

**Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity**

**Inquiry into the integrity of Australia's border arrangements**

**Questions on Notice by Australia Post during its appearance at the 11 September 2020 public hearings**

	<b>Topic</b>	<b>Question</b>	<b>Response</b>
1	Annual and daily Gateway volumes relatives to 2015	<p>CHAIR: Thank you for that opening statement. That was very useful. I have a few questions I might start with and then I'll move on to other members of the committee and see if they have any questions. Firstly, I note that the committee did visit the international mail facility back in November 2015. I didn't participate in that visit. It predated my time in this place. But I was reading some of the statistics from that visit in November 2015 and they referred to 100 million items per year being processed—250,000 a day, with 10,000 items scanned and 350 items inspected. I'm just interested to know, given the passage of time—it is nearly five years—what's been the change in volumes over that time? You can take this on notice.</p> <p>Mr Cope: I have accountability for the international service. I will be happy to take that question on the volume data on notice. I will need to refer to our datasets to give you an accurate answer to that question, if that's acceptable.</p> <p>CHAIR: That is acceptable.</p>	<p>In financial year 2019/20, Australia Post gateway facilities processed approximately 59.7 million parcel items. 44.4% of those items were scanned. In financial year 2014/15, 21.6% of items processed at Australia Post gateway facilities were scanned.</p> <p>All inbound mail is also made available to border agencies (Australian Border Force and the Department of Agriculture, Water and the Environment) for inspection, regardless of whether the item has or has not been scanned by Australia Post, and those agencies work with and direct Australia Post as to which items are to be diverted for secondary inspection. Australia Post does not maintain records of the volume of items inspected by personnel from border clearance agencies.</p>
2	Facility break-ins over last two years	<p>Senator BILYK: Have you actually had incidents where people that shouldn't be there have tried to be somewhere?</p>	<p>With over 4,800 operating locations nationally, incidents of trespass occur from time to time however our personnel are encouraged to challenge persons found to be on site without a</p>

	Topic	Question	Response
		<p>Mr Zuccato: We have had incidents where folks have trespassed in facilities; people have broken into facilities. We have had instances of theft within those facilities. The senator may be aware that with the explosion in electronic devices those are highly valued items, and people, on occasion, have been brazen enough to try and break into one of our facilities and steal things.</p> <p>Senator BILYK: On notice, could you give us some numbers and what sorts of areas those issues have happened around?</p> <p>Mr Zuccato: Certainly.</p> <p>Senator BILYK: Over the last two years maybe.</p> <p>Mr Zuccato: Yes, we can do that.</p> <p>Senator BILYK: Thank you.</p>	<p>valid reason. This “challenge culture” assists to reduce incidents of trespass before they impact our business operations and are not generally recorded.</p> <p>in theft, by way of example, during financial years 2018/19 and 2019/20, throughout our network of delivery centres, commercial buildings and retail outlets, we have recorded 393 incidents of break-in and theft, and 104 incidents of theft from street posting boxes. Instances of theft are of varying degrees of seriousness, ranging from minor to moderate. No serious incidents have occurred in this period.</p>
3	Security issues relating to parcel lockers	<p>Senator BILYK: That brings me to my next question. I was going to ask you about parcel lockers. Have you needed to address any potential security risks relating to parcel lockers? They're a bit of a security concern I understand because people can be quite anonymous when accessing imports. Can you tell us what you might have done there to increase any sort of detection?</p> <p>Mr Zuccato: Certainly. As with any service that's provided either by a parcel locker that's run by Australia Post or by other storage facilities that are run by other organisations,</p>	<p>We continually implement, monitor and improve monitor security measures relating to our parcel locker network. Registration arrangements for parcel locker service require each customer to verify their mobile number, email address, and also undertake online identity verification steps. We also work with law enforcement agencies to identify and manage issues involving accounts deemed to be at risk, to assist those agencies with their investigations, and to close accounts where deemed necessary or appropriate.</p>

