

Senate Standing Committee on Environment, Communications and the Arts
Answers to Senate Estimates Questions on Notice
Supplementary Budget Estimates Hearings October 2009
Broadband, Communications and the Digital Economy Portfolio
Australia Post

Question No: 55

Hansard Ref: ECA 11

Topic: INJURYNET CONTRACT

Senator Fielding asked:

What is going to trigger it coming up for tender?

Answer:

A three-year contract for administering the operation of Australia Post's Facility Nominated Doctor program/network was awarded to InjuryNET in May 2007 following a competitive tender process.

Consistent with Australia Post's standard procurement practice, the tender is scheduled to go to market three to four months prior to the expiry of the contract in May 2010.

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Question No: 56

Hansard Ref: Hansard Ref: ECA 12

Topic: FACILITY NOMINATED DOCTORS TRAINING PACKAGE

Senator Fielding asked:

Could you provide the committee with a copy of the training package?

Answer:

InjuryNET is an independent company and as such, Australia Post is not in a position to provide a copy of the training package InjuryNET uses to train medical practitioners who will be performing work for Australia Post.

However, Australia Post is able to provide the following overview of the training package:

THEORY COMPONENT

The theory component takes approximately one hour to complete, is normally delivered by an InjuryNET representative in one of its facilities and includes the following content:

- Australia Post
 - Structure
 - Statistics
 - Best Practice Rehabilitation

- Introduction to InjuryNET
 - InjuryNET
 - Australia Post's Injury Management Program

- Practitioner Training
 - Treatment Process
 - Consultation
 - Overview of Evidence Base for Early Intervention
 - Completion of Medical Certificates

- Provision of InjuryNET Client Manual

The theory component must be complemented by practitioner visits to work centres typical of the facilities that are likely to refer staff

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PRACTICAL COMPONENT

The practical component can take up to several hours to complete, depending on whether facilities are co-located, and includes the following content:

- Australia Post Work/Facility Familiarisation
 - Commercial Outlet
 - Mail Sorting/Delivery Centre
 - Transport Centre

- Workplace Tour/Discussions
 - Managers and Supervisors
 - Equipment and Processes
 - Interaction between Worker and Work Environment
 - Possible Alternative Duties for Injured Workers

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Question No: 57

Hansard Ref: Hansard Ref: ECA 12

Topic: MR SCOTT LYNCH

Senator Fielding asked:

Are you aware of the case - and it has been raised before publicly – of Scott Lynch?
Are you aware of those claims in this case?

Answer:

Mr Lynch lodged two separate claims for compensation – one on 27 July 2008 and one on 4 June 2009.

Concerning the first incident, the following table details the relevant dates and actions:

Date	Action
22 July 2008	Mr Lynch submitted an Incident Report indicating he was experiencing “muscular pain in left upper forearm” arising from lifting mailbags from the floor of a truck to a conveyor belt on 21 July.
23 July 2008	Mr Lynch worked as normal.
24 July 2008	Mr Lynch attended his own GP who provided him with a medical certificate indicating he was unfit for work for the period 24 to 27 July.
24 July 2008	Mr Lynch attended a Facility Nominated Doctor (FND) for a Fitness for Duty Assessment who certified that he was fit for suitable duties (i.e. excluding lifting more than 1 and 7 kgs with his left and right arms respectively and repetitive movements with his left arm) for the period 24 to 27 July.
24 and 25 July 2008	Mr Lynch did not return to work and took these two days as sick leave.
27 July 2008	Mr Lynch lodged a claim for compensation.

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5 and 19 August 2008	Australia Post accepted liability for Mr Lynch's injury (includes reimbursement of associated medical costs), but denied liability for his absence from work on 24 and 25 July in light of the FND's advice that Mr Lynch was capable of working on these days.
8 September 2008	Mr Lynch lodged a request for reconsideration of Australia Post's decision to deny liability for 24 and 25 July.
9 October 2008	Australia Post finalised the reconsideration and accepted liability for 24 and 25 July.

Concerning the second incident, the following table details the relevant dates and actions:

Date	Action
1 June	Mr Lynch attended his own GP who reported "acute ligamentous strain to right knee" because of an injury sustained to his knee on 28 May while climbing down from his delivery truck. Mr Lynch was certified fit for pre-injury duties with physiotherapy.
4 June	Mr Lynch lodged a claim for compensation.
4 June	Australia Post accepted the claim.
15 June – 21 July	Mr Lynch attended his GP again and was certified fit for pre-injury duties, which he continued to perform, but was referred for an MRI in relation to a possible cruciate ligament tear.
22 July – 28 September	Mr Lynch underwent arthroscopic surgery by an orthopaedic surgeon.
29 September	Mr Lynch commenced a gradual return to work program, which is continuing.

