

Regulatory and/or Licencing Bodies

- Australia Post is a government-owned business (under the Department of Communications and the Arts) and is governed under the *Australian Postal Corporation Act 1989*.
- The Australian Competition and Consumer Commission (ACCC) is the body responsible for the regulation of Australia Post as identified under the *Australian Postal Corporation Regulations 1996*. In particular, the ACCC assesses notifications relating to any price increases, disputes regarding the terms and conditions of Australia Post, and the record-keeping rules for Australia Post.

INDUSTRY DEVELOPMENTS AND WORKFORCE CHALLENGES:**1. Existing and anticipated supply and demand for skills:**

- Despite the rapid decline in letter volumes, the rising demand from online shopping has continued to boost industry revenue for the last 5 years and is forecast to rise at an annualised 2.8% over the five years through 2024-25, to \$9.8 billion nationally.ⁱ However, early predictions are that this growth will be at a slow rate. That said, this forecast needs to be taken cautiously as the impact from COVID-19 is still to be fully realised. *Please refer to Industry Impacts Caused From COVID-19 for further details.*ⁱⁱ
- Whilst parcel delivery is likely to continue to grow and lift industries profitability, forecasted declines in bulk mail services and letter delivery will limit industry's growth. Some costs will be offset by the growing demand for parcel delivery services.ⁱⁱⁱ This is also likely to impact post office store ownership making it a less appealing option for future brick and mortar enterprises.^{iv} This will result in a need for postal service operators to continue to diversify their operations in order to remain viable.^v
- As a consequence of declining letter volumes organisations are also changing their business models as they embrace new technological communication advancements to fill this void (i.e. third-party bulk mail outs and social media messaging services).^{vi}
- IbisWorld has noted the launch of drone delivery services such as Alphabet Wing is likely to provide further technological disruption to the postal industry as this technology is eventually rolled out across Australia's urban areas. This technology is currently used on the East Coast and has not yet entered WA metropolitan areas.^{vii}
- The continued decline of newspaper and magazine publishers and printing firms will further reduce demand for bulk mail and non-regulated mail services over the next five years.^{viii}
- Over the next five years, the Federal Government is anticipated to loosen Australia Post's Community Service Obligations in response to declining letter volumes and significant losses incurred by the letters business segment.^{ix}
- According to IbisWorld, parcel delivery services are generally more labour-intensive than other industry services, leading to national growth in industry employment over 2020-2024.
- In an effort to maintain innovative practices and keep up with changing technologies, life-long learning is encouraged across all areas of Australia Post business units.^x
- Growth has continued to occur for buy now, pay later services such as Afterpay. Merchant turnover on this platform in Australia and New Zealand increased 55 per cent to \$3.1 billion dollars.^{xi} This has sustained a propensity to increase the level of on-line spending and will have ripple effects on increasing demand for parcel delivery services.
- Online purchases in WA grew by 78% year on year compared to only 16% in 2019. These purchases appear to be dominated by small sized consumables such as health and beauty, or sport and leisure goods.^{xii}
- The postal sector makes use of a combination of in house training and other related supply chain qualifications to train and upskill their workforce.^{xiii}

