

April 26, 2023

Department of Infrastructure, Transport, Regional Development, Communications, and the Arts
Attention: Director, Postal Policy – Communications Services and Consumer Division
GPO Box 594
Canberra ACT 2601

Dear Postal Consultation Team:

Pitney Bowes appreciates the opportunity to provide our input as part of the Consultation on the future of Australia Post. We share our observations about Australia Post based on our clients' needs for and utilisation of postal services, as well as our vantage point as a company that operates globally. We recognise the need for Australia Post (and all Posts) to consider modernisation in the face of market changes, though as it does so, we urge the Government to ensure that any proposed reforms preserve the critical economic and social contributions that Australia Post provides to citizens and businesses across Australia.

Pitney Bowes is a global shipping and mailing company that provides technology, logistics, and financial services to help our clients simplify the complexities of sending parcels and mail. We partner with most of the world's major Posts and dozens of private carriers. Our company was founded in the United States in 1920, and Pitney Bowes has been proudly serving small and large businesses and government organisations throughout Australia for almost 50 years.

Like Australia Post, more than half of Pitney Bowes's revenue now comes from shipping. We do not view parcel shipping solutions as a replacement strategy for mail. We firmly believe there is a bright future for mail and shipping solutions together. Around the world, small businesses, large enterprises, retailers, marketplaces, and consumers participate in hybrid (physical and digital) communications and transactions. Australia Post's delivery and retail network is and will remain a key asset and differentiator because it allows citizens, businesses, and governments to maximise the benefits of this omni-channel and multi-product world.

The overriding imperative in assessing modernisation proposals is to “do no harm”. Australia Post's retail access and delivery network are critical economic and social infrastructure for our country's businesses and citizens, especially but not exclusively for those in regional, rural, and remote communities. Much like a port, airport, highway, or transit system, Australia Post is a national asset with significant benefits to the whole of Australia. Decisions about modernising Australia Post should be framed in ways to maximise this asset and its benefits, avoiding changes that would diminish the network's economic or social value.

A 2021 study says it plainly: “Australia Post has never been more important to local communities, businesses, and the economy than it is today” (Deloitte: “The Value of Post Offices in Australia” for Australia Post, 2021). The mail and parcels Australia Post delivers ensure that all businesses and citizens have an equal opportunity to engage economically, socially, and politically. The value of the network and its reach was exemplified during the COVID-19 pandemic, when so many Australians relied on Australia Post to deliver essential

goods to those who needed to work at or remain home and to send critical communications and pay bills.

The consultation appropriately approaches the question from the perspective that Australia Post must reflect what services customers need and want today and in the future. Those customers include businesses and consumers, and encompass those in regional, remote, rural, and metropolitan areas, as well as disabled Australians and others with diverse needs. Another important customer is the Government itself, considering the important role Australia Post plays in elections, the Census, and other transactions between government organisations, citizens, and businesses.

By considering the question through the lens of the customer, as well as acknowledging Australia Post as a critical part of the country's infrastructure, we believe the Government will modernise the Post in a way that continues to serve all of Australia.

Suggested priorities: Pitney Bowes respectfully submits three priorities we believe should inform future modernisation proposals for Australia Post:

1) Preserve Australia Post's key asset: its national retail and delivery network. Australia Post's competitive advantage is anchored in its key asset: a delivery network that enables it to deliver mail and parcels to Australians in all areas at least five days per week, and its robust retail network. According to the Australia Post 2022 Annual Report, the Post oversees the largest retail network in the country (4,310 post offices, including over 2,500 in rural and remote areas).

The Government should preserve and modernise the Post's integrated delivery network, which delivers mail and parcels together. It is through the combination of both products, in addition to advances in technology and its public-private retail network, that Australia Post can be its strongest to remain as financially self-sufficient as possible. The Government can and should continue five-day delivery, allow additional government and related services from its post offices, and imbed additional technology in its network to benefit businesses and consumers.

2) Ensure the Post can continue its critical role for the Australian economy, including its role in ensuring equal access to the economy for all citizens and businesses. Australia Post is a driver of the country's economy. A 2018 Deloitte Access Economics Study found Australia Post has a total economic contribution of \$6 Billion, which has only increased given the pandemic-related growth in parcels. Of this, \$2.8 Billion is value added to other industries. In addition, Deloitte's paper states that one job at Australia Post supports another job elsewhere in other businesses and industries around Australia.

Australian businesses rely on the postal network to send invoices, collect payments, advertise, and send parcels. Accelerating trends in digital transformation, eCommerce, and cross-border sales make access to affordable postal services more important, not less. For many businesses, including small businesses and those in rural and remote areas of the country, Australia Post's network, reach, and physical presence provides the only affordable means to access and participate in these growing markets.