	Topic	Question	Response
		<p>there's always the risk of compromise. One of the reasons why we've established such a robust security envelope for Australia Post is to identify when those security exposures might arise and to put in place measures to ameliorate those risks. We have had some security issues that have arisen with respect to parcel lockers, but one of the benefits of working so closely with authorities is that we can identify those issues and then ameliorate them through our systems and our processes. I can't specifically recall—and I can take it on notice—what those security issues may be, but certainly we are proactive in fixing them when they arise.</p> <p>Senator BILYK: If you could take that on notice, that would be great too.</p>	
4	Employee ongoing integrity processes	<p>Senator BILYK: ... I have just a couple more questions, and one is in respect of what Australia Post is doing to ensure the integrity of its employees. You've told us about the cameras and the AFP and that, but what about training updates and reminding staff of their responsibilities and things like that? Do you do anything like that?</p> <p>Mr Zuccato: We do have those programs in place in Australia Post, including things such as alcohol testing and a whistleblower program. In order to provide you with a fulsome response, could I take that on notice?</p> <p>Senator BILYK: Absolutely. That's fine.</p>	<p>Personnel working in the Australia Post corporate group (ie Australia Post or its controlled subsidiaries) are required to comply with a number of policies including the <i>Our Ethics</i> policy – our primary code of conduct artefact – and are required to undertake training programs in relation to those policies to ensure behavioural expectations are communicated and understood.</p> <p>As disclosed during the hearing, alcohol and other drug testing arrangements are also in place, and a whistleblower / public interest disclosure procedural framework is also in</p>

	Topic	Question	Response
			place to ensure instances of serious wrongdoing or systemic misconduct can be reported and managed appropriately.
5	Gateway scanning percentages relative to 2015	<p>Senator BILYK: Senator Scarr asked about scanning and the numbers of parcels being scanned. Back in 2015—I was at the Sydney mail facility back in November 2015—about four per cent of parcels, I think, were scanned. Bearing in mind that there seem to be a lot more parcels going around the world, have you put in place measures to increase the number of parcels that are scanned, with the increase in parcel volume?</p> <p>Mr Cope: Yes, we have. Firstly, we have scanning available for every item that comes through our gateways. In the last five years there has been significant progress made by most nations in providing a universal barcode, called a S10 barcode, on all international mail. We scan all of those barcodes. We are also in the process of implementing advanced electronic data, which is item-level manifesting; we can then link the scan event to the item as it arrives in Australia. As a consequence, the scanning ratio of our parcels for inbound international has increased significantly over the last five years.</p> <p>Senator BILYK: When you say 'significantly'—you might need to take this on notice—can you give me a percentage number around what that increase has been?</p>	<p>In financial year 2019/20, approximately 44.4% per cent of inbound parcel items received by Australia Post were scanned. All inbound mail is also made available to border agencies (Australian Border Force and the Department of Agriculture, Water and the Environment) for inspection, regardless of whether the item has or has not been scanned by Australia Post, and those agencies work with and direct Australia Post as to which items are to be diverted for secondary inspection. Australia Post does not maintain records of the volume of items inspected by personnel from border clearance agencies.</p>

	Topic	Question	Response
		Mr Cope: To give you a complete answer, I will take that on notice. In general terms most mail that comes in from overseas today is barcoded, and, therefore, has a scan event on it. The numbers have increased significantly from the four per cent that you experienced in 2015, but I will provide you a full answer on notice.	
6	Changes in volume of articles presented to ABF during COVID-19	<p>Mr ZAPPPIA: During the COVID-19 period, has there been an increase in the detection of drugs being sent through the postal system?</p> <p>Mr Zuccato: I would ask you to direct that question to Australian Border Force, if you would. We don't have those statistics.</p> <p>Mr ZAPPPIA: Sorry, why would Border Force know, more than Australia Post would know, whether Australia Post has detected more drugs?</p> <p>Mr Zuccato: We present product to Border Force on arrival in Australia. Border Force is the agency responsible for the examination and actual detection of—</p> <p>Mr ZAPPPIA: I'll rephrase the question: has there been an increase in the number of items that you've presented to Australian Border Force?</p> <p>Mr Zuccato: I'll need to take that on notice.</p>	<p>Australia Post has not identified a noticeable change in the number of items presented to Australian Border Force during the COVID-19 period.</p> <p>All inbound mail is made available to border agencies (Australian Border Force and the Department of Agriculture, Water and the Environment) for inspection, and those agencies direct Australia Post as to which items are to be diverted for secondary inspection.</p>

