Question No: 70

Program No. Australia Post

Hansard Ref: In Writing

Topic: Carbon Tax Booklets - Return to Sender

Senator Birmingham asked:

- a. How many of the Government's carbon tax booklets were marked 'Return to Sender' by households?
- b. How were these booklets handled and processed?
- c. Were they all returned to the Government? If so, where?

Answer:

- a. The "Clean Energy Future" materials were lodged under the Unaddressed Mail service, which does not have a "Return to Sender" component. Any unaddressed items placed back into the postal network by the recipient were disposed of in accordance with Australia Post's procedures for the destruction of undeliverable mail.
- b. The destruction of this material was arranged with the state of delivery in accordance with the relevant procedures.
- c. Australia Post does not maintain records of such items. This material was not returned to the Government.

Question No: 71

Program No. Australia Post Hansard Ref: In Writing

Topic: Carbon Tax

Senator Birmingham asked:

What is the cost estimate for the operational impact of the carbon tax on Australia Post?

Answer:

In accordance with the definition of a liable entity under the Carbon Permit Scheme, Australia Post will not be required to purchase carbon permits during the first three years of the Government's Clean Energy legislation. As such Australia Post does not currently have any direct impact from the introduction of the new legislation.

Question No: 72

Program No. Australia Post Hansard Ref: In Writing

Topic: Letter Profitability

Senator Birmingham asked:

How much did the core letters business lose for fiscal year 2010/11? What is the expected loss in 2011/12?

Answer:

In 2010/11, the overall loss on reserved services (includes domestic and international incoming up to 250g) was \$91m, as indicated in Australia Post's Annual Report. The loss on domestic reserved letters only was \$72m.

Australia Post's notification to the ACCC in early 2011 about price changes to the PreSort letter service forecast a loss for domestic reserved letters in 2011/12 of approximately \$112m.

Question No: 73

Program No. Australia Post

Hansard Ref: In Writing

Topic: Letter Profitability

Senator Birmingham asked:

Have you conducted any research on expected trends in the core letters business? Please provide details of volumes and revenue trends over the last 3 years and expected volumes and revenues as far as Australia Post predicts them.

Answer:

Australia Post regularly undertakes research at the customer/industry segment level to understand current behaviour and predict future behaviour. This research includes econometric analysis, which is incorporated into volume forecasts.

Changes in reserved letter volume and revenue for the last three years:

Financial Year	Volume	Revenue
Actual		
2008/09	(4.2%)	1.4%
2009/10	(4.6%)	(4.3%)
2010/11	(4.2%)	3.2%

Forecast reserved letter volumes are Commercial-in-Confidence.

Question No: 74

Program No. Australia Post

Hansard Ref: In Writing

Topic: Letter Profitability

Senator Birmingham asked:

On average, how many letters are received per day by households and by businesses? Is there a downwards trend in the number for letters received for each?

Answer:

While Australia Post identifies the type of letter posted (i.e. stamped, metered, imprint etc), it does not record information/data on the type of delivery point the letter is sent to or the average number of letters received by type of delivery point per day.

While letter volumes are declining, the number of delivery points is increasing (from 10.6m in 2008/09 to 10.9m in 2010/11). This has led to the number of reserved letters per delivery point per day decreasing. At an aggregate delivery point level, reserved letters per delivery point have decreased as follows:

- 2008/09: 1.6
- 2009/10: 1.5
- 2010/11: 1.4

Question No: 75

Program No. Australia Post

Hansard Ref: In Writing

Topic: Letter Profitability

Senator Birmingham asked:

How many premises does Australia Post deliver to daily? How has this changed over each of the last 3 years and how is it projected to change?

Answer:

The total number of delivery points over the last 3 years was as follows:

Year	Total National Delivery Points
2008/09	10,658,968
2009/10	10,708,985
2010/11	10,879,949

Australia Post anticipates growth in delivery points of up to 200k (2%) per annum.