Australia Post is satisfied that its management of Mr Lynch's injuries was entirely appropriate and in line with normal practice.

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Question No: 58

Hansard Ref: ECA 15

Topic: STRATEGIES TO IMPROVE PRODUCTIVITY – DEEPER AUTOMATION IN DELIVERY NETWORK

Senator Abetz asked:

1. What capital has been set aside to undertake these initiatives?
2. What is the estimated impact of these initiatives in relation to cost savings or greater efficiencies?
3. And also, the scheduled timing of their introduction?

Answer:

1. A total of approximately \$20m has been set aside over the next three financial years to support automated sequencing.
2. Every delivery round sequenced is expected to save approximately 30 minutes per day in time/work effort.
3. Some 750 rounds were sequenced in 2009, bringing the total number of rounds sequenced to approximately 1150. The plan is to increase sequencing by a further 800 – 1000 rounds per year up to a target of 5000 rounds.

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Question No: 59

Hansard Ref: ECA 17

Topic: SPONSORSHIP OF SYDNEY TO HOBART YACHT RACE

Senator Abetz asked:

Is Australia Post going to continue its sponsorship of the Sydney to Hobart Yacht Race?

Answer:

Australia Post is not a sponsor of the Sydney to Hobart Yacht Race.

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Question No: 60

Hansard Ref: ECA 19

Topic: LICENSEE COMMISSIONS

Senator Abetz asked:

Did they come into effect on 1 July 2009?

If there was a delay, why did it occur and what mechanisms have been put in place to ensure that it does not happen again?

Answer:

A total of six separate commissions were scheduled for increase on 1 July 2009. All were increased on the due date except electronic banking transactions and Postbillpay transactions on behalf of one agency principal. The error was recognised and rectified in October 2009. The average amount delayed per outlet for this period was \$50.

The omissions were due to an administrative error and mechanisms have since been introduced to ensure all future increases are paid when due.

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Question No: 61

Hansard Ref: Written

Topic: DECIPHA

Senator Fielding asked:

1. What was Decipha's pre-tax profit for 2008/2009
2. What was Decipha's net profit for 2008/2009
3. What was Decipha's revenue for 2008/2009
4. What was the remuneration of the directors and executives of Decipha in 2008/2009
5. What were the numbers of Decipha employees employed as at 30 June 2009 who were:
 - Permanent full-time
 - Permanent part-time
 - Agency staff full-time
 - Agency staff part-time
 - Fixed-term full-time
 - Fixed-term part-time

Answer:

1. \$1,508,977
2. \$1,108,008
3. \$38,785,205.
4. Directors – Nil.
Executives – \$1,444,336 (includes superannuation, car allowances and bonuses).
5.

Permanent full-time	-	228
Permanent part-time	-	215
Agency staff full-time	-	0
Agency staff part-time	-	213
Fixed-term full-time	-	0
Fixed-term part-time	-	0

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Question No: 62

Hansard Ref: Written

Topic: AUSTRALIA POST BOARD/MANAGING DIRECTOR

Senator Abetz asked:

1. Will the Minister ensure that the next appointee to the Australia Post Board has postal industry experience?
2. Did the Minister consider bringing in international postal industry experience for the Australia Post Board?
3. Will the next Managing Director of Australia Post be directed to attend Senate Estimates hearings by either the Board or the Minister?
4. What has Australia Post budgeted for the cost of the global search for a new Managing Director?

Answer:

- 1&2. Subsection 73(3) of the *Australian Postal Corporation Act 1989* provides that, in nominating persons for appointment as directors, the Minister must have regard to the need to ensure that the directors collectively possess an appropriate balance of expertise and, in particular, include a person who the Minister, after consultations with representatives of industrial organisations representing employees, is satisfied has an appropriate understanding of the interests of employees. The Act does not specify any other qualifications for appointment.
3. The new Managing Director will be made fully aware of the Committee's expectations that he/she attend Senate Estimates hearings.
4. \$325,000.

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Question No: 63

Hansard Ref: Written

Topic: MAIL DELIVERY SERVICE CONTRACTS

Senator Abetz asked:

1. How many individual mail service contracts does Australia Post have?
2. How many individual contractors are engaged to perform these mail services?
3. What is the largest number of contracts held by any one individual contractor?