	Topic	Question	Response
		Mr ZAPPIA: Thank you.	
7	Employee initial screening processes	<p>Mr CONAGHAN: My questions are in relation to the integrity of staff, not about the screening of drugs or, perhaps, other firearms or items coming into the country. In the absence of a written submission by Australia Post, can you walk me through what the staff screening process is for new staff? Secondly, when was that process last reviewed? Thirdly, is there an ongoing integrity process—for example, every five years, is there a check on an employee? That's the first thing. Perhaps you could answer that question, Mr Zuccato.</p> <p>Mr Zuccato: We don't have an integrity testing program at Australia Post. I have recently seen the onboarding processes, but I don't have them to hand at the moment. I'm sorry. I can definitely provide them to you on notice.</p>	<p>Australia Post performs a due diligence process prior to employment for all employees of the Australia Post corporate group. The due diligence process is determined by the work group or role to be performed (for example, involving additional steps for staff whose work is in specifically regulated areas) but, at a minimum, consists of at least checking against the Federal Government's Visa Entitlement Verification Online (VEVO) system to ensure the person has a valid right to work, a National Police Check, and a pre employment medical assessment (which includes an alcohol and drug test, and a functional capacity evaluation).</p>
8	Pacific Islands capability upgrade proposal	<p>CHAIR: ... I was interested in your comments in relation to mail coming in from the Pacific. Does Australia Post liaise at all with our Pacific neighbours with respect to their capability to scan incoming and outbound international mail? Is there any cooperation between Australia Post and some of our Pacific neighbours who obviously would have some infrastructure challenges in that regard?</p> <p>Mr Cope: Thank you for the question. It is, in fact, a very good question. Australia Post has led a lot of work in the Pacific with those nations. In May last year, Australia Post presented a</p>	<p>A copy of the May 2019 presentation to the Department of Foreign Affairs and Trade is enclosed, which includes details about the proposal further to the detail provided by Mr Cope during the hearing.</p>

	Topic	Question	Response
		<p>proposal to the Department of Foreign Affairs and Trade seeking government investment in order for Australia Post to oversee a universal upgrade of the postal supply chains across the Pacific nations. Part of that program was, in fact, greater integration and alignment of postal information with customs and quarantine services as well as airline scheduling, and it was also about improving the needs for basic postal equipment so that they could provide tracking events and the electronic files for us to identify individual products of interest with our border agencies. Unfortunately, DFAT at the time did not have the funds available for our program of work. I hope that answers your question.</p> <p>CHAIR: It does. I wonder if you could perhaps take on notice to provide us some more details around that and perhaps even provide a copy of the submission to DFAT so we can understand the reasons for the submission and what capability was on offer. Would that be possible?</p> <p>Mr Cope: I'd be happy to do so.</p> <p>CHAIR: Okay, thank you.</p>	
9	Employee initial screening processes	Mr CONAGHAN: ... I think you were halfway through an answer about the screening process, and part of my question was: are you aware of when it was last reviewed for new employees?	The most recent formal review was in July 2019, however aspects of our pre-employment due diligence processes have also been informally reviewed since that time.

	Topic	Question	Response
		Mr Zuccato: I'm not aware of that. I'll have to take that one on notice.	
10	Employee ongoing integrity processes	<p>Mr CONAGHAN: Secondly, I asked about the ongoing integrity process. Is there any follow-up process? For example, a person gets a job at the age of 23 with Australia Post and then, in the next five years, joins an outlaw motorcycle gang.</p> <p>Mr Zuccato: There is not to my knowledge, but I'll have to take that one on notice to be 100 per cent positive.</p>	Concerns relating to the integrity of personnel are diligently investigated. In addition, ongoing processes are currently applied for staff whose work is regulated under Anti-Money Laundering and Counter-Terrorism Financing due diligence standards.
11	Contractor screening processes	<p>Mr CONAGHAN: Finally, is there any screening process for an external contractor to have a contract or work for Australia Post? If so, what are those checks and balances?</p> <p>Mr Zuccato: I'm aware that there are checks and balances, but again, so as to provide you with the most accurate information, I'll ask to take that on notice.</p> <p>Mr CONAGHAN: No worries. Thank you, Mr Zuccato.</p>	<p>Australia Post delivery contractors and their personnel are required to undergo a pre-engagement process before commencing Australia Post services.</p> <p>This process includes a National Police Check as well as checking against the Federal Government's Visa Entitlement Verification Online (VEVO) system to ensure the person has a valid right to work. When a contract or visa entitlement expires, relevant personnel are required to again complete the process.</p> <p>Delivery contractors are also required to immediately notify Australia Post of any criminal charges brought against personnel performing Australia Post services, and Australia Post is able to temporarily or permanently suspend an engagement where it believes the person represents an unacceptable security risk.</p>



