

Australian Government Competitive Neutrality Complaints Office

**Competitive neutrality complaint by
the Conference of Asia Pacific
Express Carriers (Australia) Limited**

**Submission by Australia Post
1 May 2024**

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1. Executive Summary

This submission is made to the Australian Government Competitive Neutrality Complaints Office (**Office**) in relation to the submission made by the Conference of Asia Pacific Express Carriers (Australia) Limited (**CAPEC**), an association representing DHL, FedEx and UPS (**CAPEC Members**), on 24 February 2022 (**Initial Submission**) and the supplementary submission made by CAPEC on 17 August 2023 (**Supplementary Submission**).

Australian Postal Corporation (**Australia Post**) acknowledges that the complaints raised by CAPEC are ultimately matters for the Australian Government to consider, given (1) its agencies administer the regulatory frameworks applicable to Australia Post, and to border security clearance arrangements; and (2) its agencies lead Australia's representation in the international body with predominant responsibility for administration of the international postal services framework – the Universal Postal Union.

Australia Post considers, however, that CAPEC's assertion that Australia Post has an unfair competitive advantage by virtue of its public ownership (and that there is a breach of the Australian Government's competitive neutrality principles) is incorrect. The assertion also fails to take account of Australia Post's competitive disadvantages which, collectively, amount to Australia Post experiencing net competitive disadvantage relative to private sector competitors.

Any purported advantage is certainly not evidenced by Australia Post's financial position. In financial year 2022-23, the Group recorded a \$200 million pre-tax loss (with costs attributable to funding its Community Service Obligations increasing from last financial year, to over \$442 million). Australia Post is likely to continue experiencing further financial losses unless it can secure the necessary support required to modernise its business.¹

Australia Post's competitive position largely derives not from its public ownership but, instead, from decades of investment and network development. Notably, CAPEC's Initial Submission notes cites the "*considerable capital investment*" that Australia Post has made over the years; the "*the networks and infrastructure developed over decades by Australia Post*"; and that "*Australia Post has invested heavily*"².

In addition to those significant and considered years of investment in its networks and its services, Australia Post continues to be subject to a number of costly and ongoing disadvantages. These are in the form of both obligations and expectations – that do not apply to private sector competitors like CAPEC Members. Those disadvantages, on balance, significantly outweigh any advantages that Australia Post enjoys as a result of its government ownership.

The remainder of this submission responds to the two complaints set out in CAPEC's Initial Submission (referred to by CAPEC as its '**Importation Complaint**' and its '**Regulatory and Government Support Complaint**') as expanded upon in the Supplementary Submission. This submission also summarises some of the disadvantages Australia Post experiences as a consequence of public sector ownership, and demonstrates that Australia Post carries a net competitive disadvantage relative to private sector competitors.

Australia Post is available to provide further information that assists the Office with its investigation if required.

2. Background

2.1 Competitive Neutrality

Australia Post appreciates the opportunity to contribute to the Office’s investigation of the complaint made by CAPEC.

Australia Post is unaware of a government policy order³ or similar instrument⁴ applying competitive neutrality aspects of Australian Governments’ *Competition Principles Agreement* executed in April 1995 to Australia Post. Australia is aware, however, of the *Commonwealth Competitive Neutrality Policy Statement* of June 1996, and supports the principle of competitive neutrality between government and private business activities.

Australia Post has previously been the subject of two investigations by the Office – in 2000 relating to differences in the regulation of customs and related reporting and cost recovery arrangements⁵, and in 2005 relating to the pricing of transactional mail services provided through EDI Post – a former division of Australia Post⁶.

2.2 Postal Services

Australia Post is a corporate commonwealth entity and government business enterprise whose principal role is to supply postal services within Australia and between Australia and other places⁷, whilst also providing a range of subsidiary and incidental roles⁸ such as providing parcel, financial and other government and similar services.

Australia Post is subject to a number of obligations relating to postal services – in connection with its previously profitable but now severely loss-making legislated monopoly. However, it has no legislated monopoly relating to parcel, financial or other government and similar services, and these services are all provided in highly competitive markets.

Australia Post is also aware that Treasury commenced a review the Commonwealth’s Competitive Neutrality Policy in 2017⁹, but is unaware of the status, submissions, findings or recommendations of that review.

