

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Estimates Hearings February 2014

Communications Portfolio

Australia Post

Question No: 149

Program No. Australia Post

Hansard Ref: Page 91 (25/2/2014)

Topic: Parcel Prices

Senator Whish-Wilson asked:

Fantastic. I just want to ask you—and I apologise if someone has already asked about this, because I had to step out—about the parcels and prepaid satchels side of the business. Have you had any meetings or any correspondence with a company called Supply Chain and Logistics Australia? I do not even know if it is a company; it seems like it is a representative group for businesses.

Mr Fahour: No, not that I am aware of.

Senator Whish-Wilson: Perhaps if I go through some of the information they sent me, you could tell me whether it is realistic and accurate. Essentially what they have done is they have written to me and said that prior to 2012 in a number of different—sorry did you want to add something to that?

Mr Fahour: No, Senator, I was just asking: who is this company? Who is this association? I have not heard of them.

Senator Whish-Wilson: I can give you their details afterwards, if you like.

Mr Fahour: I will look them up.

Senator Whish-Wilson: What they are saying is that prior to 2012—they look at the value chain of Australian businesses, so have an issue around price rises in the parcel side of the business, which they claim has been driven by Australia Post over the last two or three years—in a whole range of categories which they have sent me, that you were very competitive in terms of your price and the delivery of your product. But they are claiming that since 2009 to October 2013, across a range of products—500 grams, three kilos, five kilos—they have seen a rise of 60 per cent across these product ranges. Does that sound realistic to you?

Mr Fahour: I am not exactly sure of that, but I am happy off-line to get those. Let me just say this about our parcels business. Our parcels business is in non-regulated competitive business where we compete against a range of organisations.

Answer:

Australia Post has not had any meetings with or received any direct correspondence from Supply Chain Logistics Association of Australia (SCLA) regarding parcel pricing. However, Australia Post is aware that SCLA made a submission to the Australian Competition and Consumer Commission (ACCC) in response to its application to increase the basic postage rate. Should the ACCC require any further information to enable it to respond to any submissions received, consistent with Australia Post's past practice, it is willing to provide additional information to the ACCC as required.

A review of Australia Post's parcel pricing for the product ranges mentioned in the question from 2009 to October 2013 has not revealed any instances of a 60 per cent price rise.

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Australia Post operates its parcel delivery service in a highly competitive market. It is committed to striking a balance between an affordable price for its customers that not only covers the costs incurred in providing the service, but also remains competitive in the open market.

Australia Post offers customers the most extensive lodgement and delivery network of any parcel operator nationally. It is continuing to invest in the rapidly growing parcels business to improve its product range and services to meet the changing needs of online sellers and while it believes these services offer value for money, they do come at some increased cost.

While some costs can be contained through productivity improvements, as Australia's population increases and new residential and business addresses are established, Australia Post is required to deliver to this expanding network with unavoidable increases to transportation and labour costs. Against this background, it will continue to adjust pricing to accommodate these factors.

Australia Post is expanding to provide new products and services at its retail outlets, 24/7 parcel pick-up lockers and facilities, providing greater choice and convenience for its customers.

Since November 2011, Australia Post has also rolled out a new national network of Business Hubs, designed to provide customer service, delivery and transport operations and sales together in one location, dedicated to servicing small to medium business customers.

Business customers who meet minimum volume requirements have access to a variety of products and services, with a range of pricing schemes. Representatives from Australia Post's Customer Contact Centre Business Line (13 11 18) are available to assist business customers in identifying ways in which they may be able to reduce their postage costs.