	Topic	Question	Response
12	Corruption and grooming	<p>CHAIR: I'll go back to the question I asked earlier about integrity and corruption issues, potential misconduct and any information you had with respect to the number of cases you might have had over a period of time. Mr Conaghan has asked a range of questions in relation to controls, processes and procedures around that. Could you take my earlier question on notice, noting that you wanted to provide the answer in camera, so we can efficiently get through the business of the day. As a committee we will consider the confidentiality of it when it's submitted to the secretariat. Would that be possible?</p> <p>Mr Zuccato: Yes. Most certainly. Thank you. That would be helpful.</p> <p>CHAIR: In terms of providing that information and pursuing Mr Conaghan's line of questioning, you'll find in the submissions that ACLEI, the Australian Commission for Law Enforcement Integrity, in its submission, referred to the issue of grooming, whereby law enforcement officers may be targeted by organised crime and groomed to forego their responsibilities and duties, to benefit organised crime. I'd be very interested if you could provide any thoughts with respect to any processes, procedures and controls you have in place to prevent Australia Post staff in sensitive positions from being groomed. I suggest that perhaps you have a look at ACLEI's submission to this inquiry to provide some background. Would that be possible?</p>	<p>Australia Post is aware of three instances where one or more Australia Post workforce participants (eight workforce participants in total) involved in carrying inbound articles through the postal network became known to have been associated with an organised crime syndicate. In each instance, Australia Post assisted the Australian Federal Police with its enquiries, and the workforce participants are no longer with Australia Post.</p> <p>To assist to minimise the likelihood of such instances arising, personnel working in the Australia Post corporate group (ie Australia Post or its controlled subsidiaries) are required to comply with a number of policies including the Our Ethics policy – our primary code of conduct artefact – and are required to undertake training programs in relation to those policies to ensure behavioural expectations are communicated and understood.</p> <p>As disclosed during the hearing, alcohol and other drug testing arrangements are also in place, and a whistleblower / public interest disclosure procedural framework is also in place to ensure instances of serious wrongdoing or systemic misconduct can be reported and managed appropriately.</p>

	Topic	Question	Response
		Mr Zuccato: I've read that submission and I can certainly provide that information to you.  CHAIR: Excellent. Thank you very much.	



# Pacific Island Investment Project

# Purpose

For Australia Post to manage Australia's investment in improving the quality and security of the postal supply chain with Pacific Island nations.

# Context

Australia Post's visibility as a postal leader through its work as an active member of the Universal Postal Union (UPU) through the UPU's Postal Security and Customs Group, as well as our work in the Asia Pacific Postal Union (APPU) positions us well to take on a role a regional leader.

Australia is a key stakeholder for the continued improvement of the integrity of the postal supply chain across the region including the Pacific Islands.

This proposal compliments the position Australia represented at the 2018 UPU Extraordinary Congress that established the creation of a contribution class that protects Small Island Developing States (SIDS) from sanctions.

Australia Post has continued to work with its Pacific Island colleagues, and is well positioned to offer ongoing support to build modern robust regional postal supply chains with Pacific Island posts. To do so, Australia Post seeks the support of the Department of Foreign Affairs and Trade (DFAT) in financing the project.

# Opportunity

- This proposal, to increase capability in the supply chain, directly aligns with and supports the Pacific Island engagement initiative recently announced by the Australian Government;
- Australia Post's history and engagement with Pacific Island countries is very positive, with Australia seen as a "champion" for the needs of Pacific Island countries in key UPU forums;
- Australia Post has been approached to act as the primary transit hub for all inbound/outbound mail from several Pacific Island countries which has led to a review of the current Pacific Island Postal Supply chain; and
- This review discovered that there is an immediate need to improve the postal supply chain in the Pacific.

