

Department of Finance

Response to Question on Notice

SENATE, ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Inquiry into the Future of Australia Post's service delivery

Hearing of Wednesday, 8 July 2020

Question on Notice 1 (Proof Hansard pages 53 and 54)

Senator KIM CARR: Can you tell me: when did both departments receive a copy of the Australia Post strategic review?

Mr Jagers: There's been a number of strategic reviews—

Senator KIM CARR: This is the one that I referred to, which the CEO presented to the board in May 2018. This is the one undertaken by PricewaterhouseCoopers.

Mr Jagers: As to the strategic review that Post undertook in 2018, we did receive a copy of that when it was finalised. I'd have to check the date as to when we received that. I'm not sure—

Senator KIM CARR: Can Communications help me here?

Mr Windeyer: I couldn't give you a date. We could find out on notice—

Senator KIM CARR: Alright. What about Boston Consulting Group's?

Mr Paterson: Sorry—I actually do have a date, and that is 29 March 2018.

Senator KIM CARR: And the Boston Consulting Group report, the last one that was referred to, in February?

Mr Jagers: I believe a number of drafts of the report—

Senator KIM CARR: The final report.

Mr Jagers: The final report, I understand, was 21 February, but I'll check with my colleagues. Yes, 21 February.

Senator KIM CARR: And I take it that it's the same for both departments—is that right?

Mr Windeyer: That would be correct.

Senator KIM CARR: And the Deloitte report—the one that's referred to in the press today?

Mr Jagers: I'll just check with my colleagues and see if they have the date when that was provided.

Senator KIM CARR: Who commissioned that one?

Mr Jagers: I believe we probably received a copy today. I'll have to take on notice whether we've received anything previous to today's date, as to that report.

...

Senator KIM CARR: How would you describe the Deloitte report that's covered in the press today?

Mr Jagers: It's a report prepared for Australia Post.

Senator KIM CARR: I see. I just want to go to the question of who commissioned it. That's on the Australia Post report. The Deloitte Access Economics report—it's an Australia Post commissioned report, is it?

Mr Windeyer: It certainly wasn't commissioned by the government.

Senator KIM CARR: Is it possible to have copies of those reports? Can they be provided?

Mr Jagers: I'll take that on notice.

Response

The *'Economic Assessment of Australia Post's activities during COVID-19'* by Deloitte Access Economics (July 2020) was commissioned by Australia Post and was provided to Shareholder Departments on 8 July 2020. A copy of the report is publicly available on Australia Post's website.

The *Australia Post Strategic Review* by PricewaterhouseCoopers in 2018, was commissioned by Australia Post and provided to Shareholder Departments on 25 May 2018. It contains information that is commercially sensitive and its disclosure could jeopardise Australia Post's commercial operations. Requests regarding the disclosure of the contents of this report should be directed to Australia Post as owner of this information.

The *Review of Australia Post* by the Boston Consulting Group, was undertaken to inform considerations of government and formed part of Cabinet deliberations. It is a longstanding practice not to disclose information about the operation and business of the Cabinet, as to do so would potentially reveal the deliberations of the Cabinet which are confidential.

Department of Finance

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Question on Notice 2 (Proof Hansard pages 56, 57 and 59)

Senator KIM CARR: Can we have a copy of the original letter that was sent by Australia Post to you on Tuesday 31 March? That's the request for assistance.

Mr Jagers: That certainly would have been a matter put before the government in making a decision.

Senator KIM CARR: Yes. Can we have a copy of that letter?

Mr Jagers: I'll take that on notice.

....

Senator PATRICK: Mr Jagers, you mentioned deliberations of cabinet. So this is a letter that hasn't been anywhere near cabinet when it was drafted. I'm a bit confused as to how you link that to the deliberations of cabinet—the thinking of cabinet, the discussions in cabinet—which clearly need to be confidential for the purposes of collective responsibility.

Mr Jagers: The letter that was provided by Australia Post to ministers seeking consideration of regulatory relief during the COVID period was considered by government in the context of it making its decision to seek these regulatory changes.