Answer:

1. 5090
2. 3683.
3. 63.

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Question No:64

Hansard Ref: Written

Topic: MESSENGER POST

Senator Abetz asked:

1. How many Messenger Post contractors are engaged by Australia Post?
2. How does Australia Post award Messenger Post contracts?

Answer:

1. As at 31 October 2009, 874 Messenger Post contractors were engaged by Australia Post.
2. Potential contractors are interviewed. If they are deemed suitable, they then undergo a police check and vehicle inspection. Finally, their ACN and certificate/s of insurance are sighted prior to entering into a formal contractual agreement.

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Question No: 65

Hansard Ref: Written

Topic: MAIL CONTRACT TENDER ASSESSMENT

Senator Abetz asked:

1. Is the assessment of tenders for mail contracts subject to any review to ensure that correct assessment procedures are being followed?
2. Can Australia Post guarantee the integrity of the tender assessment process and the accuracy of the information supplied to interested tenderers?
3. What action can a tenderer take if they are concerned that Australia Post has not followed correct procedure in assessing tenders for a mail service?

Answer:

1. Yes - once the Contract Officer has completed the assessment process, their recommendation is reviewed and approved by a Manager who holds a Mail Contract Approval delegation. In addition, the tender assessment process is subject to internal compliance checks and audits by Australia Post's Corporate Audit Group.
2. Yes - Australia Post has detailed procedures to manage and ensure the integrity of the tender assessment process. All tenderers receive a comprehensive tender pack that includes a range of information to assist them in preparing their tender, including:
 - Information for Tenderers
 - Conditions of Tender
 - Contract Specific Specifications
 - Tender Form; and
 - OHS&E Information for Tenderers.

All tender documents undergo an annual review to ensure they are accurate and up-to-date. Information detailed in the Contract Specific Specifications, which outlines distance, hours and mail volumes, is based on a review undertaken prior to the tendering of the mail service.

In addition, tenderers are advised to make their own enquiries as to the correctness of information contained in documents provided with the tender pack. They are also strongly advised to seek financial and legal advice.

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3. If a tenderer is concerned about whether Australia Post has followed correct procedure, they should put their concerns in writing to the Mail Contract Manager in the state in which they are tendering.

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Question No: 66

Hansard Ref: Written

Topic: PUBLIC LIABILITY INSURANCE FOR CMAs/CPAs

Senator Abetz asked:

1. What was the total cost paid by Australia Post for public liability insurance for Community Mail and Postal Agencies for 2008/2009?
2. Which insurance broker did Australia Post use to place this insurance? Which insurance broker is being used for 2009/2010?
3. Did Australia Post call for tenders for this insurance business? If not, why not? Will Australia Post call for tenders for this insurance business for 2010/2011?

Answer:

1. \$10,029.96.
2. Marsh Insurance was used for 2008/2009 and is being used for 2009/2010.
3. No. Australia Post did not/does not intend to call for tenders for this insurance business because of the low cost involved. Since its inception in 1994, the insurance cover in question has been placed through insurance brokers with:
 - knowledge and understanding of the risk exposures associated with services performed by Community Mail Agencies and Community Postal Agencies;
 - extensive knowledge of the public liability underwriters who offer the coverage required to address these risks; and
 - a satisfactory past relationship in dealing with Australia Post and Community Postal Agencies/Community Mail Agencies on related insurance placements.

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Question No: 67

Hansard Ref: Written

Topic: FUTURE PRICE INCREASES

Senator Abetz asked:

1. What impact will future price increases have on the service that Australia Post provides to the community?
2. Will it reduce the frequency of service delivery for letter delivery? Will it reduce the number of retail outlets?
3. Given the financial pressures Australia Post says it is facing that requires a price increase will it be curtailing its generous spending on entertainment such as at the Olympic Games and its sponsorship of events such as the Stawell Gift and yachts in the Sydney to Hobart race?

Answer:

- 1&2. None - Australia Post will continue to meet its legislated Community Service Obligations and associated retail and delivery performance standards.
3. Australia Post is a sponsor of the Stawell Gift and Australian Olympic Team. It is not a sponsor of the Sydney to Hobart Yacht Race.

As with any business, Australia Post develops promotional plans to support its products and services and overall brand strategy. These are reviewed on an ongoing basis to ensure they are achieving target results and are aligned with overall business strategies and objectives.