Industry Impacts Caused From COVID-19

- There was an initial surge in the number of postal deliveries and services as more consumers bought online or relied on post to stay in contact with loved ones during the early stages of COVID-19 as early restrictions and lockdowns were put in place.^{xiv}
- The demand for Australia Post freight increased so significantly the resulting overflow was sent to subcontractors to keep up with delivery demand. As an example, for one week in April 2020 there was an increase of 65%-70% for deliveries, which was higher than Cyber Monday 2019. With panic buying now over, new shopping habits have formed creating new trends in online buying that are likely to persist post COVID-19.^{xv}
- Approximately 45-50% of the world's air cargo is usually transported in the belly of passenger aircraft. With the bulk of Australian passenger services, both international and domestic, being suspended or reduced, there have been delays of up to a week or more for deliveries made through Australia Post.^{xvi}
- Temporary changes to delivery standards by the Federal Government has offered some reprieve to the postal sector (i.e. removing priority mail product which cannot be guaranteed, delivering to metropolitan areas every second day and extending intrastate delivery to five days).^{xvii}
- The workforce has coped well with Perth and Intrastate parcel volumes. Meaning there has been no need to temporarily increase workforce numbers. One company re-negotiated with their workers and the union to create temporary MOUs to adjust hours as required allowing for greater flexibility in adapting to demand increases.^{xviii}
- In addition to the transportation bottlenecks, the sector is also faced with social distancing requirements that restrict increasing the number of workers to process/sort mail and parcels before being despatched.^{xix}
- E-commerce has grown from 11 to 11.5% of total retail expenditure and is predicted to now be approximately 15%. (NB predictions are being made with caution as it is still too early to predict the full impact from COVID-19). If accurate, this estimation will have brought e-commerce market share rate forward by 2 years in a 4-week period.^{xx}
- Both small and larger retailers have had to accelerate their capacity to deliver in the e-commerce market. It is predicted these trends will increase demand for same day delivery requiring additional facilities to store stock locally and process deliveries.^{xxi}
- It is anticipated e-commerce may see further growth once spending habits return to normal across all areas, as it is believed there are some people who are still constricting their spending due to employment and other lifestyle changes (i.e. part time and casual workforce).^{xxii}
- Australia Post is leveraging its existing retail and delivery network to provide additional services as needed.^{xxiii}

Impacts to Training and Delivery

- Australia Post will be re-training their fleet of 2000 motorbike postal workers to assist with delivery of parcels and relieve pressure on delivery van drivers.^{xxiv}

Jobs in Demand and Training Required

- As parcel volumes have doubled during the early stages of COVID-19 (up 80% compared to last year), Australia Post is reported to be retraining 2000 motorbike posties to help deliver parcels across the country with more people at home and shopping online. Some motorbike posties will now use vans or move into warehouses to help cope with the demand of the 1.8 million parcels being sent each day.^{xxv}
- Australia Post has reduced letter delivery services to redirect motorcycle drivers to assist with parcel deliveries.^{xxvi}
- Australia Post has increased recruitment efforts for Truck Drivers, Postal Delivery Officers and Van Drivers in WA for casual roles with approximately 600 positions available nationally in June 2020. It is unknown how many of these positions will be allocated to WA.^{xxvii}

ⁱ IbisWorld, (June 2020), Postal Services in Australia Report 15101

ii	IbisWorld, (June 2020), Postal Services in Australia Report 15101
iii	IbisWorld, (June 2020), Postal Services in Australia Report 15101
iv	IbisWorld, (June 2020), Postal Services in Australia Report 15101
v	IbisWorld, (June 2020), Postal Services in Australia Report 15101
vi	IbisWorld, (June 2020), Postal Services in Australia Report 15101
vii	IbisWorld, (June 2020), Postal Services in Australia Report 15101
viii	IbisWorld, (June 2020), Postal Services in Australia Report 15101
ix	IbisWorld, (June 2020), Postal Services in Australia Report 15101
x	BT Financial Group, (2019), Buy now, pay later – the rise of Afterpay and Zip Co
xi	The Sydney Morning Herald, Afterpay CEO defends losses as it chases UK, US growth, Colin Kruger, February 2020
xii	Australia Post - Inside Australian Online Shopping - 2020 eCommerce Industry Report
xiii	Industry consultation 2020
xiv	Industry consultation 2020
xv	Industry consultation 2020
xvi	Industry consultation 2020
xvii	Industry consultation 2020
xviii	Industry consultation 2020
xix	Industry consultation 2020
xx	Industry consultation 2020; MHD, (June 2020), COVID-19 Drives an E-Commerce Revolution
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xxvii	Industry consultation 2020