

Submission

# Inquiry into the future of Australia Post's service delivery

Senate Environment and Communications Legislation Committee

3 July 2020

**Communication Electrical Electronic Energy Information Postal Plumbing and Allied  
Services Union of Australia**

(Communications Division – CWU)



Connecting  
our community

communication workers union  
**CWU**nion  
Australia

## DEFINITIONS

<b>CEPU</b>	Communications Electrical Electronic Energy Information Postal Plumbing & Allied Services Union of Australia, Communications Division (also known as the CWU)
<b>Australia Post</b>	Australian Postal Corporation
<b>Regulatory Relief</b>	Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020

## ABOUT THE CEPU

The CEPU is a national Union representing workers in the Communications, Electrical and Plumbing Industries. The Union operates autonomously across three divisions.

The foundations of the Communications Division of the CEPU lie predominantly with the Australian Postal & Telecommunications Union [the APTU].

The APTU originated in the Australian Letter Carriers' Association and the Australian Telegraph, Telephone Construction & Maintenance Union [later known as the Australian Postal Linesmen Union of Australia] which were both registered federally in 1912.

In 1924 the Australian Letter Carriers' Association changed its name to the Commonwealth Public Service Fourth Division Employees' Union of Australia only to amalgamate a year later with the Postal Sorters' Union of Australia and the Australian Postal Linesmen Union of Australia to form the Amalgamated Postal Linesmen Sorters' & Letter Carriers' Union of Australia.

From 1926 it was known as the Amalgamated Postal Workers' Union [APWU], covering postal delivery officers, mail sorters and lineworkers.

The APWU served until 1974 when it changed its name to the Australian Postal & Telecommunications Union as a result of a further amalgamation with the Union of Postal Clerks and Telegraphists.

From 1990 the Union amalgamated with the Australian Postmasters' Association and later the Postal Supervisory Officers' Association to eventually be known as the Communication Workers Union and later to be joined by the Australian Telecommunications Employee Association/Australian Telephone & Phonogram Officers Association [ATEA/ATPOA] and the Telecommunication Officers Association [TOA].

By 1994 the CWU had amalgamated with the Electrical Electronic Plumbing & Allied Workers Union of Australia [the end product of a merger between the ETU and the PTEU] to form the Communications Electrical Electronic Energy Information Postal Plumbing & Allied Services Union of Australia [CEPU].

## TERMS OF REFERENCE

On June 16 2020, the Senate referred to the Environment and Communications Legislation Committee for inquiry and report by 11 August 2020:

The future of Australia Post's service delivery, with particular reference to:

- a) the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020 and their impact on services, the Australia Post workforce and affected businesses;
- b) the impact of COVID-19 on the financial position of Australia Post and its future;
- c) a sustainable plan for Australia Post to provide:
  - i. services that meet community needs and expectations,
  - ii. job security for its workforce, and
  - iii. support for regional and metropolitan licensed post offices:
- d) international and domestic trends with parcels, letters and pricing; and
- e) any related matters.

## THE AUSTRALIAN POSTAL CORPORATION (PERFORMANCE STANDARDS) AMENDMENT REGULATIONS 2020

On 15 May, the Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020 were made by Governor General The Hon. David Hurley AC DSC, on the advice of Federal Minister for Communications, Cyber Safety and the Arts, The Hon. Paul Fletcher.

This amendment relaxed the Australian Postal (Performance Standards) Regulation 2019, in order to “provide urgent and temporary change to performance standards for the delivery of letters to enable Australia Post to effectively manage any COVID-19 impacts on its operations, including by optimising the use of its workforce. The Amendment Regulations will also give Australia Post an exemption from its retail outlet requirements, should temporary closures be necessary due to workforce impacts COVID-19”<sup>1</sup>.

