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**Postal & Telecommunications
Branch of Victoria
Division of the CEPU**
ABN 30 490 675 447

PO Box 14
Brunswick West
Victoria 3055

Ph: (03) 9600 9100

Fax: (03) 9600 9133

Web Site: www.cwuvic.asn.au

Email: office@cwuvic.asn.au

About the CWU Victoria P+T branch

The CWU Victorian P+T branch represents approx. 4300 Postal and Telecommunication workers in Victoria. Our branch is a part of the Communications Division of the wider Communications Electrical Electronic Energy Information Postal Plumbing & Allied Services Union of Australia. The vast majority of our members work for Australia Post.

Our submission will focus on a number of areas

- The paper discussion paper itself
- Mail in the digital age
- Scams and the insecurity of the internet
- Australia Post becoming more innovative and growing revenue (and government support for such) and engaging in more community services
- Current inefficiencies with Ecommerce/parcel delivery
- Postal workers wellbeing both physical and mental

The title of the discussion paper "Postal Services Modernisation" is a misleading one. In our view it gives the impression that Australia Post are somehow stuck in the past and in need of modernisation when in fact Australia Post are relatively quick adopters of technology.

On pages 9,10 and 11 of the paper a number of options are canvassed and we will note the ones we would support, and the ones where the options are already occurring and have been for some time. We will also comment on assertions that are made and present a different perspective

Postal services

1) Improving parcel frequency and delivery reliability to respond to demand for online shopping, including weekend deliveries and same day service in some locations.

This is an initiative our branch would be in favor of and have been saying to AP management for some time that they need to focus on growing delivery windows and charging extra for same day services, however posties (PDO's) in Victoria are already working long hours and this fact would need to be front and centre of any proposals to expand delivery windows for current PDO's.

Further resourcing opportunities present themselves within the “Red van fleet” for delivery of parcels in the 6-8pm window (enabling same day delivery) and on weekends. The red van fleet is currently underutilised with a majority working part time, in afternoons particularly, doing pick-ups from customers and finishing at 6pm.

2) ***Enabling greater control over where and when a parcel is delivered.***

Australia Post currently have systems in place to enable customers to reroute a parcel to a Post Office or Parcel locker while in transit and ensuring the service is available to as many customers and businesses as possible would be a positive.

3) ***Making it easier, faster and cheaper for small businesses to get their products to customers and exploring innovative delivery products.***

Improved access to the ecommerce environment that would further assist small businesses in reaching their customers would be welcome. Australia Post are well placed to introduce a perishable goods delivery service, especially in regional and rural Australia where farmers and producers need access to metro/overseas markets. A not insignificant amount of the perishable produce is high value.

Technology

1) ***Improving tracking technology so that consumers know more accurately when they will receive a parcel.***

Australia Post currently offer a 2-hour notification window to customers in Victoria under a process known as “Section scanning” whereby a PDO scans their parcels to be delivered in the morning into sections thus giving customers a good approximation of when the parcel would be delivered.

Our branch **would not** support an Uber like function where the PDO’s exact location could be determined due to privacy/safety and parcel security issues.

Regional Australia

Our branch and its members are fully supportive of regional Australia receiving at least comparable services that those who live in metro areas receive and Australia Post need to do more in this area. As people who live in the regions are acutely aware, the big 4 banks have treated Australians who live in regional and rural Australia with contempt over a number of years and while the Bank@Post arrangements that were overseen by the previous CEO was a welcome move that made banks pay to use the service, it still does not go far enough.

Australia Post have an opportunity to expand their financial services outside of the major cities and offer credit cards, mortgages, small business loans to customers.

The banks need to pay far more as the price for transferring their social obligations in regional and rural Australia to Australia Post. If they refuse to do so, the government needs to enable Australia Post to offer full banking retail services outside of metro areas.

Retail

It is important that Australia Post maintain the current corporate Post office network for a number of reasons in rural, regional and metro areas.

- 1) The existing corporate retail network will allow both state and federal governments further opportunities to engage more with taxpayer, especially the most venerable in society. This is traditionally an area of expertise within Australia Post
- 2) The corporate network should be used as an vehicle to engage more with small businesses and provide avenues for such to engage in person with potential customers e.g. pop up's within stores for craft/food producers to showcase their items.
- 3) More integration with other areas of Australia Post would permit further streamlining of available ecommerce services and expansion of new products.
- 4) Exploring the use of corporate outlets for environmental sustainability and green projects.
- 5) Promoting more assistance to local small businesses with dedicated face to face interactions in corporate outlets and support with growing their businesses

The retail footprint is already present and before any moves are made to reduce the number of corporate offices, all avenues for growth need to be explored and an innovative approach taken to potential opportunities.