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Question No: 68

Hansard Ref: Written

Topic: EXECUTIVE REMUNERATION/ MANAGING DIRECTOR/SUCCESSION PLANNING

Senator Abetz asked:

1. Given the current community debate about executive remuneration can you tell us what are plans to rein in the salary of the highest paid public servant who is the managing director of Australia Post?
2. Will there be many restrictions on the number of other board positions that the managing director can occupy given the concern that he should apply him/herself full time to the duties of managing director?
3. What are the succession plans for the remainder of the organisation, given that the current management team is close to retirement and a high turnover over the next few years could jeopardise the organisation's performance?
4. Is it expected that there will be major changes to the senior management team when the new MD is appointed?
5. Is Graeme John on any Australia Post-related boards, such as Australian Air Express or Star Track Express? If so, will he continue to serve on those boards after his retirement?

Answer:

1. The Managing Director's remuneration will continue to be determined by the Board, within parameters approved by the Remuneration Tribunal.
2. Any proposed Board appointments would be a matter for consideration on a case-by-case basis, in consultation with the Chairman.
3. Australia Post has a strong enterprise wide talent management process, which incorporates succession planning for all key management roles.
4. Any changes to the senior management team would be a matter for the new Managing Director.
5. Graeme John serves on the Boards of the following Australia Post joint venture entities – Australian Air Express, Star Track Express, Sai Cheng Logistics International and iPrint. He is also on the Boards of the following Australia Post subsidiary companies – Post Logistics Australasia and PrintSoft Holdings. On his retirement from Australia Post it would be his intention to resign from these Boards.

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Question No: 69

Hansard Ref: Written

Topic: FINANCIAL SERVICE PRODUCTS SURVEY

Senator Abetz asked:

We note that Australia Post has recently undertaken a survey of people that asks people if they are thinking of engaging financial service products that then identifies them for follow up by a range of financial service providers, some of them not mentioned in the survey document. Does Australia Post feel it is failing in its corporate duty to flog these products in contradiction of the ASIC warning?

Answer:

Australia Post assumes the question relates to the Australian Lifestyle Survey (ALS), which seeks to establish the respondent's interest in a wide range of subjects areas, not just financial services.

By way of background, the ALS was introduced in 1997 by First Direct Solutions (a division of Australia Post), to give customers the opportunity to help control the type of advertising and other information they receive in the mail.

First Direct Solutions specialises in the development of accurate mailing lists for companies that want to establish direct sales relationships with customers. The ALS results are used by some of Australia's largest and most reputable companies who want to reduce waste in their advertising by only mailing to consumers who have expressed a need for, or an interest in, their particular products or services.

Australia Post promotes the ALS in the belief that it benefits consumers, advertisers, the wider community and itself by:

- enabling customers to receive more relevant and less "junk" mail;
- allowing advertisers to direct their mail more effectively to interested consumers;
- resulting in less waste of advertising material through better targeting; and
- making Australia Post's direct mail advertising services more attractive.

It is important to note that the Guidance Notes to the ALS clearly indicate:

- that participation in the ALS is entirely voluntary and those who choose to participate should feel free to ignore particular questions, if they wish;
- that by completing the ALS, companies that have appropriate offers will be provided with the consumer's contact information so that those offers can be sent to them; and
- how to have one's details subsequently removed from any mailing lists.

No ASIC warning has been issued in relation to the ALS.

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Question No: 70

Hansard Ref: Written

Topic: MAIL CONTRACT TENDER COST ITEMS

Senator Abetz asked:

1. What cost items are mail contractors expected to list when they tender for a mail contract?
2. Australia Post has previously informed the Committee that it uses fuel pricing data from FuelTrac to perform fuel price reviews on mail contracts. Australia Post has stated previously that the FuelTrac service is a subscription service. Does Australia Post recognise FuelTrac subscriptions as a cost item in a tender for a mail contract?

Answer:

1. Contractors should consider and list all costs relevant to the performance of the service, including:
 - Labour costs (including superannuation, Workcover and leave provisions)
 - Vehicle costs (including fuel, tyres, maintenance, lease or depreciation)
 - Equipment costs (including trolleys, rental for scanners and sorting frames)
 - Other costs (including relevant insurances, work attire, communication equipment, incorporation and accounting costs).
2. Tenderers may include any costs they consider relevant to the performance of the mail service. However, they must assess the extent to which such costs may affect the competitive position of their tender.

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Question No: 71

Hansard Ref: Written

Topic: LICENSEE PAYMENTS

Senator Abetz asked:

An increase in some LPO commissions was supposed to come into effect from 1 July. To date, those increases have not been paid to Licensees.

