



23<sup>rd</sup> March 2021

**CWU Submission**

**Australia Post Inquiry**

Senate Environment and Communications References Committee

Postal & Telecommunications  
Branch of Victoria  
Division of the CEPU

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### **Communication Workers Union of Victoria (CWU) P+T branch.**

The CWU Victorian 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.

### **Terms of Reference**

On 25 February 2021, the Senate referred to the Environment and Communications References Committee for inquiry and report by 30 April 2021:

The circumstances leading to the direction by the Minister for Communications to the Chair of Australia Post on 22 October 2020, that the Chief Executive Officer of Australia Post, Christine Holgate, be stood down pending an investigation into her gifting in 2018 of watches to four managers who secured a \$225 million investment into the organisation, with particular reference to:

- a. if the gift of the watches was with the knowledge of the then Australia Post Chair and within existing Australia Post policy;
- b. how the gifting of four watches compares with bonuses and gifts provided during the term of the previous Chief Executive Officers and within other government owned corporations such as the National Broadband Network;
- c. actions of the Board of Australia Post following Ms Holgate's offer of resignation on 2 November 2020 leading up to the Chair's request for her to sign an amendment to

her contract which would mean the immediate termination of her employment without any benefits, as against the \$11 million bonus paid to her predecessor when he stepped down;

- d. the veracity of evidence provided by the Chair of Australia Post to the Environment and Communications Legislation Committee during an estimates hearing on 9 November 2020;
- e. the current status of Ms Holgate's employment with Australia Post;
- f. the issues surrounding the secret review of Australia Post by the Boston Consulting Group leading to the introduction of changes to Australia Post's service model;
- g. the future of reductions to Australia Post's service model; and
- h. any other related matters.

## **CWU Submission**

Our submission will focus on:

- f. the issues surrounding the secret review of Australia Post by the Boston Consulting Group leading to the introduction of changes to Australia Post's service model;
- g. the future of reductions to Australia Post's service model; and
- h. any other related matters.

We will outline the events that transpired since the Temporary Regulatory Relief was introduced in the Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020 made by Governor General The Hon. David Hurley AC DSC, on the advice of Federal Minister for Communications the Hon. Paul Fletcher and since the introduction of the system of work known as the Alternate Delivery Model (ADM) which was enabled by the Temporary Regulatory Relief.

The two main changes to the regulations were:

- Reduced letter delivery frequency – Australia Post will now only deliver mail every second day rather than five days a week in areas Australia Post deems metropolitan, including a number of areas ordinarily deemed to be regional and rural.
- Priority letters – Australia Post removed the priority letter product offering.

## **ADM Introduction**

The regulation changes saw Australia Post remove 2 posties from every group of 4 and the 2 posties were then replaced by 1 van thus removing efficient modes of delivery for the majority of parcels and replacing them with a less efficient one. Our view is that Australia Post and the Government were trying to use Covid-19 as a cover to attack jobs at the time.

Victoria was more affected by Covid-19 due to the harsh lockdowns that were introduced in an attempt to stop the spread of the virus. On 7<sup>th</sup> July Metropolitan Melbourne entered into

lockdown for 6 weeks and on 2<sup>nd</sup> of August Melbourne entered Stage 4 restrictions with a nightly curfew and travel permits were required for any movement outside a 5 km radius from the home.

During this time Australia Post were required to have split shifts in delivery with the first shift starting at 6am and the second shift at approx. 8.30am. This lessened the opportunity to deliver letters and parcels as the available work hours in the day were reduced. It must be noted that the vast majority of available parcels to deliver were able to be delivered by Posties on motorbikes/ electric pushbikes or on the 3 wheeled electric vehicle known as the EVee.

Members at this time were obviously under a lot of pressure and many were finding it hard to cope with the workload and a number were financially disadvantaged due to reduced hours especially those who were working on the 8.30am shift. In a number of delivery centres Australia Post were actively limiting overtime.

In early August Australia Post announced that the ADM would be going live in Victoria on 25<sup>th</sup> August 2020. State secretary Leroy Lazaro on more than one occasion requested that Australia Post suspend the implementation of the ADM due to Covid-19 restrictions and the fact that with such a high volume of parcels (that could mostly be delivered by posties) introducing the less efficient mode of delivery (i.e vans) would lead to parcels backing up more quickly than otherwise would have occurred. The requests fell on deaf ears and management refused to acknowledge that they may have miscalculated in Victoria.

