

Service Improvement Plan

October 2022

Australia Post



Contents

1	Background	3
2	Performance	4
3	Challenges	5
4	Steps Taken	8
5	Looking Forward	9
6	Feedback & Complaints	10

1. Background

1.1 Context

This Service Improvement Plan is given to the Minister for Communications by Australia Post under section 28E of the *Australian Postal Corporation Act 1989* (Act).

1.2 Legislative Framework

Australia Post's statutory obligation to meet prescribed performance standards is set out in Part 3 of the Act. Division 1A of that Part provides that:

- regulations may prescribe performance standards to be met by Australia Post;
- the Auditor-General must audit, and report on, the extent to which Australia Post met the performance standards that were in force each financial year; and
- if the Auditor-General reports that Australia Post has not met a prescribed performance standard, Australia Post must (unless the Minister determines, by legislative instrument, that it is unnecessary in the circumstances) prepare a service improvement plan to ensure it meets that prescribed performance standard as soon as practicable – with that plan to be provided to the Minister on or before 1 March in the following financial year; and with the plan to be laid before each House of Parliament within 15 sitting days of Ministerial receipt.

1.3 Regulatory Framework

Performance standards to be met by Australia Post are prescribed in the *Australian Postal Corporation (Performance Standards) Regulations 2019*, and includes standards relating to:

- *frequency of delivery* – at least 2 days each week for 99.7% of delivery points; and every business day for 98% of delivery points;
- *on-time delivery* – at least 94% of reserved service letters delivered within the timeframes set out in the prescribed delivery timetables (which identify business day delivery times for intrastate and interstate deliveries, and for priority letters and regular letters);
- *mail lodgement points* – lodgement facilities at each retail outlet, and at least 10,000 street posting boxes; and
- *retail outlets* – minimum numbers (at least 4,000 nationally, with at least 2,500 – and at least 50% of all retail outlets – in rural or remote zones); and proximity (in metropolitan areas, at least 90% of residences located within 2.5km of a retail outlet; and in rural or remote areas, at least 85% of residences located within 7.5km of a retail outlet).

2. Performance

2.1 Historical Performance

Australia Post has a proud history of meeting (and, more typically, exceeding) prescribed performance standards. Since performance standards were first prescribed almost a quarter of a century ago, Australia Post has met or exceeded all applicable performance standards in every financial year, with very few exceptions.

Prior to financial year 2021/22, the only exception to meeting or exceeding performance standards over the last quarter of a century are the on-time delivery standard not being met in financial year 1999/2000 (as a consequence of the combined impacts of introducing a significantly reconfigured and more automated mail processing network; a two-day strike by Australia Post drivers in Victoria; and a surge in domestic letter volumes during the year).

For completeness, in May 2020 the Australian Government, in response to a request from Australia Post, effected temporary changes to some of the prescribed performance standards to enable Australia Post to continue delivering for all Australians through the challenges presented by COVID-19. Those temporary changes remained in place until 30 June 2021. In financial year 2020/21, Australia Post met or exceeded each of the performance standards – including the temporarily changed standards and the standards that were not temporarily changed – despite the COVID-19 challenges.

2.2 Financial Year 2021/22 Performance

The Auditor General's performance audit report on Australia Post's satisfaction of prescribed performance standards for financial year 2021/22 is contained within Australia Post's Annual Report for financial year 2021/22.

As identified in that performance audit report, Australia Post met all but two of the applicable performance standards for financial year 2021/22, specifically:

- *on-time delivery* – Australia Post delivered 93.5% (therefore less than the 94% standard) of reserved services letters to the indicated or appropriate address within the delivery time mentioned for the address in the regulations; and
- *frequency of delivery (every business day)* – Australia Post did not service 98% of postal delivery points every business day for the majority of the year. Importantly, Australia Post did satisfy the separate frequency of delivery (at least 2 days per week) standard, by servicing more than 99.7% of postal delivery points at least 2 days per week.

Importantly, and while acknowledging the standards apply and are measured annually, each financial year:

- *on-time delivery* – on-time letters delivery performance exceeded the standard during the second half of financial year 2021/22, and also exceeded the standard in the first quarter of financial year 2022/23; and
- *frequency of delivery (every business day)* – every business day delivery frequency exceeded the 98% standard in the last quarter of financial year 2021/22, and also exceeded the standard in the first quarter of financial year 2022/23.

3. Challenges

As identified in Australia Post's 2020 and 2021 Annual Reports, COVID-19 significantly impacted Australia Post and its delivery network and services, and these significant impacts continued – and in some cases were exacerbated – in financial year 2021/22.