1. How did this happen, and what steps has Australia Post taken to ensure this never happens again?
2. When will the increases be paid to Licensees?
3. Will Australia Post be paying interest on these withheld payments?
4. When it comes to negotiating payments with individual Licensees, does Australia Post give authority to its Area Managers to reach agreement on mutually acceptable payments? Or do negotiations have to be handled by a more senior manager?
5. Australia Post has national policies in place regarding ethical behaviour, regarding whistle blowing, policies about giving respect to everyone involved in the Australia Post business. Does Australia Post have a policy with regard to good faith bargaining?

Answer:

- 1&2. A total of six separate commissions were scheduled for increase on 1 July 2009. All were increased on the due date except electronic banking transactions and Postbillpay transactions on behalf of one agency principal.

The omissions were due to an administrative error and mechanisms have since been introduced to ensure all future increases are paid when due.

The error was recognised and rectified in October 2009. The average amount delayed per outlet for this period was \$50.

3. Generally, Australia Post does not pay interest to licensees for underpayments; similarly it does not seek interest payments from licensees for overpayments. This is particularly the case where small amounts of money are involved.

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4. An Area Manager is authorised to negotiate payment amounts, within nationally prescribed parameters, with individual Licensees for a limited number of payment items.
5. Australia Post always acts in good faith in its dealings with licensees and LPOs. Furthermore, Australia Post fully complies with the requirements of the Franchising Code of Conduct and ensures at all times that its conduct is both reasonable and conscionable.

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Question No: 72

Hansard Ref: Written

Topic: LICENSED POST OFFICES – STOCK DISTRIBUTION, STAFFING AND SUPPORT

Senator Abetz asked:

Australia Post has consolidated its stock distribution centres. This has resulted in significant disruption to the distribution of retail stock to LPOs. Licensees have complained about stock arriving late or not at all, consignments being broken up, and receiving invoices in advance of the stock! Surely, the national postal operator can get distribution right for its own network!

1. Why did Australia Post consolidate its stock distribution centres?
2. If it was to drive efficiencies in the business, how much money has been saved?
3. Given all the complaints about stock distribution to LPOs, has the consolidation been worth it?
4. How does Australia Post calculate the number of staff needed to support Licensed Post Offices? Typically, how many LPOs would an Area Manager or Network Manager be responsible for?
5. Licensees frequently complain that it is nearly impossible to reach Australia Post's LPO support staff. What is Australia Post doing to ensure that LPO support staff are available to assist Licensees as needed?

Answer:

1. The consolidation of Australia Post's stock distribution centres has not resulted in any significant disruptions to the distribution of retail stock to LPOs. Fulfilment performance for warehouses nationally, to both corporate and LPOs, is for despatch of stock the next working day from order receipt.

The consolidation of stock distribution centres is one component of an overall Retail Supply Chain Optimisation Program that aims to deliver efficiencies across Australia Post's entire supply chain.

2. The consolidation of stock distribution centres is expected to result in annual savings in the order of \$1.5m. It should be noted that Australia Post does not charge licensees for stock distribution.
3. While some initial isolated teething issues were experienced at the time of consolidating the stock distribution centres, these have now been resolved and Australia Post is

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currently not in receipt of significant levels of complaints from licensees regarding stock distribution. It is acknowledged that individual issues do arise from time-to-time, however the frequency and circumstances involved do not indicate that there are widespread or systemic supply chain issues. Fulfilment service performance for LPOs and corporate offices is tracking (year to date) at 93% across all product categories. Australia Post believes the consolidation of stock distribution centres, as a component of the overall Supply Chain Optimisation Program, has been an appropriate course of action.

4. LPOs are supported by staff directly involved in their management (e.g. Network Managers) and staff performing centralised support functions (e.g. Shared Services Division, Post Logistics, State and National administrative areas). Staffing requirements for centralised support functions are calculated against functions to be performed.

The number of LPOs that a Network Manager is responsible for varies depending on factors such as the mix of the LPOs within the network (e.g. Stand-alone and In-conjunction, Technology-enabled and manual, Shop fit-out or traditional) and the geographical area of the network. On average, Network Managers are responsible for approximately 100 LPOs.

5. Australia Post is currently reviewing its national and state support structures to ensure the appropriate alignment of staff and responsibilities.

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Question No: 73

Hansard Ref: Written

Topic: STAFF WORKING INTERSTATE

Senator Abetz asked:

1. How many Australia Post staff live in one State and work in another?
2. Has Australia Post investigated the impact this has on employees' wellbeing and the wellbeing of their families?

