

# Government needs to get the message on delivery

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# Government needs to get the message on delivery

**James Chin Moody**



Australia Post's woes have been well publicised in recent weeks – or decades. Last Thursday on the eve of the closure of the public consultation process to determine the future of Australia Post, group CEO Paul Graham said the national postal service was no longer profitable and that its “long-term viability is at risk”.

If Australia Post as it is currently run – with its significant advantages as a legislated monopoly and as the largest parcel delivery operator in the country – cannot compete profitably and fairly, then why should we continue to enforce and enable its de facto functional monopoly over Australia's delivery market?

As well as the various cost-cutting measures being tossed around, we should be discussing a bolder, game-changing alternative, in which Australia Post operates profitably – as a platform – in an open, fairer and competitive market. In theory, this means opening up Australia Post as a utility like, as Paul Graham compared it to, “water or gas”.

Opening Australia Post's national infrastructure, which has been largely funded with taxpayer money, to private enterprise through new partnerships and business models will open new possibilities by creating an entirely new business ecosystem. One that leads to more choice and better

services for Australians, especially small businesses.

In fact, a report from Lateral Economics has found that access for third parties to the last-mile infrastructure could deliver \$1.5bn in economic benefits and create 2000 new jobs. A third of the benefit – just over \$500m – would go to households through a reduction in delivery costs over 10 years. Opening up is a no-brainer.

Based on industry global best practice, there are three approaches we urge the government to take now.

First, open up Australia Post's PO box network and properly this time. Right now, only Australia Post is allowed to deliver to the PO boxes that Australians pay for – it's anti-competitive behaviour that stifles competition. Giving courier services fair access to PO boxes, particularly for people in regional and rural areas, will improve the viability of the local post offices that host them. It would also remove a key structural barrier that is reducing competition in Australia.

If other courier companies were able to use Australia Post's PO box network, it could reduce the number of trips required to deliver packages to individual addresses, which would result in cost savings for Australia Post that would flow through to consumers and businesses.

There is also the opportunity to open up Australia Post's national network infrastructure at fair cost recovery to third parties. Through public-private partnerships, carrier and courier companies would improve the efficiency of last-mile delivery operations to people and businesses in remote and rural areas of Australia that are difficult to access. All while helping Australia Post open up new revenue streams.

As the government has done with our national broadband network (NBN), opening up Australia Post as an infrastructure asset for private enterprise can bring volume into the postal service. But more importantly, allow an entire ecosystem of businesses to thrive, using the Postal Service as a core platform.

Finally, this could be amplified through worksharing. Worksharing is

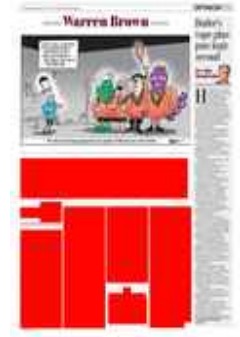
a form of outsourcing where third-party carriers perform specific activities in exchange for reduced post prices. The idea is that Australia Post would save on work costs, while giving other carriers a greater slice of the pie for reduced postage prices.

It works by marrying the strengths of the private sector, specialisations in services, with the density of the postal network to deliver better outcomes. This approach has been successful in postal industries around the world, such as the US Postal Service, whose worksharing with major private carriers like Amazon has generated significant economic benefits.

As the founder and CEO of a true delivery alternative to Australia Post for small businesses, it might sound counterintuitive for me to say that they have a vital role to play in delivering postal and parcel services in this country. It's just not the role that we once believed it should play.

Opening up Australia Post to private enterprise will lead to fairer competition, and encourage new entrants and innovation. In turn, this leads to greater choice, improved services and experiences for Australians, and, ultimately, a more efficient and financially stable public postal service that is fit to meet the needs of Australia, now and in the future.

Using Australia Post's taxpayer-



funded infrastructure more efficiently  
has got to be good for everyone.

**James Chin Moody is CEO and co-  
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