Delivery services

Mail in the digital age

To slightly misquote the great Mark Twain "The death of the traditional mail service, has been greatly overstated" While it is the case that mail volumes have declined since the peak in 2007-2008 there were still 1.6 Billion mail articles delivered in 2021-22. It is pointed out in the discussion paper (page 12) that individuals only send 3% of all mail articles but this has been the case for a number of years now and in our view is a moot point for the purposes of discussion.

Companies have been attempting to get consumers to change to digital based bills and statements for a number of years this has mostly been done by charging consumers to receive paper based bills and statements (Telstra) or alternately offering discounts where they are prohibited by law for charging for statements (Utility companies).

It is our view that a significant proportion of the "low hanging fruit" has already been picked in the E-substitution space and those who remain in the traditional mail invoice/statement area have made the choice to still receive their important communication preferences. through mail or are vulnerable Australian's who either have no access to digital channels, or do not have confidence in the security of internet billing.

Where possible the Federal Government should ban companies being able to charge customers a fee for choosing the traditional mail service as their communications preferences.

The under 35's

Commentary around younger Australian's and the view that somehow, they do not wish to receive letters is not borne out in a recent study conducted on behalf of Australia Post by Accenture¹

“Organisations looking to attract people aged 18-35 years old should consider mail in their marketing mix as this audience of “digital natives” particularly value mail. Indeed, as their lives become increasingly digital, we can anticipate opportunities for more impactful mediums, like mail, to continue.

Mail signals the recipient goes beyond the written word. It confers a value on the relationship to which the younger generation is especially sensitive. Businesses focused on lifetime customer value should consider mail's role in building and maintaining relationships in general, but among younger consumers in particular.

Organisations attempting to reach younger audiences by using digital at the expense of “traditional” channels may be missing an opportunity. Mail can drive purchases, build trust and communicate value to this hotly-contested and hard to reach audience segment.”

”I like the physical nature of the mail because it feels like it's a more, I suppose, genuine, authentic experience. So it's quite exciting, actually, when you get a letter in the mail”

Male 26

“When information is sent in the mail it seems like something...they've gone through all the effort to type it all up and actually print it. It seems like something that would be more legitimate, compared to something they have quickly cut and posted in an email.”

Female 19

Mail cuts through

In a time of overwhelming information, with so many channels competing for attention, mail offers a distinct advantage. The Accenture survey shows that mail distinguishes itself as a channel which commands people's attention. Not only are people more likely to read every item of mail than every email, they are more likely to do it immediately and with their full attention. More people also claim to remember correspondence sent by mail, as opposed to email, a finding supported by numerous studies that show improvements in the brain's processing speed and learning performance when multiple senses are engaged.

Engagement with Mail houses

Mail houses, who process over 90% of all mail sent in Australia are an integral part of the wider industry. Mail houses will process mail, often down to postcode level, so that when it arrives at Australia Post processing facilities there is minimal processing to be done. Mail posted in street post boxes (SPB'S) requires more processing but only makes up a small component of the mail.

¹ https://auspost.com.au/content/dam/auspost_corp/media/documents/mails-role-in-the-digital-age-research-report.pdf

Australia Post has, in our experience, been very reluctant to engage with the wider mailing industry. Price rises are just notified and there does not seem to be a forum of any kind where the Mail houses have an opportunity to put innovative mail pricing and product proposals forward for discussion and genuine consultation. To our knowledge there is no representation from the wider industry on either the Australia Post board or the stakeholder council and such a role for the industry is well overdue in our view.

The price of stamps

We note the comparison of the Basic postage rate (BPR) by country on page 16 of the discussion paper that shows Australia's BPR is the lowest of comparable countries, we note below the BPR rates since 1989

- 41c 1989
- 43c 1990
- 45c 1992
- 50c 2003
- 55c 2008
- 60c 2010
- 70c 2014
- \$1.00 2016
- \$1.10 2020
- \$1.20 2021

As the data shows the BPR increased by approx. 50% over 21 years (1989-2010) and then by 100% over 12 years 2010-2022.