Answer:

1. Two senior managers fly to interstate capital cities to work part of the week. In addition, 69 staff members commute, mostly short distances, between states on a daily basis (e.g. Albury to Wodonga, Burleigh Heads to Tweed Heads).
2. No.

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Question No: 74 & 75

Hansard Ref: Written

Topic: RETAIL NETWORK CHANGES 2008/09

Senator Abetz asked:

1. In the financial year 2008/09:
How many LPOs were closed?
How many new LPOs were opened?
How many corporate post offices were converted to LPOs?
Please list each LPO.

2. In the financial year 2008/09:
How many Franchised post shops were closed?
How many new Franchised post shops were opened?
How many corporate post shops were converted to franchise operations?
Please list each franchised post shop.

3. In the financial year 2008/09:
How many Community Mail/Postal Agencies were closed?
How many new Community Mail/Postal Agencies were opened?
Were any post offices converted to Community Mail/Postal Agencies?
Please list each Community Mail/Postal Agency.

Answer:

1. Licensed Post Offices (LPOs)

Closed

- Four permanent - Dungowan (NSW), Mildura East (VIC), Glenelg Jetty Road (SA/NT) and Highclere (TAS).
- Three temporary – Marysville (VIC) reopened 17/8/09, Banksia (NSW) reopened 1/9/09 and Wembley Downs (WA) pending reconstruction of building.

Opened

- Two – Tarneit (VIC) and Griffith University (QLD).

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Converted from corporate

- Three - Airlie Beach, Kallangur and Woolloongabba (all in QLD).

2. Franchised PostShops (FPS)

Closed

- Nil.

Opened

- One – Rouse Hill (NSW).

Converted

- Nil.

3. Community Mail/Postal Agencies

Closed

- 17 CPAs – Wombat, Menangle, Rosebank, Thurgoona and Wee Jasper (all in NSW), Bonang, Metcalfe, Mount Baw Baw and Narbethong (all in VIC), Cordalba, Hidden Valley, Newell Beach, Peak Crossing and Yaamaba (all in QLD), Peppermint Grove Beach and Wyndham Port (both in WA), Hilltown (SA).
- Two CMAs – Warmun and Oombulgurri (WA).

Opened

- Four CPAs – Wallaga Lake [converted from CMA] and Wilton (both in NSW), Palmer River (QLD) and Purana (SA).

Converted from LPO

- Five - Booligal and Murrumbateman (both in NSW), Prairie and Bluewater (both in QLD), Ashton (SA).

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Question No: 76

Hansard Ref: Written

Topic: CUSTOMER COMPLAINTS

Senator Abetz asked:

1. What is the Australia Post procedure for handling customer complaints in the event of a missing mail item?
2. Does the procedure differ if a mail contractor is involved instead of a corporate postie? Please detail the procedure for any compensation or cost recovery.
3. Has the increase in the uptake of track-and-trace had any impact on complaints regarding missing mail items?

Answer:

1. All complaints are entered into the national Customer Management System (CMS), which records all actions taken to locate a missing item. Actions to investigate a missing mail item would typically include contacting all processing facilities that may have handled the article, contacting postal outlets near the customer's residence (in case the customer overlooked an advice card advising the item is awaiting collection at their nearest postal outlet) and contacting the Mail Redistribution Centre (formerly Dead Letter Office) in the event the item's address information was incorrect or could not be confirmed.
2. No, the investigation process is the same. Where eligible, customers are compensated direct from the relevant Customer Contact Centre's budget. Generally, there is no cost recovery from mail contractors, except in the case of repeat customer complaints, serious failures or breaches of contract. In such cases, cost recovery from the contractor can occur through the breach process. As part of the remedy for the breach, the contractor may be required to reimburse Australia Post.
3. No.

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Question No: 77

Hansard Ref: Written

Topic: LICENSED POST OFFICE (LPO) MANAGEMENT MANUAL

Senator Abetz asked:

Does Australia Post have a LPO Management Manual/Guide or similar that is used to assist in the management of LPOs? Or does it rely entirely on the LPO Agreement and the LPO manual?

Answer:

Yes, Australia Post's LPO Management Manual is the reference document for Australia Post staff involved in the management of licensed post offices.

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Question No: 78

Hansard Ref: Written

Topic: MANAGING DIRECTOR

Senator Minchin asked:

1. Is Jim Marshall acting as Chief Operating Officer at present and will he act as Managing Director from December until a permanent appointment is made?
2. How is the recruitment process to appoint a new CEO progressing?
3. When will an announcement be made?
4. How long do you anticipate requiring an acting MD?