Question No: 76

Program No. Australia Post

Hansard Ref: In Writing

Topic: Letter Profitability

Senator Birmingham asked:

How many 'posties' are employed by Australia Post? What is the total cost of letters delivery? How has this changed over the last 3 years and how is it projected to change?

Answer:

Australia Post had 7200 delivery officers at 30 June 2011.

Total cost for letter delivery in 2010-11 was \$1.06b.

Cost changes over last three years:

2008-09 \$1.01b \$1.07b (+6% due to restructuring and superannuation provisions) 2009-10 \$1.06b (-1.1%) 2010-11 Projected cost changes:

2011-12 \$1.09b (+2.8%)

Question No: 77

Program No. Australia Post Hansard Ref: In Writing

Topic: Parcels

Senator Birmingham asked:

Please provide details of parcel volumes over the last 3 years and expected volumes as far as Australia Post predicts them.

Answer:

Parcel volume information is considered Commercial-in-Confidence.

Question No: 78

Program No. Australia Post Hansard Ref: In Writing

Topic: Parcels

Senator Birmingham asked:

What proportion of parcel deliveries originate in Australia versus overseas? Is parcel growth consistent with this or stronger in domestic or international origin?

Answer:

For 2010-11, 27 per cent of total parcels delivered by Australia Post originated overseas. For 2010-11, parcel growth rates were stronger from an international perspective.

Question No: 79

Program No. Australia Post Hansard Ref: In Writing

Topic: Licensed Post Offices

Senator Nash asked:

Why does the Government not have the power to intervene between Australia Post and Licensed Post offices?

Answer:

Australia Post is obligated under the *Australian Postal Corporation Act 1989* to perform its functions in a manner consistent with sound commercial practice and to that end, it builds and maintains business relationships such as those it has with Licensees and Postal Agents. Accordingly, the management of the relationship between Australia Post and Licensees is the responsibility of Australia Post.

The Act does provide in s.49 for Ministerial direction if, after consultation with the Board, the Minister determines a direction to be necessary for the public interest and gives written directions to Australia Post. The Government could be required to compensate Australia Post for the financial implications of a direction and it is important to note that no such direction has ever been made by a Minister.

Question No: 80

Program No. Australia Post Hansard Ref: In Writing

Topic: Parcels

Senator Nash asked:

In relation to Australia Post's new delivery options such as customers being able to collect parcels, from certain locations, and access to parcel lockers – is this available in regional areas?

Answer:

Australia Post is working to provide a range of delivery choice and convenience options for customers that have indicated they are not home during the day. To this end, it is undertaking a number of trials which include 24/7 Parcel Lockers and Customer Pickup Locations.

Currently, 100 Customer Pickup Locations offer extended hours and include regional areas such as Newcastle, Wollongong, Albury, Bathurst, Tamworth (NSW), Wangaratta, Ballarat, Shepparton, Geelong (VIC), Bungalow, Toowoomba (QLD), Mount Gambier, Port Lincoln, Gawler (SA), Burnie and Devonport (TAS).

Question No: 81

Program No. Australia Post Hansard Ref: In Writing

Topic: Parcels

Senator Nash asked:

The "70 per cent of parcel revenue representing 1.4 billion dollars, generated by the click of a mouse", referred to in Australia Post's opening statement. What proportion of this revenue is received from regional areas?

Answer:

Around 30-40% of Australia Post's volumes are delivered in regional (non-metro) areas, which suggests a significant proportion of e-commerce is generated in regional Australia.

Question No: 82

Program No. Australia Post Hansard Ref: In Writing

Topic: Licensed Post Offices

Senator Nash asked:

How does an LPO receive payment from eparcels or elads?

Answer:

Licensees receive the following three separate payments for handling parcels, including eparcels and elads:

- To assess postage and accept the parcel payment is a commission based on the amount of postage paid
- To stream (sort) the parcel payment is an additional commission based on the applicable postage, and
- To deliver the parcel to a customer payment is either part of the mail management fee or a carded article fee.