Any proposal to streamline the process for Australia Post to increase the BPR needs to have better engagement with the wider industry although we submit that delivery standards should not be reduced any further and the priority mail product needs to remain in place for those companies who are prepared to pay extra in postage costs to service their customers.

Internet Security and scams

Recent figures announced by the ACCC² have shown that 3.1 Billion was lost to internet related scams in 2022. This figure was up 80% from 2021 as scams increase in number and in sophistication. The ACCC believes the figure to be much higher due to reluctance to report been a victim of a scam.

The recent data leaks from Medibank Private, Optus and latitude finance have also shone a spotlight on the security vulnerabilities with the reliance on the internet as a sole means of communication, A number of our members who were victims of the Optus hack have stated the first correspondence they received they could rely upon was a letter from Vic roads notifying that there would be changes to their drivers license!

² <https://www.accc.gov.au/system/files/Targeting%20scams%202022.pdf>

As the ACCC report shows, a clear majority of those caught up in scams are the elderly (although all age groups have been targeted) and it would not be prudent to try to force consumers to E substitution.

Growing revenue

Australia Post should focus on growing revenue by expanding the services they offer and leveraging off of the retail network and customer facing employees and providers and taking advantage of the availability of their substantial infrastructure in mail/parcel delivery to capture data for third parties with innovative use of technology. Most Australia Post electric vehicles are fitted with 360-degree cameras, these cameras and associated technology could be used to capture data for electricity providers, construction related businesses and local councils.

Some examples of potential growing of revenue from overseas are:

- In Ireland the Irish Postal operator “An Post” offer access to low cost government backed Green Loans and grants to help householders lower their carbon emissions and also provide grants and low cost loans to purchase electric vehicles through the “Green Hub” portal³
- Swiss Post offer retail banking services as well as mortgages, credit cards, personal loans, investment products and insurance services. Swiss Post also operate a fleet of electric buses and associated infrastructure across the country. Swiss post generated a profit of CHF 295 million⁴ (approx. AUD 490 million)
- La Poste (The French postal operator) also offers similar financial/investment and insurance products to Swiss Post and last year generated a profit of Euro 1.20 billion⁵ (approx. AUD 1.96 billion)

PDO's and Community engagement.

Our PDO members service approx. 98% of Victorian households on a daily basis (5 days a week). One of the main joys of their roles as essential workers is the daily engagement with members of their communities, especially the elderly.

We believe there are opportunities for posties to provide support to elderly Victorians, especially those living alone. Australia's population of those who are aged over 65 is expected to double in the next 20 years. A number of overseas postal organisations are proving support services to varying degrees e.g:

- La Poste provide a range of services from their delivery staff to the elderly from a simple knock on the door for a quick chat/welfare check through to families providing pictures of family (grandkids etc) that the postie will deliver and have a longer chat about⁶
- Japan Post provide “Watch out” as a service in a similar way to the French
- The Canadian Postal Union (CUPW) has been advocating for services for elderly Canadians and created a discussion paper⁷

³ <https://www.anpost.com/Green-Hub>

⁴ <https://geschaeftsbericht.post.ch/22/ar/en/>

⁵ <https://www.lapostegroupe.com/en/news/la-poste-groupe-2022-results>

⁶ <https://www.connexionfrance.com/article/Practical/Everyday-Life/La-Poste-staff-will-check-up-on-your-relatives>

⁷ https://www.cupw.ca/sites/default/files/Services%20to%20the%20elderly_PDF_E.pdf

Obviously, there would need to be a change in the culture for such community initiatives for elderly Australians in both Australia Post as a whole and delivery in particular for reasons we outline further in our submission but with an ageing population any initiatives that could allow elderly Australian's to live independently for as long as possible should be examined closely.

eCommerce

Australia Post have experienced a large increase in Parcels volumes in recent years. The percentage of all retail sales that are now via ecommerce is approx. 15% up from 7% around 6 years ago. The impact of COVID-19 has meant that there are 2 million more Australians shopping online than there were pre COVID-19. This has meant increased revenue to Australia Post and the organisations share of the e-commerce market of approx. 80% has been largely maintained over the past 10 years.

Inefficiencies in parcel processing

PDO's deliver the majority of E-commerce parcels in Australia. Small parcels make up approx. 60% of all parcels delivered. PDO's first started delivering all parcels under 2kg (with size constraints) over 10 years ago and are the most efficient way to deliver a small parcel due to being able to use the footpath for delivery.