Answer:

1. Jim Marshall is currently Chief Operating Officer. Should the need arise, he would act as Managing Director on Mr John's retirement, pending finalisation of the appointment process.
2. A Board Subcommittee is conducting the search process for a new Managing Director assisted by executive search firm Spencer Stuart.
- 3&4. While an announcement will be made once the appointment process has been finalised, the likely timing for this is not known at this stage.

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Question No: 79

Hansard Ref: Written

Topic: INVESTMENT STRATEGY

Senator Minchin asked:

At the same time that Mr John announced his impending retirement, Post also announced some \$700m in investments over the next 3 years.

1. Please outline what these investments are and how they will help negate the anticipated fall in traditional mail?
2. What is the profile for when money will be expended on these “investments”?
3. Does this change the profitability projections for Post this financial year or over the forward estimates?
4. Does the \$700m investment strategy include funding to expand passport services and offer online applications?
5. How much capital is being devoted to this component?
6. What security processes/checks will be involved in the online application of passports?
7. Will online services for passports be open to everyone?
8. Why is Post investing in the technology/IT project?
9. Are you working closely with Government departments on the technology to ensure any such IT proposal is entirely secure?

Answer:

1. The \$700m referred to relates to major capital investment programs underway and/or planned for the next three years. The programs consist of both core infrastructure and new initiatives, including:
 - Retail Point of Sale Upgrade
 - Payroll / Human Resources Management system
 - Future Delivery Design
 - Multi-Product Sorter
 - Voice Optical Character Recognition
 - SAP: Event Management, Enterprise Foundation Program, Finance Program, Licence Agreements
 - New National Address and Network Information System

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- Enhanced Identification & Verification System / Process
- Retail Supply Chain Optimisation

A number of the programs are related to Australia Post's traditional mail business and are aimed at improving efficiency and assisting in reducing costs. Other programs are designed to offset the decline in traditional mail with new products and services.

2. Actual and forecast expenditure levels are as follows:

2007/08 (Actual)	2008/09 (Actual)	2009/10 (Forecast)	2010/11 (Forecast)	2011/12 (Forecast)
\$26m	\$130m	\$152m	\$185m	\$197m

3. No.

4-8. The investment strategy includes an amount of \$28.7m, which will allow Australia Post to update and modernise its IT infrastructure (including the systemisation of manual and paper based processes and the enhancement of compliance and risk profiles), thereby providing enhanced identity verification services to customers.

There are no plans to expand passport services or to change the current passport application arrangements. While passport applications can be completed and printed on line, applications must be lodged in person so that the interviewing officer can check the applicant's identity documents and verify that supporting photographs are a true likeness of the applicant.

9. Australia Post uses a reputable security-certified product for identity management, document processing and secure management of data. It will continue to work with all of its agency principals to ensure that the information it collects on their behalf meets stringent security requirements.

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Question No: 80

Hansard Ref: Written

Topic: INSURANCE SERVICES

Senator Minchin asked:

1. Regarding the announcement to expand into the insurance sector – how long have car insurance services been available?
2. Is insurance only available from Post online or over the phone? Can insurance policies be purchased in outlets?
3. What has been the level of interest in insurance services thus far?
4. Are you still planning to expand into home and contents and travel insurance?
5. Can you outline the timeframe and processes you undertook before offering insurance products?
6. Did you seek specific approval for the different types of insurance or more generally for a suite of insurance products?
7. Did you seek and receive the approval of either or both the Communications and Finance Ministers to diversify your product offering through insurance?
8. When did you seek approval?
9. When was approval granted?
10. Who granted the approval?
11. Were any conditions placed on the offering of insurance products by the Shareholder Minister or Finance Minister?
12. Were any concerns raised by the Shareholder Minister/s about the diversification of Australia Post's product offering into insurance?

Answer:

1. Following an initial staff offer period (from 30 June 2009), Australia Post began distributing car insurance on behalf of Auto & General (A&G) to the general public on 28 August 2009.