Question No: 83

Program No. Australia Post Hansard Ref: In Writing

Topic: Licensed Post Offices

Senator Nash asked:

I am advised that a letter from the Australia Post's Managing Director's office clearly states LPOs are not paid by volume. Is this correct? If not, how are LPO's paid on volume? Does the Mail Management Fee of \$660 pa cover the volume of parcels dealt with by the LPOs? If so, please provide details.

Answer:

The letter in question correctly indicated "payments for sorting are based on the number of delivery points served".

Licensees receive three separate payments for handling parcels:

- To assess postage and accept the parcel payment is a commission based on the amount of postage paid
- To stream (sort) the parcel payment is an additional commission based on the applicable postage, and
- To deliver the parcel to a customer payment is either part of the mail management fee or a carded article fee.

The mail management fee is in the order of \$29 and \$73 per private or business delivery point per annum respectively. This payment covers activities such as handling customer enquiries, preparing statistics relating to mail delivery and the delivery of carded articles.

The carded article fee, if applicable, is either a base-rate annual fee or, subject to very many or very few articles, a negotiated-rate annual fee.

Question No: 84

Program No. Australia Post Hansard Ref: In Writing

Topic: Licensed Post Offices

Senator Nash asked:

I have received information stating some LPOs are refusing to accept carded articles. Why are some LPO's refusing to accept carded articles?

Answer:

The products/services that are to be provided from an individual LPO are agreed between the licensee and Australia Post at the commencement of the LPO Agreement including the provision of and payment for the carded article service.

A licensee may seek Australia Post's consent to vary their Agreement in relation to the agreed products/ services to be provided from their LPO.

A relatively small number of licensees have made requests to Australia Post to vary their Agreement with respect to the ongoing provision of a carded article service from their office. These requests relate to factors such as the availability of suitable storage space and the rate of payment.

Australia Post assesses any request for a change to the agreed products/services to be provided on a case-by-case basis.

Question No: 85

Program No. Australia Post Hansard Ref: In Writing

Topic: Carded Articles

Senator Nash asked:

Why does Australia Post refuse to negotiate a fair payment to Licensee's for street addressed carded articles higher than 29.3 cents for articles in excess of 25 per week, when requested by Licensees to do so, as provided for under section 3.2.3 of the LPO manual, when Australia Post is fully aware that the cost to Licensees of providing this service is in excess of six times this amount?

Answer:

It is our understanding this question refers to section 3.2.2 of the LPO manual.

In respect of carded articles, section 3.2.2 provides that "the rate may be negotiable if the outlet regularly delivers very many (e.g. more than 25 per week) or very few carded items". Licensees in receipt of the carded article fee are paid an agreed annual rate for providing this service.

Australia Post negotiates this rate with licensees in accordance with section 3.2.2. As with any negotiations conducted by Australia Post, this is undertaken in a fair and reasonable manner.

Question No: 86

Program No. Australia Post Hansard Ref: In Writing

Topic: Carded Articles

Senator Nash asked:

How can Australia Post meet its obligations under clause 11D of the Licensed Post Office Agreement, and at the same time insist that Licensees continue to suffer increasing losses by providing street addressed carded article services at a rate of payment much less than the cost of providing the service?

Answer:

Clause 11d of the LPO Agreement provides that Australia Post shall "use its best efforts to maximise sales of Products and Services to the mutual benefit of the Licensee and Australia Post".

Australia Post fulfils this obligation in a variety of ways including the ongoing sourcing, development and introduction of new products and services into LPOs. Australia Post also promotes new and existing products and services, and the broader Australia Post brand, through in-store marketing material, catalogues and advertising, which is free of charge to licensees.

Question No: 87

Program No. Australia Post Hansard Ref: In Writing

Topic: Licensed Post Offices

Senator Nash asked:

It has come to my attention that Australia Post pays some Licensees, of an Australia Post Licensed Post Office, a fee for street addressed carded articles more than 29.3 cents per article.

- a. What amount does Australia Post pay and on what basis?
- b. Does Australia Post have secret payment deals and why don't all Licensees receive these higher payments?
- c. All Licensees have the same agreement, so why aren't all Licensees subject to the same rate of pay for services provided?