## The need for investment

- There is growing demand from Pacific region customers for visibility of their items in the postal channel;
- An absence of infrastructure is inhibiting eCommerce growth in the region;
- Small Island States, such as those in Pacific Islands, with under-developed postal capabilities, give some foreign Posts and businesses the opportunity to de-fraud Australia Post through re-mail practices and potentially transit prohibited goods via the postal channel into Australia; and
- Without Australia's assistance, the Pacific nations are unable to invest in equipment, technology, training and the staff required to operate a modern, secure Postal supply chain across the region.

# Benefits of investment

## Improved border security

- Improved data quality aligned to an agreed strategic directive to mitigate offshore risks between Australia Post and Australian Customs and quarantine agencies.
- This will lead to Improved detection and interception of illicit and prohibited goods.
- Significantly improved ability to inform and advise Australian law enforcement agencies of attempts to import prohibited items from the Pacific region.

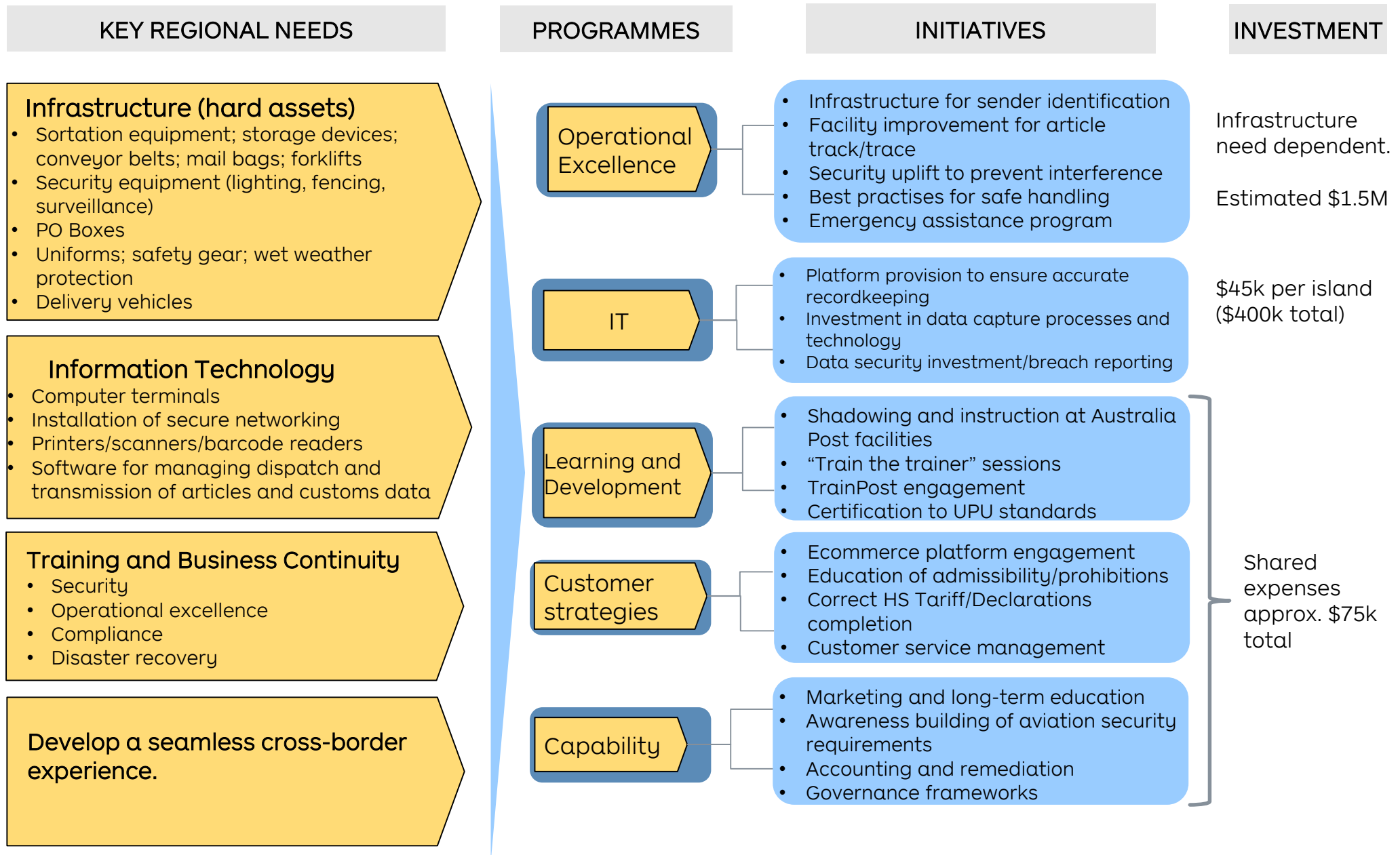
## Improved relations with neighbouring countries