2.3 Investment & Development

As noted in CAPEC’s Initial Submission, Australia Post has made considerable capital investment, developing its network and other assets over decades. From financial years 2012-13 to 2022-23, Australia Post invested over \$4 billion in capital to grow and maintain its network and related systems.

| Financial Year | Investment |
|----------------|-------------------------------|
| 2012-13 | \$386.8 million ¹⁰ |
| 2013-14 | \$523.1 million ¹¹ |
| 2014-15 | \$342.0 million ¹² |
| 2015-16 | \$298.1 million ¹³ |
| 2016-17 | \$295.6 million ¹⁴ |
| 2017-18 | \$310.2 million ¹⁵ |
| 2018-19 | \$423.9 million ¹⁶ |
| 2019-20 | \$316.1 million ¹⁷ |

| Financial Year | Investment |
|----------------|-------------------------------|
| 2020-21 | \$450.0 million ¹⁸ |
| 2021-22 | \$427.2 million ¹⁹ |
| 2022-23 | \$343.1 million ²⁰ |
| Total | \$4,116.1 million |

The major operational and strategic developments Australia Post has made over the years in connection with these investments include:

- New highly-automated processing and delivery facilities around the country – including the Melbourne Parcel Facility, the Brisbane Parcel Facility, the Adelaide Parcel Facility, the Boorna Wangkiny Mia Parcel Facility in Perth, and a number of other facilities in Melbourne and Sydney and in metropolitan and regional areas around the country. These facilities help sort large volumes of articles quickly and efficiently;
- Rolling out the nation’s largest electric delivery fleet of over 4,600 electric vehicles, including with telematics – to improve safety, planning and efficiency;
- Transforming telecommunications infrastructure across our network of Post Offices and other sites to help provide our critical Post Office partners with more reliable connectivity and communications;
- Developing a number of eCommerce and integration platforms to help senders better manage their online orders and deliveries, streamline their parcel processes and reduce costs;
- Improved scanning and tracking for parcels and letters with tracking to help give customers the transparency they expect; and
- Superstores, Business hubs, 24/7 Parcel lockers, 24/7 retail zones, vending machines and self-service terminals.

2.4 Postal Services Modernisation

On 2 March 2023, the Australian Government launched a discussion paper and consultation process to modernise postal services and support the long-term financial sustainability of Australia Post. The Government proposed that modernisation of the postal service adheres to several principles, including that *Australia Post remain [sic] financially sustainable, and invest in its networks, services and people to support improved national productivity and supply chain resilience*²¹.

On 6 December 2023, the Government announced that it will undertake a package of reforms to support postal services modernisation²², which have been welcomed by Australia Post²³.

Australia Post remains committed to continuing to deliver mail across the country, and to supporting a viable mail industry. It will service delivery points around the country, consistent with its Community Service Obligations (**CSOs**), until the last letter is sent. See the paragraph at section 4.3, entitled Community Service Obligations for further information on the background and cost of the CSOs.

While Australia Post expects that the reforms announced may *ease* the financial burden of it meeting its CSOs, in any modernisation scenario, there will still be an obligation to fund the CSOs and an expectation to continue to invest in Australia Post's networks, services and people (consistent with the Government's modernisation principles). Accordingly, any argument that modernisation will *diminish* the disadvantages associated with funding the CSOs should be rejected.

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts is responsible for the reform announcement. Beyond the above comments, the Department is best placed to advise the Office on modernisation matters, including CAPEC's comments on the nature of the reforms (as outlined in its Supplementary Submission).

3. The Importation (and exportation) Complaint

CAPEC's submissions (which focus on differential reporting requirements between Australia Post and private sector competitors for the import or export of parcel deliveries), and other material produced by CAPEC confirms the import and export of parcels as being the issue of most concern to CAPEC.²⁴

Many of the matters raised by CAPEC relating to importation and exportation are similar to matters raised by CAPEC in its complaint to the Office in 2000²⁵. That complaint claimed that Australia Post enjoyed a commercial advantage in competing for business by virtue of differences in the regulatory arrangements for inbound and outbound postal and non-postal items, specifically arising from differential dollar thresholds for screening requirements for incoming and outgoing items, and from differential reporting and cost recovery arrangements for high volume, low value consignments. Since that time, Australia Post has become subject to a biosecurity service fee charged by the Department of Agriculture, Fisheries and Forestry to recover the costs of biosecurity activities undertaken on international mail.

