the existing regulations) to provide urgent and temporary change to performance standards for the delivery of letters to enable Australia Post to manage impacts on its operations related to COVID-19, including by optimising the use of its workforce. The COVID-19 regulations also provide Australia Post with an exemption from its retail outlet requirements in case it needs to temporarily close stores due to COVID-19.²⁰
- 1.30 The COVID-19 regulations temporarily relax requirements in relation to three of Australia Post's four service standards:
- (1) **Letter delivery frequency.** Australia Post is usually required to service 98 per cent of all postal delivery points *daily* (weekdays only). This is being relaxed for metropolitan areas to *every second day*.
 - (2) **Letter delivery accuracy and speed.** Australia Post is usually required to deliver at least 94 per cent of reserved services letters lodged with Australia Post (with some exclusions, such as bulk mail and letters originating outside Australia) to the indicated or appropriate address according to the delivery timetable for reserved services letters which was set out in subsection 8(6) of the existing regulations. This delivery timetable specifies set times ranging from one business day for delivery of a letter posted from two points within a capital city, to 4 business days for a letter posted from regional towns across state borders. In contrast, the COVID-19 regulations allow for delivery times ranging from five

²⁰ *Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020, Explanatory Statement* (Explanatory Statement), p. 1.

business days to seven. They also temporarily remove the priority mail service. For details, see **Figure 1.1** on page 9.

- (3) **Retail outlets.** Australia Post is required to maintain at least 4000 retail outlets around Australia, with strict requirements around the numbers, locations and distances from residential populations. The COVID-19 regulations allow Australia Post to maintain the prescribed requirements for retail outlets 'to the extent that is reasonably practicable', while providing 'flexibility to temporarily close outlets should this be necessary due to workforce impacts of COVID-19'.²¹

Consideration by the Scrutiny of Delegated Legislation Committee

- 1.31 The Senate Standing Committee for the Scrutiny of Delegated Legislation (the Delegated Legislation Committee) considered the COVID-19 regulations, and wrote to the Communications Minister seeking advice in relation to the adequacy of consultation. Specifically, the Delegated Legislation Committee questioned whether, in developing the regulations, the department consulted with 'other persons and entities likely to be affected by the measures, including employees of Australia Post and their representatives, and persons and entities that regularly utilise postal services'.²²
- 1.32 The Minister for Communications, Cyber Safety and the Arts, the Hon Paul Fletcher MP, responded to the Delegated Legislation Committee's letter stating that 'given the urgency and unprecedented circumstances, broader public consultation was not possible',²³ and that the regulatory changes are time-limited (set to end 30 June 2021), with a review scheduled to occur before the end of 2020. As part of the review process, the minister said, 'consultations with all relevant parties' would be undertaken, and a new disallowance period would ultimately be provided, 'enabling Parliamentary oversight'.²⁴

²¹ Explanatory Statement, p. 2.

²² Letter from Senator the Hon Concetta Fierravanti-Wells, Chair of the Standing Committee for the Scrutiny of Delegated Legislation, to the Minister for Communications, Cyber Safety and the Arts, the Hon Paul Fletcher MP, 11 June 2020, [p. 2], www.aph.gov.au/-/media/Committees/Senate/committee/regord_ctte/index-of-instruments/2020/A-E/F2020L00579.pdf?la=en&hash=6E23FC40D7A98B5D73C3F04290EB2DFBA5C000AC (accessed 23 July 2020).

²³ Letter from the Minister for Communications, Cyber Safety and the Arts, the Hon Paul Fletcher MP to Senator the Hon Concetta Fierravanti-Wells, Chair of the Standing Committee for the Scrutiny of Delegated Legislation, 27 June 2020, [p. 2].

²⁴ Letter from the Minister for Communications, Cyber Safety and the Arts, the Hon Paul Fletcher MP to Senator the Hon Concetta Fierravanti-Wells, Chair of the Standing Committee for the Scrutiny of Delegated Legislation, 27 June 2020, [p. 2].

1.33 At the time of writing, the Delegated Legislation Committee was seeking further detail from the minister.²⁵

Disallowance motion

1.34 As at the time of writing, the regulations are in force and operational. There is a Senate motion of disallowance relating to the COVID-19 regulations to be resolved by the Parliament by 6 October 2020.²⁶

²⁵ Letter to the Minister for Communications, Cyber Safety and the Arts, the Hon Paul Fletcher MP from Senator the Hon Concetta Fierravanti-Wells, Chair of the Standing Committee for the Scrutiny of Delegated Legislation, 22 July 2020, [p. 3].

²⁶ Senate Standing Committee for the Scrutiny of Delegated Legislation, *Disallowance Alert 2020*, as at 4 August 2020, www.aph.gov.au/Parliamentary_Business/Committees/Senate/Scrutiny_of_Delegated_Legislation/Alerts (accessed 4 August 2020).

Figure 1.1 Legislated delivery standards, prior to- and post July 2021

Delivery time for reserved services letters				
Item	Column 1 If the mail lodgement point is ...	Column 2 and the delivery address is ...	Column 3 then the delivery time for a priority letter on or after 1 July 2021 is ...	Column 4 and the delivery time for any reserved services letter before 1 July 2021, and for a regular letter on or after 1 July 2021, is ...
Part 1—Delivery within a State				
1	in the capital city of a State	within that capital city	1 business day after day of posting	5 business days after day of posting
2	in another city, or a town, in a State	within: (a) that city or town; or (b) an adjacent city or town in that State	1 business day after day of posting	5 business days after day of posting
3	in the capital city of a State	in a place within that State other than that capital city	2 business days after day of posting	5 business days after day of posting
4	in another city, or a town, in a State	in a place within that State other than: (a) that city or town; or (b) an adjacent city or town in that State	2 business days after day of posting	5 business days after day of posting
5	in a place in a State other than a place mentioned in column 1 of item 1 or 2 of this table	within that State	2 business days after day of posting	5 business days after day of posting
Part 2—Delivery between States				
6	in the capital city of a State	within the capital city of another State	2 business days after day of posting	5 business days after day of posting
7	outside the capital city of a State	within the capital city of another State	3 business days after day of posting	6 business days after day of posting
8	in the capital city of a State	outside the capital city of another State	3 business days after day of posting	6 business days after day of posting
9	outside the capital city of a State	outside the capital city of another State	4 business days after day of posting	7 business days after day of posting

Section 8(6), Australian Postal Corporation (Performance Standards) Regulations 2019 (incorporating Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020).

Chapter 2

COVID-19 and the temporary regulatory changes

2.1 This chapter discusses evidence regarding the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020, which were introduced in response to the COVID-19 pandemic, including:

- the need for regulatory ‘relief’;
- the development of the regulations, and consultation processes;
- their impact on postal delivery service levels;
- impacts on the Australia Post workforce; and
- levels of support for the amended regulations.

The need for regulatory ‘relief’

2.2 Australia Post identified a number of factors that led Group Chief Executive Officer and Managing Director, Ms Christine Holgate to approach government seeking temporary changes to Australia Post’s statutory service standards as a result of the COVID-19 pandemic. These included resultant impacts on customer demand for some services, impacts on transport and logistics, and (to a lesser extent) workforce management concerns.¹

2.3 Conversely, the Communications Electrical and Plumbing Union (CEPU) Communications Division (also known as the Communications Workers Union or CWU) acknowledged the challenges posed by the pandemic, but disputed the need for regulatory relief, saying ‘total revenue was higher than budget in March and April 2020—prior to the granting of regulatory relief on 15 May’.²

Demand for postal services

2.4 Ms Holgate described the early days of the pandemic and the impacts on the global postal network, referring specifically to:

- packages from China to Australia ‘starting to fall’ in February 2020;
- post offices in some countries ‘beginning to close their borders and stop receiving or distributing leaflets’ in March 2020;
- worker attendance levels falling ‘as low as 62 per cent’ due to health concerns in the United States;
- ‘letters becoming volatile’ in Australia; and

¹ Ms Christine Holgate, Groups Chief Executive Officer and Managing Director, Australia Post, *Committee Hansard*, 8 July 2020, p. 1.

² CEPU Communications Division (CWU) (CEPU), *Submission 20*, [p. 4]. Information from Senate question on notice no. 1514—answered by Senator the Hon Anne Ruston, 23 June 2020.

- parcel volumes falling in some countries, including New Zealand, which saw a 70 per cent fall on the fourth day of its lock down [in March 2020].³

Letters and passport applications down

2.5 According to Australia Post, domestic letter volume demand ‘has been notably volatile and predominantly negative since the pandemic began’, with year-to-date March 2020 letter volume declines at around 11 per cent compared to 2019. As shown in Figure 2.1, the April 2020 volume decline was 28 per cent and the May 2020 decline was 36 per cent.⁴

Figure 2.1 Changes in letter and parcel volumes early 2020

Product	Monthly Year on Year % change in Product volumes		
	March	April	May
Domestic Letters ¹	-11%	-28%	-36% ²
International Letters	-32%	-52%	-53%
Domestic Parcels	18%	64%	49%

Source: Australia Post

¹ Represents Addressed and Unaddressed letter volumes

² When adjusted for the 2019 Federal Election, Domestic Letter volume decline year on year for May is 28%.

Table provided in: Department of Finance, Submission 17, p. 3.

2.6 Asked to account for the sudden decrease in letter volumes during the pandemic, Ms Holgate said:

Because nearly 98 per cent...of letters come from businesses and those businesses hibernated as they went into lockdown. The second challenge is that the very thing that caused parcels to rise is digitisation; that is the same thing that's causing a reduction in letters.⁵

2.7 Further disruptions to the business described by Ms Holgate included reductions in international parcels and passport applications due to border closures,⁶ and a significant reduction in foot traffic in metropolitan post offices—as much as 55 per cent in many central business districts.⁷

³ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 1.

⁴ Australia Post, *Submission 16*, p. 15.

⁵ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 17.

⁶ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 1.

⁷ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 1.

2.8 At the same time, Mrs Angela Cramp, Executive Director of Licensed Post Office Group Limited (LPOGroup) reported seeing an *increase* in foot traffic in her Wollongong post office, as people were no longer commuting to Sydney.⁸

Parcels up

2.9 As letter volumes dropped, parcel volumes increased. Ms Holgate reported that Australia Post recorded a half-year total increase in parcel volumes of 11 per cent. Ms Holgate said: ‘that is seen as a massive parcel growth for a business of our size and much more significant than any other.’⁹ Executive General Manager of Community and Consumer at Australia Post, Ms Nicole Sheffield added that April parcel volumes had increased by 64 per cent.¹⁰

2.10 As a result of the lockdown measures, Australian businesses were ‘rushing to move online’. Between April and June 2020, Australia Post saw:

- 800,000 new customers sign-up to its MyPost Business accounts;
- 8.4 million parcels delivered via SafeDrop and Parcel Lockers (double the volume from the previous year); and
- call centre contact volumes over 60 per cent higher year-on-year in April, and over 25 per cent higher year-on-year in May.¹¹

2.11 The National Retail Association confirmed the increase in online shopping, leading to an increase in parcels:

Foot traffic in shopping malls and strips plummeted as a result of the COVID-19 crisis. In the first week of April, there was a 93.6 per cent reduction in foot traffic when compared to the same period last year. In the eight weeks to 15 May 2020, there was an 80 per cent increase in online shopping. In late April, Boston Consulting Group (BCG) surveyed Australian consumers and found that the percentage of people who shopped online had increased to 76 per cent, compared to just 39 per cent four years ago.¹²

2.12 Australian online retailer, Kogan.com highlighted the rapid rise in online shopping, submitting that in the second quarter of 2020, it shipped over 1.4 million products, exceeding its previous quarterly record by 51 per cent.¹³

⁸ Mrs Angela Cramp, Executive Director of Licensed Post Office Group Limited (LPOGroup), *Committee Hansard*, 8 July 2020, p. 48.

⁹ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 21. See also: ‘Year-to-date March 2020 increases in parcel volumes were 12%’. Australia Post, *Submission 16*, p. 14.

¹⁰ Ms Nicole Sheffield, Executive General Manager, Community and Consumer, Australia Post, *Committee Hansard*, 8 July 2020, p. 21.

¹¹ Australia Post, *Submission 16*, p. 30.

¹² National Retail Association, *Submission 8*, pp. 1–2.

¹³ Kogan.com Ltd, *Submission 12*, [p. 2].

- 2.13 Kogan.com also submitted that Australia Post's retail outlets function as 'a physical point of presence' for online businesses, and the relaxed service requirements would allow Australia Post to support businesses to 'adapt to the changes in consumer spending behaviour'.¹⁴
- 2.14 Australia Post submitted that 'capacity limits' associated with its postie vehicles, most of which are motorbikes, has meant that much of the growth in parcels had to be outsourced to delivery contractors.¹⁵

Transport and logistics

- 2.15 Arguably the key reason for requesting temporary changes to its service standards is the significant transport and logistical challenges Australia Post has faced during the pandemic.
- 2.16 Many of Australia Post's letters are transported in domestic passenger airplanes by Qantas.¹⁶ The reduction in passenger flights 'to virtually zero' announced on 8 April 2020 removed 'critical capacity'. Australia Post submitted: 'it was at this point that it became physically impossible for us to continue meeting our delivery speed.' Much of the cargo was then shifted to 'road movements', but the smaller-capacity, slower land vehicles were unable to meet the transit times required by the existing regulations.¹⁷
- 2.17 Qantas submitted its support for temporary regulatory relief, confirming that while domestic and international passenger flights have massively reduced, the airline is operating more freight flights to service an upturn in Australia Post demand: 'increasing our freighter network to 46 sectors and uplifting an average of 265 tonnes per night'.¹⁸
- 2.18 Ms Holgate acknowledged the 17 chartered flights that Qantas is providing to help Australia Post cover the domestic service shortfall, but pointed out that this has increased costs 'by about \$1 million a week'.¹⁹
- 2.19 A further transport challenge has been servicing Indigenous communities, which are traditionally accessed using Greyhound buses, which 'shut down' during the pandemic.²⁰
- 2.20 During April and May, parcels increased not only in volume, but in size, with the growth 'disproportionately coming from Melbourne and certain pockets',

¹⁴ Kogan.com Ltd, *Submission 12*, [p. 2].

¹⁵ Australia Post, *Submission 16*, p. 15.

¹⁶ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 1.

¹⁷ Australia Post, *Submission 16*, p. 11.

¹⁸ Qantas Airways Limited, *Submission 10*, [p. 2].

¹⁹ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 16.

²⁰ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 9.

where there is a concentration of e-commerce merchants. Managing these challenges meant quickly establishing additional parcel posting and sorting facilities in key locations.²¹

2.21 Ms Holgate told the committee that Australia Post asked the government for temporary regulatory relief because it ‘could not meet [its] delivery standards when [it was] operating in such a complex and challenging operational world’.²²

2.22 The Department of Finance suggested the temporary regulatory relief would assist in maximising ‘efficiencies’ throughout the postal network, and containing costs, as well as letting Australia Post pursue:

...other initiatives that deliver a public good, such as the recent agreements with the Pharmacy Guild of Australia (to deliver medicines) and Woolworths (to deliver essentials boxes to vulnerable Australians) with no significant resourcing impacts...²³

Development and consultation

2.23 Witnesses including Australia Post were questioned around the development of the temporary regulations, and the processes and nature of consultations leading to their announcement and implementation.

Development

2.24 Ms Holgate stated that she held ‘a long conference call with the CEO of New Zealand Post’ in March 2020 during which she ‘became extremely alarmed for Australia Post’ as she heard about what was going on in New Zealand:

That was day 4 of their lockdown and their parcels had fallen 70 per cent, never mind their letters. It became very evident from the CEO that they were going to need help and support.²⁴

2.25 Australia Post ‘reached out’ to government for assistance early, seeking at first to be declared ‘an essential service’ in order to guarantee that its operations could continue during the pandemic. The initial approach was made on 14 March 2020, with a subsequent approach for assistance, which canvassed a number of additional options, made on 31 March 2020.²⁵

2.26 Representatives from the Department of Infrastructure, Transport, Regional Development and Communications (the Communications Department), confirmed that the departments of Finance and Communications were

²¹ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 1.

²² Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 2.

²³ Department of Finance (Finance), *Submission 17*, p. 3.

²⁴ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 5.

