

# Australia Post restructure driven by gig-economy overhaul of logistics and delivery

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Late last month, Australia Post, the state-owned postal service, announced a 15.5 percent year on year jump in revenue to \$4.3 billion for the first half of the 2020-21 financial year. This was mostly on the back of a 25.9 percent increase in parcel revenue to \$3.4 billion.

While takings from letter mail again declined, from \$1.1 billion to \$900 million, cost-cutting under the Alternative Delivery Model (ADM) meant losses in that section fell from \$87 million to \$74.2 million. Parcel delivery produced a \$240.8 million profit, yielding an overall after tax return of \$166.6 million for the six-month period.

Last year, on the pretext of the coronavirus pandemic, Australia Post began its most significant restructure in more than twenty years. Under the ADM, postal workers are now assigned two “beats” instead of one, which they work on alternate days, substantially increasing the volume of mail each worker must deliver. Thousands of posties have been assigned to deliver only parcels, as part of a shift towards that lucrative sector and away from letter delivery.

Without any consultation with workers, the Communication Electrical and Plumbers Union (CEPU) and the Communications Workers Union (CWU) accepted the ADM and agreed to a 12-month strike ban. They are enforcing the restructure, which has already resulted in intolerable workloads and has forced many longstanding postal staff to retire.

The unions claimed that the ADM was a temporary response to the pandemic, but in reality these measures had nothing whatsoever to do with safeguarding the health of postal workers. More than 50 Australia Post workers tested positive for COVID-19 in the early stages of the pandemic, a fact which was concealed for months by management and the union.

In reality, the ADM follows years of job cuts and restructuring, carried out with the support of successive Labor and Liberal-National governments and the union. This corporatised Australia Post, transforming it into an entity run by highly-paid executives whose sole aim is to drive up revenue. It prepared it for the latest restructure, which is aimed at boosting profits from parcel delivery, in preparation for full privatisation.

The restructuring is part of a major overhaul of the logistics and warehousing sector in Australia and internationally.

For the first time in more than a decade, the United States Postal Service (USPS), the national government postal service, reported a decline in package volume in 2019, although overall volume

across the industry increased by 11 percent. This was largely a result of online giant Amazon increasingly using its own drivers, at least in the most populous areas. This is part of Amazon’s drive to establish its own delivery service, thereby virtually eliminating the USPS.

The scale of Amazon’s US operations is such that, even as it has brought close to 50 percent of deliveries in house, its products still account for more than a quarter of the USPS’s parcel business.

While Australia Post currently handles around 80 percent of the country’s parcel deliveries, management is keenly aware that the corporation faces increasing competition from new players in the parcel delivery business. If it does not ensure market share, by reorganising operations, and adopt the labour practices of its competitors, plans for future privatisation will be jeopardised.

Amazon began the Australian roll out of its Flex delivery service last year, so far serving Melbourne, Sydney, Brisbane, and Perth. From March 1, Uber will begin offering delivery services to all businesses rather than just restaurants.

These companies use a gig-economy model, under which workers are treated as independent contractors rather than employees. As such, workers have no guaranteed hours, leave entitlements, sick pay or superannuation, and are responsible for all expenses.

The COVID-19 pandemic has accelerated the growth of the gig economy as hundreds of thousands of workers have been thrown out of stable jobs and forced to accept any work available.

A December 2020 report from the Australian Bureau of Statistics showed that more than 100 percent of Australia’s net employment increase from July to August came from self-employed workers. In other words, the number of self-employed contractors and workers in the gig economy is outstripping the return of permanent jobs that were destroyed in the opening stages of the pandemic, and full-time positions continue to be slashed.

While Amazon’s Australian business has not yet achieved anything like the market dominance the company has in the US, a dramatic increase in online shopping, intensified by the COVID-19 pandemic, has provided a boon for the retailer.

Amazon Australia recorded \$1.12 billion in revenue last year, twice what it recorded in 2019. While this remains only a fraction of the US\$386 billion revenue of Amazon in the US, the company is clearly committed to rapid expansion across Australia.

The injection of \$371 million from the US parent company allowed Amazon to open its fourth Australian distribution centre in

Brisbane last September. A second Sydney facility is set to open later this year.

