

1 July 2020

Committee Secretary
Senate standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary

INQUIRY INTO THE FUTURE OF AUSTRALIA POST'S SERVICE DELIVERY

I refer to the above-mentioned inquiry and am pleased to be able to provide a submission in relation to the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020.

I am a small business owner operator and trade as a Frontline Business Catalyst ABN 95 517 539 362. I am based in Perth, Western Australia and my services extend to businesses throughout the State. I am also the Company Secretary of Sustainability Pty Ltd, which supplies technical, environmental, safety and training services to the mining industry.

My background includes more than a decade at the helm of the Small Business Development Corporation of W.A. and I have retained a keen interest and passion in advocating on behalf of the small business sector and ensuring that the importance of small business to the Australian economy is to the fore in key policy and legislative decisions.

COVID19 IMPACT ON SMALL BUSINESS

It goes without saying that COVID19 has had an enormous impact on the small business sector. It is also fair to say that the impact is not yet fully realised and the months and indeed years ahead will reveal even more severe hardship on the small business front.

My initial business exposure to the COVID19 onset was to respond to small business seeking guidance on the stimulus measures. It then extended to unravelling the detail of jobkeeper and in the past month or so it has involved providing guidance on key outgoings relief items such as landlord rents and State utility concessions.

What was evident early in the piece was the devastating consequences of temporary business closure due to lockdown restrictions. Where businesses did not close, they have had to contend with much reduced patronage and resultant severe implications in the area of cash flow, profit margins and retaining long serving employees. In some sectors such as hospitality, retail, tourism and accommodation, it has been nothing short of devastating.

In the face of this economic adversity, businesses have had to adapt to the conditions where they can, adopt more innovative marketing and sales strategies and fine tune their business models to get them through an unprecedented tough scenario.

AUSTRALIA POST AND COVID19

One key aspect of the business survival and recovery mode is the part played by Australia Post. Its footprint and delivery reach in metropolitan and regional areas has played a significant part in supporting small business. This includes P.O. Box services, payment and cash transactions, identification services for key maritime access and airport access security cards and a host of parcel lodgement options. The fact that Australia Post has managed to keep outlets open to the extent that it has and to maintain service delivery under never before demand pressure is a credit to its leadership, its staff and its associated outlets which are small businesses in their own right.

There is one clear element of Australia Post's role that has stood out like a beacon since the onset of COVID19 – parcel delivery. Online purchases have boomed due to circumstance and Australia Post has not only had to contend with huge increases in daily parcel volumes, but has also had to overcome key aspects of their operation such as reduced airline freight availability, interstate and intrastate border closures and of course they have had to implement handling measures to comply with COVID19 precautions. Their continuation of parcel delivery service and indeed their ability to cope with the vastly increased volumes of parcels has been critical to many small businesses. This is especially the case in Western Australia with its remoteness from the supply lines of the Eastern States and its vast geographical market area.

A CASE STUDY ILLUSTRATIVE OF THE AUSTRALIA POST PARCEL DELIVERY LIFELINE

One of the businesses I have interacted with is HOMECRAFT TEXTILES which operates two large retail outlets and a warehouse in suburban Perth. Once the virus hit and restrictions were introduced, their retail foot traffic ground to a halt. They were staring into an economic abyss that could have swallowed their entire operation and the livelihoods of their employees. Fortunately, they had embarked on a comprehensive website presence and soon realised a concerted online sales push was their best bet. Clever marketing soon showed a lift in online sales and this has continued to the present date. Online sales have grown from an average of below 50 a week in January to in excess of 450 a week in June. The resultant turnover has been a saviour and is now a more than complementary avenue to their over the counter sales.

An added economic benefit has been the recent employment of an additional three staff to handle orders, sourcing, packing, dispatch and attending to after sales service.

At the heart of this success has been the reliance on the parcel delivery service provided by Australia Post. Many orders are dispatched to the Eastern States and into regional areas throughout Australia. The continuity, reliability and affordability of the Australia Post parcel service has been integral to this business. Many other retail businesses in W.A. have also had to adapt to survive and the ability of Australia Post to continue to meet the parcel delivery demand in ever increasing volumes is critical to their viability.

WESTERN AUSTRALIA – REGIONAL IMPACT

An important part of this submission I to recognise the unique circumstance of W.A. with respect to the impact of COVID9. Regional areas have been hit particularly hard, especially in the North and South West where tourism and hospitality features in a major way.

Operationally, many regional small businesses are reliant on an effective parcel delivery service to secure stock, parts and business equipment, much of which is sourced from the Eastern seaboard or from overseas. That reliance has now been magnified with the need to turn to online selling to reach new markets. A classic example of this is the wine industry in the South West where cellar door sales have evaporated due to the decimation of tourist visitor numbers. They are now dependent on an effective wine bottle packaging and delivery service available via Australia Post. I am also aware of the very successful "buy from the bush" initiative which has resonated with the public as a means of supporting regional businesses in need.

There is no question that Australia Post's parcel delivery reach into regional areas is an imperative in terms of small business survival in the current circumstances.

IMPORTANCE OF THE REGULATORY CHANGE

I view the proposed changes to regulations as an endeavour by Australia Post to tweak its mail delivery service and enable it to bolster its capacity to meet the surge in parcel delivery demand. This service adaptation is not dissimilar to the efforts of small business which have had to change their business models to cope with the COVID19 impact.

Supporting the online business demand is crucial. There is every indication that the demand will continue in the same vein and in fact will increase in the foreseeable future. Australia Post must be in a position to meet the needs of the small business sector. The amendment in question is considered necessary to enable the navigation of ongoing challenges in the months ahead.

May I extend my thanks for the opportunity to make this submission. I have a strong affinity with the small business sector. Our economic recovery is dependent on small business getting back on its feet and getting back to generating more than 50% of the private sector workforce. Accordingly, the making of the said Regulations is strongly supported.

Should the need arise, I may be contacted direct on _____ or at _____.

Yours sincerely

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