²⁵ Mr Nick Macdonald, General Counsel and Company Secretary, Australia Post, *Committee Hansard*, 8 July 2020, p. 5.

contacted with a request for assistance from Australia Post as indicated. Deputy Secretary, Mr Richard Windeyer, said the temporary regulatory changes were developed as a response to these requests, in order to address the specific challenges of the pandemic. In response to questioning, Mr Windeyer said that the changes were not made ‘with reference to earlier strategic reviews’.²⁶

2.27 The regulations were prepared by the Communications Department through ‘an iterative process’, involving:

- seeking further information from Australia Post ‘to understand the nature of the circumstances they were facing’;
- departmental staff preparing drafting instructions and providing them to the government legislative drafters; and
- negotiations between the department and the drafters to ensure the regulations were ‘technically capable of being delivered’.²⁷

Adequacy of consultation

2.28 Concerns were raised by some witnesses as to the adequacy of consultation on the amended regulations.

2.29 Ms Holgate said Australia Post consulted widely throughout the pandemic with workers, shareholders, stakeholders, licensees, unions and customers.²⁸ Ms Susan Davies, Executive General Manager of People and Culture at Australia Post, said consultations had been ‘extensive’, adding that Australia Post met with the CEPU:

- ‘more than 38 times’ since 19 March 2020 ‘to discuss the impacts of the pandemic on Australia Post’;
- seven times to discuss enterprise bargaining; and
- ‘no less than’ 22 times to discuss ‘the delivery frequency changes’.²⁹

2.30 In addition, Australia Post had 43 written exchanges with the CEPU ‘talking about alternatives to bargaining and the pandemic and the delivery frequency changes’.³⁰

2.31 Mr Shane Murphy, National President of the CEPU, strongly disputed Australia Post’s assertions that consultation had even occurred:

²⁶ Mr Richard Windeyer, Deputy Secretary, Department of Infrastructure, Transport, Regional Development and Communications (Communications), *Committee Hansard*, 8 July 2020, p. 56.

²⁷ Mr Windeyer, Communications, *Committee Hansard*, 8 July 2020, p. 59.

²⁸ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 1.

²⁹ Ms Susan Davies, Executive General Manager, People and Culture, Australia Post, *Committee Hansard*, 8 July 2020, p. 9.

³⁰ Ms Susan Davies, Executive General Manager, People and Culture, Australia Post, *Committee Hansard*, 8 July 2020, p. 9.

There was no consultation upfront. Thirty minutes prior to the minister's announcement is not consultation with adequate detail about what the regulation was. We sought that information from the minister. It wasn't forthcoming soon after. We wrote to the minister again seeking that information and then again it took some weeks to meet with Australia Post. In a meeting about significant operational change under regulation reform, we were given one hour, with no documents, no detail and very little information provided at that meeting. Over the course of a number of meetings after that...there was evasiveness and answers not being provided promptly.³¹

- 2.32 Ms Davies recalled that she had informed the union about the regulations in a telephone call made to CEPU National Secretary, Mr Greg Rayner, on 21 April, 'before any releases were made'.³²
- 2.33 Mr Rayner confirmed that he was phoned prior to the media announcement, but only 30 minutes prior, which he said was 'a shock'. He said that the unions were provided with no information around what the regulatory change would mean for jobs at that stage.³³
- 2.34 The CEPU submitted that Australia Post had 'resisted consultation efforts' in relation to how the regulatory changes could impact jobs in supporting operations, including van and transport operations, and mail sorting and processing areas.³⁴
- 2.35 The CEPU argued that inadequate consultation on the regulations represented 'a clear violation of the trust developed between CEPU and Management', leading to 'distrust and suspicion over management and federal government's intentions as to the future of Australia Post'.³⁵
- 2.36 The Communications Department confirmed that only Australia Post was consulted in developing the regulations, and that the minister met with union representatives on 27 April 2020—after the changes were announced—'to explain the rationale for the regulatory relief'. The department submitted the rapidly evolving situation dictated the consultation process:

Given the urgency and unprecedented circumstances, broader public consultation was not possible in advance of the regulatory relief being announced.³⁶

³¹ Mr Shane Murphy, National President, CEPU, *Committee Hansard*, 8 July 2020, p. 40.

³² Ms Davies, Australia Post, *Committee Hansard*, 8 July 2020, p. 10.

³³ Mr Greg Rayner, Divisional Secretary, Communications Division of the CEPU, *Committee Hansard*, 8 July 2020, pp. 31–32.

³⁴ CEPU, *Submission 20*, [p. 6].

³⁵ CEPU, *Submission 20*, [p. 5].

³⁶ Communications, *Submission 18*, p. 2

2.37 The CEPU told the committee the multiple requests they made for a copy of the draft regulations following a meeting with the Minister on 27 April 2020 were unsuccessful.³⁷

2.38 Assistant National Secretary of the Print and Packaging Membership Area of the Australian Manufacturing Workers Union (AMWU), Ms Lorraine Cassin, said, despite the significant impact the regulations could have on its members, the AMWU 'had no consultation with Australia Post around this proposal', and no one in the print and packing industry was contacted 'as far as we are aware'.³⁸

2.39 Ms Muscat-Bentley, Deputy National President of the Community and Public Sector Union (CPSU), raised concerns about the *nature* of consultation with Australia Post employees and their unions:

The CPSU is concerned that Australia Post has not been upfront with its employees and the Australian public about the effect of COVID-19 on its financial position and its future plans for major change beyond 2021. While Australia Post did have regular meetings with the CPSU during the height of the pandemic, management was less than forthcoming about plans to mitigate work health and safety risks or how to facilitate working-from-home arrangements. While we understand that the current environment is volatile and uncertain, this lack of transparency and good faith erodes employee morale and makes it harder to function in the interests of the community. Our members feel that the employer's decision-making during COVID-19 was a day-by-day knee-jerk reaction, and they've deliberately avoided being transparent regarding proposed organisational changes which have been linked to the pandemic.³⁹

2.40 Ms Muscat-Bentley argued Australia Post needed to work towards achieving 'transparency and genuine consultation with unions about future plans for Australia Post'.⁴⁰

2.41 The CEPU recommended that the Senate disallow the regulations and that Australia Post:

...seek no further regulatory amendments without worker involvement via formal consultation with the CEPU; and...Shareholder Ministers agree not to table further regulatory amendments in the Parliament without formal consultation with the CEPU on behalf of the Australia Post workforce.⁴¹

³⁷ Mr Patrick Massarani, Industrial Officer, New South Wales Postal and Telecommunications Branch, CEPU, *Committee Hansard*, 8 July 2020, p. 34.

³⁸ Ms Lorraine Cassin, Assistant National Secretary, Print and Packaging Membership Area, Australian Manufacturing Workers Union (AMWU), *Committee Hansard*, 8 July 2020, p. 28.

³⁹ Ms Brooke Muscat-Bentley, Deputy National President, Community and Public Sector Union (CPSU), *Committee Hansard*, 8 July 2020, p. 29.

⁴⁰ Ms Muscat-Bentley, CPSU, *Committee Hansard*, 8 July 2020, p. 29.

⁴¹ CEPU, *Submission 20*, [p. 7].

- 2.42 As discussed in Chapter 1, the Minister for Communications, Cyber Safety and the Arts, the Hon Paul Fletcher MP, confirmed that the regulatory changes are time-limited (set to end 30 June 2021), with a review scheduled to occur before the end of 2020. As part of the review process, the minister said, ‘consultations with all relevant parties’ would be undertaken, and a new disallowance period would ultimately be provided, ‘enabling Parliamentary oversight’.⁴²
- 2.43 The committee’s comments on the adequacy of consultation in relation to the regulations are presented at the conclusion of this chapter.

Impacts on service levels

- 2.44 Evidence to the inquiry explored the issue of how the temporary regulations could impact service levels for Australia Post’s customers.
- 2.45 The Department of Finance (Finance) outlined the government’s position on potential impacts on service levels represented by the temporary regulations:

Under the temporary relaxation in regulatory requirements for Australia Post:

- its required delivery time for regular intrastate letters will be extended to five days after the day of posting;
- it will be permitted to adjust its delivery frequency, in metropolitan areas only, from every business day to every second business day; and
- it will have greater freedom in managing post offices while there is a pandemic, but will take all reasonable steps to keep outlets open.⁴³

- 2.46 Finance clarified that, while the priority letter service has been suspended by the temporary regulatory changes, it accounts for just 12 per cent of total mail volumes. Express Post services, which are unregulated, are set to continue despite the changes, and:

To minimise the impact on businesses of the temporary suspension of priority mail, Australia Post has implemented a temporary alternative priority timetable to assist businesses that require urgent delivery of large volumes of mail.⁴⁴

- 2.47 Finance stated that ‘Australia Post’s customers will observe minimal disruption’, particularly those in regional, rural and remote Australia, for whom delivery frequency will not be affected.⁴⁵ Ms Holgate reiterated the

⁴² Letter from the Minister for Communications, Cyber Safety and the Arts, the Hon Paul Fletcher MP to Senator the Hon Concetta Fierravanti-Wells, Chair of the Standing Committee for the Scrutiny of Delegated Legislation, 27 June 2020, [p. 2], (appears as second document) www.aph.gov.au/-/media/Committees/Senate/committee/regord_ctte/index-of-instruments/2020/A-E/F2020L00579.pdf?la=en&hash=6E23FC40D7A98B5D73C3F04290EB2DFBA5C000AC (accessed 23 July 2020).

⁴³ Finance, *Submission 17*, p. 2.

⁴⁴ Finance, *Submission 17*, p. 3.

⁴⁵ Finance, *Submission 17*, p. 2.

point that only metropolitan addresses will be affected by the changes, with regional customers and those PO boxes continuing to receive daily delivery of letters.⁴⁶

2.48 The CEPU disputed the classification of some of the areas classified as metropolitan, saying that it includes ‘a number of areas ordinarily associated as being regional and/or rural’.⁴⁷ Areas such as the Central Coast of New South Wales, the Newcastle Hunter Valley region, Cessnock, Maitland, Taylors Beach, Kiama, Geelong and Townsville ‘are now to be considered part of this change, as part of a metropolitan city’.⁴⁸

2.49 Mr Gary Starr, Executive General Manager, Business, Government and International at Australia Post, explained the removal of the priority mail service:

The priority mail service was one of the services for which we sought regulatory relief. It is a service that provides a next-business day service, within one or two days of the mail being lodged. Through the regulatory relief, we've worked with the bulk mailers to offer an alternate priority timetable, so that we can sift the time-sensitive lodgements that they have...the banks, the telcos and utilities have been the biggest users. Red Energy, Origin Energy and the big banks in particular are the major users of the priority service.⁴⁹

2.50 Delivering priority mail according to the regulated standards had become too difficult, Ms Holgate said, ‘due to the operational network constraints, particularly the challenges...with Qantas and long haul constraints’.⁵⁰

2.51 Asked about next day delivery, Australia Post’s representatives confirmed that express post is still available, but at a cost of \$7.50. The regulated priority mail product was \$1.50.⁵¹

2.52 The CPSU reported concerns that the amended regulations would negatively impact upon the community’s needs. Ms Muscat-Bentley said:

Members working in customer services comment that they are being inundated by public inquiries about deliveries being slowed down as mail and parcel services have been significantly delayed. Our members report

⁴⁶ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 14.

⁴⁷ CEPU Communications Division (CEPU), *Submission 20*, [p. 5].

⁴⁸ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 27.

⁴⁹ Mr Gary Starr, Executive General Manager, Business, Government and International, Australia Post, *Committee Hansard*, 8 July 2020, pp. 17–18.

⁵⁰ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 18.

⁵¹ Mr Ingo Bohlken, Executive General Manager, Product and Innovation, Australia Post, *Committee Hansard*, 8 July 2020, p. 19.

that the community is more than aware of the reduced level of service and has vented its frustrations.⁵²

- 2.53 Ms Sheffield reported that Australia Post has ‘an ongoing survey of the community’ in place and is regularly seeking feedback on its services. She said: ‘Our post offices are the frontline, and our contact centres take calls about this, so we definitely are always open to feedback and consultation’.⁵³

Licensed Post Offices

- 2.54 Under the original regulations, Australia Post is required to maintain at least 4000 retail outlets around Australia, with strict requirements around the numbers, locations and distances from residential populations. The amended regulations provide ‘flexibility to temporarily close outlets should this be necessary due to workforce impacts of COVID-19’.⁵⁴
- 2.55 Australia Post submitted that, throughout the pandemic so far, it has provided support including protective screens, hand sanitiser, gloves and face masks to help licensees ‘minimise temporary post office closures’. This has resulted in only 21 closures occurring between March and May 2020, most of them temporary.⁵⁵
- 2.56 Mrs Cramp reported a similar number, saying:
- The older licensees have taken the choice to close their outlets for a period of time, and Australia Post has relocated the parcels or manned that office for a limited amount of time. But there really was only I think about 19 LPOs out of 2,840, so it wasn't a lot. Mostly they stayed.⁵⁶
- 2.57 Australia Post also stated that it has provided flexibility to LPOs around operating hours ‘to suit their local business situation’, as well as providing ‘localised support to keep post offices open where licensees, agents or their staff had to go into quarantine’.⁵⁷

Is mail being withheld?

- 2.58 An issue that arose during the inquiry was the question of whether mail is being withheld due to staff shortages, or shortened shifts.
- 2.59 Mr Lee Morton, a postal worker from the NSW Central Coast with 24 years' experience, told the committee he works at a postal delivery centre where:

⁵² Ms Muscat-Bentley, CPSU, *Committee Hansard*, 8 July 2020, p. 29.

⁵³ Ms Sheffield, Australia Post, *Committee Hansard*, 8 July 2020, p. 14.

⁵⁴ *Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020, Explanatory Statement*, p. 2.

⁵⁵ Australia Post, *Submission 16*, p. 20.

⁵⁶ Mrs Cramp, LPOGroup, *Committee Hansard*, 8 July 2020, p. 49.

⁵⁷ Australia Post, *Submission 16*, pp. 32–33.

Some days four runs aren't delivered, some days two, some days one, but mail is being withheld from customers that pay to get the mail delivered and it sits in the delivery centre. Then a poor postman like I used to be has to come in and work from five o'clock in the morning until five o'clock in the afternoon, delivering two days' worth of mail and parcels.⁵⁸

2.60 Mr Murphy suggested this was a result of Australia Post removing 'casuals from the workforce' early on in the pandemic to save money, leading to understaffing in delivery. He said, 'there is clear evidence of two and three days of runs not being delivered to the same customers in regional areas'.⁵⁹

2.61 The CEPU submitted that underemployment in Australia Post has led to delays in both letter and parcel deliveries, which has been occurring since before the pandemic.⁶⁰

2.62 Asked about delays in deliveries, Mrs Cramp said:

I think it's fair to say that we have all experienced delays, changes, adjustments. Mail is definitely coming at different time frames. We have seen a large increase on Tuesday, as opposed to Monday, which is unusual in rural areas. A lot of rural areas do not get a delivery to their roadside boxes every day. The mail definitely comes to the LPOs every day. But, with changes to the restrictions of the borders and movement of the mail, especially with, I assume, the flight bringing the mail to all the regional centres around the country, there have been backlogs of mail and more mail turning up at different times of the week than we would normally see.⁶¹

2.63 Australia Post responded to a question on whether mail was being deliberately 'withheld or delayed':

Delivery of mail has on some occasions been delayed to manage competing priorities, including to support Australia Post's workforce through the impacts of the pandemic (for example, to accommodate around both planned and unplanned staff leave during the pandemic period and its related uncertainties) whilst supporting all applicable service commitments, including those applicable to our parcel and express post services. Such delays, however, have not—to Australia Post's knowledge—prevented timely delivery of affected mail.⁶²

⁵⁸ Mr Lee Morton, Postal worker, Australia Post, *Committee Hansard*, 8 July 2020, p. 30.

⁵⁹ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 41.

⁶⁰ CEPU, *Submission 20*, [p. 5].

⁶¹ Mrs Angela Cramp, Executive Director of Licensed Post Office Group Limited (LPOGroup), *Committee Hansard*, 8 July 2020, p. 47.

⁶² Australia Post, *Answers to additional written questions provided 21 July 2020* (received 29 July 2020), p. 1.

2.64 Australia Post explained that transport issues during the pandemic had also seen mail deliveries delayed ‘relative to our service commitment’, and the delays had led to ‘a small number’ of internal complaints.⁶³

Impacts on the workforce

2.65 The primary issue of concern with the regulations has been around how the changes may impact upon the Australia Post workforce, especially posties. Evidence to inquiry discussed:

- early impacts of the pandemic on the workforce and measures taken by Australia Post;
- expected impacts of the regulatory changes, as foreshadowed by Australia Post in its briefing to postal area managers in May 2020; and
- subsequent assurances from Australia Post culminating in the signing of a Memorandum of Understanding (MOU) with the CEPU on 7 July 2020.

Measures taken by Australia Post

2.66 In the early days of the pandemic Australia Post was concerned for the future of the business and its workforce and implemented several initial savings measures to sure up cash reserves. These included:

- the CEO, executive team members, and board members voluntarily taking a pay reduction of 20 per cent for the fourth quarter of financial year 2019-20;
- a temporary recruitment freeze across the organisation;
- contracts ended with 306 ‘white collar contractors’;
- all non-essential ‘people related training’ deferred or cancelled from 18 March 2020; and
- a head office Easter shut-down period imposed for two weeks, which meant that approximately 3,675 employees took an average of 4 days ‘planned recreational, special pandemic purchased or unpaid leave’.⁶⁴

2.67 Ms Muscat-Bentley told the committee that staff included in the Easter shut-down reported ‘being threatened with being stood down without pay and pressured into exhausting their annual leave and long service leave entitlements’. CPSU members told the union that employees with no available leave entitlements were made to purchase additional annual leave, take leave without pay, or ‘accept new employment contracts at lower pay grades’.⁶⁵

2.68 Initially concerned the pandemic may impact the workforce by putting jobs at risk, Ms Holgate explained that the rise in parcel volumes had somewhat offset this concern while creating other workforce challenges. Ms Holgate praised the

⁶³ Australia Post, *Answers to additional written questions provided 21 July 2020*, pp. 1–2.

