

12 December 2023

Mr Stephen Palethorpe
Committee Secretary
Senate Environment and Communications Committee
By email: ec.sen@aph.gov.au

Dear Mr Palethorpe,

Supplementary Budget Estimates October 2023-24 – Clarifications

On 24 October 2023, in my capacity as Executive General Manager, Community, Sustainability & Stakeholder Engagement, I appeared with other Australia Post representatives as witnesses before the Environment and Communications Legislation Committee (Committee) for Supplementary Budget Estimates 2023-24. During the hearing my colleagues and I answered questions about various matters. The purpose of this letter is to clarify for the Committee a small number of responses provided to the Committee at the hearing.

In responding to questions on mail delivery and the number of retail outlets, an Australia Post witness referenced regulations put in place in 1989. To clarify, performance standards relating to mail delivery and retail outlets, are regulated under Regulation 5, 6, and Regulation 9 of the Australian Postal Corporation (Performance Standards) Regulations 1998.

In responding to questions from Senator Henderson about the letters business, an Australia Post witness stated that we have a very strict regime for cost allocation and that these were validated under ACCC guidelines. To clarify, the allocation of costs to the Letters Service is in accordance with Australia Post's Regulatory Account Procedure Manual (RAPM) and the method of cost allocation has not changed. The ACCC conducted a high-level review of Australia Post's cost allocation methodology in November 2022, and commented that "the ACCC is not aware of compelling evidence to suggest that Australia Post has been allocating costs in a way that subsidises its non-reserved section of the business to an extent that it would have a material impact on our findings".

In responding to Senator Henderson's questions on our non-reserved letters service, an Australia Post witness spoke to reasons for increasing costs. To clarify, in 2022-23, revenue for non-reserved letters was \$260.2 million down from \$283.0 million in 2021-22, with associated expenses of \$430.5 million down from \$442.9 million in 2021-22, leading to a loss of \$170.3 million. The increasing loss was predominantly driven by the 6.1% increase in Enterprise Bargaining Agreements applicable to all Australia Post Award employees, as well as the additional costs to support the growing number of delivery points.

In responding to Senator Davey's questions on our Post Office network, an Australia Post witness referenced the 4,271 Post Offices in our network "at present". To clarify, figures expressed as current during our hearing, are generally sourced from the Australia Post 2023



Annual Report, with data accurate as at 30 June 2023. 4,271 Post Offices was the size of the network on 30 June 2023.

In responding to questions about the Licensed Post Office Voluntary Handback program, an Australia Post witness listed some considerations. To clarify, there are a number of things assumed within the proposed handback payment for a licensee including, the lease commitment, the cost of fixtures and fittings, post office boxes and general merchandise. The cost of the Australia Post core stock that they have is considered separately, with the ability to sell back at cost. All these factors are considered.

In responding to a question on the number of voluntary license buyback letters sent, an Australia Post witness responded 274, to clarify 253 letters were sent.

In responding to Senator Pocock's questions about deliveries on weekly flights to Norfolk Island, an Australia Post witness mentioned consolidating post in Port Macquarie to uplift in one loop. To clarify, Australia Post consolidate in Brisbane, not Port Macquarie.

In responding to Senator Davey's question on Australia Post's Community Hub, an Australia Post witness spoke to the convenience of this retail format as it allows online shoppers to utilise changing rooms in the post offices and immediately lodge a return over the counter, if the item is unsuitable. To clarify, although returns can be lodged immediately, the refund of monies is not immediate and requires the parcel to be received by the seller.

In responding to Senator Henderson's about whether there had been any staff participation and involvement in campaigns for the Voice referendum, an Australia Post witness responded "No". To clarify, team members were not permitted to campaign or participate in the process as an Australia Post employee but were entitled to take time off to participate in the process in their own capacity.

In responding to Senator Henderson on the matter of bonuses, an Australia Post witness made reference to the remuneration report being fully aligned with APSC guidelines. To clarify, the information provided in the Australia Post remuneration report is prepared in accordance with disclosure requirements outlined in the *Public Governance, Performance and Accountability Act 2013* and the *Public Governance, Performance and Accountability Rule 2014*.

Sincerely,

Tanny Mangos
EGM, Community, Sustainability and Stakeholder Engagement

Email: