

19 March 2021

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
Via email: ec.sen@aph.gov.au

Dear Secretariat,

AUSTRALIA POST INQUIRY

Thank you for the opportunity to provide a response to the inquiry into Australia Post – in particular, section (g) of the terms of reference, “the future of reductions to Australia Post’s service model.”

The Australian Retailers Association (ARA) represents around 7,500 independent, national and international members and, since 1903, has been the trusted voice for Australia’s \$340 billion retail sector, which employs more than 1.2million people.

The ARA has been grateful for the Government’s quick response during the pandemic to allowing flexibility in Australia Posts’ operations. Under Temporary Regulatory Relief, we are aware that Australia Post implemented an alternating delivery model and retrained over 2000 of their posties to help where it is needed most – in parcel processing and delivery vans – to help to reduce delays and get parcels some of which were essential items into the hands of customers quickly.

COVID-19 caused incredible strain to the retail sector with a high dependence on online trading and hence, significantly impacting Australia Post. The pressure will not be relieved for some time as the economy takes time to heal and the acceleration of a significant consumer trend towards online shopping continues.

The pandemic has seen incredible growth in e-commerce in the retail sector. Total online sales were up 55.2 per cent in December 2020 compared to the same time a year earlier. In the 12 months from March 2019 to February 2020, total online sales averaged annual growth of 14.7 per cent. Coinciding with the shift to online purchasing at the outset of the COVID pandemic, total online sales has averaged an annual rise of 65.8 per cent from March to December 2020.

Existing trends in the retail sector accelerated in 2020 as businesses attempted to pivot out of the challenges, they faced with state-wide shutdowns to curb infection rates.

Now, more than ever, retailers need viable and fast parcel delivery services as it is critical to their business models.

The landscape of delivery has changed since the pandemic with more variety in terms of customer needs. According to ABS data, all retail categories experienced strong year on year growth for January 2021. We have seen increases in Home and Garden (up 48 per cent), Health and Beauty (up 30 per cent), Hobbies and Recreational Goods (up 36 per cent) as well as and Food and Liquor (up 50 per cent). The change in the way customers shop need to be supported through the availability of a strong parcels and delivery service – particular to Australians living in regional parts of the country.

With the rise of ecommerce, online shopping through Australia Post Merchants currently accounts for 16 per cent of total retail spend. 9 million Australian households shopped online (82 per cent) last year, 1.3 million for the first time and 93 per cent of these initial purchases were made between March and December of 2020. In a time where some retailers are seeking to review our supply chains and bring manufacturing onshore, it is critical that we strengthen Australian delivery options to keep purchasing within Australia.

A delivery service that operates with a business model that is well supported by Government is critical for economic recovery for retail businesses in Australia.

Thank you again for the opportunity to participate in the inquiry. In the interim, please do not hesitate to contact me directly on

Yours sincerely

Paul Zahra
CEO
Australian Retailers Association