⁶⁴ Australia Post, *Submission 16*, p. 26.

⁶⁵ Ms Muscat-Bentley, CPSU, *Committee Hansard*, 8 July 2020, p. 28.

workforce for choosing to work overtime in parcel-sorting facilities ‘to help...clear the massive backlogs that came at us’.⁶⁶

- 2.69 Ms Davies said that Australia Post had been able to support workers stood down from other companies, including Qantas. This included employing 600 ‘frontline workers’ and 150 contact centre workers on a casual basis for periods of up to 12 weeks.⁶⁷

Would ‘one-in-four’ posties lose their job?

- 2.70 A key point of contention around the regulations has been a suggestion that one-in-four posties may no longer be required under the new regulatory regime. The CEPU submitted:

Despite claims by Australia Post that the workforce impact is merely a reallocation of resources from letter delivery to parcel delivery, the operational changes proposed by Australia Post in order to implement Regulatory Relief, shared by management with the Officials of the CEPU and the postie workforce [in May 2020], demonstrated a reduction of one ‘postie’ job, in every four.⁶⁸

- 2.71 Ms Davies disputed this claim, saying Australia Post had communicated to all employees on 11 June that there would be ‘no forced redundancies’, and confirmed this in writing to the CEPU on 12 June 2020. Following this, Ms Davies explained that Australia Post's position had been confirmed on three subsequent occasions:

There were three more cases of a draft MOU, on 30 June, 1 July and 3 July, where we have confirmed that there are no forced redundancies and one in four posties will not lose their job.⁶⁹

- 2.72 Ms Davies was of the view that the idea that one-in-four posties was set to lose their job had come from a misunderstanding in relation to a single slide in a presentation⁷⁰ given to postal area managers in May 2020:

On one those pages we had a scenario. It was made up of four posties with pseudonym names... It said what we would do with four ‘letters and mail and parcel’ posties at this moment in time. We said we would allocate two of the posties to two rounds so they had full capacity of delivery in two rounds. We said the third postie would take the existing parcels—posties today deliver small packets and parcels, as you are probably aware—that

⁶⁶ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 2.

⁶⁷ Ms Davies, Australia Post, *Committee Hansard*, 8 July 2020, p. 20.

⁶⁸ CEPU, *Submission 20*, [p. 5].

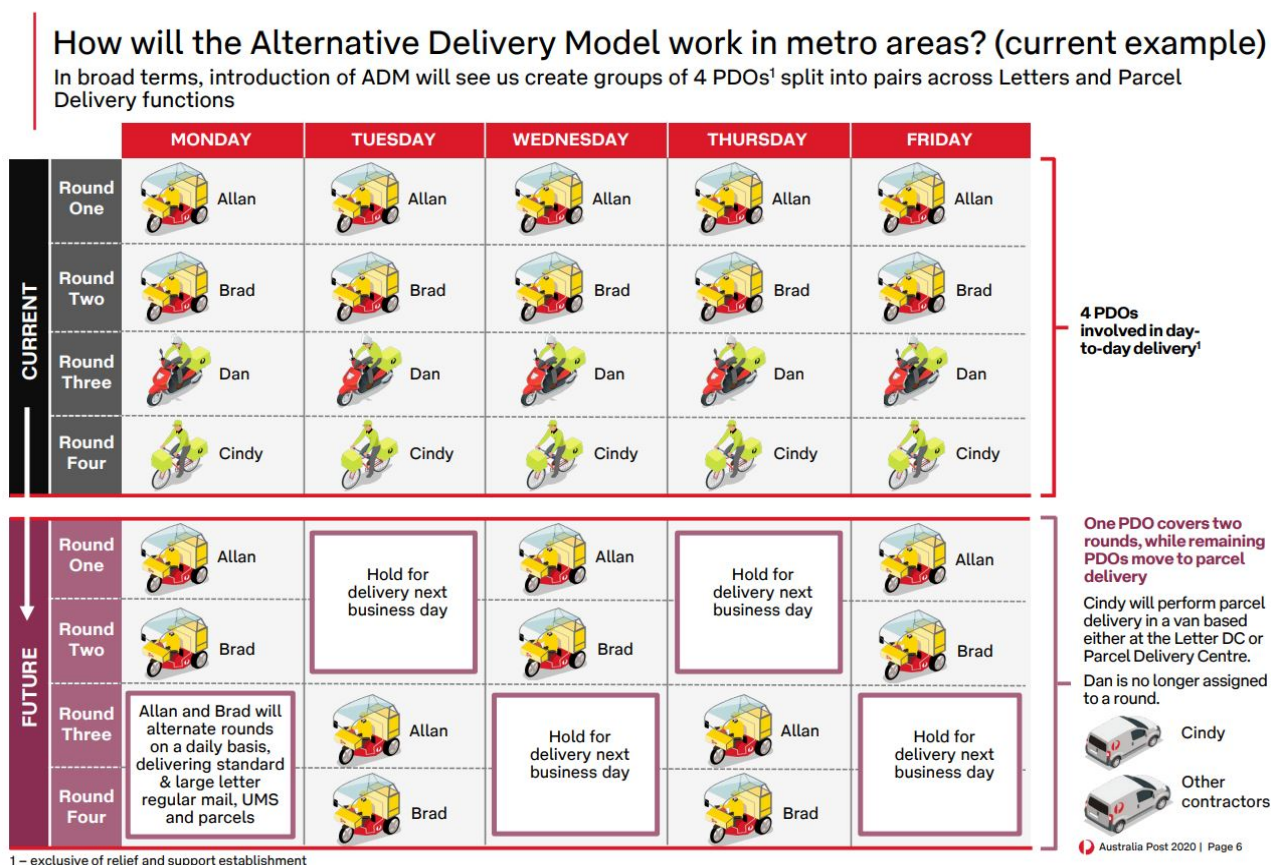
⁶⁹ Ms Davies, Australia Post, *Committee Hansard*, 8 July 2020, p. 10.

⁷⁰ Australia Post, *Alternative Delivery Model, Union Briefing, for discussion and consultation*, 21 May 2020, tabled by Australia Post at the public hearing on 8 July 2020, www.aph.gov.au/DocumentStore.ashx?id=0431f4e1-601f-4ddb-8c1f-dbff450930a5 (accessed 23 July 2020).

are currently allocated across the four posties. We said the fourth postie would be allocated to a parcel round. That meant he wouldn't retain a letters and mail round; he was actually allocated to a parcel round. It would seem that that has been used out of context...⁷¹

2.73 Australia Post tabled the slides from the presentation in question at the public hearing on 8 July in Canberra. Figure 2.2 below shows a slide depicting current and future scenarios featuring four fictitious posties—Allan, Brad, Dan and Cindy. In the future scenario, Allan and Brad retain letter delivery rounds, Cindy has been redeployed to parcel delivery in a van and 'Dan is no longer assigned to a round'.⁷²

Figure 2.2 Slide from Australia Post briefing on Alternative Delivery Model, May 2020



Slide: 'How will the Alternative Delivery Model work in metro areas? (current example)', from Australia Post Union Briefing presentation, delivered 21 May 2020. Tabled at the public hearing on 8 July, p. 6.

⁷¹ Ms Davies, Australia Post, *Committee Hansard*, 8 July 2020, p. 10.

⁷² Slide: 'How will the Alternative Delivery Model work in metro areas? (current example)', from Australia Post Union Briefing, delivered 21 May 2020, tabled 8 July 2020 at the Canberra public hearing, p. 6.

2.74 Asked to comment on words in the text of presentation which say the fourth fictitious postie, Dan, 'is no longer assigned to a round', Ms Davies said: 'They would be covering the significant increase and surge in parcels that we've seen as a result of COVID-19.'⁷³

2.75 The union disputed this interpretation, saying:

Australia Post understood, right from the outset, that this plan would mean job losses. We believe the government also knew this plan would mean job losses... Under the document provided to the Senate, management briefings were held early on in their modelling that clearly outlined to senior executives and lower-level delivery managers that one in four posties, such as Dan, no longer had a job to do.⁷⁴

2.76 However, Mr Murphy went on to say that, under the MOU agreed between the union and Australia Post, Dan would no longer lose his job.⁷⁵

2.77 Ms Holgate argued that it was not in Australia Post's interests to lay-off posties and 'keep outsourcing work to third parties when we have the best delivery network'.⁷⁶

2.78 Australia Post submitted that the workforce restructure is already underway, which will see a percentage of posties move from delivering letters to delivering parcels:

We have undertaken an expression of interest (EOI) process, following extensive consultation with the CEPU, to understand our employees' delivery preferences, which we will seek to accommodate wherever we can in line with our business needs. We have a strong return rate of the EOIs so far, with over 70% of impacted posties completing the EOI and, of these, around 30% having indicated a preference to deliver parcels in a van, which generally aligns with our delivery modelling to date. In addition, 258 responders expressed comfort with delivering either letters or parcels. We have seen a keen interest from our posties to move to delivery in vans for some time. Since 1 April 2020 we have trained 568 posties to safely deliver in a van, due to a surge in parcel volumes during the pandemic.⁷⁷

The Memorandum of Understanding

2.79 Australia Post and the CEPU were in enterprise bargaining discussions across the period that Australia Post has been dealing with the COVID-19 pandemic. An MOU was signed on 7 July 2020 which maintains employee conditions under the existing 2017 Enterprise Bargaining Agreement. According to Australia Post:

⁷³ Ms Davies, Australia Post, *Committee Hansard*, 8 July 2020, p. 12.

⁷⁴ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 27.

⁷⁵ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 27.

⁷⁶ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 12.

⁷⁷ Australia Post, *Submission 16*, p. 25.

This MoU will protect jobs and take-home pay as Australia Post implements the Alternating Delivery Model (ADM) from next month in metropolitan areas. This will see letter delivery occur every second day with some Posties redeployed to deliver and process parcels. No posties, or other employees directly impacted by this change, will be made involuntarily redundant during the period of the MoU, which expires on 9 August 2021.⁷⁸

- 2.80 Ms Davies said that the MOU secures the union's agreement to support Australia Post in relation to the temporary regulations.⁷⁹ Mr Murphy confirmed that the MOU does indeed mean the unions have agreed to 'support temporary reform'. However, the MOU 'doesn't say that [the CEPU] support the [Alternative Delivery Model]; it says that we support temporary reform at this point in time'.⁸⁰
- 2.81 The CEPU explained that the MOU extends a 15 per cent penalty rate currently paid to some employees (depending on start time) to *all* delivery personnel from 30 September 2020.⁸¹
- 2.82 In addition, under the MOU, 'frontline workers will be paid a [one percent] thank you bonus' to recognise their hard work under difficult conditions during the pandemic.⁸²
- 2.83 Ms Muscat-Bentley was concerned that the MOU 'does not extend to administrative, clerical or call centre employees', who may still be vulnerable to forced redundancies.⁸³

Impacts on the printing and packing industry

- 2.84 The AMWU supports employees in industries associated with paper, envelope and ink production, mail houses, direct marketing and delivery, including delivery of brochures, leaflets, etc. The AMWU submitted that, in its view 'the proposed changes to Australia Post's performance standards would have a severe impact on an industry already suffering from COVID-19 job losses'.⁸⁴
- 2.85 Ms Lorraine Cassin, the AMWU's Assistant National Secretary for Print and Packaging, told the committee that the print and packaging industry works directly with Australia Post and the priority mail sector. In Ms Cassin's words,

⁷⁸ Australia Post, 'Public statement on the Australia Post Enterprise Agreement', www.medianet.com.au/releases/189046/ (accessed 11 August 2020).

⁷⁹ Ms Davies, Australia Post, *Committee Hansard*, 8 July 2020, p. 21.

⁸⁰ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 31.

⁸¹ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 34.

⁸² Comment from Shane Murphy in: Australia Post, 'Public statement on the Australia Post Enterprise Agreement', www.medianet.com.au/releases/189046/ (accessed 11 August 2020).

⁸³ Ms Muscat-Bentley, CPSU, *Committee Hansard*, 8 July 2020, p. 29.

⁸⁴ Australian Manufacturing Workers' Union (AMWU), *Submission 23*, p. 2.

the union was 'shocked' to hear the announcement that Australia Post was reducing its mail delivery services and would no longer be providing a priority mail service. Ms Cassin said: 'it's quite an extraordinary time to be having discussions around reducing any sort of government services'.⁸⁵

- 2.86 Ms Cassin reported that the AMWU has had contact from members concerned about how the regulatory changes at Australia Post will impact their businesses:

I'm getting calls from businesses and from workers that they're not going to survive and they don't know where it's all going to end up. In this submission we put that the job losses that will be equated in our industry if this is go through will be our paper makers, our envelope makers, our mail houses directly.⁸⁶

- 2.87 The AMWU expressed concerns that the temporary regulations could be a kind of 'beginning of the end' for the printing and packing industry:

The AMWU does not want to see Australia Post 'manage the decline' so that the mail service dies. Such death usually begins with an act to downgrade such as the priority mail service.⁸⁷

- 2.88 The Real Media Collective, an industry association representing the paper, print, publishing, mail and distribution sectors across Australia and New Zealand, made a detailed submission on the industry's future in light of falling postal volumes. The key points were:

- the paper, print, publishing, mail and distribution sector is worth approximately billion \$18.9 and employs 258,000 Australians across 17,756 businesses;
- Australia needs a commercially-viable letters service to off-set digital exclusion, which disproportionately impacts the elderly and those with disabilities;
- increased postage costs by 50 per cent over the last four years are 'not sustainable'; and
- the current crisis (of letter volume decline) 'will lead to industry collapse and significant job losses across the largest industry manufacturing employer across the country'.⁸⁸

- 2.89 While the future of the paper, print, publishing and packing industries were not addressed in depth during the inquiry, issues relating to the future of letter delivery services are further discussed in Chapter 3.

⁸⁵ Ms Lorraine Cassin, Assistant National Secretary, Print and Packaging, AMWU, *Committee Hansard*, 8 July 2020, p. 27.

⁸⁶ Ms Cassin, AMWU, *Committee Hansard*, 8 July 2020, p. 28.

⁸⁷ AMWU, *Submission 23*, p. 5.

⁸⁸ The Real Media Collective, *Submission 43*, p. 5.

Opposition to the regulations

2.90 The majority of submissions received were supportive of the temporary regulations. However, this was not the case for all submitters.

2.91 Aside from union representatives, who raised concerns with the temporary regulations, other organisations also raised concerns. For example, the Country Women's Association of Australia (CWAA) submitted that it has 'long-held concerns' about the accessibility, speed and reliability of postal services for rural, regional and remote Australians. The CWAA said it sees the temporary regulations as a step towards more a permanent reduction in Australia Post's service obligations, which 'would have negative consequences for the livability of the regions'.⁸⁹

2.92 The CWAA said residents in rural, regional and remote areas sometimes have to rely on the postal service for their official documents, 'where digital connectivity is poor or digital literacy is low'. According to the CWAA these residents are already reporting slower service, in terms of letter deliveries, since the start of the pandemic, and the CWAA fears the regulatory changes will cause services to become even slower.⁹⁰

2.93 The National Farmers Federation held similar concerns, stating:

The NFF would be very concerned if changes made to specifically respond to the COVID-19 circumstances led to longer term erosion of Australia Post's service standards and withdrawal of resources. Providing Australia Post with the flexibility to allocate more resourcing to parcel delivery services in response to the surge in customer demand is a practical decision, but should not come at the expense of other important services that many Australians rely on.⁹¹

2.94 Evidence from Finance suggested customers in rural and regional areas would face the least disruption as a result of the changes in the temporary regulations:

The proposed regulatory relief ensures that regional and rural Australians and their communities are not disproportionately impacted. Delivery frequency in regional, rural and remote Australia will not change.⁹²

2.95 UNICEF Australia was opposed to the regulatory changes, which it submitted will 'have a significant impact' on UNICEF Australia's operations. UNICEF relies on letters for 'awareness and fundraising efforts', and receiving

⁸⁹ Country Women's Association of Australia (CWAA), *Submission 37*, [p. 1].

⁹⁰ Country Women's Association of Australia (CWAA), *Submission 37*, [p. 1].

⁹¹ National Farmers Federation, *Submission 45*, p. 2.

⁹² Finance, *Submission 17*, p. 2.

donations through the post (accounting for 25 per cent of its campaign income). UNICEF Australia sends approximately 20,000 letters each month.⁹³

- 2.96 Reducing the frequency of mail deliveries to every second day will create delays for UNICEF, and increase the costs of its campaigns, and the temporary suspension of the priority mail service will mean UNICEF ‘cannot communicate urgently to certain donors if necessary’.⁹⁴

Support for the regulations

- 2.97 Many submitters to the inquiry supported the regulatory changes—from post office licensees to business owners and charities from across Australia.