Our Branch was proven correct and only a few days into the introduction of ADM our members were pleading to be allowed to deliver on whatever footpath mode of delivery that they could to help to clear the backlog of parcels. Again management would not move and instead of acknowledging that the introduction of the ADM had made a bad situation, due to the ongoing lockdown, worse, they started suggesting the ADM was actually improving things!

In mid September some 3 weeks into the introduction of the ADM we surveyed our members in Victoria on their views on the ADM introduction. Approximately 40% of our members completed the survey (attachment 1):

- Around 70% stated they were unable to take all of their breaks if they wanted to ensure work was completed
- Over 90% said that the ADM had degraded the service
- Over 60% said they had to exceed the 10km on the footpath due to work systems pressure
- Over 90% said that parcels were left undelivered on any given day during the survey period
- Over 90% said that the introduction of the ADM had had a negative effect on morale and job satisfaction.

We reiterate our submission that the ADM and its introduction in Victoria was not the cause of the increased volumes of parcels. That was due mostly to the lockdown in Victoria but the introduction of the ADM made a bad situation worse by removing large numbers of parcels

from an efficient model and transferring them to a less efficient one thus compounding the backlog problem everyday. There were times when delivery centres were bursting at the seams yet Management insisted on sending out parcels that were often the size of a mobile phone cover or a book in a van to deliver. The simple solution was to suspend ADM, allow all 4 posties (in a group of 4) to deliver letters daily, take as many small parcels as they could and employ extra drivers to deliver the very small percentage of larger parcels in vans.

## Senate Estimates

The current acting CEO Mr Rodney Boys appeared before Senate estimates in November where he dismissed the survey of our members as “not representative” and as coming from only a “small region” -Metro Melbourne. Our members on hearing the news that their concerns had been dismissed out of hand were unimpressed to say the least and a petition was quickly circulated by local shop stewards. Within 48 hours nearly 90% of available posties in Metro Melbourne had signed a petition refuting Mr Boy’s comments, noting their views on the ADM and calling on the Minister to restore the previous service standards. (Copy of petition text attachment 2.)

The petition received over 1400 signatures and was forwarded to the Communications Minister and circulated to members of the Communication and Environment Committee. To date no response has been received from the Minister.

## UMS

Australia Post announced in September in Victoria that they would no longer be taking any bookings for the unaddressed mail service (UMS). This was due to two factors:

- the increase in parcels and reduced number of posties delivering on the footpath due to the ADM introduction
- and the very fact that there were not just not enough days in the week to deliver to every house due to the introduction of the “temporary reforms”.

A significant amount of revenue was sacrificed, and that was another indication that the architects of the “temporary reforms” had acted in undue haste at best or at worst were just focused on implementing service cuts, long wanted in certain quarters, under the guise of Covid-19.

UMS provides a valuable community service to local government, health authorities and elected officials to assist in communication within our communities. We believe that the UMS community based messaging should be regulated as part of the CSO.

Under the ADM the delivery of UMS is still proving very difficult at times. Previous to the ADM, posties were delivering one day's mail, up to 150 small parcels and UMS. Now posties struggle to do 2 days mail and UMS with parcels often moved across to contractors to deliver.

The UMS that is delivered by posties is often taken in with the mail and provides valuable "cut through" messaging.

## Priority Mail

The discontinuing of the Priority Mail service as part of the temporary reforms was another indication of the total lack of engagement that senior Australia Post executives and the Communications department displayed during the worst of the crisis. Statements such as "It's only 12% of total mail volumes" showed a lack of understanding of those who were prepared to pay the extra fee to use the service and of the fact that it was obviously a valuable product to those users.

Australia Post's excuses about the lack of available airplane space simply did not wash when Australia Post were able to claim *force majeure* for delayed mail during Covid-19 and Priority Mail could still be sent by road and arrive in a timely manner. Australia Post demonstrated time and time again during Covid-19 that they were simply uninterested in the traditional mail service, the increasing importance it has to those who are still using it for their essential means of communication and the benefits that it provides to communities and small business. We believe the priority mail service should be reimplemented ASAP

## Ongoing issues

Start times are an ongoing issue for posties. Some posties who previously started at 6am have now been forced to start as late as 7.30 and van posties who could have previously started at 6am are now forced to start as late as 8.30am.

These start times are alleged by Australia Post to be necessary to capture the "second wave" of Express Post that arrives in delivery centres as late as 9am. However posties have always been able to do the "second wave" and our members feel that the later starts have been put in place for ulterior motives such as reducing overtime and reducing shift allowances.