Businesses need to be able to rely on affordable, predictable, and stable pricing and service as they make investment decisions. As Australia Post and private carriers compete in parcels, Australia businesses often benefit through lower parcel prices as a result. And in terms of service and access, in a Deloitte Access Economics Study from 2020, it was found that regional

and remote business owners visit post offices more often than others, averaging 25 visits in a six-month period. (Deloitte: Economic and social value of Australia Post in regional, rural, and remote communities, 2020).

Equality of access to the economy is of critical importance for senior citizens, disabled citizens, as well as small businesses and citizens of regional, rural, and remote areas. Australia Post should continue to efficiently deliver mail and parcels through an integrated delivery network at least five days each week. In addition to delivery, it should also maintain its other role as administrator of access through its post offices. The focus should be on ensuring the network continues to serve every community so no one is left behind.

3) Explore additional technology in the network through consumer and business facing solutions that increase the value of mail and parcels.

Three types of technology advances could drive additional value and revenue for Australia Post while increasing customer (citizen and business) satisfaction in mailing and shipping: a) Adding technology and value to mail, similarly to what exists for parcels; b) Incentivising hybrid mail and parcel campaigns; and c) Integrating greater technology in post offices to bring efficiencies.

Adding technology and value to mail and parcels: Australia Post and private sector partners could explore technology that enables consumers and businesses to digitally preview mail in a manner similar to existing technology for parcel delivery (through email, sms, or an app). In the United States, the United States Postal Services' Informed Delivery solution has reached approximately 30% saturation of the country's population, and the emails associated with the solution have an over 67% open rate. Digital and physical campaigns use this digital preview technology as an opportunity to opportunity to retarget and retain customers, increasing the value of the mail, catalogs, and parcels going through the U.S. Post.

Incentivising hybrid mail and parcel campaigns: According to Australia Post's 2022 Annual Report, four in five Australian households are now shopping online, and eCommerce represents 20 percent of total retail spend. Creative price incentives could drive an expanded use of physical mail and catalog products, coupled with email, and social media campaigns by Australian businesses. We know digital-physical strategies drive additional eCommerce sales. This continues to position Australia Post as a partner to businesses driving economic growth.

Integrating greater technology to bring efficiencies: Australia's citizens and businesses value their post offices, as Deloitte's 2021 study confirmed. As Australia Post implements its POST+ plan to serve customers a better post office experience, we suggest consideration of integrating mailing and shipping technology into the infrastructure in post offices, licensee, and contract post offices.

This technology could accomplish three goals: first, it can free up Australia Post employees, licensee and contract post office personnel to work with citizens and businesses who need assistance. Second, the technology could ensure revenue and tracking security for Australia Post. This often results in a reduction of unpaid mail, a reduction in needed cash in offices, and an increased ability to track letters and parcels through the barcode technology. Third, Australia Post could benefit from the back-office integration of this technology for its accounting and other practices. A large number of government agencies use this technology, and it is an important contributor to financial operations.

Pitney Bowes believes there are other opportunities and priorities that the Government will and should consider as it determines how to best propose a modernisation strategy for Australia Post. There is an opportunity that Australia Post has already been embracing, to make the organisation a key pillar in our country's environmental strategy. The second is an opportunity to quantify the value of using Australia Post's network as infrastructure to Government functions such as preparing for recovering from disasters and other emergencies, the Census, and Elections. While we will leave the details around those priorities to others, it is important to consider the contributions of Australia Post and its employees to those initiatives that benefit the whole of Australia.

Our team was happy to answer the questions posed in the Government's Consultation as a proud partner of Australia Post and as a long-standing member of the industry and business community. Pitney Bowes would be happy to meet with you at any time as the Government considers the best ways to modernise Australia Post for the future. Please contact [REDACTED]

[REDACTED] for any assistance you may need.

Sincerely yours,

[REDACTED]

Venkat Rao

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Questions and Answers:

1. The services Australia Post provides that are important to Pitney Bowes and our clients.

Given our large number of clients, a range of Australia Post services are important, from business letters to charity mail to tracked mail and parcels. Our clients range from small businesses to large organisations such as banks and government institutions.

2. From the point of view of Pitney Bowes and its clients: What does Australia needs from a modern postal service?

We outlined our views on this subject at the beginning of our consultation response.

3. Comment on whether you agree with the potential benefits on pages 9 and 10, as well as if you see any additional benefits.

We agree with many of the modernisation benefits listed on pages 9 and 10: the emphasis on improved parcel services, a robust retail presence, and increasing the use of technology to serve Australian businesses and consumers all lean into Australia Post's strategic advantages. Ensuring the network is as environmentally sustainable as possible is also laudable.

