

29 February 2024

Director, Postal Policy
Post, International Telecommunications and ACMA Branch
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 594
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By email: postalconsultation@infrastructure.gov.au

Re: Proposed amendments to modernise Australia Post

Sendle welcomes the opportunity to comment on the proposed amendments by The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) to the Australian Postal Corporation (Performance Standards) Regulations 2019 (Performance Standards Regulations). We previously responded to the Government's *Postal Services Modernisation*¹ discussion paper and are pleased to have another opportunity to share our views with the Australian Government.

The proposed amendments focus on changes to existing mail delivery standards and changes to retail classification. While we commend the Department's work on these important reforms, we urge the Government not to miss this opportunity for more meaningful reforms to modernise Australia Post. We encourage further consideration on the impact of competition and Australia Post's monopoly position to deliver the services that small businesses need, particularly in regional, rural and remote Australia.

The cost of doing nothing

Sendle is a door-to-door parcel delivery service for small businesses. Founded in Australia in 2014, our purpose is to make shipping simple, reliable and affordable for the increasing number of small businesses who rely on eCommerce to run and grow their businesses. We exist to offer a cheaper and more convenient alternative to Australia Post. At the heart of what we do is an ambitious mission; to serve the underserved and level the playing field for small businesses contending with high prices and fewer choices, as a result of the 200+ year old functional monopoly that Australia Post holds over Australia's delivery market.

A lack of competition hurts everyone; it has negative effects on consumers, businesses and the economy, in the form of higher costs for goods and services, lower incentives for innovation and slower productivity growth. In the past 12 months, Australia has seen how a lack of competition can lead to exploitative pricing practices² by big businesses that contribute to cost of living pressures felt by households. While the focus so far has been on childcare, supermarkets and energy sectors, the delivery industry is one of growing concern.

It has been estimated³ that Australia Post has a 75% share of Australia's parcel delivery industry. In rural and regional Australia, this market share is estimated to be even higher at 95%, maintained based on exclusive access to the Post Office network. Of the 2.3 million small businesses in Australia, 1.6 million (69%) are located in the greater capital city areas and 31% (716,609) in regional areas on 30 June 2021⁴.

¹ Sendle, [Response to Postal Services Modernisation](#) (27 April 2023)

² ACTU, [Inquiry into Price Gouging and unfair pricing practices](#) (February 2024)

³ Parcels Industry Forum, [Creating a fair & competitive eCommerce parcels market for Australia](#) (February 2024)

⁴ Australia's Small Businesses by Regional and Metropolitan Areas (September 2022)

As the national postal service, Australia Post has a responsibility to serve its communities and small businesses play a vital role in the economy. By being too narrowly focused on changes to mail delivery standards and retail classification, we are overlooking the bigger issue at hand. We are neglecting the one in three regional small businesses that are waiting on urgent and meaningful reform of parcels competition, which will bring real and tangible benefits to their communities and the economy.

Small businesses value competition. In a customer survey, the majority (84%) small business owners told us that they want to see greater competition and access to low cost carriers and shippers and more than a third (35%) believe more government intervention and regulation is needed to help drive down prices.

An uncompetitive delivery market not only hurts small businesses with higher prices, but it holds them back. A 2024 survey of 600 retailers across rural and remote areas by Roy Morgan⁵ found that 61% retailers were of the view that “challenges and constraints with currently available delivery services to these areas was negatively impacting their business”. Further, 62% of retailers agreed with the statement that “better access to delivery services to customers in regional / rural / remote areas would improve my business outlook.”

Regional and rural businesses are being kept in the stone age by Australia Post’s monopoly position – effectively paying the price for poor competition, with increasing delivery costs and longer delivery times.

Recommendations

In our previous response to the Government's *Postal Services Modernisation* discussion paper, we outlined three key approaches to make Australia Post competitive for the benefit of all Australians. For this submission, we would like to revisit two recommendations that the Department should consider as part of these reforms to ensure Australia's parcel delivery market can meet the needs of all small businesses.

1. Opening up via access to retail outlets

When considering the geographic classification of the retail outlets, we encourage the Department to consider the merits of an open access regime for retail outlets, small businesses and regional communities.

Currently, Australia Post has an exclusive relationship with Independent Community Licensed Post Offices which prevents other parcel carriers from dropping off and picking up (PUDOs) parcels from these Post Offices. Blocking access to Post Office collection points effectively locks out any alternative carriers from regional and rural Australia, who could help to provide more competitive and reliable shipping solutions to small businesses, and could also have the undesired effect of contributing to cost of living pressures.

This closed access regime prevents regional and rural Australia from realising the economic opportunities that small businesses in metropolitan areas enjoy. By opening access to Australia Post’s “last mile” infrastructure, the Government could deliver significant economic benefits to these regional communities, totalling an estimated more than \$1.5 billion net benefit over 10 years⁶. More choice and competition in parcel carriers into and within regional and rural Australia could help to alleviate the cost of living pressures that many small businesses and households in those areas currently face.

Australia is falling further behind other countries that already embrace open access models with postal organisations. Our international peers like the US and the UK offer fully open access PUDO services for alternative carriers via Post Offices, with other countries in Europe embracing open frameworks.

⁵ Roy Morgan: Survey of Australian Retailers (January 2024)

⁶ Lateral Economics, [Team Global Express Submission](#) (April 2023)

The UK Post Office network is similar to Australia, with a large number of post offices licensed to small business owners, and is a great example of how opening up the last mile infrastructure to other multiple carriers can help to generate new services for small businesses and consumers, and open up new revenue streams for the postal organisation itself, as well as the franchises and the wider community in those areas.

2. Opening up via worksharing with third parties

Australia Post worked cooperatively with its workforce and the Communication Workers Union to trial a new model for mail delivery at selected sites nationally. Given the early positive results from trialling this new model,⁷ Sendle encourages the Department to trial a new worksharing model with Australia Post.

Sendle believes worksharing is an effective option to boost the long term viability of Australia Post, while better serving small businesses in regional, remote and rural areas. Worksharing would give third party partners the ability to perform certain functions of the Postal Service and access to its delivery network in exchange for reduced rates. These services can include collecting, sorting and transporting parcels closer to its ultimate destination. This is in contrast to the current model, in which Australia Post manages the end-to-end delivery of all letters and parcels. In addition to reducing costs for Australia Post, a work sharing model could help to improve the reliability and the cost of parcel delivery services for small businesses.

The United States Postal Service (USPS) has operated an effective workshare open access program for almost fifty years, with its origins in bulk mail being transported by third parties and being injected closer to its destination. As of 2016, 75% of mail is workshared and discounts have helped to create a USD1.4 trillion delivery industry that accounts for six percent of all US jobs and 4.6% of US output⁸.

⁷ Michelle Rowland MP, [Ensuring Australia Post can deliver more for Australians](#) (6 December 2023)

⁸ The 3Cs of Standard Mail: Commingling, Mailing Systems Technology, 2016