Separately, some of the matters raised in CAPEC's Importation (and exportation) Complaint (as expanded on in the Supplementary Submission) relate to matters being considered by the Australian Government under its Simplified Trade System reforms, and/or by the Universal Postal Union in potentially opening up to other commercial industry participants.

However, Australia Post makes the following general comments regarding CAPEC's submission. Australia Post currently complies with all importation and exportation reporting and declaration requirements. Australia Post is required by law to maintain infrastructure for screening (and other purposes) that other cargo reporters are not required to maintain. This comes at a significant cost to Australia Post – which negates any advantage that Australia Post purportedly enjoys. Part of these requirements stem from the obligation that Australia Post has to accept mail worldwide, without any restriction (bar legislated bans), which does not apply to any other logistics provider into Australia. There are also broader costs that Australia Post incurs to meet additional requirements which are not addressed in CAPEC's submissions, including EU-related pre-departure reporting costs for consumer-to-consumer traffic that Australia Post has an obligation to handle.

Government agencies including the Department of Foreign Affairs and Trade, the Department of Agriculture, Fisheries and Forestry, the Department of Home Affairs, the Department of Finance and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts are responsible for the administration of laws relating to trade, postal and non-postal importation, exportation and border clearance activities. Beyond the above comments, they are best placed to advise the Office on these matters. This section of Australia Post's submission is brief given that context.

Likewise, these agencies are best placed to comment on the merits or otherwise of the legislative or regulatory proposals raised by CAPEC.

4. The Regulatory and Government Support Complaint

CAPEC's second complaint references a small number of purportedly advantageous regulatory exemptions applicable to Australia Post, whilst also expressing that Australia Post enjoys a "lack of regulatory burdens" relative to other parcel delivery service providers such as CAPEC Members.

CAPEC's complaint also asserts that any advantages to Australia Post that arise from differences in regulation are a result of "Australia Post's government ownership". Australia Post, however, considers that any differences instead derive as a consequence of the community services it is obliged to provide. While this distinction may initially seem academic, it is a critical one for the purposes of CAPEC's complaint. Community services may be provided by public entities (i.e. entities owned by government), by private entities (i.e. entities owned by private interests), or by a combination of the two. The regulatory differences referred to in CAPEC's complaint are tied not to the entity providing the services (i.e. Australia Post) but to the services themselves (i.e. postal services and the delivery of mail).

In any case, any benefit Australia Post may obtain from the instances of regulatory differential discussions in this section are overwhelmed by the regulatory burdens Australia Post is required to carry – see section 5 (Obligations and Expectations). These burdens are not applicable to other parcel delivery service providers such as CAPEC Members.

4.1 Temporary relaxation of Performance Standards

CAPEC's complaint refers to temporary changes made to the prescribed performance standards applicable to Australia Post (as effected by the *Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020*) as an example of advantage of Government ownership. Those temporary changes expired on 30 June 2021.

Rather than being an example of advantage of Government ownership, the temporary changes to the prescribed performance standards were instead an instance of a *competitive disadvantage* of government ownership (i.e. the obligation to satisfy prescribed performance standards, including when not commercial to do so) being temporarily reduced, and evidence that Australia Post's relative disadvantages include the ongoing need to apply significant resources to loss-making services that could otherwise be used to support delivery of commercial services.

4.2 Borrowings

CAPEC's complaint alleges that Australia Post may be receiving preferential treatment from the Australian Government in relation to its borrowing costs. Australia Post is a self-funded corporation without current borrowings from the Australian Government.

CAPEC's complaint suggests that Australia Post leverages its Government ownership to obtain concessional borrowing costs that cannot be matched by CAPEC Members. Australia Post is expressly authorised by law to borrow money from private sources²⁶, and does so as is required to maintain sound commercial funding arrangements.

Each year Australia Post discloses – primarily via its Annual Reports – its borrowing costs, details relating to its interest-bearing liabilities, and significant detail about its funding structure and management of financial risks. Australia Post would welcome CAPEC Members and other parcel delivery service providers publishing as much data about their business and operations as Australia Post does.

4.3 Regulatory Differences

New South Wales Industrial Relations Determinations

CAPEC's complaint references an exemption from the regime enabling the New South Wales Industrial Relations Commission to regulate minimum terms of contracts for certain contract carriers²⁷.

The New South Wales Industrial Relations Commission is best placed to advise on any matters the Office wishes to raise.

