

10 May 2021

Mr Stephen Palethorpe
Secretary
Senate Environment and Communications Legislation Committee
By email: ec.sen@aph.gov.au

Dear Mr Palethorpe,

Boston Consulting Group (BCG) Inquiry hearing 3 May 2021 - Clarifications

On 3 May 2021, in my capacity as Managing Director & Senior Partner, I appeared with other BCG representatives as witnesses before the Environment and Communications References Committee (Committee) in connection with the Australia Post inquiry. During the hearing my colleagues and I answered questions about various matters. The purpose of this letter is to clarify and correct for the Committee a small number of answers provided to the Committee at the hearing.

Ms Clancy responded to a question from Senator Hanson-Young (“Star Track [Road] Express. – they do parcels, don’t they?”). To clarify, Star Track Road Express is a separate company owned by Australia Post that transports pallets of freight between Australian corporations. It does not deliver parcels to households.

Ms Clancy’s responded to a question from Senator McKenzie (“What was the original quote you provided to the shareholder ministers to complete the review?”). The cost of BCG’s review was \$1.32 million, not \$1.38 million as stated by Ms Clancy in her response.

Ms Clancy responded to a question from Senator McKenzie (“You said you looked internationally at comparisons around reform. I’m assuming other nations haven’t kept their ‘Royal Mail in 1901’ standards?”). To clarify, BCG looked extensively at delivery expectations and regulated standards relating to the delivery of letters in a number of other countries, as this is the focus of Australia Post’s legislative obligation. BCG did not look at the expectation of delivery of parcels or other deliveries in other countries.

There was an exchange between Ms Clancy, Senator Hanson and Senator Hanson-Young (“How many would you close if you could close them all? That’s the question that Senator Hanson is getting to.”). To clarify, BCG did not recommend the closure of any Licensed Post Offices. BCG did not recommend the closure of any post offices of any kind in regional and remote communities. BCG did not recommend the closure of any Corporate Post Office that would impact the regulated service levels required anywhere in Australia. BCG’s recommended options

could have resulted in the closure of up to 106 to 190 loss-making Corporate Post Offices in metropolitan areas that also overlapped with other post offices within a 2.5km or 3.5km radius, respectively. These loss-making overlapping metropolitan Corporate Post Offices represented approximately 2% to 4% of all post offices in Australia at the time of the review.

Finally, I responded to questions from Senators Hanson and Henderson in relation to the temporary regulatory relief measures (“Could you explain what you mean by that? Alternate-day mail delivery, for instance, was adopted following your report during COVID? Is that what you are referring to?”). To clarify, BCG has no knowledge of and was not involved in any way in the request for, design or consideration of the temporary regulatory relief measures, nor in discussions or input to decision-making surrounding the introduction of these measures by Government. BCG did not recommend the implementation of Reform Path 3 in its Report, as evidenced in the Executive Summary that is on the public record. BCG only recommended the implementation of Reform Path 1.

Sincerely,

Miguel Carrasco
Managing Director & Senior Partner