

Senate Environment and Communications References Committee
Australia Post inquiry
Responses to Questions Taken on Notice from 13 April 2021 Hearing

Question	Response
<p>Senator HENDERSON: I want to address a different matter, Mr Boys. I want to ask you about your tender processes involving newly established licensed post offices. Why do some go to tender and some don't, where there is no transparency and appropriate governance?</p> <p>Mr Boys: Thank you for that question. I might just pass over to Ms Sheffield, who heads up Community and Consumer, who deals with the post offices.</p> <p>Senator HENDERSON: No, I'd actually like to ask you this question. You're the acting CEO and you're the person with whom I have dealt directly in relation to a botched tender process. That's why I'm wanting to ask you.</p> <p>Mr Boys: Thank you very much for that question. As previously stated, I stepped into the role of acting CEO on 2 November—</p> <p>Senator HENDERSON: This is all on your watch. I'm talking about the Armstrong Creek LPO, where there was no tender and then it was characterised by one of your staff as a transfer. What's the basis on which there is a tender for some LPOs and there is not a tender for others, giving no other person an opportunity to tender for a business that you establish in a particular community?</p> <p>Mr Boys: I understand your question and your desire to probe in this area. That's why I think I would like to make sure the answer that's given is complete and accurate. Ms Sheffield, who heads up Consumer and Community, looks after. There are quite different circumstances when you go into a new area—</p> <p>Senator HENDERSON: Could you do the best to answer the question first. I would like to address these questions to you first. What's the basis of LPOs being established where some are subject to a tender and some are not? That's a pretty important question for you as the acting CEO.</p> <p>Mr Boys: It's a very important question, and that's why I'd like to give you a full, frank, complete answer. To do that, I would like to go back and understand that process and bring you that. So I can either take the question on notice or I can ask Ms Sheffield to—</p> <p>Senator HENDERSON: When I addressed the issue at the Armstrong Creek Town Centre—there is a newly established licensed post office—Mr Jancic, your government relations person, said it was by way of a transfer process. In fact, there wasn't a transfer; it was a newly established LPO. I asked for the policy—Australia Post's obligations and practices—when establishing newly licensed post offices. So what are they and why do you have different rules for different people?</p>	<p>Where the decision is made to establish a new Licensed Post Office (LPO), a number of scenarios must be considered and evaluated in order to understand the most practical process to grant the licence. While this is not intended to be prescriptive, it should serve as a guide where a new licence is being considered. It is important that Australia Post is seen to be fair and reasonable in all instances and not favouring any particular party that may benefit from operating a new LPO.</p> <p>Where the site being considered is a greenfield site and has no LPOs nearby (eg in a developing, rural or remote town) an Expression of Interest (EOI) should be run to ascertain interest in the licence as well as sites available from where the LPO can operate. Currently, such a licence would typically be for a fixed 3-year term, though the term may vary in some circumstances. At the end of the term a decision will need to be made on either extending the licence for a new term, running another EOI (potentially as an open-ended licence) or whether an alternative model is preferred (using operating and sales data to inform any decisions around future services).</p> <p>Where an existing LPO is likely to be financially impacted by the opening of a new LPO due to proximity to the intended new site, the existing licensee should be approached to ascertain their interest in relocating their existing LPO to the new location. If the existing licensee is interested in relocating to the new location, consideration is given to the existing LPO's arrangements in order to drive sustainability of the network (subject to network requirements). This may be achieved through the transfer of the existing licence to the new site and the granting of a fixed term agreement (typically 3 years) with assessment/reassessment after a period that allows for appropriate customer transition to the new location. Where it is considered the impact of a new LPO on the existing LPO is likely to be minimal, an EOI is more likely to be the preferred option to avoid being seen to be favouring the existing licensee over other interested parties.</p>