Australia Post have finally after months acknowledged that their actions during COVID-19 have caused a range of issues and are now surveying approx. 5 workers in each delivery centre about their negative (and any positive) feedback on the ADM. Our members view this

as a belated and half-hearted approach which primarily focused on events in the Senate and is intended to assist senior management in extending the “temporary” reforms. These groups of 5 workers are at times just hand picked by management. In such meetings we understand a vast majority have recommended a 6.00am start time for posties but senior management insist on a 6.30am start time for letters posties which is coincidentally the time in the morning when penalty rates no longer apply. We have requested a 6.25am start time for letters posties at the latest but have been told “Australia Post will want to use the start times as a “bargaining chip” for the upcoming EBA. Put simply are members have no trust whatsoever in senior management and the penalty rate issue is a glaring example of that.

## **Temporary reforms**

Our branch and its members are categorically opposed to the extension of the temporary regulatory relief that was implemented under the guise of Covid-19. The reforms were unnecessary at the time and actually hampered posties’ efforts to deliver parcels in the most efficient way possible. We believe they were introduced as a ruse with an initial view of cutting services and jobs. While there is obviously a place for corporate staff delivering larger parcels in vans, these should be used in addition to traditional footpath delivery models, not as a replacement.

As mail volumes decline, so those that are relying on it are increasingly the most vulnerable in our society. These vulnerable members of our communities live in metro areas as well as regional Australia and this needs to be acknowledged. Exemption of regional areas for the “temporary reforms” was obviously just a political fix for the government.

The recent announcement of Australia Post’s near 100% increase in half yearly profits clearly shows there is no crisis. It must be remembered that the huge expense of the ADM and its less efficient modes of delivery as well as a fair bit of loading onto the balance sheet, means that this profit would have been potentially far greater. Covid-19 has led to many new e-commerce shoppers and this will continue to have a very positive effect on Australia Post’s bottom line, over time.

## **Use of contractors.**

Australia Post continue to use contactors to deliver parcels that would otherwise be delivered by corporate staff. Most Australia Post contractors are actually sub-contractors employed by a smaller number of head contractors. These contactors are paid based on an hourly rate that is approx 25% less than that of Australia Post employees. We believe that if the “temporary reforms” are extended, over time Australia Post will transfer

corporate work across to contractors and reduce the number of corporate permanent employment. With later start times of 8.30am for corporate van drivers, parcels are being moved to contractors even before they start. We are aware that Australia Post "coach" head contractors on how to ensure those they employ are not classified as employees using such loopholes as sham \$1 a week lease agreements for vehicles.

## Into the Future

We submit that instead of cutting services Australia Post should be expanding the range of services that they offer to our communities. The recent decision to cease the perishable goods service to food producers in Tasmania, due apparently to "compliance issues", highlights the attitude of senior management to services they consider "too hard/too much hassle".

Australia Post need to fundamentally change the way they operate in our communities and with business.

In summary

- Australia Post needs to treat the traditional mail service, and the importance it has to the most vulnerable in our society, as an asset to be leveraged as opposed to a hindrance.
- Australia Post needs to work hand in hand with the wider Print/Mail house industry and promote the traditional mail service as a valuable form of communication. Transactional/Promotional "Trans/pro" opportunities should be explored as a matter of course for instance. An industry group should be established with all stakeholders to have equal input.
- Australia Post should look to overseas, not for examples of cutting services, but for examples of the way that progressive postal organisations have provided extra services to their communities. Services such as extra financial, insurance, telecommunications potentially provided as bundled packages in a one stop shop in the corporate and LPO areas for instance. The French, Swiss and Italian Postal organisations are some good examples of agencies that have met with success through offering extra services.
- The ability for over 95% of posties to pass every house 5 days a week must be viewed as an asset and opportunities for posties to play a greater role in their communities should be explored
- Mail service standards in metro Melbourne to be restored
- Community messaging via the Unaddressed Mail Service (UMS) to be regulated through the CSO'

- The Boston Consulting Group report into Australia Post commissioned by the Federal Government in late 2019 should be released for public consumption. This report was conducted at a cost of over \$1 Million from Australia Post revenue and the Parliament and Taxpayers should be given the opportunity to review its findings.

We appreciate the opportunity to make our submission on behalf of our members and would welcome leave to appear in person before the inquiry with some of our members to explain how the “temporary regulatory relief” and the associated AMD, has affected them and their co-workers.

Yours Sincerely

Leroy Lazaro

**Branch Secretary**

**Communication Workers Union  
Postal & Telecommunication Branch Victoria**