While Amazon is currently a major customer of Australia Post, the introduction of Flex is a clear indication that the company aims to increase its margins by using its own service for last-mile delivery in major cities.

Flex drivers are paid \$108 for each four hour delivery block they complete. Workers in Melbourne, Brisbane and Perth receive penalty rates on Saturday and Sunday, but those in Sydney do not.

Drivers in Perth report online that most blocks require them to deliver around 40 packages, i.e., one every six minutes.

Amazon does not guarantee workers a minimum number of hours each week. Instead, drivers must compete for shifts by frantically refreshing an app. Drivers' comments on social media indicate that it is virtually impossible to secure more than four or five shifts per week.

As "independent contractors," these drivers must pay for their own fuel, vehicle maintenance and insurance, and are not entitled to paid leave, or workers' compensation if they are injured on the job.

The Victorian Transport Industry Council estimates the hourly operating costs of an owner driver at \$13.78, meaning Flex drivers are left with around \$13 per hour in pay after expenses.

These abysmal conditions are in line with what is experienced by other gig-economy workers in Australia. A Transport Workers Union survey last year found that food delivery workers in Australia receive an average of just \$10.42 per hour. To earn the median income of \$49,805, these workers would need to work more than 90 hours per week.

This is a warning to workers at Australia Post and throughout the delivery and warehousing sectors.

The federal government, Labor and the trade unions are all committed to using the pandemic for a further pro-business overhaul of workplace conditions and industrial relations. The centrepiece is increased "flexibility" for employees, i.e., an even greater destruction of full-time jobs. Increasingly, the conditions of the "gig economy" are being brought to all sections of the workforce, including those that were once associated with permanent employment and tolerable conditions.

This is seen in the sweeping restructuring being carried out at Coles and Woolworths, with the assistance of the United Workers Union (UWU). Coles is seeking to shut five warehouses, to be replaced by two automated facilities, and to cut more than 2,000 jobs in the process by the end of 2023. Woolworths is planning to shutter three warehouses at a cost of some 1,300 jobs.

The UWU has sought to prevent any struggle against this restructure. Last month it forced through a sell-out agreement at Coles' Smeaton Grange facility in southwestern Sydney, providing for the closure of the warehouse, the axeing of all of the jobs, and the minimal pay and redundancy provisions demanded by the supermarket giant.

The UWU betrayal, carried out in the face of widespread opposition from workers, parallels the role of the unions at Australia Post, which are acting as the police enforcers of the ADM.

One after the other, workers struggles are being isolated by the

unions and blacked out by the media to prevent a broader movement from emerging. The unions do everything they can to atomise the working class, to block any struggle against the draconian conditions they are imposing on behalf of the major corporations.

At both Coles and Australia Post, the unions insist that workers must accept job-cutting and the destruction of their hard won conditions as an inevitable consequence of automation and other developments in technological processes.

These arguments expose only the fact that the unions entirely accept and defend the capitalist profit system. Together with the company managements, they insist that all advances in production must be used solely to boost the profits of ultra-wealthy shareholders.

In fact, the issue is not automation in itself, but which class oversees and controls it. Technological developments could be used to shorten the working day, without any reduction in pay, and to improve conditions, including in the field of health and safety.

That, however, requires that the major corporations and banks be placed under public ownership and democratic workers' control, so that they can be operated to meet the needs of workers and of society, rather than a parasitic financial elite. In other words, developments in industry directly pose the necessity of a fight for a workers' government and socialism, as the only means of defending jobs and basic conditions.

This in turn requires a rebellion against the thoroughly corporatised unions. New organisations of struggle, such as the Australia Post rank-and-file committee that was established at the beginning of the year, must be formed in all workplaces. Workers at Australia Post must unify with their class brothers and sisters in the warehousing sector, at Coles, Woolworths and elsewhere, as well as with the super-exploited staff at Amazon, Uber and throughout the gig-economy.

An interconnected network of rank-and-file committees could organise unified industrial and political action across entire sectors, in defence of all jobs, wages and conditions. This is a political fight, directed against major companies, the government, Labor, the unions and the Fair Work industrial framework that they all use to suppress any collective action.

Contact the Australia Post rank-and-file committee at [austpostalworkers@gmail.com](mailto:austpostalworkers@gmail.com).



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