- Improved quality of engagement on key postal matters.
- Improved opportunities for collaboration on region-specific trade and logistics initiatives.
- Assistance in the delivery of Australian government foreign policy.

## Growth of eCommerce deliverables

- Investment provides improved market demand for Australian businesses (tracking, service performance) selling into the region.
- Opportunity to realise the potential for increased exporting for Australian producers, and manufacturers.

# Strengthen Pacific Nation Networks and Partnerships



# Timeline & milestones



## A Mobilisation & research

- Project mobilisation
- Research & hypothesis development
- Prioritisation and deployment recommendations



## 1.1 Engagement

- Set strategic objectives per island
- In-principle scoping agreement with islands
- Needs analysis
- Sign Memorandum of Understanding (MoU) and agreements paperwork



## 1.1 Development of options

- Determine costings per island
- Partnership identification and framework
- Establish measurables per island
- Approve funding



## 2.1 Implementation

- Purchase and deployment of hard assets
- Testing and confirmation of effectiveness

## 2.2 Review

- Measurement of immediate objectives
- Report on non-deliverables, root cause analysis
- Periodic review for ongoing audit
- Determination of responsibility for outstanding audit goals.

Future steps; ongoing work outside initial project startup



# Recommendations





We recommend that:

- Australia Post be tasked with improving regional supply chain capacity and integrity;
- The Australian Government, as part of its Pacific Island strategy utilise Australia Post's technical capability to deliver for it strategic improvements in Pacific Island postal services;
- Deployment of infrastructure and assistance be prioritised in a manner considering a balance of need, likely effectiveness, and long-term stability; and
- A project funding pool be made available by DFAT for the effective deployment of project initiatives.