Key challenges impacting service performance for each of the two standards not met during the financial year are set out below.

3.1 On-Time Letters Delivery

3.1.1 Safety & Wellbeing Controls

Australia Post's number one priority is the safety & wellbeing of its people, and it has been crucial that Australia Post complied with all Government requirements and health directions throughout the COVID-19 pandemic. Australia Post's COVIDSafe Plan sets out controls and actions in place to keep our people, customers and communities safe, applies to all relevant workplaces, and takes account of relevant public health orders and guidelines in each jurisdiction. Additional controls put in place during the pandemic – including in financial year 2021/22 – such as split shifts (which results in lower team member capacity at facilities); zoning (which confines team members to specific areas within a facility, to support physical distancing); increased facility cleaning; and daily hygiene practices have proved vital for reducing the risk of COVID-19 transmission.

These important safety controls have been critically helpful, but have increased the time in which it takes network operations to sort, process and deliver items.

3.1.2 Stay-at-Home Orders & Travel Restrictions

In the first half of financial year 2021/22, a number of Australian States & Territories implemented some of the toughest lockdowns in the world, and millions of Australians stayed home to help keep each other safe.

Beyond stay at home-orders in place in across various Australian jurisdictions, heavy travel restrictions – in key local government areas in New South Wales in particular – were also in place for a number of weeks in the second quarter of financial year 2021/22. Australia Post's processing and delivery facilities in those local government areas were heavily impacted as a results. Outside of that extremely demanding period, other COVID-19 restrictions impacting network operations were also in place for the duration of financial year 2021/22.

The restrictions led to significant unplanned team absences, despite the conservative safety arrangements in place at facilities. On any given day many team members were absent from work in isolation in accordance with application COVID-19 isolation requirements. This at times averaged as many as 350 team members in isolation / absent from work per week, largely in last mile delivery facilities.

Further exacerbating the challenges, a number of processing facilities needed to be temporarily shut down in the second quarter of financial year 2021/22 in particular as COVID-19 positive cases were identified – at times resulting in temporary overall processing capacity losses of up to 58%.

3.1.3 Impaired Transport Capacity

Pre-pandemic, Australia Post relied heavily on passenger flights to transport mail around the country. COVID-19 saw the extended suspension of many passenger flights. Many usual flights remain suspended and others were serviced using smaller capacity aircraft than usual, owing to the relatively lower number of passengers travelling along key routes. Reduced air capacity caused significant disruption to our delivery services, particularly for delivery to jurisdictions where transport options are more limited such as the Northern Territory and Western Australia, and particularly for the more time-sensitive services such as the Priority letters service.

Australia Post has worked hard to find any available air capacity or, where needed alternative transport methods such as land options. In this context, Australia Post has needed to rely on a higher proportion of road and rail transport options than ever before. These options take longer than air transport. Further – with fewer flights, and an increase in people across the country relying on online options to secure goods and services as they sensibly protect themselves from the pandemic, the alternative transport options available to Australia Post and other service providers (such as the medical profession and food services) became significantly limited, meaning land transport options typically more freely available were also significantly constrained.

In addition, absenteeism related to COVID-19 has affected many transport suppliers, for example with a number of flights cancelled due to insufficient numbers of available airline workers, further challenging our domestic transport networks.

3.1.4 Sustainable Delivery Model

In financial year 2021/22, Australia Post progressively transitioned back to every business day letters delivery frequency for street addresses in metropolitan areas – beginning in early financial year 2021/22 and completing in March 2022. Further information about this transition is set out below.

3.2 Frequency of Delivery (Every Business Day)

3.2.1 Sustainable Delivery Model

One of the temporary changes in place during financial year 2020/21 involved the frequency of delivery for letters being adjusted to every second business day for street addresses in metropolitan areas. Frequency of delivery in rural and remote areas remained unchanged. In metropolitan areas, frequency of delivery for all non-street addresses (eg Roadside Delivery, Post Office Boxes, Locked Bags, Community Bags, and over-the-counter delivery via Post Offices) also remained unchanged. As identified above, in financial year 2021/22, Australia Post progressively transitioned back to every business day letters delivery frequency for street addresses in metropolitan areas – beginning in early financial year 2021/22 and completing in March 2022.

The progressive transition reflected the need for a period of operational change. Australia Post had both an opportunity and a responsibility to implement delivery arrangements that optimised network efficiency within relevant constraints, and included consultation with Australia Post's front line operational and delivery teams – all while the number of delivery points across Australia continued to grow.