State & Territory Road Rules

CAPEC's complaint references exemptions from State & Territory road rules – using New South Wales as an example – as relevant for the purposes of competitive neutrality considerations.

State and Territory road authorities are best placed to advise on any matters the Office wishes to raise. However, Australia Post notes that mail zones and clearways next to street posting boxes exist to support the significant mail network that Australia Post has built, invested in and maintained over decades. One example, relating to clearways, applies to the clearance of street posting boxes – which Australia Post is required to maintain, clear and service across the country, at significant operational burden and cost.

Final Mile Delivery Assets

CAPEC's complaint refers to the significant final mile delivery assets Australia Post has developed through decades of investment. Australia Post considers that any competitive advantage arising from the maintenance and use of these assets derives from the significant investment Australia Post has made in developing and maintaining the assets, as opposed to deriving from public ownership. For example, CAPEC's complaint states that CAPEC Members feel that they are "*not able to effectively compete with Australia Post in the delivery of parcels as they cannot rival the networks and infrastructure developed over decades by Australia Post*". This is an express acknowledgement that Australia Post's investment and development over decades are the primary drivers of any competitive advantages it currently enjoys.

5. Obligations and Expectations

5.1 Obligations

Australia Post is subject to a number of costly obligations – and expectations – that do not apply to private sector competitors like CAPEC Members, as summarised in this section.

Community Service Obligations (CSOs)

Australia Post is obliged to provide the nation’s letters service in a way that is accessible to all on an equitable basis²⁸, to meet or exceed prescribed performance standards for the letters service²⁹, and to ensure its performance standards meet the needs of the Australian community³⁰.

The cost to Australia Post of meeting its CSOs from financial years 2012-13 to 2022-23 totals almost \$3.5 3 billion, is summarised in the table below.

| Financial Year | CSO Cost Estimate |
|-----------------------|-------------------------------|
| 2012-13 | \$173.9 million ³¹ |
| 2013-14 | \$203.5 million ³² |
| 2014-15 | \$210.8 million ³³ |
| 2015-16 | \$182.5 million ³⁴ |
| 2016-17 | \$389.9 million ³⁵ |
| 2017-18 | \$403.5 million ³⁶ |
| 2018-19 | \$392.2 million ³⁷ |
| 2019-20 | \$393.3 million ³⁸ |
| 2020-21 | \$348.3 million ³⁹ |
| 2021-22 | \$348.5 million ⁴⁰ |
| 2022-23 | \$442.2 million ⁴¹ |
| Total | \$3,488.6 million |

In addition to CSOs, Australia Post is also subject to a range of performance standards prescribed by regulations⁴² – including in relation to the frequency, speed and accuracy of letter delivery, and in relation to the maintenance of retail outlets and mail lodgement points (including street posting boxes).

Australia Post is also subject to significant pricing constraints in relation to its letters service, including: a requirement to maintain a single uniform rate of postage⁴³; a requirement to discount letters services below the single uniform rate for bulk mail / business letter senders⁴⁴; and parallel requirements that (1) its portfolio Minister does not disapprove of⁴⁵, and (2) the Australian Competition and Consumer Commission does not object to, changes to the price or substantive terms of key letters services⁴⁶.

Commercial Obligations

Australia Post is obliged by law to, as far as practicable, perform its functions in a manner consistent with sound commercial practice⁴⁷ – and has related financial obligations such as to: earn a reasonable rate of return on assets⁴⁸; pay a dividend to Government⁴⁹; maintain a reasonable level of reserves⁵⁰; and remain financially viable⁵¹.

From financial years 2012-13 to 2022-23 Australia Post paid \$781.2 million in dividends to Government, as summarised in the table below.

| Financial Year | Dividends Declared |
|-----------------------|-------------------------------|
| 2012-13 | \$192.7 million ⁵² |
| 2013-14 | \$78.8 million ⁵³ |
| 2014-15 | \$0.0 million ⁵⁴ |
| 2015-16 | \$20.0 million ⁵⁵ |
| 2016-17 | \$63.3 million ⁵⁶ |
| 2017-18 | \$83.1 million ⁵⁷ |
| 2018-19 | \$25.3 million ⁵⁸ |
| 2019-20 | \$27.9 million ⁵⁹ |
| 2020-21 | \$44.3 million ⁶⁰ |
| 2021-22 | \$32.1 million ⁶¹ |
| 2022-23 | Nil ⁶² |
| Total | \$781.2 million |

Australia Post rejects CAPEC’s argument that its competitive advantage in effect “funds the CSOs” and that “the \$350 million deficit that must be funded is business that is taken away from the private sector”.⁶³ To describe revenue derived from Australia Post’s parcel business as solely attributable to competitive advantage (to the extent it has any) fails to recognise the competitive merits of our parcel products and services and the significant investment that Australia Post has made to make such products and services successful (see the paragraph at section 4.3, entitled Final Mile Delivery Assets).

