

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Supplementary Budget Estimates Hearings October 2015

Communications Portfolio

Australia Post

Question No: 143

Australia Post

Hansard Ref: Written, 29/10/2015

Topic: eCommerce

Senator Urquhart, Anne asked:

1. On page 21 of the Annual Report, it is stated that AP is expanding beyond Australia. Can you provide some more detail about these plans in relation to eCommerce marketplaces, partnerships with international postal organisations and global businesses?
2. Where does Australia Post see as the main growth area for it in overseas operations?
3. How is this expansion being funded? Is it from retained earnings and /or additional equity? How is this affecting financial performance?
4. During the recent inquiry into the performance of Australia Post, the Department of Communications indicated that the terms of the Act was a constraint on diversification. Australia Post's principal function is to supply postal services and it can also undertake functions that are ancillary and incidental to its principal function.
5. How do the expanded services describe in the Annual Report fit within Australia Post's principle and ancillary functions as set out in the Act?
6. Will Australia Post be seeking an amendment to its Act?
7. Have you sought any advice in this regard?

Answer:

1. In recognition of the significant role that marketplaces play in eCommerce, we have a strategy to develop deep relationships with marketplaces and become the delivery provider of choice for their merchants. This holds true in Australian and international marketplaces. We are also supporting Australian businesses looking to sell overseas via these marketplaces to help them grow their business and access new customers. For example:
 - a. we have special products designed specifically just for eBay Australia that they offer to their merchants, these products are integrated into the eBay platform (e.g. eBay inflow which allows sellers to print labels without leaving the eBay website and provides those sellers with a 10 per cent discount on delivery costs);
 - b. we have secured agreements with the two largest business to consumer marketplaces in China to help Australian sellers access this market. TMall (which includes transaction support service) has been live since 2014 and an agreement with JD.com was recently signed. These agreements give Australian businesses access to more than 500 million potential new customers;

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- c. via our Sai Cheng joint venture, we are establishing an Australian platform on **www.1688.com** to allow our customers to sell directly to Chinese businesses (i.e. business to business). We are planning to pilot with five wine companies this month;
- d. our Post Logistics Hong Kong office operates as a freight forwarding business, facilitating freight movement to and from Australia into China/Hong Kong;
- e. we have developed solutions for Australians looking to sell on Amazon's local and global marketplaces;
- f. we have also been focused on integrating into the sellers' eCommerce software (e.g. shopping cart) and other platforms to streamline their process for selling and sending their products; and
- g. Through Kahala Post Group and also individual bi-lateral agreements, we have partnerships with major international postal organisations in Europe, the US and Asia.

2. We expect our main growth region to be Asia Pacific. Growth in this region will be further supported by increasing internet penetration (from relatively low levels), large and growing populations and an increasing affluence.

3. The financials associated with the delivery of our Part of Tomorrow strategy are included within our four year corporate plan presented to Shareholder Ministers for approval in accordance with the Commonwealth Government Business Enterprise Governance and Oversight Guidelines. Specific details are commercial-in-confidence.

4. Response not required.

5. Section 14 of the Australian Postal Corporation Act (Act) defines Australia Post's principal function as the 'supply of postal services within Australia and between Australia and places outside Australia.' Further section 15 of the Act defines a subsidiary function of Australia Post as to 'carry on, outside Australia, any business or activity relating to postal services'. The initiatives highlighted within our Annual Report are consistent with these functions on the basis that they are postal services or a business or activity relating to postal services. Further details of our Part of Tomorrow strategy was included within our four year corporate plan presented to Shareholder Ministers for approval in accordance with the Commonwealth Government Business Enterprise Governance and Oversight Guidelines.

6. No.

7. Australia Post's General Counsel is consulted on all matters of a legal nature. Where required, external legal advice is obtained.