The regulation changes two Australia Post's four regulated standards. These are:

- Letter delivery frequency – Australia Post is usually required to service 98% of all postal delivery points daily, excluding any Saturday, Sunday and public holiday, and 99.7% of all postal delivery points at least two days per week.
- Priority letter product – A letter product that provides delivery times between 1 business day and 2 business days after the day of posting, dependant on where the product originates and terminates.
- Retail outlets – Australia Post is required to maintain at least 4,000 retail outlets:
  - at least 50% of retail outlets, and not less than 2,500 are required to be located in rural or remote areas;
  - in metropolitan areas, retail outlets are required to be located such that at least 90% of residences are located within 2.5 kilometres of an outlet; and

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<sup>1</sup> Authorised Version Explanatory Statement registered 15/05/2020 to F2020L00579

- in non-metropolitan areas, retail outlets are required to be located such that at least 85% of residences are located within 7.5 kilometres of an outlet.

The significant changes to the service are:

- Reduced letter delivery frequency – Australia Post will now only deliver mail every second day rather than five days a week in areas Australia Post deems metropolitan, including a number of areas ordinarily associated as being regional and/or rural.
- Priority letters – Australia Post will remove the priority letter product offering
- Greater discretionary control over retail outlets. - retail outlets are to be kept open during COVID-19 only *to the extent that is reasonably practicable*.
- Allowing Australia Post to reallocate resources from under-performing parts of the business to the parcels delivery service.

In practice, this amendment gives Australia Post the discretion to temporarily close outlets should this be necessary due to the impact of COVID-19, either on workforce availability, or on the physical safety of the premises (EG: outlets may be temporarily closed for cleaning in the instance of known exposure to, or potential infection with, COVID-19).

The Regulation is in effect until 30 June 2021. It is open to the Senate to move a further disallowance motion during the August sitting of Parliament.

While this is a temporary reprieve from its performance standards, a reduction in the frequency of letter delivery is something that the Corporation has been pursuing for some time, as the domestic and international letters business has collapsed dramatically over the last 15 years due to the advent of email and other forms of digital communication.

## **THE IMPACT OF COVID-19 ON THE FINANCIAL POSITION OF AUSTRALIA POST**

The management of Australia Post claims that the economic shut-down caused by the COVID-19 pandemic has inflicted significant disruption on Australia Post's services and operations, with key areas of the business, including domestic letters, international mail and parcels and retail services such as passport applications, substantially and suddenly reduced.

Despite a surge in business in parcel deliveries due to increased online shopping, management claims that a 30 per cent reduction in the letters business, and halving of retail services, in the first fortnight of the economic shut-down dramatically reduced revenue and forced Australia Post to cut costs. In fact, total revenue was higher than budget in March and April 2020<sup>2</sup> – prior to the granting of regulatory relief on 15 May.

Despite significant disruption to its business model in the years prior to the onset of COVID-19, as a result of the digitisation of communications services, Australia Post has been able to stabilise its revenue through restructuring over the past decade, and adapting quickly to changes in technology and demand.

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<sup>2</sup> Question on notice no. 1514 – answered by Senator the Hon Anne Ruston 23/06/2020

After more than a century of continuous, reliable and trusted service to the Australian people, spanning two world wars, the Great Depression of the 1930s, and the massive disruption of digital communications, Australia Post has proven time and again its value to our nation, and its ability to adapt and survive.

The economic shock caused by the COVID-19 pandemic is unprecedented in Australian history, and Australia Post, like all businesses, faces real short- to medium-term challenges in meeting its community service obligations and maintaining profitability.

However, it is critical that the immediate economic crisis is not exploited to dilute the quality and reliability of postal services upon which Australians have relied for over 200 years.

## **LACK OF CONSULTATION ON THE PROPOSED REGULATORY CHANGES**

The lack of consultation with the Union was a clear violation of the trust developed between CEPU and Management. Such unilateral action only creates more distrust and suspicion over management and federal governments' intentions as to the future of Australia Post.

It is critical that the immediate economic crisis is not exploited to dilute the quality and reliability of postal services upon which Australians have relied for over 200 years.

The CEPU believes the Parliament should also be on guard against any attempt to reduce Australia Post's service obligations through regulatory change that could make part or all of the business more attractive to a potential private sector buyer in the event that the Government pursues a full or partial privatisation of Australia Post, as has occurred in comparable jurisdictions overseas.

## **IMPACT OF THE POTENTIAL CHANGES ON THE AUSTRALIA POST WORKFORCE**

Despite claims by Australia Post that the workforce impact is merely a reallocation of resources from letter delivery to parcel delivery, the operational changes proposed by Australia Post in order to implement Regulatory Relief, shared by management with the Officials of the CEPU and the postie workforce, demonstrated a reduction of one 'postie' job, in every four.