Senator PATRICK: I think where you're going is that you might make a claim of cabinet in confidence—and you can't. There are two requirements: the dominant purpose at birth must have been for consideration at cabinet and it must also have been to cabinet. So there are two criteria and without both of them it doesn't qualify.

Mr Jagers: I'll take it on notice. I'll be careful in responding.

Response

The letter from Australia Post of 31 March 2020 requesting regulatory relief was used to inform deliberations of government and formed part of a Cabinet decision. It is a longstanding practice not to disclose information about the operation and business of the Cabinet, as to do so would potentially reveal the deliberations of the Cabinet which are confidential.



SENATOR THE HON MATHIAS CORMANN
Minister for Finance
Leader of the Government in the Senate

REF:

Senator the Hon David Fawcett
Chair
Senate Environment and Communications Legislation Committee
Parliament House
Canberra ACT 2600



Dear Chair

I refer to PQoN 1 and PQoN 2 from 8 July 2020, seeking the tabling of the *'Review of Australia Post'* by the Boston Consulting Group and the letter of 31 March 2020 from Australia Post to Shareholder Ministers requesting temporary regulatory relief. The Government is claiming public interest immunity in respect to these documents.

Both the *'Review of Australia Post'* and the 31 March 2020 letter were used to inform the deliberations of Cabinet. Release of this information would reveal the core material and information considered by the Cabinet in its deliberations that have not been publicly disclosed.

In addition, the documents sought by the Committee also contain detailed, commercially sensitive information relating to Australia Post's operations. The release of this information has the potential to jeopardise Australia Post's commercial operations and to impact its ability to engage in commercial arrangements.

Kind regards


Mathias Cormann
Minister for Finance

 July 2020

Department of Finance

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Question on Notice 3 (Proof Hansard page 57)

Senator KIM CARR: I understand that. That's not my question. I understand that the government has said these things are temporary. I'm asking you: in that letter, were that matters put to government that were intended to be permanent, not temporary?

Mr Jagers: I guess the contents of that letter that was put to government and then considered by cabinet in terms of making its decision—I would describe that as part of that deliberative process of government decision-making and I'd need to take it on notice to see whether we could talk to the contents of that.

Senator KIM CARR: When was the first time Australia Post approached both departments, or either department, about the need for assistance? Presumably, it wasn't just dropping a letter on the table. When was the first range of conversations with the department or with the minister's office?

Mr Jagers: There would have been some discussions prior to the letter being provided. I'm not sure if I have the date for our engagement and I'm not sure if Mr Windeyer does. If not, I would properly need to take on notice the exact date of the discussions.

Mr Windeyer: My recollection is that there were discussions with Australia Post where they raised with us the fact that they were forecasting implications for the business as a consequence of COVID. I'm sure those discussions would have taken place before we received a letter or the ministers received a letter. I'm happy to take on notice the precise timing of those.

Response

14 March 2020.

Department of Finance

Response to Question on Notice

SENATE, ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

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Question on Notice 4 (Proof Hansard pages 57 and 58)

Senator KIM CARR: What was the nature of the data provided in regard to the mail services, priority mail services and parcel delivery services?

...

Senator KIM CARR: And was there any advice provided to you on financial modelling?

Mr Jagers: We'll take that on notice in terms of what information was provided. I can say that was at or about the time of the letter. In the days following that, there was additional information provided by Australia Post—a significant amount of information around a range of the regulatory—

Response

Australia Post provided financial modelling to Shareholder Departments on the potential impact of COVID-19 on its business. This information included the anticipated impact to Australia Post's operations, including mail and parcels delivery services, and the resulting implications for its financial position.

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Question on Notice 5

Senator KIM CARR: No, that not the issue. I'm not asking you what you have capacity to take to cabinet. I'm asking a factual question: did the Boston Consulting Group go to cabinet? You mentioned it was part of the deliberative decisions of government. Was it part of a cabinet decision, including the Boston Consulting Group, or not?

Mr Jagers: I'll come back to you on notice. I'll check the details.

Response

The *Review of Australia Post* by the Boston Consulting Group was undertaken to inform considerations of government and formed part of Cabinet deliberations. It is a longstanding practice not to disclose information about the operation and business of the Cabinet, as to do so would potentially reveal the deliberations of the Cabinet which are confidential.