With Australians shopping online like never before and pandemic impacts continuing (with the majority of Australians in lockdown for a number of months), this required careful and extensive network optimisation, and the right balance between supporting the way businesses and consumers use our services, delivering as quickly and as safely as possible, and using our resources efficiently to support our important community services.

Implementation, which coincided with increasing eCommerce demand, required deploying some team members back to their prior roles or rounds, as well as hiring over two thousand new team members – a challenge given the very low rates of available labour in the Australian market. Some equipment temporarily in storage was brought back into operation and re-installed, and some new equipment was also purchased. Implementation has also focused on continuing expansion of Australia Post’s electric delivery fleet –three-wheeled electric delivery vehicles and electric bicycles in particular.

At impacted delivery facilities, a significant volume of induction, training and assessment was undertaken to train and educate team members on the details of rounds – many of which had been altered to increase efficiency.

4. Steps Taken

4.1 On-Time Letters Delivery

Steps taken to limit the impacts of the COVID-19 pandemic on our operations and services, and to improve on-time letters delivery performance, were numerous and continually monitored and adapted throughout the financial year, including:

- working with our air transport service providers to optimise uplift of letters on flights, and chartering dedicated air freighters to further help with air transport capacity;
- recruiting more team members, through labour market shortages, to help with labour capacity – thousands of additional team members were brought into our processing, delivery, transport and contact centre teams in the lead-in to the pre-Christmas peak period to help us manage volumes and support our customers.
- sourcing more road vehicles to help with road transport capacity, and implementing new road services – including to help transport letters into jurisdictions most impacted by air capacity constraints (eg Western Australia);
- sourcing a significant volume of additional Unit Load Devices, to help both Australia Post and its customers to fill, transport, process and deliver articles in high volume;
- increasing the automation of letters processing, including via the expansion of automation arrangements at our Sydney West Letters facility in New South Wales;
- sourcing temporary sites across both our deliveries and retail networks to provide additional storage, processing and delivery capacity;
- maintaining frequently updated customer communications – including online and via our retail and customer services channels – to help keep customers aware of the challenges and related impacts on our operations and services;
- reviewing and updating network planning information to identify and implement optimisation opportunities;
- encouraging team members to obtain COVID-19 vaccinations, to help keep themselves and their team members safe, and to in turn reduce the frequency of team members falling ill;
- undertaking weekend deliveries in some areas throughout the second quarter of the financial year, to help with managing overall processing capacity throughout the network; and
- temporarily pausing collections from major eCommerce customers to assist with managing overall processing capacity throughout the network.

4.2 Frequency of Delivery (Every Business Day)

Australia Post’s progressive transition back to every business day letters delivery frequency for street addresses in metropolitan areas was completed in March 2022.

5. Looking Forward

5.1 On-Time Letters Delivery

While acknowledging the standards apply and are measured on an annual, financial year basis, on-time letters delivery performance exceeded the standard during the second half of financial year 2021/22, and also exceeded the standard in the first quarter of financial year 2022/23.

Australia Post will continue to monitor its performance relative to the on-time delivery standard in the interests of continuing to improve service performance. Where required, steps taken during financial year 2021/22 will be continued and/or reinstated, and additional steps will also be considered depending on the particular challenges that may lie ahead.

5.2 Frequency of Delivery (Every Business Day)

While acknowledging the standards apply and are measured on an annual, financial year basis, frequency of delivery (every business day) – every business day delivery frequency exceeded the 98% standard in the last quarter of financial year 2021/22, and also exceeded the standard in the first quarter of financial year 2022/23.

Australia Post's progressive transition back to every business day letters delivery frequency for street addresses in metropolitan areas was completed in March 2022.

6. Feedback & Complaints

6.1 Australia Post

Customers seeking information about their letters deliveries, or wishing to provide feedback to Australia Post, are encouraged to contact Australia Post via:

Letter

Australia Post
Customer Sales and Service
GPO Box 9911
MELBOURNE VIC 3001

Phone

13 76 78 (13 POST) for residential customers within Australia, +61 3 8847 9045 for residential customers outside Australia, or 13 11 18 for business customers

Online

A number of online forms to facilitate the provision of complaints and feedback are available at: <https://auspost.com.au/about-us/corporate-information/complaints-and-feedback>.

6.2 Commonwealth Ombudsman

Customers unhappy with the way Australia Post has responded to a complaint are encouraged to contact Australia Post again to ask that their complaint be escalated.

Customers who have contacted Australia Post but remain unhappy are able to contact the postal industry branch of the Commonwealth Ombudsman. Australia Post assists the Commonwealth Ombudsman with its enquiries.