General Governmental Obligations

Australia Post is obliged to act consistently with any relevant government policy orders⁶⁴ or Ministerial directions⁶⁵. At the time of writing one order to comply with government policy has been notified.⁶⁶ Further information relating to expectations of alignment with Government policy or expectations is set out in section 5.2 (Expectations) below.

Australia Post is also obliged to perform its functions consistent with Australia’s obligations under international conventions.⁶⁷ Australia Post and the Australian Government work with the Universal Postal Union of the United Nations in facilitating the delivery of mail internationally, and is Australia’s Designated Operator for that purpose.⁶⁸

Australia Post is also subject to a broad portfolio of obligations relating to governance, performance, accountability and the proper use of resources set out in the *Public Governance, Performance and Accountability Act 2013* and related instruments, and to a number of reporting, disclosure and transparency obligations as a commercial commonwealth entity and Government Business Enterprise, including under the *Freedom of Information Act 1982*.

Other Obligations

In addition to its CSOs, commercial obligations and general governmental obligations, Australia Post is also subject to a range of other obligations not applicable to CAPEC Members. Obligations include participation in a number of oversight mechanisms and other requirements administered by a range of Government bodies and forums including:

- *High standards as an employer* – as a Government-owned organisation, Australia Post is obliged to endeavour to achieve and maintain high standards as an employer⁶⁹ of what is a large and diverse workforce with complex safety considerations relating to its delivery, collection, processing, retail and customer service operations in particular;
- *Auditor-General* – Australia Post is subject to annual audits in relation to it and its subsidiaries' financial statements⁷⁰ and satisfaction of prescribed performance standards⁷¹ and is also subject to both targeted performance audits⁷² and general performance audits⁷³;
- *Parliament & its Committees* – Australia Post is obliged to participate in Senate Estimates processes (including attending rounds of public hearings each financial year answering questions relating to all aspects of its operations, and providing published responses to volumes of questions on notice on a range of matters), and relevant inquiries by Parliamentary committees (including three inquiries in the last ten years focused solely on Australia Post⁷⁴, and participation in a number of other inquiries);
- *Postal Industry Ombudsman scheme* – Australia Post is the only mandatory member of the Postal Industry Ombudsman scheme⁷⁵ and, at the time of writing, no CAPEC Members have elected to become Postal Industry Ombudsman scheme members. The Postal Industry Ombudsman has estimated the costs of investigating complaints relating to Australia Post (including StarTrack) during 2022-23 to be approximately \$1.7 million. Australia Post fully covers these costs, and also incurs material additional expenses each year assisting the Ombudsman with its enquiries;
- *Commonwealth Ombudsman* – in addition to the jurisdiction of the Postal Industry Ombudsman scheme, Australia Post is – as an Australian government agency – also subject to the jurisdiction of the Commonwealth Ombudsman in respect to actions of or decisions taken by the organisation;
- *Australian Competition & Consumer Commission* – relative to other parcel service providers, Australia Post is subject to a range of regulatory mechanisms involving the ACCC including: price surveillance of notified letters services; record keeping requirements⁷⁶; cross-subsidy assessment⁷⁷ and a framework for the ACCC to enquire into disputes that may arise between Australia Post and bulk mail senders⁷⁸. The cost of compliance with the ACCC's record keeping rules in 2022/23 was estimated to be \$155,000⁷⁹;

Australia Post's own costs of complying with ACCC regulatory arrangements have not been formally quantified. Proposals to change the price of notified letters services typically take around six months and require Australia Post to dedicate significant resources to supporting the ACCC's requirements. At the time of writing the ACCC has not inquired into a bulk mail dispute, and is not currently producing cross-subsidy assessment reports;