- 2.98 Post Office Licensees overwhelmingly supported the relaxed service obligations, and argued for more long term reforms to Australia Post’s service delivery standards. Mrs Cramp said of the LPOGroup ‘[w]e are here today to support change’, adding:

For the LPO network to thrive and prosper, Australia Post must be viable and sustainable, and it is therefore in our best interests that Australia Post operates in a commercially sound manner and that the business continues to meet the changing needs of our customers and our communities.⁹⁵

- 2.99 The Australia Post Licensee Advisory Council submitted a similar view:

These Regulations enable Australia Post, and its posties, to meet the shifting customer demand for parcels and to continue to support us, and other LPOs, as we navigate the ongoing challenges of COVID-19. We support the making of these Regulations.⁹⁶

- 2.100 A total of 125 small, medium and large businesses that interact with Australia Post submitted form letters to the inquiry. The committee published a representative sample of these form letters. In them, businesses talked about the ways in which COVID-19 had impacted their business, the move to greater online purchasing, and their increased reliance on Australia Post during the crisis.⁹⁷

- 2.101 A typical example is the letter from Australian department store chain, Myer, which submitted:

During the COVID-19 crisis, a fast and reliable parcel delivery service has been key to ensuring businesses, both large and small, across metropolitan and regional Australia, have continued to reach their custome... We are

⁹³ UNICEF Australia, *Submission 27*, [p. 1].

⁹⁴ UNICEF Australia, *Submission 27*, [p. 1].

⁹⁵ Mrs Cramp, LPOGroup, *Committee Hansard*, 8 July 2020, p. 46.

⁹⁶ Australia Post Licensee Advisory Council, *Submission 9*, [p. 2].

⁹⁷ *Examples of form letters from businesses*, 125 received, www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/AustraliaPost/Additional_Documents?docType=Form%20Letters (accessed 11 August 2020).

supportive of the Regulations because they will enable Australia Post, and its posties, to meet current unprecedented customer demand for parcels and continue to support our business...⁹⁸

2.102 Eighteen charities submitted form letters supporting the regulations. A representative sample of these was also published. These letters focussed on the role of Australia Post in supporting charities by providing discounted bulk mail rates for fundraising letters, avenues for distributing aid, and assistance with promoting local campaigns.⁹⁹ Australia Post confirmed that, among other charity initiatives, it has supported around 700 charities with discounted mail in the last 12 months.¹⁰⁰

2.103 A typical statement from the charity form letters to the inquiry is this one from the Local Community Services Association:

Australia Post has supported community-led initiatives by:

- posting letters from school children to elderly residents of retirement villages and nursing homes;
- in partnership with the local Neighbourhood Centres, they have delivered food parcels and care packages to people in need during lockdown especially in rural areas;
- they have supported children and parents during lockdown and school holidays by delivery of craft and activity boxes to children who are able to do similar activities together through Zoom.¹⁰¹

2.104 The National Retail Association submitted that parcel deliveries have provided 'a lifeline' for the retail sector during the pandemic. Small business, the Association said, have felt 'the full force' of the economic downturn, and had to innovate to survive the pandemic: 'for these businesses, every parcel delivery has supported employment'.¹⁰²

2.105 According to the National Retail Association, the 'there isn't a more important partner to support the retail sector's recovery over the next 12 months'.¹⁰³

2.106 The South Australian Wine Industry Association similarly explained that the wine industry in South Australia, which is mostly based in regional areas, has

⁹⁸ Myer, *Examples of form letters from businesses*, [p. 6].

⁹⁹ *Examples of form letters from charities*, 18 received, www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/AustraliaPost/Additional_Documents?docType=Form%20Letters (accessed 11 August 2020).

¹⁰⁰ Australia Post, *Submission 16*, p. 33.

¹⁰¹ Local Community Services Association, *Examples of form letters from charities*, [p. 7].

¹⁰² National Retail Association, *Submission 8*, p. 1.

¹⁰³ National Retail Association, *Submission 8*, p. 2.

relied on Australia Post's outlets and services 'to get deliveries done in a timely manner'.¹⁰⁴

2.107 Online retail platform, eBay Australia & New Zealand, submitted that recent border closures and lockdowns resulting from the 'second wave' of infections in Victoria provide 'further evidence of the critical need for' the regulations:

The shift to online demands our postal service be able to operate flexibly and respond to the rapid changes brought about by COVID 19 by re-focusing on parcel services. Both business and consumer expectations on delivery of goods is clear. Delivery needs to be fast, affordable, safe and trackable from point-to-point.¹⁰⁵

2.108 Another submitter, the Indigenous Literacy Foundation, described a partnership with Australia Post, in which Australia Post delivers approximately 100,000 books to over 400 remote locations through its postal network. The Foundation noted that COVID-19 has impacted Australia Post's capacity to access some of the more remote locations 'in a timely manner', but said it believed without the regulatory reform, Australia Post's capacity to continue supporting the program would be negatively impacted:

We need Australia Post to be in a sustainable position so that we can continue to reach those vulnerable members of our community. That is why the Indigenous Literacy foundation supports the making of these Regulations.¹⁰⁶

Committee view

2.109 The impacts of the coronavirus pandemic have been deep and wide. Lockdowns, travel bans, social distancing and other restrictions continue to impact the lives of Australians, and few sectors of the economy have escaped without detrimental effects.

2.110 The committee appreciates the uncertainty and disruption influencing the operations of Australia Post since February 2020. It acknowledges the hard work and dedication of Australia Post's staff and contractors throughout the pandemic period, and notes actions taken by management and the board to safeguard the ongoing viability of the business and to protect its workforce.

2.111 The committee understands that Australia Post sought temporary regulatory relief through its shareholder departments during March 2020, and this was granted through temporary amendments to the Australian Postal (Performance Standards) Regulations 2019.

2.112 The committee believes the temporary regulatory changes are a proportionate and reasonable response to an extraordinary and unanticipated situation. They

¹⁰⁴ South Australian Wine Industry Association, *Submission 6*, [p. 2].

¹⁰⁵ eBay Australia & New Zealand, *Submission 44*, [p. 4].

¹⁰⁶ Indigenous Literacy Foundation, *Submission 51*, [p. 1].

provide Australia Post with a degree of flexibility to allocate its workforce to priority operations in uncertain and ever-changing circumstances, while still ensuring Australians continue to receive regular letter deliveries and prompt parcel services.

- 2.113 The committee acknowledges the concerns raised by unions and worker representatives, who felt they were not adequately consulted prior to the public announcement of the regulatory changes. However, the committee notes the unprecedented circumstances of the pandemic, and the urgent challenges posed by the sudden and substantial increase in parcel delivery volumes in April and May 2020.
- 2.114 The committee understands there may have been anxiety among some sectors of the postal workforce as to possible implications of the temporary changes. The committee believes Australia Post took steps to communicate comprehensively with stakeholder groups, including workforce representatives, as soon as was practical.
- 2.115 The committee notes that, despite early opposition, the CEPU has provided support for the temporary regulatory changes in exchange for assurances from Australia Post that frontline jobs and take-home pay will be protected. The committee hopes the signing of a Memorandum of Understanding will help these employees feel more confident about their futures at Australia Post.
- 2.116 The committee thanks all the business, charities and individuals who wrote to the inquiry expressing support for Australia Post and its important role in Australian society and the economy. It is heartening to read that many business and community groups facing grave challenges have been able to quickly adapt and innovate, and to hear about the role Australia Post has played in supporting those organisations.
- 2.117 The situation in relation to COVID-19 is still, and will continue to be uncertain and ever-changing. The regulatory relief provided to Australia Post has been provided as a temporary measure, and this is appropriate.
- 2.118 The committee supports the temporary regulations, and notes that they are due to expire on 30 June 2021 with a review to occur before the end of 2020.
- 2.119 It is critical that Australia Post and its shareholder departments use the time until the end of 2020 to consult widely on the future of Australia's postal performance standards, and that the Senate has further opportunities to consider any additional regulatory changes or extensions.
- 2.120 Chapter 3 of this report discusses the future for Australia Post and postal services, including evidence around the rise in demand for parcels, the long term decline in letter volumes, and proposals for more permanent reforms to Australia's postal services.

Recommendation 2

2.121 The committee recommends that the Senate demonstrate its support for the Memorandum of Understanding signed on 7 July 2020 by Australia Post and the Communications, Electrical, and Plumbing Union by opposing the disallowance of the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020.

Chapter 3

What is the future for Australia Post?

3.1 This chapter considers the future of Australia Post's service delivery, including:

- possible long term impacts of COVID-19 on the postal sector;
- the temporary nature of the regulatory changes;
- options for safeguarding the future sustainability of Australia Post;
- the future for licenced post offices (LPOs); and
- servicing the needs of rural and regional Australia.

Possible long term impacts of COVID-19

3.2 There is evidence that the COVID-19 pandemic will leave lasting impacts on economic and social conditions around the world for years to come. This will obviously have flow on effects for postal delivery services both in Australia and globally. Australia Post submitted that research is predicting an 'irreversible' fall in the demand for letter delivery, 'as customers depend more and more on digital solutions for communicating with each other'.¹

3.3 Australia Post reported that a number of countries have relaxed their service obligations as a response to the pandemic and its effects, including Belgium, Canada, Switzerland, Spain, France, Hungary, Ireland, Italy, New Zealand and the United Kingdom.² Despite relaxing service obligations, postal organisations in many countries are forecasting losses for 2020-21. The worst affected include those in Italy, New Zealand, and the United Kingdom, which were impacted by lockdown measures.³

3.4 The border closures and travel restrictions in place around the world have led to significant reductions in the volume of international post. Managing Director and Group Chief Executive Officer, Ms Christine Holgate, said Australia Post 'had a growing international business that collapsed by almost 90 per cent in the very early part [of the pandemic], as borders closed across the country'.⁴

¹ Australia Post, *Submission 16*, p. 39.

² Australia Post, *Submission 16*, p. 18.

³ Australia Post, *Submission 16*, p. 18.

⁴ Ms Christine Holgate, Group Managing Director and Chief Executive Officer, Australia Post, *Committee Hansard*, 8 July 2020, p. 9.

- 3.5 While letters and international post fell, parcels grew. Australia Post submitted that it expects demand for parcels to continue growing, 'through the pandemic and beyond'.⁵ Its shareholder departments were more circumspect.
- 3.6 The Department of Infrastructure, Transport, Regional Development and Communications (the Communications Department) is responsible for 'broader postal policy issues', Australia Post's regulatory obligations, and 'the performance, financial returns and strategic direction of the business'. It administers these responsibilities with the Department of Finance.⁶
- 3.7 The Communications Department said the future that will emerge from COVID-19 is not yet clear:
- The ongoing and future financial impact of this unprecedented pandemic cannot be determined definitively at this time... Initial analysis indicates that the accelerated decline in letter volume during COVID-19, and consequential increased letters loss has been offset by the boom in parcels. However there is considerable uncertainty about how long the boom in parcels will be sustained for.⁷
- 3.8 Retailers, on the other hand, seem confident that the shift to online purchasing will be permanent. The National Retail Association submitted that retailers across Australia have 'invested in new infrastructure to support the changing purchasing habits of Australians'.⁸

The temporary nature of the regulatory changes

- 3.9 The Australian Postal Corporation (Performance Standards) Amendment Regulations 2020 are set to expire by 30 June 2021. However, a number of submitters argued that the changes to letter delivery frequency represent changes that Australia Post wants to make permanently, rather than on a temporary basis.
- 3.10 Mr Shane Murphy, National President of the Communications Electrical and Plumbing Union (CEPU, also known as the Communications Workers Union or CWU), argued that it was disingenuous for Australia Post to maintain that it intended the changes to be temporary:

...the fiction Australia Post and the government maintain that these measures are temporary is just crafty spin. At every opportunity, Australia Post seeks to portray the changes as temporary. You will find that the words appear some 55 times in the 59 pages of their submission. In contrast, I draw the committee to page 7 of the Australia Post written submission, where they state: *If we are unable to maintain the temporary*

⁵ Australia Post, *Submission 16*, p. 39.

⁶ Department of Infrastructure, Transport, Regional Development and Communications (Communications), *Submission 18*, p. 1.

⁷ Communications, *Submission 18*, p. 4.

⁸ National Retail Association, *Submission 8*, p. 2.

*regulatory relief, our options to remain sustainable as a business are limited. Therein lies the admission that you are not making a decision on temporary change with these regulations.*⁹

- 3.11 The Community and Public Sector Union was also concerned that the changes were not intended to be temporary. Ms Brooke Muscat-Bentley, Deputy National President, said, 'I think the committee needs to be very clear: the Senate is making a decision for the future'.¹⁰
- 3.12 National President of the Australian Manufacturing Workers Union (AMWU), Mr Andrew Dettmer, stated that he believed the regulations represented a move by the government to bring in 'far-reaching' permanent changes, 'under the guise of COVID-19', and avoiding scrutiny.¹¹ The AMWU was especially concerned with the removal of the priority mail service, which it believes is 'not a temporary change and will continue on' post-COVID.¹²
- 3.13 Asked to confirm if the regulatory changes are intended to be temporary, Ms Holgate said 'yes', but commented that, while the regulations are currently set to end on 30 June 2021, 'this health crisis is far from over, as a country we now have to prepare ourselves for stage 2, which is the economic challenge facing us'.¹³ Ms Holgate referred to further lockdowns, travel bans, and additional health challenges which could require Australia Post to step up its delivery of parcels even more.¹⁴ Australia Post also submitted that it does 'not foresee letter volumes returning to pre-pandemic levels'.¹⁵
- 3.14 In response to questioning about the Community Service Obligations (CSOs), Ms Holgate said that, despite the losses incurred by Australia Post as a result of the CSOs (over \$400 million in the last financial year), the changes *are* temporary, and Australia Post has received 'evidence' from the departments about how it would 'return [its] workforce back to being able to deliver those standards'.¹⁶

⁹ Mr Shane Murphy, National President, Communications, Electrical and Plumbing Union (CEPU), *Committee Hansard*, 8 July 2020, p. 26. See also: Mr Mark Bright, *Submission 2*, [p. 1].

¹⁰ Ms Brooke Muscat-Bentley, Deputy National President, Community and Public Sector Union (CPSU), *Committee Hansard*, 8 July 2020, p. 35.

¹¹ Mr Andrew Dettmer, National President of the Australian Manufacturing Workers Union (AMWU), *Committee Hansard*, 8 July 2020, pp. 35–36.

¹² Ms Lorraine Cassin, Assistant National Secretary, Print and Packaging Membership Area, AMWU, *Committee Hansard*, 8 July 2020, p. 28.

¹³ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 2.

¹⁴ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 2.

¹⁵ Australia Post, *Submission 16*, p. 39.

¹⁶ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 14.

3.15 Ms Holgate was asked about a letter Australia Post sent to its shareholder departments requesting regulatory relief. The question went to the nature of the relief sought and whether it was temporary or permanent. Ms Holgate replied that she had ‘asked for support’, laying out ‘a number of different options’.¹⁷ General Counsel and Company Secretary, Mr Nick Macdonald, added that ‘a variety of things were requested’, with some being temporary and others ‘not expressed to be temporary’:

Ultimately, what happened was that further discussions took place with our shareholder departments, which led to a refining of that request and the amendments to the regulations that were ultimately made. Those amendments are clearly temporary. We acknowledge that and understand that those regulations will be subject to review on an ongoing basis and in the lead-up to their expiry. What happens with those regulations beyond their expiry is a matter for the government and for further consideration, and, as I understand it, that process would involve extensive consultation.¹⁸

3.16 Australia Post submitted that maintaining the temporary regulatory changes for ‘the full period – until at least the end of financial year 2020-21 – is ‘critical’. Further, that in the lead up to the end of June 2021, Australia Post will:

...see what the post-pandemic future will be – both in relation to our services and in the broader economic sense – and to refine our considerations of what will then be the best service arrangements to meet our customers’ expectations.¹⁹

3.17 The Department of Finance (Finance) submitted that shareholder ministers ‘expect to receive regular reports on the effectiveness of the regulatory relief measures, and are expected to review the arrangements after the first six months of operation’.²⁰

3.18 The Communications Department outlined the criteria for reviewing the regulatory changes at the end of 2020, saying:

The assessment will include consideration of:

- letter and parcel volumes and delivery speeds, including whether Australia Post has met its prescribed performance standards under the relief
- community and business feedback to determine whether Australia Post is meeting the needs of the community and businesses during the COVID-19 pandemic
- the impact on the Australia Post workforce; and

¹⁷ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 6.

¹⁸ Mr Nick MacDonald, General Counsel and Company Secretary, Australia Post, *Committee Hansard*, 8 July 2020, p. 5.

¹⁹ Australia Post, *Submission 16*, p. 39.

²⁰ Department of Finance (Finance), *Submission 17*, p. 4.