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<p>Mr Boys: As I just outlined, I understand your desire to probe in this area and I'd love to give you a very full, frank and complete answer on that. So we'll either take that on notice or I've got Ms Sheffield here.</p> <p>Senator HENDERSON: But you must be able to tell me about the basic requirements when setting up a new LPO—why some are put out to tender and some aren't.</p> <p>Mr Boys: There are some differences, absolutely, between moving into new areas—what's the impact on surrounding LPOs, if there are any, in those particular areas? That's why we have different processes and that's why I'd like to give you a complete and accurate answer on. So I can either take that on notice or—</p>	
<p>Senator HENDERSON: Can I put it to you that you are failing in your transparency in that you are establishing some LPOs with no tender. In the case of Mr Waring, in Ocean Grove, we had a telephone discussion on 30 November in which you denied any suggestion that Australia Post had told Mr Waring there would be a post office established at the Kingston Village. You said that Australia Post ran its tender process adhering to the highest levels of integrity and due process. You did not accept my accusations and when I said to you that some of your Australia Post executives, being Mr Cox and Mr McNamara, had informed myself and Mr Waring that Australia Post had determined to locate a community LPO at the Kingston Village shopping centre, you said that wasn't the case. I said I think your executives are not telling you the truth, and you rejected my position. Then I went back and established that this had actually been put in writing. I asked for an explanation as to how you had misled Mr Waring, suggesting that the LPO would be placed at Kingston Village, and you failed to provide any explanation and then went and issued a licence in another shopping centre.</p> <p>CHAIR: Sorry, Senator Henderson, I am not discounting the importance of your question—</p> <p>Senator HENDERSON: This is a very important issue in Corangamite, Chair.</p> <p>CHAIR: I'm sure it is, but it does fall outside the terms of reference. I am just wondering, are there things that you would like Mr Boys to take on notice while you have the opportunity?</p> <p>Senator HENDERSON: Could you, perhaps, just indicate to me why you misled me in relation to those matters?</p> <p>Mr Boys: As we spoke at the time, the information that I had from the people that were on the call with you I relayed to you, in that there was an expression of interest for the whole Ocean Grove area. One of those locations, a possible location, was Kingston Village—</p> <p>Senator HENDERSON: No, Mr Boys, that's—I'm sorry, Chair, if you can just give me a couple of minutes I'll finish up. Mr Boys, that's absolutely untrue. Mr</p>	<p>On 28 July 2020 Australia Post representatives Mr John Cox, Executive General Manager Transformation & Enablement, and Mr David McNamara, General Manager Post Office Network, met with Senator Henderson and local constituent Mr Waring regarding the establishment of a new licensed post office (LPO) in Ocean Grove. The conversation was focused on Senator Henderson's advocacy for both the establishment of a LPO in Ocean Grove and for Mr Waring to be the licensee of the LPO. While Mr Cox and Mr McNamara were aware that Mr Waring was operating a Post Point at his business in the Ocean Grove Marketplace complex, and that Mr Waring also ran a business in the Ocean Grove Kingston Village complex and wished to operate a LPO at that location, the conversation took place on the basis of an Expression of Interest (EOI) process that would be undertaken for Ocean Grove generally, rather than for the Kingston Village complex (or any other location) specifically. During the conversation, Mr McNamara reiterated the details of the EOI process a number of times, and that Australia Post's objective was to ensure the best outcome for the Ocean Grove community and its residents.</p> <p>Later that day, Mr Cox sent a brief email to Senator Henderson which incorrectly referred to the anticipated EOI as being for the Kingston Village complex specifically, rather than for the Ocean Grove area generally. Australia Post's intention prior to and during the 28 July 2020 meeting, in the subsequent email (notwithstanding the error in the email), and when issuing the EOI in August 2020, has always been to communicate an interest in receiving EOIs for operating an LPO in the Ocean Grove area generally. Australia Post representatives have, since the email was sent, acknowledged the error with Senator Henderson.</p> <p>The terms of the August 2020 EOI invitation issued, which refer to the Ocean Grove area generally without making specific reference to a particular complex or location, are available for review at https://www.australiantenders.com.au/tenders/429776/expressions-of-interest-for-a-licence-to-operate-a-fixed-term-licensed-post-office-in-ocean-grove. Three EOIs were received in response, and all applicants were interviewed to assist in determining the most suitable proposal. All applicants were advised of the outcome on 19 November 2020, with further notification on 6 April 2021.</p> <p>Australia Post is now working with the successful applicant to establish the new LPO for the benefit of the Ocean Grove community, with the LPO to be opened at a yet-to-be determined date late this year. Australia Post continues to believe that the arrangements in place will ensure the best outcome for the Ocean Grove community and its residents.</p>

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<p>Cox, on 28 July, emailed me and said: 'Thank you for your time today. We look forward to sending out the EOI for Kingston Village shopping centre community licensed post office within the next fortnight.' In breach of that commitment, you then issued a very different tender, but you have denied ever making that commitment. So I put it to you, Mr Boys, and I do look forward to your further explanation as to the inconsistent procedures involving the establishment of LPOs, the lack of transparency and the fact that you have not told the truth, in relation to your processes to establish a licensed post office in Kingston Village.</p> <p>Mr Boys: Respectfully, I have told you the truth and we will take away the question on notice.</p> <p>Senator HENDERSON: You haven't told me the truth. You haven't told me the truth at all.</p> <p>Mr Boys: I have told you the truth, that it's—</p> <p>Senator HENDERSON: You absolutely rejected any suggestion that any of your executives had said that the expression of interest was for the Kingston Village shopping centre, and here's the email.</p> <p>Mr Boys: I told you that I had been advised by the two executives you have named that that commitment wasn't given, and you said was it hastily drafted—</p> <p>Senator HENDERSON: That was wrong, wasn't it?</p> <p>Mr Boys: No, they still stand by that today. There was a hastily drafted email, from Mr Cox to you, just following up on that. Then there was an expression of interest in which Mr Waring—</p> <p>Senator HENDERSON: Do you have a culture in your senior executive levels of not telling the truth—because that is absolutely false—and I take great exception to what you have just said to me. There was a discussion with Mr Waring about the fact that the expression of interest would only be for the Kingston Village shopping centre. We spoke about that at length. There was then an email, and I responded saying how fabulous it was that you were going to establish a licensed post office at this shopping centre. So what you've just put to me is completely untrue. I look forward to you setting matters straight, in relation to your appalling conduct and the way you have treated Mr Waring.</p> <p>Mr Boys: I appreciate your thoughts but that's not correct.</p> <p>CHAIR: Mr Boys, you can take the issue on notice and if you need to get back to the previous estimates session where this was started then you can do that.</p>	