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2. The service is only available online and over the phone – policies cannot be purchased at Australia Post retail outlets.
 3. The initial level of interest in the service has been broadly in line with expectations.
 4. Yes.
 5. Based on market and qualitative research undertaken in late-2008/early-2009, Australia Post issued a Request for Information to major insurance companies in the Australian market in March 2009, seeking proposals for the distribution of general insurance products under the Australia Post brand. After an evaluation of responses and subsequent negotiations, Australia Post entered into an Authorised Representative Agreement with A&G in June 2009 for the distribution of the company's general insurance products. External financial and legal advice were obtained as part of the due diligence process.
- 6-12. While Shareholder Departments were briefed on the initiative, Ministerial approval was not sought as, consistent with previous Government practice, Australia Post's role in this area is that of an agent/distributor, assuming no "principal" risk.

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Question No: 81

Hansard Ref: Written

Topic: STAMP PRICE

Senator Minchin asked:

1. When are you expecting a decision from the ACCC on your proposal to increase the price of stamps by 5 cents to 60 cents?
2. I note in your Annual Report that you indicate in 2008/09 that revenue from the letters portfolio was up by 0.7%, despite the difficulties you mentioned during Budget Estimates about the global financial conditions having an impact on your business lines – is this marginal increase in revenue a result of the stamp increase to 55 cents?

Answer:

1. The ACCC's *Issues Paper* foreshadows a draft decision by the end of November 2009 and a final decision by the end of January 2010.
2. Yes, the price increases for addressed domestic letters (which includes the basic postage rate) contributed to the increase in revenue.

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Question No: 82

Hansard Ref: Written

Topic: ROADSIDE MAIL DELIVERY IN BUSSELTON (WA) – CHANGE TO RURAL ROADSIDE NUMBERING

Senator Minchin asked:

1. Can you outline the background behind the change from RMB and where rural roadside numbering has been introduced, and where it will be introduced over the next 12 months?
2. Have concerns been raised with Post about the non-delivery of mail items because of the change to rural roadside numbering? How many complaints have been lodged and from which regions have these complaints been received?
3. Did Post conduct a communication process with residents about the changes and how they would be affected?
4. I understand that there was a transition period in which Post was still delivering mail marked RMB in areas that have now completed the change to rural roadside numbering.
5. How long did this transition period last in Busselton? How long has or will the transition period last in other areas?
6. What steps did you take to notify residents during this transition period of action they should take to avoid delivery problems?
7. Why can't mail addressed to RMB be delivered after the change to rural roadside numbering?

Answer:

1. The Rural Road Numbering (RRN) Program is a national initiative being undertaken by State governments and Local Government Authorities (LGAs) to ensure that all rural properties are numbered in accordance with national standards. Under the RRN program, all properties are allocated a unique and authoritative number so that Emergency Services and other goods and service providers can easily locate the property.

LGAs are responsible for coordinating and implementing the program and prior to rollout, undertake a communication process to inform householders and other interested parties of their new property address, which becomes their new mailing address. Australia Post generally provides a 12-month transition period, which allows residents plenty of time to advise correspondents of their new mailing address.

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Australia Post understands rollout of the RRN Program is between 50% – 100% complete in NSW, VIC, QLD, WA, ACT and TAS, and still in its early stages in SA and NT.

2. Most of the concerns about the RRN Program are addressed by the relevant LGA, which has overall responsibility for coordination, communication and implementation.

From Australia Post's perspective, the level of inquiry and complaint throughout the rollout of the program has been minimal. In most cases, concerns have been resolved once residents understand why RRN has been introduced and the associated benefits.

In the case of Busselton, the RRN Program was introduced in 2006. Australia Post received approximately 20 inquiries and complaints from residents in the Shire of Busselton concerning the implementation of the program, mostly seeking an explanation for its introduction and arrangements for the continued delivery of mail.

3. No - the Busselton Shire in consultation with the Department of Land Information (WA) was responsible for the coordination, communication and implementation of the RRN Program.
4. Australia Post generally provides a 12-month transition period, but may extend this period if necessary.
5. Australia Post provided Busselton residents with a 12-month transition period, but extended this for residents who experienced difficulties in adopting RRN.
6. During the transition period, Australia Post placed a label near the old address asking the addressee to notify correspondents of their correct mailing address.
7. Australia Post supports the implementation of RRN as the single and authoritative addressing system to provide for accurate and prompt provision of Emergency Services and other goods and services (including mail).

While old RMB and RSM numbers will continue to be recognised for a 12-month period, long-term ongoing use of the old address is not encouraged or supported because this relies on local knowledge for delivery to take place. Inevitably, this local knowledge is lost to an area when delivery contractors retire or transfer to other areas. While Australia Post will always endeavour to deliver incorrectly addressed mail, it cannot guarantee to do this. It is householder's responsibility to ensure that all correspondents are aware of and using their correct mailing address.