- other dependencies, such as developments in the aviation sector.²¹

3.19 Australia Post is closely watching what will emerge from the coronavirus pandemic, and has said:

Determining the role which Australia Post will play in supporting Australians in coming years will be influenced by the manner in which the emerging social and economic trends develop over the next nine months. It is only through careful consideration of the permanent versus temporal nature of these trends and broad consultation with a range of stakeholders that Australia Post can establish the specific direction required.²²

3.20 The Communications Department also acknowledged the possibility of future regulatory changes, saying any such changes would be developed in consultation with stakeholders, and subject to parliamentary scrutiny and disallowance.²³

Safeguarding the future sustainability of Australia Post

3.21 With letter volumes steadily declining, submitters made a number of suggestions aimed at securing the future of Australia Post and the post office network. Many submitters argued that more permanent changes to the CSOs are inevitable and would be beneficial. A number of submitters proposed regulation for parcel delivery services. Other ideas raised included increasing the services post offices can provide, including banking services and additional government services.

Long term regulatory reform

3.22 Evidence to the inquiry demonstrated that COVID-19 has accelerated an existing trend of declining letter volumes. According to the Communications Department, even before COVID-19, the number of letters Australian households receive was expected to drop from an average of two letters *per day* in 2007-08, to two letters *per week* by 2021-22.²⁴

3.23 Associate Professor Paul Alexander from Curtin University submitted that the delivery costs for a \$1.10 letter are largely the same as for a \$10 parcel, making parcel delivery significantly more profitable.²⁵ In this context, Ms Holgate

²¹ Communications, *Submission 18*, p. 2.

²² Australia Post, *Submission 16*, p. 43.

²³ Communications, *Submission 18*, p. 4.

²⁴ Communications, *Submission 18*, p. 3.

²⁵ Professor Paul Alexander, 'You've got (less) mail: COVID-19 hands Australia Post a golden opportunity to end daily letter delivery', *The Conversation*, 26 June 2020, submitted as Attachment 1 to Professor Paul Alexander, *Submission 15*.

confirmed that 49 per cent of Australia Post's costs are associated with letter delivery, but letters account for only '20-something per cent' of its revenue.²⁶

3.24 Professor Alexander said policy makers needed to think long term, and address the question of:

...whether the social good is best served by keeping Australia Post to its historical obligations, or allowing it to meet burgeoning parcel demand and return a bigger dividend to the federal government to help fund other public services. While opinions will vary, the numbers make a compelling case. They show a mail delivery system designed before the advent of the internet doesn't need to be daily any more – just as the telephone last century helped end the importance of mail being delivered twice a day.²⁷

3.25 Ms Kelly Eckel from the Woodbridge LPO in southern Tasmania submitted a similar view:

Australia Post is building tomorrow's jobs for today's workforce. We've needed to get smarter to stay ahead of the competition so by changing the way we deliver from Letters to Parcels just makes sense! I fully support these regulatory reform changes in order to secure our future in Australia.²⁸

3.26 New rules applying to companies from 6 May 2020 remove the requirement for communications with stakeholders to be undertaken via written letters. These changes will, Australia Post suggested, further 'accelerate letter volume decline'.²⁹

3.27 The Licenced Post Office Group (LPOGroup) submitted that its members see the decline in letters and prominence of parcels every day in their post offices. LPOGroup observed a 'disconnect' between the legislated standards and the 'changed environment' in which Australia Post is operating and recommended that:

...all elements of Section 28C of the Act [which sets out the performance standards to be met by Australia Post] should be reviewed in the interim to determine whether they are still appropriate in the current and future environment, with particular regard to the frequency of letter delivery, and provision of retail outlets.³⁰

²⁶ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 9.

²⁷ Professor Paul Alexander, 'You've got (less) mail: COVID-19 hands Australia Post a golden opportunity to end daily letter delivery', *The Conversation*, 26 June 2020, submitted as Attachment 1 to Professor Paul Alexander, *Submission 15*.

²⁸ Woodbridge Post Office, *Submission 7*, p. 2.

²⁹ Australia Post, *Submission 16*, p. 18.

³⁰ LPOGroup, *Submission 21*, p. 3.

3.28 Finance submitted that postal services in other countries have already permanently reformed their letter delivery frequency:

In recent years, several of Australia Post's global peers have reformed their letter delivery frequency and speed, as part of broader postal service reforms, to deliver significant reductions in cost whilst continuing to meet community expectations. New Zealand, Italy, Finland, Netherlands, Denmark and Norway have all enacted reforms which have reduced delivery frequency and speed to reflect evolving community needs and expectations.³¹

3.29 Mr Richard Windeyer, Deputy Secretary of the Communications Department, confirmed that the department is 'alive to and thinking about the future of Australia Post'. Mr Windeyer said that if the department reached the point where it was:

...considering whether, as you suggest, these current changes should possibly be able to go longer, or an alternative set of changes to the regulatory framework, yes, that would be done in consultation and consideration of a whole range of issues, including the users of the letter service. It would also be done, to be honest, taking into account the users of a full range of Australia Post services, not just the letter services but all the people that use services at postal outlets, for example, and people that rely on their delivery services for parcels.³²

3.30 Mr Windeyer also confirmed that future reforms would likely involve changes to the primary legislation.³³

3.31 The CEPU cautioned that the Parliament should be 'on guard' against any attempt to move towards privatisation of Australia Post, which could be facilitated through first reducing its legislated service obligations.³⁴ Mr Murphy said that basic public services such as the postal service, 'our national supply and logistics backbone, are needed now more than ever'.³⁵

3.32 Asked about the issue of privatisation, Ms Holgate said that she had never 'discussed privatising Australia Post', that it was not her 'strategy to do so', and that it was not a position supported by Australia Post's shareholder ministers or departments.³⁶

³¹ Finance, *Submission 17*, p. 5.

³² Mr Richard Windeyer, Deputy Secretary, Communications, *Committee Hansard*, 8 July 2020, p. 60.

³³ Mr Windeyer, Communications, *Committee Hansard*, 8 July 2020, p. 60.

³⁴ CEPU Communications Division (CWU) (CEPU), *Submission 20*, [p. 5].

³⁵ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 26.

³⁶ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 20.

Recent reviews

- 3.33 In 2017, the Australian National Audit Office (ANAO) undertook an audit into Australia Post's delivery of reserved letter services. As part of its findings, the ANAO recommended that the departments of Finance and Communications 'review the policy framework relating to Australia Post's Community Service Obligations in the context of the Australian Government's broader commitment to providing access to communications infrastructure'. In responding to the recommendations, the departments 'did not state' whether they agreed or disagreed with the recommendation.³⁷
- 3.34 The ANAO observed that 'developing and testing proposals for more fundamental reforms of Australia Post's business model', and 'generating stakeholder support' for any permanent changes to the CSOs, would likely take a number of years.³⁸
- 3.35 Since the ANAO's report was published, two strategic reviews into options for the future of Australia Post have been completed:
- the 2018 *Australia Post Strategic Review* by PricewaterhouseCoopers, which was commissioned by and for the Australia Post Board, and provided to shareholder departments in May 2018; and
 - the *Review of Australia Post* by the Boston Consulting Group, commissioned by the government in November 2019 and received 21 February 2020.³⁹
- 3.36 While Australia Post did not provide the PricewaterhouseCoopers report to the committee, it confirmed that the report had 'identified a number of strategic options for consideration in the interests of preserving Australia Post's financial sustainability'. According to Australia Post, some of the options canvassed were:
- seeking a temporary government subsidy for meeting the Community Service Obligations in rural, regional and remote areas;
 - simplifying and modernising the regulatory framework, including the CSOs; and
 - increasing delivery times for regular letters by three days.⁴⁰

³⁷ The Auditor-General, *ANAO Report No.11 2017–18: Australia Post's Efficiency in Delivering Reserved Letter Services*, p. 12.

³⁸ The Auditor-General, *ANAO Report No.11 2017–18: Australia Post's Efficiency in Delivering Reserved Letter Services*, p. 9, www.anao.gov.au/work/performance-audit/australia-posts-efficiency-delivering-reserved-letter-services (accessed 13 August 2020).

³⁹ Department of Finance, *Answers to questions taken on notice at public hearing in Canberra, 8 July 2020* (received 21 July 2020), Question on Notice 1, p. 2.

⁴⁰ Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020* (received 17 July 2020), pp. 5–6.

- 3.37 The government commissioned the Boston Consulting Group to review Australia Post's strategy to operate as a 'sustainable and fit-for-purpose service provider for the longer term', and to 'consider broader market conditions such as growth in e-commerce, the regulatory environment, and changes in business and consumer needs'.⁴¹
- 3.38 Ms Holgate stated that the Boston Consulting Group review incorporated five recommendations, or options for reform, one of which involved reducing the number of post offices.⁴²

Regulating parcel delivery

- 3.39 The Communications Department noted that, unlike letter delivery, Australia Post does not have 'a legislated monopoly' over delivering parcels, and there are no parcel delivery standards or regulations.⁴³
- 3.40 A number of submitters, including the Australian Small Business and Family Enterprise Ombudsman (Small Business Ombudsman), argued that parcel delivery standards should be included in the *Australian Postal Corporation Act 1989*.⁴⁴ The CEPU recommended 'a basic regulated parcel service: a transformed universal service obligation'.⁴⁵
- 3.41 Mr Murphy expanded on the union's support for the idea:

The unions absolutely support it and think the committee should be forward thinking and looking at forward regulation in relation to a similar, but not exactly the same, regulation that we have on letters—a regulation in relation to a USO for parcels to be provided to 98 per cent of Australia, similar to that for letters. We understand parcels is a competitive environment, so there needs to be some significant work and consideration given to how we can continue to maintain the competitiveness for farmers living in and people living in, working in and running businesses in rural and regional Australia... But we think it's important that this committee look forward, as parcels are the new letters, if you like. As the way forward, they should be regulated in some way, and they certainly should be regulated for equality for people living across rural and regional Australia—in particular, for farmers, small businesses and people in those areas.⁴⁶

⁴¹ The Hon Paul Fletcher MP, Minister for Communications, Cyber Safety and the Arts, 'Joint Media Release: Chair of the Board of Australia Post', www.paulfletcher.com.au/media-releases/joint-media-release-chair-of-the-board-of-australia-post (accessed 14 August 2020).

⁴² Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 8.

⁴³ Communications, *Submission 18*, p. 3.

⁴⁴ Australian Small Business and Family Enterprise Ombudsman, *Submission 1*, [p. 1].

⁴⁵ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 26.

⁴⁶ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 44.

3.42 Asked about the idea of regulating parcel services, Ms Holgate replied that ‘the parcels business is a highly competitive market’.⁴⁷ Neither of the departments addressed the idea in its submission or in detail at the hearing.

Other ideas

3.43 In a discussion paper prepared for the CEPU in July 2020, PerCapita proposed the government consider establishing ‘a public bank’ by providing Australia Post with an Authorised Deposit-taking Institution licence. PerCapita said government could leverage the ‘existing infrastructure footprint of Australia Post outlets nation-wide’ to provide banking services to those who are underserved by banks, such as those in rural and remote areas.⁴⁸

3.44 The Small Business Ombudsman recommended Australia Post renegotiate its Universal Postal Union agreement terms, or impose a fee on incoming international parcels, ‘to establish equity in shipping costs’ and help Australian businesses.⁴⁹

3.45 The Australian Library and Information Association submitted that it has developed partnerships with Australia Post already, and hopes to negotiate more in the future, further bolstering the sustainability of both the postal and library sectors:

Home library services for people with disability, home delivery for people who are unable to visit the library in person, the possibility of using Post Offices as pick up and drop off points for library services where the nearest library is some distance away. These are all initiatives which could further support the most vulnerable and disadvantaged in our communities.⁵⁰

The future for LPOs

3.46 As at July 2020, there were approximately 2,845 licenced post office businesses in Australia. LPOs are franchise businesses that provide a range of services, including postal services, retail and some financial services. Australia Post distributes income to licensees through:

- Providing a percentage-based purchasing discount through the sale of letter and parcel products,

⁴⁷ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 15.

⁴⁸ PerCapita, *The Future of Australia Post*, July 2020, percapita.org.au/wp-content/uploads/2020/07/The-Future-of-Australia-Post_FINAL.pdf (accessed 13 August 2020).

⁴⁹ Australian Small Business and Family Enterprise Ombudsman, *Submission 1*, [p. 2]. Note: The Communications Department submitted that postal operators around the world, including Australia Post, have declared ‘Force Majeure’ in relation to their Universal Postal Union obligations. This means they are unable to meet these obligations due to ‘disrupted supply chains and the economic shock and digital substitution’. Communications, *Submission 18*, p. 5.

⁵⁰ Australian Library and Information Association, *Submission 14*, p. 2.

- Processing and delivery fees for mail related services such as post office box servicing, and
- Commissions for processing 'trusted service' transactions such as bill payments and banking; and some other subsidies, top up payments and discounted merchandise available from Australia Post.⁵¹

3.47 Mrs Angela Cramp, Executive Director of LPOGroup, said that post office licensees have been adjusting to falling letter volumes for over a decade; diversifying, downsizing, relocating and adjusting their business models to 'better meet the needs of our customers and our communities'.⁵²

3.48 Mrs Cramp highlighted the role of LPOs in managing parcel lodgements and customer enquiries about parcel deliveries, saying most customers in the post office these days are interested in what is happening with their parcels.⁵³ This view was echoed by Bundanoon Post Office Licensee and Principal Mail Contractor, Mrs Gail Doyle:

Parcels are the main source of our income at Licensed Post Offices and our payments have been decoupled from the letter rate of the day to reflect that change. Australia Post needs to realign its workforce to remain viable. Posties will continue to deliver but in vans instead of bikes.⁵⁴

3.49 In conjunction with its licensees, Australia Post recently redesigned the payment scheme so that it aligns more closely with sending and receiving parcels, rather than letters.⁵⁵ The LPOGroup called the payment reform 'limited', and said it came only after 'extended negotiations with Australia Post', but that it does provide a financial incentive for licensees to focus on the parcel side of the business, rather than the letters side.⁵⁶ Further reviews of the payment scheme are planned.⁵⁷

3.50 Ms Nicole Sheffield, Executive General Manager, Community and Consumer at Australia Post said many LPOs have stepped up the process of diversifying their businesses during the pandemic, such as through providing Bank@Post services, especially in communities where banks have closed during the crisis.⁵⁸

⁵¹ LPOGroup, *Submission 21*, p. 7.

⁵² Mrs Angela Cramp, Executive Director of Licensed Post Office Group Limited (LPOGroup), *Committee Hansard*, 8 July 2020, p. 46.

⁵³ Mrs Cramp, LPOGroup, *Committee Hansard*, 8 July 2020, p. 47.

⁵⁴ Mrs Gail Doyle, *Submission 11*, [p. 2].

⁵⁵ Australia Post, *Submission 16*, p. 33.

⁵⁶ LPOGroup, *Submission 21*, p. 10.

⁵⁷ Australia Post, *Submission 16*, p. 33.

⁵⁸ Ms Nicole Sheffield, Executive General Manager, Community and Consumer, Australia Post, *Committee Hansard*, 8 July 2020, p. 17.

3.51 Post offices currently provide passport applications and renewals, land title transactions, and some financial services. The LPOGroup submitted that ‘more of these service offerings are needed into the future to ensure an efficient post office network’.⁵⁹ State and local governments could allow Australia Post to provide more basic government services, such as the ability to pay parking fines.⁶⁰

3.52 The LPOGroup also argued that, in its view, ‘there may be an over-supply of post offices in some pockets within the metropolitan and large provincial areas’.⁶¹ The LPOGroup suggested the government should provide support for a review to be conducted and that:

LPOG would welcome participation in this review to ensure that community needs continue to be met in rural and remote areas while “rightsizing” metropolitan areas to better reflect community needs.⁶²

Supporting Australian business

3.53 A number of submitters presented evidence suggesting Australia Post is playing a critical role in supporting Australian businesses during the pandemic, especially small businesses, and that this may be a growth area for the organisation into the future.

3.54 Ms Holgate drew the committee’s attention to an economic assessment of Australia Post’s contributions during COVID-19, prepared on a confidential basis for Australia Post by Deloitte Access Economics,⁶³ but publicly released on 8 July 2020.⁶⁴ Ms Holgate stated that the research demonstrated that, during the lockdown period, ‘Australia Post became the business keeper of the national economy’.⁶⁵

3.55 The Deloitte assessment found that more than 80 per cent of Australia’s e-commerce activity is facilitated by Australia Post, and:

- Australia Post’s delivery activities facilitated an additional \$2.4 billion in e-commerce during the COVID-19 crisis to date, including \$560 million for regional and remote areas across Australia—helping

⁵⁹ LPOGroup, *Submission 21*, p. 11.

⁶⁰ Mrs Cramp, LPOGroup, *Committee Hansard*, 8 July 2020, pp. 47–48.

⁶¹ LPOGroup, *Submission 21*, p. 9.

⁶² LPOGroup, *Submission 21*, p. 12.

⁶³ Deloitte Access Economics, *Economic assessment of Australia Post’s activities during COVID-19*, auspost.com.au/content/dam/auspost_corp/media/documents/economic-analysis-during-covid-19.pdf (accessed 14 August 2020).