- *Border clearance activities* – Australia Post assists other Government agencies in ensuring the integrity of Australian border security by participating in border clearance and security activities in relation to the postal system – primarily by working with the Department of Agriculture, Fisheries and Forestry and Australian Border Force to support arrangements contemplated under the *Customs Act 1901* and the *Biosecurity Act 2015*. The cost of Australia Post’s participation in border clearance and security activities over financial years 2021-22 and 2022-23 is estimated to be \$62.0 million,⁸⁰ a significant proportion of which is comprised of a biosecurity service fee charged by the Department of Agriculture, Fisheries and Forestry to recover the costs of biosecurity activities undertaken on international mail⁸¹ (despite the senders of international mail, rather than Australia Post, creating the demand or need for those activities⁸²); and
- *Other* – Australia Post is subject to a volume of other transparency and accountability mechanisms that do not apply to its private sector competitors, including obligations under the *Freedom of Information Act 1982* and the *Archives Act 1983*.

5.2 Expectations

In addition to its CSOs, commercial obligations, general governmental obligations, and other obligations as outlined above, Australia Post is also required to manage a range of expectations from the Government of the day, from the Australian Public Service, from Parliament and from the Australian community.

Expectations of Government

In addition to satisfying obligations under law that do not apply to private sector companies (for example, under the *Public Governance, Performance and Accountability Act 2013* and related guidance), Australia Post is also asked to accommodate a broad set of expectations of Government.

Resource Management Guides

The Department of Finance issues guidance to Government agencies known as Resource Management Guides (**RMGs**). While they provide some guidance of assistance to Government agencies, the RMGs also set out a range of expectations that impact how relevant Government agencies are expected by Government to operate, beyond legal requirements.

For example, RMG 126 *Commonwealth Government Business Enterprises – Governance and Oversight Guidelines (GBE Guidelines)*, issued in January 2018, sets out a Best Practice Timetable for government business enterprise plans, reports and dividends that generate expectations beyond those required by law, such as an expectation of engagement with Shareholder Departments on corporate planning by 1 May each year; an expectation of a Draft Corporate Plan being produced by 30 June each year; an expectation of a Final Corporate Plan being produced by 31 August each year; and an expectation of Progress Reports being produced quarterly⁸³.

Statement of Expectations / Commercial Freedoms Framework

As identified in the GBE Guidelines, Shareholder Ministers of a government business enterprise provide guidance to the board of a government business enterprise on the organisations purpose and role, and limits on activity⁸⁴. This guidance – typically expressed in a published Statement of Expectations or in a confidential Commercial Freedoms Framework, effectively inhibits the organisation’s ability to pursue certain activities, including activities that would be commercially, operationally and strategically viable.

Informal Expectations

Beyond formally communicated expectations, Australia Post (like other government business enterprises) maintains a program of engagement with the offices of its Shareholder Ministers and with Shareholder Departments. This program of engagement primarily exists to assist Australia Post’s activities to coordinate well with Government processes, but often involves the communication of informal expectations and feedback by Shareholder representatives of how business considerations should be considered, documented and communicated.

Expectations of Parliament

Parliamentary forums such as Senate, House of Representatives or Joint Committees from time to time communicate expectations to Government agencies including Australia Post. This includes expectations expressed by individual Senators during Senate Estimates hearings, and also includes recommendations and other expectations communicated in Committee reports⁸⁵, or by Senators or Members of Parliament on either of the floors of Parliament during Parliamentary proceedings.

For example, the House of Representative’s *Standing Committee on Communications, Transport and Microeconomic Reform* issued a report in August 1996 of its inquiry into Australia Post’s rural and remote letter delivery services⁸⁶. One of the recommendations of that report was that – in considering to-the-door delivery arrangements for remote households, Australia Post give priority to ‘households with students studying by distance education or with people requiring a regular supply of medicines’⁸⁷.

Whilst not amounting to an obligation in the formal sense, Australia Post has for decades provided a reduced rate remote area parcel service for the delivery of medical or education supplies to or from approximately three hundred eligible postcodes across Australia, which involves a modest but ongoing cost. In financial year 2022-23, revenue foregone in relation to the service was estimated to be \$54,353.

Public & Community Expectations

In addition to considering the many expectations of Government and Parliament, Australia Post is cognisant of the expectations of the public and of Australian communities. For example:

- *Post Offices (and Street Posting Boxes)* – communities that would like a greater local Post Office presence, or would like more services to be available from a particular Post Office, or would like a loss-making Post Office to remain open, often engage local Parliamentarians who in turn make representations to Australia Post advocating in support of the community's expectations. Representations are often also received in relation to the location and maintenance of Street Posting Boxes; and
- *Delivery services* – communities that would like delivery services to be provided to every business and/or to-the-door of single and even multi-residential properties (e.g., within retirement villages) often engage local Parliamentarians who, again, make representations to Australia Post advocating in support of the community's expectations.