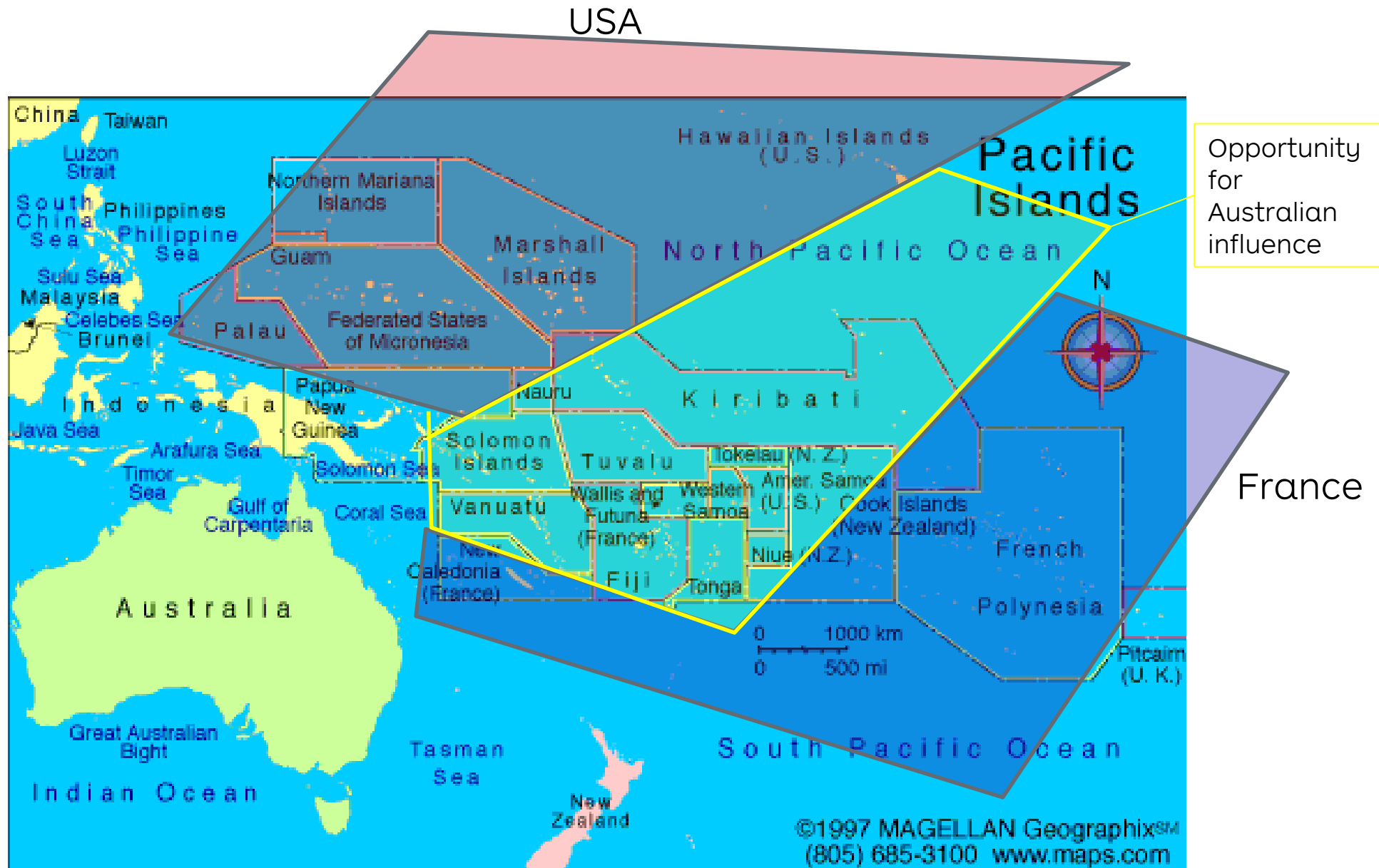
# APPENDICES

- Appendix 1: Current status of Pacific Island postal services
- Appendix 2: Map of current key influencers in the Pacific region

# Current status – Pacific Island postal services

	Nauru	Solomon Islands	Vanuatu	Fiji	Kiribati	Timor-Leste	Tonga	Tuvalu	Samoa	Australia
GDP Per capita (US\$ 2017)	8,343.83	2,132.12	3,123.61	5,589.39	1,685.17	2,279.25	3,944.25	3,549.97	4,360.75	53,799.94
Postal Authority	Naoero Postal Services Corporation (Nauru Post)	Solomon Islands Postal Corporation (Solomon Post)	Vanuatu Post Ltd (Vanuatu Post)	Post Fiji Ltd (Post Fiji)	Ministry of Information Communication Transport & Tourism Development (Kiribati Post)	Correios De Timor-Leste (CTL) Government Agency	Tonga Post Ltd (Tonga Post)	Tuvalu Post	Samoa Post Limited (Samoa Post)	Australian Postal Corporation (Australia Post)
Total Full-time staff (2016 UPU Financial Stats)	Nil data	Nil data	Nil data	Nil data	22	29	12	Nil data	Nil data	23312
Postal Profit reported	Nil data	Nil data	Nil data	Nil data	ND (gov't refers loss)	(12722 SDR) (2016, UPU Stats)	12618 SDR (2016, UPU Postal Stats)	(89,346TVD) (2017) AUD parity	436,857 WST (2012) AU\$ 236413.90	AU\$134M
UPU Grouping	3	5	5	3	5	5	4	5	5	1.1
No UPU sanctions?	Lifted 2018	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Lifted 2018	X	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Outbound volume (Kgs) to AU (2018)	500	486	1953	17051	528	570	139	13	2,800	
Net status relative to Australia	Importer	Importer	Importer	Importer	Importer	Importer	Importer	Importer	Exporter	
EAD readiness										
EMS offer	X	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	X	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

# Current regional influence



# UPU-identified Island needs

## Physical

Postal processing equipment (delivery vans, manual handling equipment)  
Accounting equipment (computers, barcode readers, scales, etc.)