Whilst 50% of a postie's current load is parcel products, a 25% reduction in resources allocated to the delivery function will result in a detrimental impact to parcel deliveries. In fact, underemployment in Australia Post has exacerbated recent delays to parcel deliveries, resulting in employees being directed to withhold both parcel and other mail products, daily. This began to occur prior to the emergence of the pandemic and continues at the time of writing.

Australia Post and postal workers provide an essential service to the Australian people, and have been amongst those front-line workers upon whom Australians have most relied during the pandemic and the lengthy periods of social isolation. The reward for their tireless work to bring essential goods to people during the economic lock down should not be met with a reduction in pay, in hours of work or in employment conditions, and certainly not in the loss of their jobs.

Furthermore, the impacts of this change are not limited to the jobs of posties. Implementation of the proposal in its current form will have impacts on other operational streams including as van and transport operations and mail sorting and processing. Australia Post has resisted consultation efforts by the CEPU to understand the extent of the impact on jobs in these supporting operations.

Adding affected postal workers to the Jobseeker queue will further exacerbate already high levels of unemployment during this recession, and the loss of income from these workers will impede Australia's economic recovery, as it removes further spending from the economy.

## **ENTERPRISE BARGAINING AGREEMENT (EBA) PROCESS STALLED**

Preparations for EBA10 have been stalled due to the lack of consultation around the regulatory changes and the uncertainty they have created for Australia Post employees.

It is imperative that EBA negotiations, or alternative interim arrangements that ensure certainty to employees, are not further impacted due to the temporary disruption to Australia Post operations as a result of COVID-19, and the regulatory changes sought by Australia Post Management without adequate consultation with the CEPU and the Australia Post workforce.

## **THE FUTURE OF AUSTRALIA POST**

We refer the Committee to the report, The Future of Australia Post, to be published by public policy think tank Per Capita on Monday 6 July, for detailed arguments about the best way to assure that Australia Post continues to meet its obligations to the Australian people, and can do so in a way that ensures it remains financially robust, and does not become a drain on the federal budget. This report was sponsored by the CEPU.

## **INTERNATIONAL AND DOMESTIC TRENDS WITH PARCELS, LETTERS AND PRICES**

We again refer the Committee to the report, The Future of Australia Post, to be published by public policy think tank Per Capita on Monday 6 July, for detailed information about international and domestic trends in relation to the operation and services provided by Australia Post to the Australian people. This report was sponsored by the CEPU.

## **RECOMMENDATIONS TO THE COMMITTEE**

The CEPU, on behalf of the Australia Post workforce, suggests that the Environment and Communications Legislation Committee makes the following recommendations to the Senate:

1. That the Senate vote to disallow the Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020 made on 15 May 2020;
2. That Australia Post seek no further regulatory amendments without worker involvement via formal consultation with the CEPU; and
3. That Shareholder Ministers agree not to table further regulatory amendments in the Parliament without formal consultation with the CEPU on behalf of the Australia Post workforce.

Should the Committee decide to recommend to the Senate that the regulations not be disallowed, the CEPU asks that the Committee make the following recommendations to the Senate:

1. That the Parliament receive a written commitment from Australia Post management to worker consultation on all service alterations via formal consultation with the CEPU;
2. That the Parliament receive a written commitment from Australia Post management to an immediate moratorium on all involuntary redundancies; and
3. That the Parliament receive a written commitment from Australia Post management that there will be no job losses through any other means, including the non-extension of fixed term contracts, as a result of the regulation for the duration of its effect, IE: between the passage of the regulation and its expiry in July 2021.

Further, given the uncertainty surrounding the immediate future of operations and service delivery as a result of COVID-19 and the regulatory changes put in place on 15 May 2020, the CEPU suggests that the Committee should recommend to the Senate that it seek the following assurances from the management of Australia Post:

1. A commitment to extending the current EBA until the review of the proposed legislation is finalised; and
2. A negotiated return to permanent employment, reversing a move towards casual and fixed term contracts.