Endnotes

¹ See Australia Post Media Announcement, “Australia Post delivering on its Post26 Strategy amid increasing historical Letters losses” dated 31 August 2023, available for review at: <https://newsroom.auspost.com.au/article/australia-post-delivering-on-its-post26-strategy-amid-increasing-historical-letters-losses>.

² See CAPEC’s February 2022 submission to the Office, available for review at: <https://www.pc.gov.au/competitive-neutrality/australia-post-complaint.pdf>.

³ For example, an order issued by the Finance Minister under section 22 of the *Public Governance, Performance and Accountability Act 2013*.

⁴ For example, a direction issued by Australia Post’s portfolio Minister under section 49 of the *Australian Postal Corporation Act 1989*.

⁵ Competitive Neutrality Complaints Office Investigation Report No. 5 – *Customs Treatment of Australia Post*, July 2000.

⁶ Competitive Neutrality Complaints Office Investigation Report No. 12 – *EDI Post*, May 2005.

⁷ *Australian Postal Corporation Act 1989* section 14.

⁸ *Australian Postal Corporation Act 1989* sections 15 & 16.

⁹ As noted at <https://consult.treasury.gov.au/competitive-neutrality-review> at the time of writing.

¹⁰ Australia Post Annual Report 2013.

¹¹ Australia Post Annual Report 2014.

¹² Australia Post Annual Report 2015.

¹³ Australia Post Annual Report 2016.

¹⁴ Australia Post Annual Report 2017.

¹⁵ Australia Post Annual Report 2018.

¹⁶ Australia Post Annual Report 2019.

¹⁷ Australia Post Annual Report 2020.

¹⁸ Australia Post Annual Report 2021.

¹⁹ Australia Post Annual Report 2022.

²⁰ Australia Post Annual Report 2023.

²¹ Australian Government’s Postal Services Modernisation Discussion Paper March 2023, p5.

²² See media release “Ensuring Australia Post can deliver more for Australians”, available at <https://minister.infrastructure.gov.au/rowland/media-release/ensuring-australia-post-can-deliver-more-australians>

²³ See Australia Post modernisation media statement, available at: <https://newsroom.auspost.com.au/modernisation>

²⁴ See CAPEC’s 3 May 2023 submission to the postal services modernisation consultation undertaken by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (at the time of writing, available at: <https://www.infrastructure.gov.au/have-your-say/postal-services-modernisation>) and section 3(a) of the Supplementary Submission: “The majority of harm suffered by CAPEC Members is derived from asymmetries in customs reporting requirements”.

²⁵ *Customs Treatment of Australia Post* Competitive neutrality investigation report No. 5 (July 2020)

²⁶ *Australian Postal Corporation Act 1989* section 61.

²⁷ *Industrial Relations Act 1996 (NSW)* section 309(4)(c).

²⁸ *Australian Postal Corporation Act 1989* section 27(4)(a).

²⁹ *Australian Postal Corporation Act 1989* section 28C.