One area of concern is the consultation's apparent focus on the "economic viability of the letters business to enable a cost-effective national letters service, especially for regional and rural areas." Though the letters business has been declining, Australia Post is a robust multi-product network. We believe the need for the overall network (with all solutions offered) as well as the intrinsic value of the network to the country's infrastructure should determine decisions about the frequency of delivery and other issues.

In fact, the frequency and predictability are a large part of why businesses of all sizes across the country use Australia Post. In Deloitte's 2021 study on Post Offices, while businesses say that eCommerce through parcel delivery is important and growing, letters are still the most used service by businesses, with 47% ranking sending letters as their most used service.

The multi-product network of Australia Post delivers on its government service mandate for letters while being commercially competitive in parcels. Australia Post sees the future of parcels clearly, and yet its customers are also clear that they value letters. We believe an integrated delivery network is necessary not only to meet the needs of Australian businesses and citizens, but also to create network efficiencies to best position Australia Post to compete in the parcel service delivery business.

4. How important is the ability to send or receive a letter and what would be the impact of further increases in postage rates to allow Australia Post to fully recover the full efficient cost of providing the letters service?

For millions of Australian consumers and businesses, sending and receiving letters is very important. This is proven in the data of studies that Australia Post itself has engaged. Disabled citizens and/or businesses and citizens that operate or live in rural or remote regions.

5. Do you expect usage of Australia Post’s letter services to change in the next 5 years and why?

Letters are in secular decline, but COVID-19 related impacts are still being assessed. We could continue to see a decline in letters related to digitisation efforts in government. However, letters continue to be important in multiple industries, providing confidence and predictability in transactions. Those letters will continue.

We could also witness an increase in eCommerce-related mail tied to marketing and the delivery of goods. What is clear is that there is a connection between physical and digital interactions, and physical letters increase eCommerce related purchasing. We also see a better rate of response to campaigns that are digital and physical.

While letters may continue to decline, they continue to be important to citizens and businesses.

6. What do individuals, businesses and charities take into consideration in deciding whether to send a letter — for example, price, delivery speed and features (such as tracking), or digital alternatives?

Each individual, business, government organisation, or charity may have slightly different views that drive their decisions to send letters and what they expect from the service. In our experience with postal organisations around the world, affordability, predictability and stability in rates and delivery frequency, and reliability in service are consistently important. Predictability and stability create expectations, which allow our clients to consider each solution’s rate of speed and their financial needs when making business investments.

7. What is the value of the regulated priority letter service to you?

The regulated priority letter service provides choice and certainty (predictability) for the clients that use this service.

8. Should the current letters service speed or frequency of delivery requirements change in line with the expected decline in the number of letters being delivered?

The important principle that should govern modernisation decisions should be to “do no harm” to the network and how Australians perceive it.

The Australia Post network should continue to deliver parcels and mail to every community at least five days each week. Frequent delivery recognises the value of the network and what it provides to consumers and businesses. As part of the country’s critical infrastructure, a reduction in delivery frequency for letters may cut costs slightly, but the message it would send to businesses and citizens in predictability and stability would harm the Australia Post brand. In addition, the incremental cost of delivering letters when posties are delivering parcels at least five days each week is low.

9. How important are parcel delivery services to your business?

Parcel delivery services have increased in strategic importance to a significant number of our clients who operate in different sectors. The fact that Australia Post is delivering parcels at least five days each week conveys stability and predictability, which is critical for businesses who trust the Post to deliver for them. If Australia Post can focus on continuing its work to modernise and invest in its parcel infrastructure, including its APIs, other technology, and equipment – it will be even better positioned to serve Australia’s businesses and citizens and win in the market.

10. For businesses that send parcels - what parcel service features matter most to your business?

Besides competitive and predictable costs and service, many businesses want the ability to communicate status/tracking updates to consumers as a parcel travels from “click to door”. That communication is an extension of the business’s brand, and so as Australia Post continues to compete in parcels, those features are critically important.

11. As someone that receives parcels — what features of parcel services do you value most — for example, speed of delivery, time of delivery, convenience of collection, ability to track the item and ease of returns policy?

Australia Post’s own recent 2023 Inside Australian Shopping Report rightly segments shoppers into different “personas” who care differently about speed, timing, collection options, and may track parcels differently. Generally, consumers increasingly are interested in customising delivery and collection options to suit their lives. They trust Australia Post and the security delivery provides them. Returns are a significant cost driver and an opportunity for Australia Post, since we know the return experience relates directly to repeat consumer business. We are watching the Community Hubs initiative among other concepts we see global posts unveiling.