⁶⁴ Australia Post, ‘Australia Post delivers unprecedented \$2.4 billion eCommerce boom during COVID-19’, *Newsroom*, [newsroom.auspost.com.au/article/australia-post-delivers-unprecedented--2-4-billion-ecommerce-boom-during-covid-19](https://newsroom.auspost.com.au/article/australia-post-delivers-unprecedented-2-4-billion-ecommerce-boom-during-covid-19) (accessed 14 August 2020).

⁶⁵ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 2.

businesses trade at a time two-thirds of all businesses reported revenue declines;

- Some 23,000 extra small business customers used the MyPost delivery service during COVID-19 each month, on average; and existing customers will have sold higher volumes, on average, either directly or through other distributors or retailers;
- Australia Post helped facilitate an extra 26 million transactions that may not have occurred through in-store visits because of lockdowns—helping businesses, helping customers; and
- Australia Post’s total economic contribution to GDP over the three months to May 2020 was \$1.8 billion, contributing 58,800 jobs (in full-time equivalent terms), which is 12% higher in real terms than a typical three-month period in 2016-17 when the economic contribution was last calculated.⁶⁶

3.56 In addition, as well as supporting a direct workforce of 36,000 people, Australia Post’s activities ‘indirectly supported an average of 24,500 [full-time equivalent] jobs per month’ in other businesses and industries, ‘through flow-on economic activity’.⁶⁷

3.57 Alongside large retailers, and the National Retail Association, freight and transport organisations highlighted Australia Post’s role as a key pillar in Australian e-commerce during COVID and beyond. The Freight & Trade Alliance’s E-Commerce Reference Group proposed that, going forward, Australia Post could play a role in educating small and medium businesses ‘to understand freight and logistics when exporting in addition to the services and education provided by marketplaces and industry’.⁶⁸

Supporting rural and regional Australia

3.58 The unique needs and challenges of servicing rural, regional and remote Australia were a key topic of the inquiry. Some witnesses were concerned that without regulation around servicing or pricing, rural, regional and remote communities may eventually see a reduction in postal service levels, and/or unaffordable price increases.

3.59 Some submitters were concerned that the current relaxation of postal regulations could ultimately lead to a more permanent reduction in services to the regions. The Country Women’s Association of Australia (CWAA) believed the temporary regulations could be a step towards permanent changes in

⁶⁶ Deloitte Access Economics, *Economic assessment of Australia Post’s activities during COVID-19*, p. 1.

⁶⁷ Deloitte Access Economics, *Economic assessment of Australia Post’s activities during COVID-19*, publicly released 8 July 2020, p. 6.

⁶⁸ E-Commerce Reference Group (ECRG)/Freight & Trade Alliance (FTA), *Submission 29*, p. 3.

Australia Post's service obligations, including eventually to rural, regional and remote communities.⁶⁹

- 3.60 The CWAA argued that, being 'more isolated', regional people are more dependent on the connectivity provide by the postal system, for health, social and economic reasons:

Regional connectivity is improving, slowly, and there is a long way to go in this regard. These technological improvements however, should not mean that post of physical letters, documents and parcels becomes an after-thought. An efficient, equitable and reliable postal service is just as important now for regional Australians as it ever has been.⁷⁰

- 3.61 The Communications Department confirmed that Australia Post is generally the only provider of postal services in regional, rural and remote areas, including of parcel delivery services.⁷¹

- 3.62 In March 2020, Australia Post released the Deloitte Access Economics report, *Economic and social value of Australia Post in regional, rural and remote communities*.⁷² The Deloitte regional report found that Australia Post's total economic contribution in regional and remote Australia was \$806 million in value added terms and 10,802 full time equivalent jobs in financial year 2019.⁷³ This was before the impacts of the pandemic. Updated data in the later Deloitte analysis (July 2020) suggests additional e-commerce activity of around \$560 million was facilitated through Australia Post in rural and remote Australia from March to May 2020.⁷⁴

- 3.63 The National Farmers Federation (NFF) submitted that Australia Post is 'a vital institution' in regional areas, supporting a range of economic and social activity by:

...providing employment and economic opportunities, contributing to a supportive community culture and improving the liveability of these communities. In many cases, the local post office is the sole provider of delivery, financial and government services, as well as selling retail goods and providing broader community support.⁷⁵

⁶⁹ Country Women's Association of Australia (CWAA), *Submission 37*, [p. 1].

⁷⁰ Country Women's Association of Australia (CWAA), *Submission 37*, [p. 2].

⁷¹ Communications, *Submission 18*, p. 3.

⁷² Deloitte Access Economics for Australia Post, *Economic and social value of Australia Post in regional, rural and remote communities*, 2020, auspost.com.au/content/dam/auspost_corp/media/documents/australia-post-in-regional-rural-and-remote-communities.pdf (accessed 14 August 2020).

⁷³ Deloitte Access Economics, *Economic and social value of Australia Post in regional, rural and remote communities*, 2020, p. 37.

⁷⁴ Australia Post, *Submission 16*, p. 43.

⁷⁵ National Farmers Federation (NFF), *Submission 45*, p. 1.

- 3.64 Deloitte Access Economics partner, Mr John O'Mahony, noted that, with more than 80 per cent of Australia's e-commerce activity facilitated by Australia Post, regional Australia was increasingly reliant on parcel delivery services, particularly as lockdowns drive consumers to online retailing:

The limited availability of alternatives for the fast and reliable delivery of parcels between regional and remote areas means that for many businesses operating outside of metropolitan cities, Australia Post's delivery infrastructure is essential for maintaining a high-quality experience for customers residing in other regional communities.⁷⁶

- 3.65 The NFF reported member concerns about a recent reduction in postal service levels in regional areas, including a decline in the frequency of deliveries in outer areas of Broken Hill, and called on government to ensure security of the regional postal network going forward.⁷⁷

- 3.66 The Small Business Ombudsman submitted that the lack of regulation in relation to parcel service pricing has resulted in 'seemingly arbitrary pricing structures'. This is characterised by higher prices in rural and remote areas where there is no competition, and 'bulk' discounts for bigger businesses, leading to higher costs for those who ship in small quantities:

This disproportionately impacts small and start-up businesses. Small business owners in rural and remote areas who rely on Australia Post for [getting] their products to clients are also at a significant disadvantage.⁷⁸

- 3.67 The NFF also commented on pricing, suggesting that any reduction in the requirement on Australia Post to maintain a network of rural and regional post offices could threaten the affordability of regional parcel deliveries:

The NFF recognise that delivering services to geographically remote locations comes at a higher cost, but stress that price discrepancies should be fair and reasonable and not overtly disadvantage regional, rural and remote Australians and businesses... Due to its legislated obligations, Australia Post has a physical presence and an existing distribution system across Australia. This provides Australia Post with an advantage over competitors in the regional parcel delivery market. For competitors who don't enjoy these advantages, the higher costs associated with operating a delivery service in regional Australia act as a disincentive to expand their services in these areas. Regional Australian businesses rely on Australia Post to fill this gap.⁷⁹

- 3.68 The NFF added that the pandemic has shown there is 'huge potential' for growth in regionally based businesses that ship parcels, but that these

⁷⁶ Australia Post, 'Australia Post delivers unprecedented \$2.4 billion eCommerce boom during COVID-19', *Newsroom*.

⁷⁷ NFF, *Submission 45*, p. 3.

⁷⁸ Australian Small Business and Family Enterprise Ombudsman, *Submission 1*, [p. 1].

⁷⁹ NFF, *Submission 45*, p. 3.

businesses cannot thrive without equitable and competitive postage and service from Australia Post.⁸⁰

3.69 The NFF recommended:

- Pricing and service standards must be competitive to support regional development and growth, including as part of the post-COVID-19 recovery and to support 'regionalisation'.
- Price discrepancies between metro and non-metro locations must be fair, reasonable and not overtly disadvantage regional, rural and remote Australians and businesses.
- That Australia Post recognise the large disparities in 'capital' and 'metro' vs 'remote' contract postage rates, and reconsider those postcodes that are classified as 'remote', particularly those that cover larger regional centres.
- That Australia Post look into the formalisation of important services such as the two-way mail system, which is particularly important to Australians who live in remote areas.⁸¹

3.70 Asked about pricing in regional areas, Finance stated:

With regard to pricing, following the recent Basic Postage Rate (BPR) increase in January 2020, Australia Post remains the second cheapest OECD country where there is a choice of delivery speed and fourth cheapest overall. Outside of the BPR which is subject to Australian Competition and Consumer Commission oversight, pricing of products and services is a matter for Australia Post.⁸²

3.71 The CEPU argued that the government should create a 'transformed universal service obligation' for Australia Post. The new service obligations would incorporate regulations around parcel delivery and pricing designed to 'break down the disadvantage that comes with distance, especially for farmers, small business owners and people living and working in rural, regional and remote Australia'.⁸³

3.72 The LPOGroup submitted that maintaining a viable retail network and reliable Australia Post services in rural areas is critical.⁸⁴ Mrs Cramp observed that the current LPO structure was created in 1990, with payments to licensees being 'transaction based', which can make it very difficult to make a living for regional licensee:

If you've got 300 people living in your small community, they don't sustain a post office on a transactional payment rate. There is a minimum payment

⁸⁰ NFF, *Submission 45*, p. 2.

⁸¹ NFF, *Submission 45*, p. 4.

⁸² Finance, *Submission 17*, p. 5.

⁸³ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 26.

⁸⁴ LPOGroup, *Submission 21*, p. 5.

for those licensees, and the minimum payment has been lifted to \$40,000 as a result of the previous Senate inquiry. But \$40,000 is still not a lot to run a commercial enterprise, especially if you are working from nine to five, and a lot of those smaller-type post offices are struggling to survive as a standalone outlet... But somebody has to pay for the rural and remote post offices to be there with 300 customers. It will never actually be funded well on a transactional basis.⁸⁵

3.73 Ms Holgate said Australia Post strongly believes ‘in the role of the post offices in communities’, and of the role of the postal service for rural and regional Australia more broadly, as evidenced during the 2019-20 summer bushfires.⁸⁶

3.74 The Deloitte regional report identified the following roles for Australia Post in regional communities going into the future:

As infrastructure supporting the digital and e-commerce economy, through parcel delivery and identity services, Australia Post’s role should grow. As a service centre for the growing financial services and public sector agencies, there is also considerable potential for an expansion in services.⁸⁷

Committee view

3.75 Even before COVID-19, the number of letters Australian households receive was in steady decline. In 2007-08, households were receiving around two letters *per day*; by 2021-22, it is predicted to be less than two letters *per week*.⁸⁸ At the same time, parcel volumes are increasing.

3.76 There is compelling evidence to indicate that the decline in letter volumes accelerated by the coronavirus pandemic will likely be sustained. What is less clear is whether the boom in parcels is a temporary feature of the pandemic, and associated lockdowns, or indicative of a long term shift in the purchasing behaviour of Australians.

3.77 The temporary regulatory relief provided by the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020 will assist Australia Post to manage its workforce and continue to meet the needs of Australians at this challenging time. However, the changes are temporary. Australia Post and its shareholder departments have work to do to develop and implement more permanent and sustainable solutions.

3.78 The committee notes the recent strategic reviews conducted into possible future directions for Australia Post by PricewaterhouseCoopers and the Boston Consulting Group. As these reviews are confidential, they were not made

⁸⁵ Mrs Cramp, LPOGroup, *Committee Hansard*, 8 July 2020, pp. 49–50.

⁸⁶ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 8.

⁸⁷ Deloitte Access Economics for Australia Post, *Economic and social value of Australia Post in regional, rural and remote communities*, 2020, p. 57.

⁸⁸ Communications, *Submission 18*, p. 3.

available to the committee as part of this inquiry, and are not available to be considered by stakeholders and those interested in the future of Australia Post.

- 3.79 However, recent Deloitte Access Economics research published by Australia Post demonstrates the continuing importance of Australia Post, its delivery services, and its post office network to Australia's society and economy, especially across rural, regional and remote Australia.
- 3.80 There are promising indications that Australia Post may have a significant role to play in supporting Australia's economic recovery post-pandemic. The committee is encouraged to see Australia Post positioning itself to assist small and medium sized businesses in particular to innovate, to build their freight networks, and to take advantage of future growth opportunities.
- 3.81 Any long term changes to the future of Australia Post's service delivery should be made after an adequate period of public consultation to which key stakeholders and all interested Australians may contribute.
- 3.82 The committee believes that government should commence a broad public consultation on options for the future role of Australia Post in Australia's society and economy.
- 3.83 The consultation should look at the full range of matters relating to the long term sustainability of Australia Post, including the changed domestic and global environment, the Community Service Obligations, the sufficiency of current legislation and regulations, the pros and cons of regulating parcel services and/or pricing, the adequacy of service provision to regional areas, and the future for LPOs, including the size and shape of the network, service offerings, and how licensees are remunerated.
- 3.84 Depending on the results of the consultation, the development and testing of regulatory and policy reforms may take some time. Particularly in light of ongoing uncertainty around the impacts of the pandemic, the committee has chosen not to recommend a timeframe for this work.
- 3.85 The committee acknowledges that there may be a need to consider an extension to the current regulatory arrangements, particularly if conditions associated with the coronavirus pandemic continue into 2021 and beyond. Any extension to the temporary regulations must be subject to consultation with stakeholders, and further scrutiny and disallowance by the Parliament.

Recommendation 3

3.86 Should the Australian government choose to implement future strategic changes to the postal service, the committee recommends the government commence a comprehensive public consultation on options for the future of Australia Post's service delivery, with the results to inform future regulatory and policy reforms.

The consultation process should consider the changing domestic and global environment, reforms implemented in other jurisdictions, and proposals for reform in relation to:

- the *Australian Postal Corporation Act 1989* and associated regulations, and the Community Service Obligations;
- regulating parcel services and/or pricing, especially in rural, regional and remote areas;
- proposals for guaranteeing accessible, reliable and affordable postal services in rural, regional and remote areas;
- the licenced post office network, how licensees are remunerated, and the number and location of licenced post offices;
- options for expanding the service offering of licenced post offices; and
- ways in which Australia Post can support Australian businesses and communities during the recovery from the coronavirus pandemic and beyond.

Senator the Hon David Fawcett
Chair

Dissenting report by Labor senators

- 1.1 Governments should not use COVID-19 as opportunistic cover to cut services and implement pre-existing agendas. This is an important principle.
- 1.2 Labor senators consider the Parliament must send this message loud and clear, given the government has been swimming in a sea of dishonesty.
- 1.3 The evidence in this dissenting report from Labor senators addresses the evolving train of misleading arguments which have been used to justify these regulations:
 - 1 Australia Post was going broke because of COVID – false
 - 2 Addressed letter volumes had collapsed – false
 - 3 Postal workers only deliver letters and were not busy – false
 - 4 The changes were so urgent the government could not consult – false
- 1.4 These regulations began as a plan to cut costs, which is what the government had been considering before the pandemic.
- 1.5 Further, the service cuts the government claims are “temporary” are in fact intended to be permanent.
- 1.6 The direction of this agenda is outlined in the \$1.3 million Boston Consulting Group report that was initiated in November 2019 and handed to the Finance Minister on 21 February 2020¹—before COVID-19 impacted Australia. The government has exercised public interest immunity to prevent the release of this document to the Senate.²
- 1.7 Notably, the Finance Department—and not the Communications Department—contracted this body of work because the emphasis was to reduce service levels and cut costs out of Australia Post.³
- 1.8 Labor senators note the most senior public servant in the Department of Infrastructure even gave evidence to the Senate that the Cabinet had already resolved to consider the recommendations of the BCG report prior to COVID-19, confirming the government was considering cuts prior to COVID-19:

MR ATKINSON: My recollection was it [the BCG report] was commissioned by cabinet to come back to cabinet for consideration, and it

¹ Mr Nick Macdonald, General Counsel and Company Secretary, Australia Post, *Committee Hansard*, 8 July 2020, p. 5.

² Letter from Senator Cormann, Minister for Finance, Department of Finance, *Answers to questions taken on notice at public hearing in Canberra*, 8 July 2020 (received 21 July 2020) in response to requests for release of the BCG report, 20 July 2020, p. 4.

³ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 7.

came back in its normal scheduled time. That just happened to be in COVID-19.⁴

- 1.9 The *Australia Post Strategic Review Final Report* was also presented to the Australia Post Board in May 2018, which covered in detail later in this dissenting report.
- 1.10 The dishonest foundation on which these changes began is evidenced through the multiple untruths the government has felt compelled to tell.

Misleading narrative #1 – impact of COVID-19 on revenue

- 1.11 First, it was claimed on 31 March 2020 that Australia Post was going to be in serious financial difficulty and therefore had to cut costs because of declining revenues.⁵ This claim was made in the media on the same day Australia Post wrote to shareholder ministers requesting regulatory relief.
- 1.12 For starters, evidence to the Senate has revealed that Australia Post revenues were ahead of budget as a result of COVID-19,⁶ which makes sense given the strong growth in parcels and the dominant market share Australia Post has in that segment.
- 1.13 Labor senators also note evidence to the Senate has established parcel volumes in April 2020 were 37.2 per cent higher in April 2020, than in March 2020.⁷
- 1.14 Embarrassingly, the government was even subsequently forced to admit that '[r]evenue generated through reserved service letters was higher than budget in March 2020',⁸ despite the claims made on 31 March 2020.
- 1.15 In other words, the narrative given to the public was at odds with internal facts and figures available to the management of Australia Post.

Misleading narrative #2 – impact of COVID-19 on addressed mail

- 1.16 On 21 April 2020, the day the government announced its decision to amend the regulations without any prior consultation, the Australia Post CEO made the following claims to the Sydney Morning Herald:

⁴ Mr Simon Atkinson, Secretary, Department of Infrastructure, Transport, Regional Development and Communications, *Senate Select Committee on COVID-19 Committee Hansard*, 6 August 2020, p. 52.

⁵ 'Australia Post forced to slash costs as coronavirus hits revenues', *The Australian*, 31 March 2020.

⁶ Jared Lynch and Damon Kitney, 'Australia Post ahead of budget despite pleas for changes', *The Australian*, 24 June 2020.

⁷ Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020*, received 17 July 2020, p. 8.

⁸ Senate Estimates, Question on Notice 1516, 23 June 2020.

Letters have dropped 50 per cent some days and unaddressed mail, used by businesses for promotional material, has collapsed by 75 per cent. Passport business is down 50 per cent.

‘It’s almost like we have had five or 10 years squashed into one month,’ Ms Holgate told *The Sydney Morning Herald* and *The Age*. ‘The amount of decline that we could probably have expected over five years has happened in letters, but in parcels there has also been that massive growth.’⁹

- 1.17 On 1 April 2020, the Australia Post CEO was also quoted in *The Australian* as saying; ‘In just the last week we have witnessed our letter volumes fall over 30 per cent’.¹⁰
- 1.18 However, the Senate subsequently obtained evidence which showed the claims about addressed letters in March and April were not just selective exaggerations, but outright nonsense.
- 1.19 Addressed letter volumes actually increased from 139 million in February 2020 (before COVID) to 155 million in March, an increase of 12 per cent.¹¹
- 1.20 And then in April 2020, addressed mail volumes were 139 million—on par with February 2020 before the COVID shutdown began.

	February 2020	March 2020	April 2020
Addressed letter volumes	139 million	155 million	139 million
Australia Post claims in media about letter declines		-30%	-50%
Actual addressed letter trends compared to February 2020 baseline¹²		+12%	0%

- 1.21 Why did the Government feel the need to so mislead about this at the time of amended regulations were announced?

Misleading narrative #3—the Minister claiming posties didn’t deliver parcels

- 1.22 On 26 June, the Minister for Communications wrote to Senator Fierravanti-Wells and claimed postal delivery workers were not busy

⁹ Fergus Hunter, ‘Australia Post hit with a decades worth of disruption in a month, CEO says’, *Sydney Morning Herald*, 21 April 2020.

¹⁰ Eli Greenblat, ‘Australia Post cuts costs despite parcel surge’, *The Australian*, 1 April 2020.

¹¹ Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020*, p. 8.

¹² February 2020 has been chosen as the month before COVID-19 impacts in Australia began.

enough and that the amended regulations would ensure they have work to do.¹³

- 1.23 Front-line postal workers have never been busier and this was an incredibly ignorant and uninformed assertion to make.
- 1.24 The minister also wrote to a Senate scrutiny committee claiming the amended regulations were making it possible for the postal workers “previously dedicated to handling and delivering letters” to be liberated and redeployed to deliver parcels.¹⁴
- 1.25 This is also false. There is no such thing as a postie dedicated to delivering letters.
- 1.26 Posties deliver parcels and letters, including essential medicines—and have done so for years every day of the week.
- 1.27 Labor senators note the Executive General Manager of deliveries at Australia Post gave the following evidence to the Senate in 2018 which dismantles the false assertions made by the Minister:
- MR BARNES: Today we see nearly 45 per cent of all parcels delivered by posties. So when you think of the context of the letters declining at 10 per cent per year, that's been a big boost for our posties in keeping them busier out there. We expect to see that close to 50 per cent within a year and a half.¹⁵
- 1.28 This indicates postal workers delivered 150 million more parcels in 2019 than the minister would like to acknowledge.
- 1.29 Why would the minister feel the need to make such a false and unnecessary assertion?
- 1.30 The minister has used such language in letters and in Question Time to imply postal workers have less and less to do as letter volumes decline, but in fact, as letter volumes decline, postal workers deliver an increasing volume of small to medium sized packets and parcels.
- 1.31 The government then tried to misrepresent the volume of parcels being carried by postal delivery workers, only to have the CEPU expose the tactics of seeking to manipulate productivity data during the public inquiry:

¹³ Letter from Minister Fletcher to Chair of the Senate Standing Committee for the Scrutiny of Delegated Legislation, 27 June 2020, pp. 3-4, www.apu.gov.au/-/media/Committees/Senate/committee/regord_ctte/index-of-instruments/2020/A-E/F2020L00579.pdf?la=en&hash=6E23FC40D7A98B5D73C3F04290EB2DFBA5C000AC (accessed 25 August 2020).

¹⁴ Letter from Minister Fletcher to Chair of the Senate Standing Committee for the Scrutiny of Delegated Legislation, 27 June 2020, p. 3 and p. 4.

¹⁵ Mr Rod Barnes, General Manager, Deliveries, Australia Post, Senate Environment and Communications Legislation Committee, *Official Committee Hansard*, 23 October 2018, p. 55.

Mr Murphy: We had concerns about the modelling with the ADM going on. Initially, Australia Post's modelling showed that our posties only averaged—in Australia Post's modelling—around 50 parcels a day. On average—this is reported to the union precisely—they carry up to 90 a day. In particular, on many days they're above the 90. Lee could talk to these points. They're carrying more than 90 packets or parcels a day at the moment. We put the pressure on Australia Post early on, when they finally came to us about this ADM, and said that their modelling was simply wrong. Currently with four posties today, averaged over four rounds at 90 parcels, that's an average of carrying 360 packets and parcels today over four rounds. What Australia Post was proposing—by their modelling—was showing, in essence, that their modelling was wrong, moving forward at the ADM. **When we challenged these numbers, we saw posties complaining to us that, all of a sudden, their packets and parcels were dropping off from their delivery bag on a daily basis and being shifted to contractors. We believe this was, in essence, to try to match up the average being provided to us of them only carrying 50 a day, when in fact we were providing figures that they were carrying 90 a day.** [emphasis added]

Senator MARIELLE SMITH: Just to clarify: prior to COVID-19, can you tell me what proportion of a postie's products would be parcel and packet based as opposed to letter based?

Mr Murphy: Ten years ago they were carrying around 1,200 letters a day in their pannier bags on their motorcycles. Today, prior to COVID-19, that would have been around the 400 or 500 mark. They were carrying, in essence, on average 90. Some days, and Lee will report, they carry 150 packets or parcels, depending on the volume. So more than 50 or 60 per cent of their work today is already packets and parcels on their rounds.

Senator MARIELLE SMITH: So to anyone who is under this misleading impression that our postal workers aren't trained in parcel deliveries, what would you say?

Mr Murphy: They absolutely deliver them today. ¹⁶

- 1.32 Labor senators consider non-commercial actions inside a publicly owned Government Business Enterprise, to manipulation productivity and operational data for political purposes, may warrant examination by the Auditor General.

Misleading claim #4—the government claiming there was no time to consult

- 1.33 The Minister for Communications has claimed the government did not have time to consult with anyone because the circumstances were so urgent.¹⁷

¹⁶ Mr Shane Murphy, National President, CEPU, *Committee Hansard*, 8 July 2020, pp. 42-43.

¹⁷ Letter from Minister Fletcher to Chair of the Senate Standing Committee for the Scrutiny of Delegated Legislation, 27 June 2020, pp. 3-4.

- 1.34 However, Australia Post wrote to members of Parliament in the week of 10 August 2020 advising the alternate day delivery model was only just coming into effect by 31 August 2020.
- 1.35 This is more than 120 days from the government announcement on 21 April 2020.
- 1.36 What exactly has been happening in those 120 days?
- 1.37 If the changes were so urgent such that the minister claims he could not consult anyone about them — then why has it taken four months to implement them?
- 1.38 And why did the Minister for Communications refuse to give postal unions a copy of the draft regulations when they met with him on 27 April 2020?¹⁸
- 1.39 Labor senators contend this is because the delivery model designed by Australia Post was done on the explicit basis that 1 in 4 postal workers would not be assigned to a role, which is precisely what was set out in their internal briefings.
- 1.40 Management and government had planned to make 1 in 4 postal workers redundant, by targeting older workers, and evidence to the committee is this is what postal workers were being told around the country by their own local managers:

Senator GREEN: I will have some questions about the MOU a little later. Can I just be clear so that this is understood: there is the document that you were briefed with, which shows that Dan is no longer assigned to around, no longer has a round to perform. And what you're saying today is that that information was not only briefed to you, it was also briefed to senior management and also out to workplaces?

Mr Murphy: Correct. They were briefed at workplaces similar to Lisarow—and I'm sure Lee can comment— that one in four posties no longer had a job to do.

Senator GREEN: Mr Morton, was that the briefing that you received?

Mr Morton: From our management at our delivery facilities, yes.¹⁹

- 1.41 And

Senator GREEN: Mr Morton, what exactly were you were told? We need some details here, if you've got them, because this is quite important. In your workplace, what exactly were you briefed and who were you briefed by? What did they say about that fourth postal worker, what did they say was going to happen to Dan?

¹⁸ Mr Patrick Massarani, Industrial Officer, New South Wales Postal and Telecommunications Branch, CEPU, *Committee Hansard*, 8 July 2020, p. 34.

¹⁹ Mr Lee Morton, Postal worker, Australia Post, *Committee Hansard*, 8 July 2020, p. 32.

Mr Morton: Management told us there'd be four runs. One would be delivering parcels and one would be delivering mail. There'd be two people, doing beat 1 and beat 2. That day they'd be delivering parcels. Beat 3 would be delivered mail, of four rounds. It makes sense that, if there are only three people delivering, and there are four rounds, it will be delivered the next day. Where has the other person gone? Where has the fourth person gone if they haven't got somewhere to deliver?²⁰

- 1.42 Once Labor and the unions combined to put a stop to the planned job cuts, Australia Post went back to drawing board and have spent months trying to figure out how to integrate the fourth postal worker into a model that was only designed for three.

Recommendations

Recommendation 1

- 1.43 **The regulations be disallowed to send the government a clear message that COVID-19 should not be used as cover for their pre-existing agendas.**

Recommendation 2

- 1.44 **The Auditor General examine the surveillance directions of senior Australia Post management, which resulted in the monitoring of staff emails and phone records, for compliance with internal company policy and Australian law.**

Recommendation 3

- 1.45 **The Auditor General examine financial expenditure within Australia Post for the final quarter of financial year 2019-20, for irregular spending directions and activity, and potential statistical manipulations, that were guided by political objectives, and not commercial objectives.**

Recommendation 4

- 1.46 **The Government release the Boston Consulting Group review of Australia Post report which was handed to them on 21 February 2020.**

Recommendation 5

- 1.47 **The 31 March 2020 letter from Australia Post to the Minister for Communications and Minister for Finance, requesting regulatory relief, be publicly released.**

²⁰ Mr Morton, Australia Post, *Committee Hansard*, 8 July 2020, p. 33.

Recommendation 6

1.48 Australia Post review its procurement principles and seeks to incorporate sections of the Commonwealth Procurement Rules into these principles, particularly relating to local content of purchases.

1.49 The following sections outline key evidence that was provided to the Senate inquiry in relation to 2018 Strategic Review, and the withholding of mail.

These changes have been planned for some time

1.50 Labor senators are of the view that the changes that Australia Post is seeking to impose with these regulations has been the plan for some time and that they will be more than temporary.

1.51 The *Australia Post Strategic Review Final Report* was presented to the Australia Post Board in May 2018. Labor senators contend that recommendations in the report go to the simplification and modernisation of the regulatory framework, while seeking direct changes to:

- retail access;
- delivery frequency;
- delivery timetable;
- pricing; and
- delivery timetable.

1.52 The recommendations of Ms Holgate's strategic review from 2018 are almost identical in outcome to the regulations before this inquiry.

1.53 Although the CEO of Australia Post disputes Labor senators' claims:

Ms Holgate: I do not recall ever saying in my strategic review in May 2018 that I wanted to close post offices in rural and regional Australia. On the contrary, I've fought for Bank@Post.

Senator KIM CARR: That's what the report says, doesn't it?

Ms Holgate: No, it doesn't.²¹

1.54 Although, Labor senators understand that section 8 of the Australia Post Strategic Review makes recommendations for regulatory change that directly impact retail outlets.

1.55 In questions on notice Australia Post did finally concede that there were 'conceptual similarities' between the Australia Post Strategic Review from May 2018 and the regulations in before the committee:

Options identified under the heading 'Simplification and modernisation of the regulatory framework' included seeking modification to Australia

²¹ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 8.

Post's prescribed performance standards. While acknowledging some conceptual similarities...²²

1.56 This evidence from Australia Post combined with the evidence from the National President of the CEPU/CWU led Labor senators to hold the view that the claims that this regulatory relief are simplify temporary are insincere:

Mr MURPHY: By way of example, the fiction Australia Post and the government maintain that these measures are temporary is just crafty spin. At every opportunity, Australia Post seeks to portray the changes as temporary. You will find that the words appear some 55 times in the 59 pages of their submission. In contrast, I draw the committee to page 7 of the Australia Post written submission, where they state: "If we are unable to maintain the temporary regulatory relief, our options to remain sustainable as a business are limited." Therein lies the admission that you are not making a decision on temporary change with these regulations.²³

Community Service Obligations

1.57 Since 1989, Australia Post has operated as a Government Business Enterprise (GBE) under the *Australian Postal Corporation Act 1989* (APC Act).

1.58 The APC Act provides for a set of community service obligations (CSOs) that must be adhered to in relation to Australia Post's letter service.

1.59 The CSOs describe the requirement for Australia Post to provide a reliable and accessible letters service for all Australians.

1.60 Key CSOs include:

- Section 27 (3): "Australia Post shall make the letter service available at a single uniform rate of postage for the carriage within Australia ..."
- Section 27 (4a): "Australia Post shall ensure, that in view of the social importance of the letter service, the service is reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business."
- Section 27 (4b): "Australia Post shall ensure that the performance standards (including delivery times) for the letter service reasonably meet the social, industrial and commercial needs of the Australian community."

1.61 These new regulations impact these obligations and standards.

1.62 Throughout the hearings there were several exchanges that related to the *Australia Post Strategic Review Final Report*, dated May 2018.

1.63 Labor senators contend that this 2018 report has recommendations that are enacted by the Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020:

²² Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020*, p. 7.

²³ Mr Murphy, CEPU, *Committee Hansard*, 8 July 2020, p. 26.

Senator KIM CARR: Well, suddenly it's cuts to services. What troubles me about this report is that there are numerous references—numerous references!—to recommendations which mysteriously appear in these regulations that you say are temporary: increasing delivery timetable for regular letters, increasing priority delivery timetables, reducing the number of SPCs to 10,000. I can go on and on: reducing the number of service outlets in the country. This is a report that you presented to the board which you say was part of the structural change you were seeking. Your report, as you describe it, mysteriously turns up as part of these temporary regulations. How do you account for that?

Ms Holgate: The temporary regulations are not what's in that report. The temporary regulations are for relief for letter standards inside metro areas. We need support for delivering parcels. If you have a better view, Senator, on how we can deliver these parcels faster, how we can support this country better—

Senator KIM CARR: It's not my job to give a better view. My job is to ask you to answer the questions accurately.

Ms Holgate: I believe I have answered them—²⁴

- 1.64 Recommendations in the report go to the simplification and modernisation of the regulatory framework, while seeking direct changes to retail access, delivery frequency, delivery timetable, pricing and delivery timetable.

Senator KIM CARR: Sure. I just want to know whether or not, under the heading 'Simplification and modernisation of the regulatory framework' in your report, a number of the recommendations that appear in these so-called temporary regulations were contained in that report?

Ms Holgate: I have not got a copy of the report in front of me.²⁵

- 1.65 Labor senators are disappointed that Australia Post officials sought to avoid answering questions around the review in the hearing but confirmed the existences of the review and parts of its contents through questions on notice:

Information presented by management to its Board of Directors is commercial-in-confidence. Publication of such information is likely to cause detriment to Australia Post as a consequence of confidential communications between management and its Board of Directors being publicly available. Notwithstanding, a report presented to the Board in May 2018 identified a number of strategic options for consideration in the interests of preserving Australia Post's financial sustainability. One option referred to was asking the Shareholder to consider temporarily funding the CSO in rural and remote locations, however the report identified clearly that this option would not be likely to be supported.²⁶

²⁴ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 24.

²⁵ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 24.

²⁶ Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020*, p. 5.