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- ³⁰ *Australian Postal Corporation Act 1989* section 27(4)(b).
- ³¹ Australia Post Annual Report 2013.
- ³² Australia Post Annual Report 2014.
- ³³ Australia Post Annual Report 2015.
- ³⁴ Australia Post Annual Report 2016.
- ³⁵ Australia Post Annual Report 2017. During financial year 2017-18 Australia Post worked in collaboration with its Shareholder to update the method and approach to calculating the cost of meeting Australia Post's Community Service Obligations, and the FY17 estimated was accordingly restated. Key changes involved: capturing a fuller range of costs to determine loss-making destinations; include all international products mandated under the Universal Postal Union, in addition to reserved products; and provide greater transparency of the distribution of this cost to the Australian community.
- ³⁶ Australia Post Annual Report 2018.
- ³⁷ Australia Post Annual Report 2019.
- ³⁸ Australia Post Annual Report 2020.
- ³⁹ Australia Post Annual Report 2021.
- ⁴⁰ Australia Post Annual Report 2022.
- ⁴¹ Australia Post Annual Report 2023.
- ⁴² *Australian Postal Corporation (Performance Standards) Regulations 2019*.
- ⁴³ *Australian Postal Corporation Act 1989* section 27(3).
- ⁴⁴ *Australian Postal Corporation Act 1989* section 32A.
- ⁴⁵ *Australian Postal Corporation Act 1989* section 33.
- ⁴⁶ *Competition and Consumer Act 2010* section 95Z and *Price Notification Declaration (Australia Post Letter Services) (No. 2) 2015*.
- ⁴⁷ *Australian Postal Corporation Act 1989* section 26.
- ⁴⁸ *Australian Postal Corporation Act 1989* section 38(a).
- ⁴⁹ *Australian Postal Corporation Act 1989* section 54.
- ⁵⁰ *Australian Postal Corporation Act 1989* section 38(e).
- ⁵¹ *Australian Postal Corporation Act 1989* section 38(d).
- ⁵² Australia Post Annual Report 2013.
- ⁵³ Australia Post Annual Report 2014.
- ⁵⁴ Australia Post Annual Report 2015.
- ⁵⁵ Australia Post Annual Report 2016.
- ⁵⁶ Australia Post Annual Report 2017.
- ⁵⁷ Australia Post Annual Report 2018.
- ⁵⁸ Australia Post Annual Report 2019.
- ⁵⁹ Australia Post Annual Report 2020.
- ⁶⁰ Australia Post Annual Report 2021.
- ⁶¹ Australia Post Annual Report 2022.
- ⁶² Australia Post Annual Report 2023.
- ⁶³ See p10, CAPEC's August 2023 submission to the Office.
- ⁶⁴ *Australian Postal Corporation Act 1989* section 28(a).
- ⁶⁵ *Australian Postal Corporation Act 1989* section 28(b).
- ⁶⁶ In February 2004 Australia Post's portfolio Minister provided formal notification that the Government's *National Code of Practice for the Construction Industry* and associated implementation guidelines were to apply to all construction-related activity undertaken by and on behalf of Australia Post.

⁶⁷ *Australian Postal Corporation Act 1989* section 28(c).

⁶⁸ <https://www.infrastructure.gov.au/media-technology-communications/post/international-post>.

⁶⁹ *Australian Postal Corporation Act 1989* section 90.

⁷⁰ *Public Government, Performance and Accountability Act 2013* sections 43 and 44.

⁷¹ *Australian Postal Corporation Act 1989* section 28D.

⁷² *Auditor-General Act 1997* section 17.

⁷³ *Auditor-General Act 1997* section 18.

⁷⁴ Senate Committee inquiries were undertaken into the *Performance, importance and role of Australia Post in Australian communities and its operations in relation to licensed post offices in 2013 to 2014; The future of Australia Post's service delivery in 2020, and Australia Post in 2021.*

⁷⁵ *Ombudsman Act 1976* section 19M(3)(a).

⁷⁶ *Australian Postal Corporation Act 1989* section 50H.

⁷⁷ *Australian Postal Corporation Act 1989* section 50I.

⁷⁸ *Australian Postal Corporation Regulations 2021*, Part 3.

⁷⁹ Australia Post Annual Report 2023.

⁸⁰ Australia Post Annual Report 2023.

⁸¹ *Biosecurity Regulations 2016* section 106 item 25.

⁸² The Department of Finance's *Australian Government Charging Framework* (Resource Management Guide No. 302) states: "where an individual or organisation creates the demand for a government activity, they should generally be charged for it, unless the Government has decided to fund the activity".

⁸³ Resource Management Guide 126 *Commonwealth Government Business Enterprises – Governance and Oversight Guidelines*, Department of Finance January 2018, Table 2.

⁸⁴ Resource Management Guide 126 *Commonwealth Government Business Enterprises – Governance and Oversight Guidelines*, Department of Finance January 2018, paragraph 1.11.

⁸⁵ For example, see the report of the Senate's Environment and Communications' Legislation Committee on *The future of Australia Post's service delivery* in August 2020.

⁸⁶ *Keeping Rural Australia Posted – An Inquiry Into Australia Post Rural and Remote Letter Delivery Services*, House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform, August 1996.

⁸⁷ *Keeping Rural Australia Posted – An Inquiry Into Australia Post Rural and Remote Letter Delivery Services*, House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform, August 1996, paragraph 3.74.