

1 April 2024

Mr Daniel Caruso
First Assistant Secretary
Department of Infrastructure, Transport, Regional Development,
Communications and the Arts

Via email: postalconsultation@infrastructure.gov.au

Re: Amending the Australian Postal Corporation (Performance Standards) Regulation 2019

Australia Post welcomes the opportunity to respond to this consultation on amending the Australia Postal Corporation (Performance Standard) Regulations 2019, including to address issues raised by some stakeholders during this latest phase of consultation. This builds on Australia Post's 2023 submission to Government on the modernisation of postal services.

Common themes emerging from stakeholder submissions are questions about changes to delivery frequency and timeframes, geographic classification and priority mail.

We appreciate the ongoing engagement of stakeholders, directly with Australia Post and through the Government's consultation process. Australia Post has communicated with stakeholders at each stage of the reform process, including through roundtable discussions and meetings with customers.

The modernisation of Australia Post, via changes to the Performance Standards, is vital to ensuring a financially sustainable future for Australia Post and the services it provides the community. Australia Post remains committed to working closely with customers, partners and stakeholders to support their transition to working with a modernised postal service.

Australia Post recognises that any change requires thorough consideration, and a period of adjustment for all stakeholders, including our own team members and operations.

The need for change

Australia Post has made significant progress delivering on its Post26 Strategy, focusing on simplifying the business and enabling investment and innovation in parcel delivery. Disciplined cost management and revised operating model changes have started to deliver savings across the business. These changes, however, are not sufficient on their own. The proposed changes to Performance Standards are critical to secure the future financial viability of Australia Post.

Regulatory obligations have not kept pace with either digitisation or the cost of changing trends.



Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as employees, and recognise their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.

Meeting the current Performance Standards requires high and increasing fixed costs, that substantially exceed the revenue derived from our declining letter services. In FY23, the estimated cost to meet our Community Service Obligations was \$442.2 million, including \$237.3 million in rural and remote locations.

Without modernisation, Australia Post will need significant, ongoing financial support from the Government, drawing away resources that might otherwise be spent on the Australian people or on government services.

Letter delivery

The delivery frequency of letters is one of the most significant costs to Australia Post. Households are receiving an average of just over two letters each week. By the end of the decade, most Australian households are expected to receive less than one letter per week. In addition to this decline in letters, the number of delivery points continues to rise, from 10.5 million points in 2007-08 to 12.7 million points in FY23.

The proposed amendments to the Performance Standards will change how Australia Post delivers, drive greater efficiency to ensure Australia Post uses our resources more effectively, and continue to meet the changing needs of the community while also recognising the important role our Postal Delivery Officers play.

Under the proposed regulatory amendments, the delivery of regular letters would occur every second business day and delivery timeframes across Australia would increase by an additional business day. The proposed new delivery model is critical to the financial sustainability of the national postal service.

Australia Post has been trialling this approach in close consultation with team members across several sites. These trials have been successful. The model has been effective in driving efficiencies in the delivery of letters and parcels while maintaining meaningful work for our team members. We have not heard concerns from communities where the trials have taken place.

Australia Post will continue to work with a range of customers, including government departments and business customers, to support their transition to working with a modernised postal service. We recognise that Australia Post plays an important role in enabling some customers to meet their own obligations.

Australia Post is working particularly closely with the Australian Electoral Commission (AEC) to maintain the effective, consistent and reliable postal service on which it relies. Australia Post values its partnership with the AEC and our joint role in facilitating the democratic process in Australia. Given the nature of the AEC's role and its electoral obligations, Australia Post has had arrangements in place for some time with the AEC to underpin the successful delivery of events.

These arrangements are being updated in collaboration with the AEC as Australia Post modernises.

Our ongoing work with customers on modernisation recognises the need to balance customer and community expectations against the reality of a financially sustainable and ongoing postal service in Australia.

Priority mail

This also applies to arrangements with priority mail. While priority mail will be removed from the regulations under the proposed amendments, Australia Post will continue to provide a priority mail service on a commercial basis.

Amendments to performance standards for retail outlets

Australia Post welcomes the proposed amendments to the geographic classification contained within the Performance Standard. These amendments are an important step in ensuring the prescribed references for Australia Post are reflective of the current geographical classifications. The Australian Statistical Geography Standard (ASGS) developed by the Australian Bureau of Statistics (ABS) is the correct reference to ensure a modern standard for Australia Post. This change in classification does not impact the services provided at these outlets or the regulated minimum numbers of retail outlets that Australia Post must retain.

We are committed to working closely with our stakeholders and the community through these changes and will continue to provide a diverse range of services, including letters and parcel services, financial and retail. Australia Post will continue to communicate with stakeholders on changes, including on any amendments relating to the Performance Standards.

We are proud of the critical role we play in supporting communities across the country, particularly in regional and rural locations, and remain committed to ensuring a continued appropriate level of service to these locations.