Slowing down the mail

1.66 Throughout the hearing Labor senators contended that Australia Post was slowing down the mail in a premediated fashion and COVID-19 is just the cover for its implementation:

Senator KIM CARR: Can you confirm that your report to the board in May 2018 calculated that the financial impact of increasing the delivery timetable, which you describe in the report as 'slowing down the mail', would have a cost saving of \$184 million per annum?

Ms Holgate: I can't, Senator, because I don't have a copy of the report in front of me.

Senator KIM CARR: But you'll be able to take that on notice, won't you.

Ms Holgate: I'm happy to take it on notice.²⁷

1.67 In questions on notice Australia Post confirmed that:

Information presented by management to its Board of Directors is commercial-in-confidence. Publication of such information is likely to cause detriment to Australia Post as a consequence of confidential communications between management and its Board of Directors being publicly available. Notwithstanding a report presented to the Board in May 2018 identified a number of strategic options for consideration in the interests of preserving Australia Post's financial sustainability. One option referred to, estimated at the time to have an approximately \$184 million per annum cost saving but not recommended for consideration at the time, was – after addressed letter volumes had declined beyond a level not at the time anticipated for many years – increasing the delivery timetable for regular letters by three days.²⁸

1.68 The impact of such a change in Australians would be significant.

1.69 For Australians living in rural and remote areas, this change could mean a delivery standard of up to 10 days, depending on where the letter originates.

1.70 To 'slow down the mail' would significantly reduce the utility of transactional mail requiring a payment, like bills. Which so many vulnerable Australians rely on.

1.71 Labor senators remain unsatisfied by Australia Post's responses that these so called temporary regulations have not been under consideration or development for some time:

Senator KIM CARR: Alright. It's just that you've said there are some major differences, and, from my reading, the strategic review also recommended a reduction in rural post offices and delivery times and a change in the structure along the lines you've just outlined, one of which you did present to the board in May, which I understood was your position, and now

²⁷ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 24.

²⁸ Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020*, pp. 6-7.

you're saying there are similar recommendations in Boston which you didn't agree with. Have I understood that correctly or not?

Ms Holgate: I do not recall ever saying in my strategic review in May 2018 that I wanted to close post offices in rural and regional Australia. On the contrary, I've fought for Bank@Post.

Senator KIM CARR: That's what the report says, doesn't it?

Ms Holgate: No, it doesn't.²⁹

Australia Post's conduct during the inquiry

- 1.72 Labor senators echo the concerns of the broader committee on the way that Australia Post has conducted itself with this inquiry and the Senate more broadly.
- 1.73 Labor senators are of the view that the conduct of senior officials from Australia Post have not met the standard that is expected of them in meeting their obligations as a Government Business Enterprise.
- 1.74 Attempts to avoid parliamentary scrutiny and transparency are not what Australians expect from their national postal delivery service.
- 1.75 Failing to provide information on the basis of commercial-in-confidence may be an acceptable tactic in private logistics company, but it is not acceptable to the Australian Senate when an insufficient reason has been given.
- 1.76 The answers to questions about Australia Post's Community Service Obligations is one area where Labor senators feel Australia Post has not met this standard:

Senator KIM CARR: Okay, I'll take your questions on notice and pursue this further. The CEO has made comments, certainly to Senator Patrick, about the community service obligations. You said—if my notes are correct; please clarify if necessary—that to your knowledge 'there's been no discussion with regards to the community service obligation'. Is that your evidence?

Ms Holgate: On the overall community service obligation, other than the temporary regulatory relief.

Senator KIM CARR: I see. You indicated to me earlier that your report entitled 'A final report and strategic review' was presented to the board in May 2018. There was a specific section on the community service obligation and a recommendation, which you presented to the board, that 'Australia Post requests that the shareholders consider funding the CSO in rural and remote locations for a five-year transitional period'. Do you recall that recommendation?

Mr Macdonald: If I could, Chair. We talked about these reports earlier. I think it's important for us to note that this particular report was prepared on a confidential basis, provided to our shareholder department—

²⁹ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, p. 8.

Senator KIM CARR: Sorry, who's speaking?

Mr Macdonald: My name's Nick Macdonald.

Senator KIM CARR: You're the chief counsel, right? You'd know something about parliamentary procedure, surely? I've asked the CEO for a direct answer, given that she's provided evidence and there are quite serious implications for giving misleading evidence to a Senate committee. We've been specifically told that this matter had not been discussed, to this witness's knowledge. I'm just trying to establish: was it the case that this report, which she presented to the board in May 2018, specifically recommended changes to the community service obligations?

CHAIR: Senator Carr, can I clarify? Was the recommendation you read out from an Australia Post report?

Senator KIM CARR: Yes, an Australia Post report, Mr Chairman, presented by the CEO to the board.

CHAIR: The recommendation you read out was seeking funding by the stakeholders, not a change to the CSO?

Senator KIM CARR: That's right. I've read it accurately, have I not, Ms Holgate? Have I accurately reflected the recommendation that you put to the board?

Ms Holgate: My apologies, Senator, I don't have a copy of that report in front of me. It is a confidential document.

Senator KIM CARR: Well, it's not that confidential. I'm asking you now, did you make that recommendation to the board?

Ms Holgate: I've given you an answer, Senator. I'm happy to take it on notice. I don't have a copy of the document in front of me.³⁰

- 1.77 Australia Post should closely follow Recommendation 1 of the committee's report and lift the standard of its presentation to the Australian Senate.
- 1.78 Labor senators look forward to seeing the benefit of this training the next time Australia Post presents before the Senate.

Australia Post procurement

- 1.79 Throughout the hearing Labor senators put questions to Australia Post about fleet procurement decisions and their impact on delivery services and standards.
- 1.80 It is acknowledged that Australia Post does not have to conform to the Commonwealth Procurement Rules when making purchasing decisions, however Labor senators are of the view that Australia Post's procurement processes are inconsistent and do not stack up when they are placed under scrutiny.

³⁰ Ms Holgate, Australia Post, *Committee Hansard*, 8 July 2020, pp. 22-23.

- 1.81 Following an Australia Post press release (see **Australia Post Media Release below**) issued on 12 June 2019, entitled 'Boost for local jobs through Australian built e-vehicle trial', Australia Post was asked a series of questions about the trial and agreements Australia Post has with the manufacturer.



Media Release

12 June 2019

Boost for local jobs through Australian built e-vehicle trial

In a boost for online shoppers and local manufacturing, Australia Post today announced the trial of a new Australian-built three-wheeled electric delivery vehicle.

Built in Melbourne's south-eastern suburbs, the new *Stealth OzPOD*, will service residents in the suburb of Lilydale over a five-week period, as Australia Post tests its features over different terrains, in a bid to complement existing electric vehicles in operational use.

Australia Post General Manager Network Optimisation, Mitch Buxton, said Lilydale is a perfect area to trial the new vehicle, with locals increasingly embracing online shopping, and more small parcels being delivered than ever before.

"We know that residents in Lilydale love online shopping. Health and beauty, fashion, and media are the most popular purchases among residents within the trial area," Mr Buxton said.

"In fact the yearly growth rate in Lilydale is higher than the national average at close to 21 per cent. The area saw almost 79 per cent of households purchasing online in 2018, above the national average of 73 per cent.

"The *Stealth OzPOD* has been developed over the past two and a half years, and is designed to cater for Australian conditions, with added safety and stability, wet weather, and gradient and surface measures.

"As our business continues to transform, we are equipping our posties to deliver more small parcels. In February we announced an order of 1,000 Swiss-built three-wheeled electric delivery vehicles, so this trial is another example of how we are looking at ways to keep our posties delivering for Australians and supporting local manufacturing businesses."

The *Stealth OzPod* has an increased carrying capacity of up to 720 litres and can travel up to 50 km/h. Australia Post will use the trial to review the vehicle's performance and identify where it can be introduced.



-ends-

For further information, please contact

National Media Line
03 9106 6666

1.82 In the press release Australia Post claims ‘we are looking at ways to keep our posties delivering for Australians and supporting local manufacturing businesses’. But when asked about the agreement with the firm, Australia Post responded:

Details of Australia Post’s agreement with a third party are commercial-in-confidence. Publication of such information is likely to cause detriment to those third parties as a consequence of their commercially sensitive information being publicly available.³¹

1.83 When asked about how many bikes Australia Post had been ordered locally:

Senator KIM CARR: That's right—if you can. But you're leaving this manufacture high and dry.

Mr Hindle: That is not correct.

Senator KIM CARR: How many vehicles have you actually purchased from them?

Mr Hindle: Through Stealth?

Senator KIM CARR: Yes.

Mr Hindle: None.

Senator KIM CARR: None!³²

1.84 Australia post did confirm to the committee that they had purchased 2,100 three-wheeled electric delivery vehicles from a Swiss firm Kyburz Switzerland AG. When asked what was the value of the contract with Kyburz Switzerland AG, Australia Post answered: ‘[t]he value of orders made from Kyburz Switzerland AG is confidential’.³³

1.85 Labor senators do find this answer concerning, given that this is Commonwealth money and the last order was made September 2019. There is no justification for withholding the details on this expenditure from a Senate committee.

1.86 What was more concerning was Australia Posts admission that there was justification for an open tender on the procurement of the electric assisted mail bicycles, but the same justification was not there for the three wheeled electric delivery vehicles instead choosing to undertake: ‘Market research, consultation

³¹ Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020*, p. 4.

³² Mr Colin Hindle, Senior Operations Manager, Head of One Network and Last Mile Implementation, Australia Post, *Committee Hansard*, 8 July 2020, p. 22.

³³ Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020*, p. 3.

with a number of postal operators including Swiss Post, and discussion with two potential suppliers'.³⁴

- 1.87 It seems that Australia Post makes loud overtures about supporting local firms with their procurement but when it comes to the facts, they don't stack up.
- 1.88 Labor senators are concerned about the ad hoc, inconsistent and secretive nature of Australia Post procurement processes, and urges Australia Post to take immediate action.
- 1.89 Thus Labor senators are recommending that Australia Post review its procurement principles and seek to incorporate sections of the Commonwealth Procurement Rules into these principles, particularly relating to local content of purchases.

Senator Nita Green
Committee member

Senator Marielle Smith
Committee member

Senator the Hon Kim Carr
Participating member

³⁴ Australia Post, *Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020*, p. 3.

Australian Greens' dissenting report

- 1.1 The Australian Greens are concerned that the government is using the exceptional circumstances of the COVID-19 pandemic to push through contentious changes to Australia Post.
- 1.2 We cannot support the measures in the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020 as there is significant concern in the community that these measures will not be a temporary measure for the duration of the pandemic, but will be extended by the government to become normal practice for Australia Post. Such measures put at risk the jobs of Australia Post workers as well as diminish the services Australians receive from their postal system.
- 1.3 The Australian Greens agree with the recommendation that, should the government choose to implement future strategic changes to the postal service, the government commence a comprehensive public consultation. In addition, the Australian Greens support the recommendation that all Australian government entities, including Australia Post, provide regular training and support to senior staff and officials to ensure they can meet their responsibilities to the Senate and its committees through understanding of the Senate procedures.

Recommendation 1

- 1.4 **That the Senate disallow the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020.**

Senator Sarah Hanson-Young
Deputy Chair

Appendix 1

Submissions and additional information

- 1 Australian Small Business and Family Enterprise Ombudsman
- 2 Mr Mark Bright
- 3 Mr Geoff Rohrsheim
- 4 MGI Learning
- 5 Frontline Business Catalyst
- 6 South Australian Wine Industry Association
- 7 Woodbridge Post Office
- 8 National Retail Association
- 9 Australia Post Licensee Advisory Council
- 10 Qantas Airways Limited
- 11 Mrs Gail Doyle
- 12 Kogan.com Ltd
- 13 Converge International
- 14 Australian Library and Information Association
- 15 Mr Paul Alexander
- 16 Australia Post
- 17 Department of Finance
- 18 Department of Infrastructure, Transport, Regional Development and Communications
- 19 Communication Workers Union Victorian Branch
 - 19.1 Supplementary to submission 19
- 20 CEPU Communications Division (CWU)
- 21 LPOGroup
- 22 Community and Public Sector Union
- 23 Australian Manufacturing Workers' Union
- 24 Commonwealth Ombudsman
- 25 Committee for Economic Development of Australia
- 26 Logan City Delivery Centre
 - 26.1 Supplementary to submission 26
- 27 UNICEF Australia
- 28 Australian Logistics Council
- 29 E-Commerce Reference Group (ECRG) / Freight & Trade Alliance (FTA)
- 30 Linfox
- 31 Pillow Talk
- 32 Cleaver Firearms
- 33 CEPU Tasmania
- 34 Per Capita Australia
- 35 Ms Marilyn Siranovic

- 36 Ms Samantha Chimirri
- 37 Country Women's Association of NSW
- 38 Mr Stephen Cassar
- 39 Beginning Boutique
- 40 KordaMentha
- 41 Mr Carl Bounds
- 42 Mr Angus Bain
- 43 The Real Media Collective
- 44 eBay Australia & New Zealand
- 45 National Farmers Federation
- 46 Orange Sherbert
- 47 Australian Retailers Association
- 48 Optus
- 49 Western Sydney University
- 50 IVE Group Australia
- 51 Indigenous Literacy Foundation
- 52 am actuaries
- 53 Australian Human Rights Commission
- 54 Park Holme LPO
- 55 mlcoa
- 56 Oroton
- 57 Middlemount Post Office
- 58 Ms Jan Battam
- 59 *Name Withheld*
- 60 *Name Withheld*
- 61 *Name Withheld*
- 62 *Name Withheld*
 - 62.1 Supplementary to submission 62
 - 62.2 Supplementary to submission 62
 - Australia Post response to submission 62
- 63 *Confidential*
- 64 *Confidential*

Answer to Question on Notice

- 1 LPOGroup - Answers to question taken on notice at public hearing in Canberra, 8 July 2020 (received 17 July 2020)
- 2 Department of Infrastructure, Transport, Regional Development and Communications - Answers to question taken on notice at public hearing in Canberra, 8 July 2020 (received 17 July 2020)
- 3 Australia Post - Answers to question taken on notice at public hearing in Canberra, 8 July 2020, and additional written questions provided 10 July 2020 (received 17 July 2020)

-
- 4 Department of Finance - Answers to questions taken on notice at public hearing in Canberra, 8 July 2020 (received 21 July 2020)
 - 5 Australia Post - Answers to additional written questions provided 21 July 2020 (received 29 July 2020)

Correspondence

- 1 Unsigned anonymous submission from "Staff", received 8 July 2020

Form Letters

- 1 Examples of form letters from businesses, 125 received
- 2 Examples of form letters from charities, 18 received

Tabled Documents

- 1 Tabled 8 July Executive Council Minutes 1901 tabled by Senator Patrick
- 2 Tabled 8 July Australia Post Union Briefing 21 May 2020
- 3 Tabled 8 July Australia Post Post Charges
- 4 Tabled 8 July Australia Post to Greg Rayner

Appendix 2

Public hearing and witnesses

Wednesday, 8 July 2020

Committee Room 2S3

Parliament House

Canberra

Australia Post

- Ms Christine Holgate, Group Chief Executive Officer & Managing Director
- Ms Susan Davies, Executive General Manager, People & Culture
- Ms Nicole Sheffield, Executive General Manager, Community & Consumer
- Mr Colin Hindle, Head of One Network & Last Mile Implementation
- Mr Rodney Boys, Group Chief Executive Officer
- Mr Rod Barnes, Executive General Manager, Deliveries
- Mr Ingo Bohlken, Executive General Manager, Product & Innovation
- Mr Gary Starr, Executive General Manager, Business Government and International
- Mr John Cox, Executive General Manager, Transformation & Enablement
- Mr Nick Macdonald, General Counsel & Corporate Secretary

CEPU Communications Division (CWU)

- Mr Shane Murphy, National President
- Mr Greg Rayner, National Secretary
- Mr Patrick Massarani, Industrial Officer
- Mr Lee Morton, Postal Worker

Communication Workers Union Victorian Branch

- Mr Leroy Lazaro, State Secretary

Community and Public Sector Union

- Ms Brooke Muscat-Bentley, Deputy National President

Australian Manufacturing Workers' Union

- Ms Lorraine Cassin, Assistant National Secretary, Print and Packaging Membership Area
- Mr Warren Tegg, National Director of Policy
- Mr Andrew Dettmer, National President
- Ms Margaret Hogan, National Industrial Officer

LPOGroup

- Ms Angela Cramp, President
- Ms Gail Doyle, LPOGroup New South Wales Committee Chairperson

Department of Infrastructure, Transport, Regional Development and Communications

- Mr Richard Windeyer, Deputy Secretary
- Mr Lachlann Paterson, Acting First Assistant Secretary, Communications and Consumer Division
- Ms Rebecca Rush, Assistant Secretary, Communications and Consumer Division

Department of Finance

- Mr Andrew Jagers, Deputy Secretary, Commercial and Government Services
- Ms Stacie Hall, First Assistant Secretary, Commercial Investment Division, Commercial and Government Services
- Mr Hew Atkin, Assistant Secretary, Communications and Energy Investments, Commercial Investments Division, Commercial and Government Services