



Australian Government

Australian Government response to the
Senate Environment and Communications
Legislation Committee report:

The Future of Australia Post's Service Delivery

JANUARY 2021

Introduction

The Australian Government (the Government) welcomes the Senate Environment and Communications Legislation Committee report on the inquiry into *The Future of Australia Post's Service Delivery* (the Report).

The Government thanks everyone who participated in the public hearings, lodged submissions or otherwise participated in this inquiry. The Government recognises the issues investigated by the Committee are matters of great interest for all Australians, particularly those who reside in regional, rural and remote Australia.

Recommendations of the Senate Committee

Recommendation 1

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.

Response

The Government **supports** this recommendation.

Commonwealth departments, agencies and authorities, including the Australian Postal Corporation (Australia Post) and other Government Business Enterprises (GBEs), are responsible for familiarising themselves with parliamentary processes, and their responsibilities to the Parliament and its committees.

Notwithstanding this, the Department of the Prime Minister and Cabinet has published the *Government Guidelines for Official Witnesses Before Parliamentary Committees and Related Matters* at www.pmc.gov.au/resource-centre/government/government-guidelines-official-witnesses-parliamentary-committees-and-related-matters-february-2015. The guidelines are designed to assist departmental and agency officials, statutory office holders and the staff of statutory authorities in their dealings with the Parliament. This includes advice on providing written material to a parliamentary committee inquiry, preparing to give evidence as a witness and the procedures associated with public interest immunity claims.

The Department of Finance provides additional advice to Australia Post and other GBEs, which operate at arms-length from Government, through the *Commonwealth Government Business Enterprises – Governance and Oversight Guidelines* and other guidance material focussed on advising directors of a GBE of their accountability and governance requirements.

Further information is available at www.finance.gov.au/government-business-enterprises.

Australia Post has undertaken training on appearing before Senate Committees since the handing down of the Senate Committee's report.

Recommendation 2

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

Response

The Government **supports** this recommendation.

The temporary and targeted amendments made to Australia Post's prescribed performance standards are supporting Australia Post to manage its workforce and operations while continuing to provide important postal services during the unprecedented disruption caused by the COVID-19 pandemic.

These amendments provide Australia Post with the flexibility to adapt its workforce and network in response to changing consumer habits, specifically an acceleration of the long standing trends of increasing parcel volumes and decreasing letter volumes. Importantly, there is no change to letter delivery frequency in rural and remote areas, and post boxes continue to be serviced daily.

The Government notes the urgently required regulatory amendments were made in response to factors such as the reduction in passenger flights and COVID-19 related restrictions impacting Australia Post's ability to meet its prescribed performance standards. These factors continue to adversely impact Australia Post's network and workforce.

The flexibility afforded by the temporary regulatory relief will be particularly important during the 2020 peak Christmas period, with parcel volumes predicted to be 35 per cent higher than in 2019.

The Government notes that the appropriateness of continuing the regulatory amendments until 30 June 2021 will be reviewed by the end of 2020, giving consideration to (amongst other relevant factors) feedback from stakeholders impacted by the temporary amendments.

Recommendation 3

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

Response

The Australian Government **supports** this recommendation.

The changes to the Australian Postal Corporation (Performance Standards) Regulations 2019 that commenced on 16 May 2020 are temporary and were in response to the uncertainty surrounding the COVID-19 pandemic. The Government will continue to monitor developments to make sure Australia Post is equipped to meet the needs of all Australians.

Should the Government propose future strategic changes, it would undertake a robust consultation process to ensure all relevant stakeholder views are considered, as it did prior to the 2016 reforms to Australia Post's letters delivery standards. This included Australia Post conducting community engagement events, discussions with key stakeholders (small business, licensees, Australia Post's workforce and unions), a *National Conversations Portal* and a *Workforce Conversations Portal*, customer surveys, consultation with key Commonwealth departments and discussions with its international counterparts.

Dissenting report recommendations by Labor Senators

Recommendation 1

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.

Response

The Government **does not support** this recommendation.

Refer to the Government's response to Recommendation 2 made by the Committee to oppose the disallowance of the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020.

Recommendation 2

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.

Response

The Government **does not support** this recommendation.

Australia post operates at arm's length from the Government, and operational and staffing issues are matters for the Board and management of Australia Post.

Recommendation 3

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.

Response

The Government **does not support** this recommendation.

The Auditor General completes an audit of Australia Post's financial statements at the end of each financial year, and provides an independent auditor's report which is included as part of Australia Post's Annual Report each year.

For the 2019-20 financial year, the Auditor General determined that the financial statements of Australia Post give a true and fair view of its financial position as at 30 June 2020 and its financial performance for the year ended 30 June 2020. The financial statements complied with Australian Accounting Standards and the disclosure requirements provided for in the *Public Governance, Performance and Accountability (Financial Reporting) Rule 15*.

Recommendation 4

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

Response

The Government **does not support** this recommendation.

Consistent with the basis for the public interest immunity claim made in respect of this document by the Minister for Finance on 20 July 2020, the review of Australia Post by the Boston Consulting Group (BCG) was used to inform Cabinet deliberations.

It is a longstanding practice that information about the operation and business of the Cabinet is not disclosed publically, as to do so would potentially reveal the deliberations of the Cabinet which are confidential.

Recommendation 5

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

Response

The Government **does not support** this recommendation.

Consistent with the basis for the public interest immunity claim made in respect of this document by the Minister for Finance on 20 July 2020, the letter from Australia Post of 31 March 2020 was used to inform Cabinet deliberations.

It is a longstanding practice that information about the operation and business of the Cabinet is not disclosed publically, as to do so would potentially reveal the deliberations of the Cabinet which are confidential.

Recommendation 6

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.

Response

The Government **notes** this recommendation.

Australia Post operates at arm's length from the Government and its procurement principles are a matter for the Board of Australia Post and Australia Post management.

Dissenting report recommendations by Australian Greens' Senators

Recommendation 1

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

Response

The Government **does not support** this recommendation.

Refer to the Government's response to Recommendation 2 made by the Committee to oppose the disallowance of the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020.