Currently however our members report that they will often receive a "shoe box" size parcel to be delivered but will then find any number of small parcels on their rounds that have been left by a contractor who does larger parcels. This is due to the streaming of small parcels from the lodgment point. Licensed Post Offices (LPO's) are a main lodgment point but it's our understanding that the LPO's do not stream small v large parcels. Problems continue downstream as well with incorrect streaming at other points. Australia Post have stated to our branch that at approx. 61 small parcels a PDO becomes profitable. Victoria at the moment is close to this figure in most cases with some PDO's receiving up to 100 parcels a day.

Australia Post need to do far more to address the current inefficiencies that sees contractors delivering small parcels due to mis-streaming. The Victorian Branch of the CWU have raised this concern with senior Australia Post executives on numerous occasions but at the time of writing little to nothing has been done. If this major inefficiency was properly addressed it would deliver the corporation large productivity gains.

Australia Post's treatment of PDO's

A recent mental health survey conducted amongst our PDO membership in Victoria clearly showed that a significant majority of PDO's are suffering from psychosocial issues in the workplace. The micro-management, lack of job control, heavy workloads or a combination of all three often lead to a workplace environment that is detrimental to PDO's mental health. PDO's are also of the view that mental health issues in delivery centres receive little more than lip service at best and that Australia Post do not even attempt to deal with psychosocial matters in a proactive manner.

Australia Post increased the size of rounds in Victoria by approx. 10% when they were forced to roll back the failed ADM when the previous temporary regulatory relief expired on 30th June 2021. PDO's are already working long hours and any attempts to make PDO rounds larger than they already are would only lead to increased risk to PDO's mental and physical wellbeing.

Employees are often afraid to enforce their workplace rights as HR are often used as a threat. (If you don't do such and such etc we will have to let HR know) and do not want to draw attention to themselves as they have witnessed what happens to other employees when they stand up for their workplace rights.

PDO's are often told "If you do not like working here, maybe you should look for another job" (at a state based joint consultative committee a manager suggested this to one of our members present when he raised legitimate concerns around the culture in delivery)

Disciplinary Process

Australia Post's disciplinary process

The process is supposed to involve an inquiry officer (generally a delivery manager) doing the initial investigation for alleged breaches of Australia Post's code of ethics and providing a report to the delegate (generally a territory manager) who either accepts the recommendation or varies it after the employee asks for a review.

In reality the inquiry officer is often dictated to by Australia Post HR, who never have any dealing with the employee, and is given the document to put their signature on. Even at the stage where the delegate is supposed to have the power to make a final decision and take into account all circumstances HR will often dictate the outcome! The culture in Australia Post is at its worst in delivery.

The code of ethics has so many pages that even the most model employee could fall foul of them but in our experience, management are very rarely called to account for inappropriate behavior and even when they are seem to receive little to no penalty!

In our view, the whole process needs to be completely revamped from the ground up.

Australia Post's Management culture

From a front line postal worker, up to the CEO there are 7 layers of management. The organisation as a whole is exceptionally hierarchical, at times to the point of ridiculous, extremely rigid and highly risk adverse.

There is no place in the management structure for any individual who is imaginative and can think outside the box. Managers manage via email instructions from their managers who do the same and any dissent or even questioning of decisions is very much frowned upon.

Even senior executives and the CEO are guided by the recommendations of corporate consultants who charge millions of dollars to often just recommend cuts and then move on to the next corporate cash cow!

The CEO and senior executives are paid millions in salary and bonuses to just mostly implement the highly overpaid consultants' recommendations. Any review into Australia Post needs to deal first and foremost with the current management structure and culture.

Future actions

We thank the department and the minister for the opportunity to make an initial submission on which we trust will be a rigorous assessment of Postal services and the value of such to our communities, and look forward to discussing our submission with the Minister as the process continues.

We make the point that under successive Coalition governments that there was either no consultation with the community and stakeholders at worst or the consultation was a sham with the decision makers having already a set agenda decided at best.

Yours sincerely

A handwritten signature in black ink that reads "L. Lazaro". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Leroy Lazaro
Branch Secretary

T: 03 9387 0189 F: 03 9387 3512

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Communication Workers Union

Postal & Telecommunication Branch Victoria

75 Melville Road, Brunswick West Vic 3055

PO Box 14, Brunswick West Vic 3055 www.cwuvic.asn.au