12. What environmental sustainability factors matter most to you in relation to parcel delivery services?

The Australia Post 2022 Annual Report said it well: “With a footprint that touches every community, we recognise our unique position to make a positive contribution to a society that is liveable and sustainable”. Australia Post is balancing significant parcel growth with a responsibility to reduce its carbon intensity, and it has been successful in its efforts to date. Its electric vehicle fleet and solar panel investments are only two of a number of tactics it has used. The continuation of an integrated parcels and mail delivery network may be the best way to ensure Australia Post provides a frequent and necessary service to benefit both types of products and supports all communities.

13. How important is the Post Office to individuals, businesses and communities, including which Post Office services are most valued?

Deloitte’s study of Post Offices from 2021 provides a significant amount of information on Australia’s post offices, their value, and specifically what businesses and citizens need. We would note that rural and regional businesses and consumers, along with disabled citizens are much more likely to visit their Post Offices to obtain assistance. Residents of regional Australia are more than twice as likely to visit the post office as metropolitan Australians. In the case of disabled citizens, the statistic is three times the number of visits. (Deloitte Access Economics Paper of 2021: the Value of Post Offices in Australia).

14. Are other facilities, such as parcel lockers, vending machines, payment terminals or mobile Post Offices, helpful to serve community needs?

Technology should focus on efforts that expand access for citizens and businesses, including those part of the disabled community and who live in rural and remote regions, and drives down the cost to serve clients of Australia Post.

We have experience partnering with Postal organisations around the world on cloud-based sending devices that allow businesses to affix postage, create tracking, and deliver both mail and parcels. Those solutions both expand community access as well as drive efficiencies.

15. Are there other services Australia Post could provide to better support the community?

We are strong supporters of Australia Post and the many ways it supports our communities, but we don't have a specific answer to this question.

16. For Post Office licensees and agents — tell us the challenges and opportunities from your perspective.

This question is not applicable for our organisation.

17. How can Australia Post best support the community?

Australia Post is an outstanding organisation, and it is clear from public surveys that citizens view the Post as one of their most trusted institutions. It is already supporting the community as a form of infrastructure. Our view is that its brand, reputation and differentiators mean the best way to modernise Australia Post and support the community is to ensure the value, access to, and frequency of delivery is maximised for all citizens and businesses.

About Pitney Bowes

Pitney Bowes is a global shipping and mailing company and a trusted partner providing technology, logistics, and financial services to more than 750,000 clients worldwide, including 90 percent of the Fortune 500. We work with the world's posts as well as private carriers.

Our expertise in shipping and mailing: For over 100 years we have helped organisations remove complexity from their mailing and shipping operations. We hold more than 3,000 active U.S. patents. We are enthusiastic innovators in:

- **Technology:** We have more than 200 application programming interfaces (APIs) so our clients can integrate shipping and mailing technology and serve their customers
- **eCommerce technology and logistics:** We're eCommerce pioneers, helping thousands of retailers and over one million merchants by providing cross-border delivery solutions to consumers in over 200 countries. We operate the largest delivery and returns network connected to the United States Postal Service.
- **Mail:** We're the second largest mail handler in the world (only the United States Postal Service processes more volume) We process over 16 billion pieces of mail annually.
- **Research and Trends:** We recently released our eighth annual [Parcel Shipping Index](#) and recently began what we call the [BOX](#) series of surveys and other communications, to explore consumer eCommerce trends.

Our commitment to building a sustainable future: Pitney Bowes is committed to supporting a sustainable future. We are dedicated to creating a work environment that supports all employees and making a difference to the communities in which we work and live. We are a

founding member of the United States Environmental Protection Agency's (EPA) green power program and are committed to achieving carbon neutrality by 2040.

We have been recognised for our commitment to diversity, equity, and inclusion (DE&I) by Forbes (The Best Employers for Women, America's Best Large Employers, and The Best Employers for Diversity), Great Place to Work® (Asia's Best Workplaces), and Bloomberg (Gender Equality Index).

Pitney Bowes Australia

Pitney Bowes has been supporting clients across business and government in Australia for almost a half century. We provide mailing, shipping, and tracking solutions that help clients automate manual business processes, streamline operations, improve productivity, save time, and reduce costs.

We support clients across multiple industries, including public sector; education; health and aged care; manufacturing; mining; construction; real estate; and retail. We are an accredited government supplier due to our reliability, high quality, and service excellence.

Pitney Bowes is committed to helping organisations across Australia modernise their mailing and shipping needs to keep pace with a changing world while continuing to service all members of the community. Together with our industry peers, our meter clients contribute more than AU\$100 million annually to Australia Post through postage costs. We look forward to continuing to support our postal services and our local communities for many years to come.