Answer:

a. Licensees are paid for the handling of carded articles through either the mail management fee associated with delivery points serviced from their office, the base-rate carded article fee or, subject to very many or very few articles, a negotiated-rate carded article fee.

The current base- rate carded article fee payable to eligible licensees is \$381.82 per annum.

- b. While the majority of payments to licensees are a set rate for all LPOs, such as the standard per delivery point mail management fee and base-rate carded article fee, there are also a number of site-specific negotiated payments, which are agreed between Australia Post and the individual licensee.
- c. The LPO Agreement comprises 34 standard clauses applicable to all licensees and a series of site specific Special Conditions agreed between the licensee and Australia Post at the time of entering into the LPO Agreement.

Question No: 88

Program No. Australia Post Hansard Ref: In Writing

Topic: Licensed Post Offices

Senator Nash asked:

Why does Australia Post demand the vast majority of LPO Licensees provide this service for less than 29.3 cents per street addressed carded Article, when Australia Post is fully aware that Licensees are losing significant money in providing this service on behalf of Australia Post, and diminishing the commercial viability of the LPO business by doing so?

Answer:

Licensees receive a wide variety of fees, commissions and discounts as part of performing functions on behalf of Australia Post. Included in this are payments for the handling of carded articles which are made through either the mail management fee associated with delivery points serviced from their office, the base-rate carded article fee or, subject to very many or very few articles, a negotiated-rate carded article fee.

Question No: 89

Program No. Australia Post Hansard Ref: In Writing

Topic: Licensed Post Offices

Senator Nash asked:

- a. What does it cost Australia Post, in both time and money, to provide a street addressed carded article service, on an average per article basis through corporate run Australia Posts retail post offices and Franchise outlets?
- b. Is it correct that it costs over \$2 per article? If that is the case, why are LPOs restricted to 29.3c?

Answer:

a. As volumes of non-scannable carded articles are not recorded, it is not possible to advise the per-article cost of providing the street addressed carded article service at corporate outlets.

Franchised post offices operate under a different business model to corporate and licensed outlets with fees and commissions reflecting among other things a 10-year licence term and an ongoing franchise service fee payment to Australia Post (LPOs operate with an indefinite licence term and no ongoing service fee payment to Australia Post). Franchisees receive a net payment of \$1.00 and \$0.50 for signature and non-signature carded street addressed articles respectively.

b. Licensees are paid for the handling of carded articles through either the mail management fee associated with delivery points serviced from their office, the base-rate carded article fee or, subject to very many or very few articles, a negotiated-rate carded article fee.

The current base-rate carded article fee payable to eligible licensees is \$381.82 per annum.

Question No: 90

Program No. Australia Post

Hansard Ref: In Writing

Topic: Licensed Post Offices

Senator Nash asked:

How does Australia Post validate to Licensees their reasons for Australia Post's underpayment to Licensees for street addressed carded article services?

Answer:

Australia Post recognises that the nature and structure of the carded article service has changed over time and that it is appropriate to re-align this service to our current parcel strategy.

A range of actions is being taken as part of this re-alignment including:

- 2,100 additional hand held scanners are being deployed to LPOs free of charge to licensees;
- Parcel hubs are in operation within selected metropolitan areas;
- Trials of 24 hour parcel collection lockers are in progress; and
- 100 outlets have been identified to provide customers with extended hours for parcel collection.

A review is also currently underway, in consultation with the LPO representative body (Post Office Agents Association Limited (POAAL)), around the structure of payments to licensees for carded articles.

Question No: 91

Program No. Australia Post Hansard Ref: In Writing

Topic: Licensed Post Offices

Senator Nash asked:

- a. Has Australia Post researched the current and future payments made to Licensees for street addressed carded articles?
- b. If so, what has the report to Australia Post from this research advised?
- c. Can Australia Post please provide the committee a copy of any internal reports to management about the costs to Australia Post of providing street addressed carded article services through both AP Corporate Post Offices and LPO's?