## Digital

Web-portal development to facilitate e-lodgement of e-commerce items  
Development of digital information resources  
Integration of accounting and remittance software to facilitate electronic postal payments

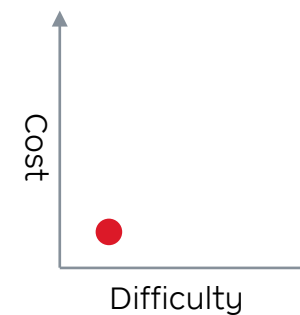
## Strategic

Development of governmental service (including ID validation) integration strategies  
Strategic structuring of services offered

# Fiji-specific needs

**Post Fiji requested UPU to support it in expanding its EMS business as it felt that EMS was ideally suited for e-commerce business**

**Need for postal equipment**



# Nauru-specific needs

COMPUTERISATION OF THE INTERNATIONAL POSTAL OPERATIONS BY INSTALLING IPS.POST

TRAINING IN INTERNATIONAL MAIL ACCOUNTING

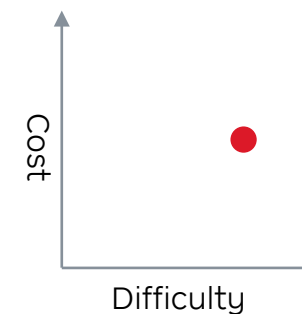
E-COMMERCE DEVELOPMENT

E-SERVICES AND DIVERSIFICATION OF POSTAL PRODUCTS AND SERVICES

DEVELOPMENT OF INTERNATIONAL REMITTANCES THROUGH THE POST OFFICE

TRAINING OF THE POSTAL OFFICERS TO ENHANCE HUMAN RESOURCE CAPABILITIES

## **Need for postal equipment**



# Samoa-specific needs

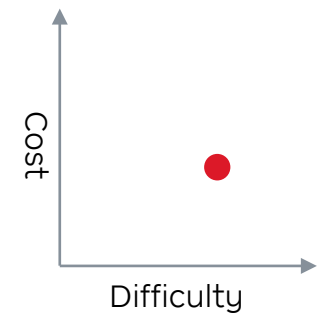
E-COMMERCE DEVELOPMENT

E-SERVICES AND DIVERSIFICATION OF POSTAL PRODUCTS AND SERVICES

DEVELOPMENT OF INTERNATIONAL REMITTANCES THROUGH THE POST OFFICE

**Training of the postal officers to enhance human resource capabilities**

**Need for postal equipment**





# Soloman Islands-specific needs

(LDC, will graduate in 2024 to DC)

**A Consultant to review the Postal Act in Solomon Islands especially in view of the USO requirements and funding, who could also help in development of policy and strategy for e-services & diversification of postal services**

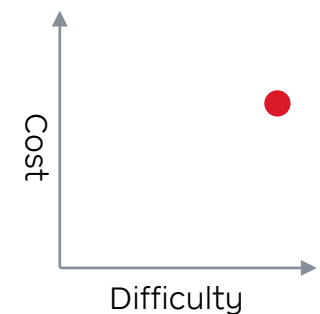
**Consultancy for development of postcode**

**Training of the postal officers to enhance human resource capabilities**

**Support for development of e-commerce and**

**Development of International remittances**

**Need for postal equipment**



# Tonga-specific needs

E-COMMERCE DEVELOPMENT WITH SPECIAL HELP FOR DEVELOPMENT OF E-PORTAL, AND POSTAL SUPPLY CHAIN INTEGRATION WITH CUSTOMS AND AIRLINES

E-SERVICES AND DIVERSIFICATION OF POSTAL PRODUCTS AND SERVICES WITHIN ITS E-GOVERNMENT DEVELOPMENT FRAMEWORK

DEVELOPMENT OF INTERNATIONAL REMITTANCES THROUGH THE POST OFFICE

**Training of the postal officers to enhance human resource capabilities**

**Need for postal equipment**