Answer:

- a. Australia Post has commenced work to review the payment structure for carded articles in line with its parcels strategy. This work is still in its early stages and subject to extensive consultation with the LPO representative body (Post Office Agents Association Limited POAAL).
- b. As indicated in the response to Q90, it is recognised that the nature and structure of the carded article service has changed over time and that it is appropriate to re-align this service to our current parcel strategy.
- c. As payments to licensees for street addressed carded articles may be made through either the mail management fee or carded article fee, which do not identify the volume of carded articles involved and can include payment for other activities, details of the cost of providing the street addressed carded article service through LPOs is not available.

Question No: 92

Program No. Australia Post Hansard Ref: In Writing

Topic: Staffing

Senator Fisher asked:

- a. How many permanent staff recruited this FYTD?
- b. What classification are these staff?
- c. How many temporary positions exist or have been created this FYTD?
- d. This FYTD, how many employees have been employed on contract and what is the average length of their employment period?

Answer:

- a. As at 31 October 2011, 693 permanent staff had been recruited.
- b. Their classifications at the commencement were:

Classification	No of staff
Admin Officer Levels 2-8	121
Corporate Lawyer	2
Customer Service	
Consultant Level 2	88
Driver / Sorter	1
Executive	23
IT Band 3	3
Mail Officer/Coordinator	25
Postal Delivery Officer	47
Postal Manager Grade 1	2
Postal Services Officer	34
Postal Transport Officer	
Parity	6
Postal Technical Officer	
Levels 5-8	3

2

Senior Postal DeliveryOfficer3Sprintpak Operator Levels361-336Trainee Delivery, Mail36Parcel and Postal Services297Officers297Grand Total693

- c. As at 31 October 2011, 148 Fixed Term Positions had been created.
- d. As at 31 October 2011, 101 new contract level staff had commenced, with an average employment length of 2 months.

Question No: 93

Program No. Australia Post Hansard Ref: In Writing

Topic: Staffing

Senator Fisher asked:

- a. How many permanent staff were recruited for the year 2010-11?
- b. What classification are these staff?
- c. How many temporary positions exist or were created for the year 2010-11?
- d. For the year 2010-11, how many employees were employed on contract and what is the average length of their employment period?

Answer:

- a. 1,853 permanent staff were recruited during 2010-11.
- b. Their classifications at the commencement were:

Classification	No of Staff
Admin Officer Levels 1-8	173
Customer Service Consultant	
Level 2	183
Delivery Manager	1
Driver / Sorter	13
Executive	89
IT	15
Mail Officer	73
Parcel Post Officer	2

Postal Delivery Co-Ordinator	
Grade 1	1
Postal Delivery Officer	219
Postal Services Officer	98

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Supplementary Budget Estimates Hearings October 2011

Broadband, Communications and the Digital Economy Portfolio

Australia Post

Postal Transport Co-Ordinator	
Grade 3	1
Postal Transport Officer	49
Postal Technical Officer Level	
4	1
Senior Executive	4
Senior Mail Officer Grade 2	2
Senior Postal Delivery Officer	
Grade 2	9
Senior Postal Services Officer	
Grade 2	1
Senior Technical Services	
Officer Grade 2	1
Sprintpak Operator Level 1	8
Support Services Officer	2
Trainee Delivery, Mail, Parcel	
and Postal Services Officers	908
Grand Total	1853

- c. 478 Fixed Term Positions were created.
- d. 262 new contract level staff commenced during 2010-11, with an average employment length of 5 months.

Question No: 94

Program No. Australia Post Hansard Ref: In Writing

Topic: Staffing

Senator Fisher asked:

Are there any plans for staff reduction? If so, please advise details i.e. reduction target, how this will be achieved, services/programs to be cut etc.

If there are plans for staff reductions, please give the reason why these are happening

Answer:

There are no plans to reduce staff numbers. Staff numbers will continue to reflect the change and growth areas of the business. The Future Ready Skills program investment of \$20m over three years will support training and skill development of staff that may be in roles that are not needed in the long-term and also support them if they do need to leave the business.

Question No: 95

Program No. Australia Post Hansard Ref: In Writing

Topic: Efficiency Dividend

Senator Fisher asked:

How has the efficiency dividend been implemented? Please list where and what spending has been reduced to meet the efficiency dividend.

Answer:

As a Government Business Enterprise, Australia Post is not subject to the government's efficiency dividend or similar budget/policy measures.

Question No: 96

Program No. Australia Post Hansard Ref: In Writing

Topic: Government Advertising

Senator Fisher asked:

- a. What advertising Campaign and Non-Campaign has the Agency undertaken in 2011-12? Provide details of each advertising, including the program the advertising was for, the total spend and the business that provided the advertising services.
- b. Did the Department of Finance and Deregulation provide any advice about the advertising? Provide details of each advertising item.
- c. Did the Advertising comply with the Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies (March 2010)? Provide the details for each advertising item.
- d. Provide details for any other communications program, including details of the program, the total spend and the business that provided the communication services.
- e. What advertising Campaign and Non-Campaign and other communications programs is the Agency undertaking, or are planning to undertake?

Answer:

Australia Post has not undertaken and is not planning to undertake any "Advertising or Communications Programs" as defined in Question on Notice 59 from the May 2010 Budget Estimates hearings.

Question No: 97

Program No. Australia Post Hansard Ref: In Writing

Topic: Hospitality and Entertainment

Senator Fisher asked:

- a. What was the Agency's hospitality spend for the year 2010-11?
- b. Detail date, location, purpose and cost of all events.

Answer:

a-b. As a large commercially focussed Government Business Enterprise operating in a number of highly competitive markets, Australia Post engages in a broad range of business-related hospitality and entertainment activities across the corporation on an ongoing basis. These activities are aimed at strengthening existing customer relationships and developing potential ones.

The specific details sought in respect of each hospitality activity across the entire corporation are not captured on any central database. As such, Australia Post is not in a position to provide the information requested.

Question No: 98

Program No. Australia Post Hansard Ref: In Writing

Topic: Hospitality and Entertainment

Senator Fisher asked:

- a. What was the Agency's entertainment spend for the year 2010-11?
- b. Detail date, location, purpose and cost of all events.

Answer:

a-b. As a large commercially focussed Government Business Enterprise operating in a number of highly competitive markets, Australia Post engages in a broad range of business-related hospitality and entertainment activities across the corporation on an ongoing basis. These activities are aimed at strengthening existing customer relationships and developing potential ones.

The specific details sought in respect of each entertainment activity across the entire corporation are not captured on any central database. As such, Australia Post is not in a position to provide the information requested.

Question No: 99

Program No. Australia Post Hansard Ref: In Writing

Topic: Hospitality and Entertainment

Senator Fisher asked:

- a. What hospitality spend is the Agency planning on spending?
- b. Detail date, location, purpose and cost of all events.

Answer:

a-b. As a large commercially focussed Government Business Enterprise operating in a number of highly competitive markets, Australia Post engages in a broad range of business-related hospitality and entertainment activities across the corporation on an ongoing basis. These activities are aimed at strengthening existing customer relationships and developing potential ones.

The specific details sought in respect of each hospitality activity across the entire corporation are not captured on any central database. As such, Australia Post is not in a position to provide the information requested.

Question No: 100

Program No. Australia Post Hansard Ref: In Writing

Topic: Hospitality and Entertainment

Senator Fisher asked:

- a. What entertainment spend is the Agency planning on spending?
- b. Detail date, location, purpose and cost of all events.

Answer:

a-b. As a large commercially focussed Government Business Enterprise operating in a number of highly competitive markets, Australia Post engages in a broad range of business-related hospitality and entertainment activities across the corporation on an ongoing basis. These activities are aimed at strengthening existing customer relationships and developing potential ones.

The specific details sought in respect of each entertainment activity across the entire corporation are not captured on any central database. As such, Australia Post is not in a position to provide the information requested.