

# Australia Post prepares new round of restructuring—from the Sustainable Delivery Model to Post 26

**Jim Franklin**  
13 November 2022

In a recent interview with the *Australian Financial Review* (AFR), Australia Post CEO Paul Graham gave an indication of the sweeping changes he is planning to carry out at the government-owned postal service.

Graham noted that Australia Post faces the same challenges as mail carriers around the world, where privatisation and the slashing of jobs, conditions and delivery frequency have failed to prevent financial losses. He said, “We’re not trying to sugarcoat the reality of where we are—the reality is no different from the reality that most other postal organisations are facing.”

In the year to June 30, Australia Post’s letter business recorded a loss of \$255.7 million, despite the additional mail volume of 123 million letters for the national census and the federal election in May. This follows a \$205.7 million loss in 2020–2021.

The company’s parcel and services revenue grew 11 percent to \$7.2 billion in 2021–2022, but total profit after tax fell 30 percent to \$49.5 million.

Despite the downturn in profits, the company’s eight senior executives received \$4.45 million in bonuses, including \$885,022 for Graham, on top of his \$1.15 million base salary. A further \$24 million in bonuses were awarded to 362 highly paid non-executive staff.

Australia Post has declared the need to “build a sustainable letters service,” one of the “strategic priorities” of the “Post 26” restructuring operation which will also “simplify” products, services, operations and systems, and “reimagine the Post Office network.”

Through its “Our AP Way” program, the company is attempting to convince workers that this is about “diversity,” “sustainability” and “delighting” customers, but in reality, these buzzwords all serve as code for slashing jobs and downgrading a vital public service.

The AFR reported that Graham has recently held discussions with former Telstra bosses Andy Penn and David Thodey. Under their leadership, the previously state-owned telecommunications company has undergone successive

restructuring operations, destroying thousands of jobs.

The carnage at Telstra was enforced by the Communications Electrical and Plumbers Union (CEPU), the same union that covers most workers at Australia Post. When Penn announced in 2018 that the “T22” restructure would eliminate 9,500 jobs, CEPU President Shane Murphy described it as one of the “nation’s largest job cuts in corporate history.” But the union prevented any mobilisation of workers to fight it, instead conducting a bogus campaign appealing to parliamentarians to oppose the restructuring.

The fact that Graham has been in discussions with these experienced corporate slashers, whom he described as “very brave,” should stand as a warning for Australia Post workers.

A former senior executive at Deutsche Post DHL, Graham is entirely familiar with the restructuring processes that have been carried out throughout the global mail and package delivery sector.

Graham noted that overseas postal services have had to pursue different “strategies,” including reducing delivery frequency to reduce losses in letter delivery. Others have expanded into global logistics after being privatised by their respective government owners.

While Graham told the AFR he is not yet calling for “specific regulatory intervention” or “entertaining privatisation,” he is considering different “scenarios,” including “changes to delivery frequency.”

Whatever course Australia Post follows will be determined by the bottom line. This will mean a deepening assault on workers’ pay and conditions as the company seeks to drive down costs to compete with a growing list of rivals, including gig-economy operators like Amazon, for “last-mile” parcel delivery.

Whether or not Graham is “entertaining privatisation” in the short term, the whole profit-driven corporate structure of Australia Post is geared towards an eventual full or partial sell-off.

The restructuring will be carried out in close collaboration with the Labor government, which is undertaking an operational review of Australia Post. This is being conducted in

the wake of Labor's first budget, which represents the biggest assault on the working class since World War II. Labor's election promise that "no one will be left behind" has rapidly given way to cuts to social spending and real wages as inflation and interest rates continue to rise.

The CEPU told its members in an October 27 email that, as part of this review, Australia Post has tabled proposals similar to the Alternative Delivery Model (ADM), a restructuring effort rammed through in 2020 under the phoney pretext of COVID-19 health and safety.

The ADM, in which postal workers were forced to cover two delivery rounds on alternate days, was an unmitigated disaster. The doubling of workloads overnight led to massive physical and emotional stress and drove hundreds, if not thousands, of postal workers to resign. Undelivered mail piled up in Australia Post facilities across the country, diminishing customer service and devastating worker morale.

The CEPU claims, "this Union will oppose any attempt to introduce any delivery model that looks, sounds or even smells like the ADM." But this assurance is not worth the pixels used to display it.

What the union is really saying is that it will go along with any attack on postal workers' pay and conditions, as long as it is sufficiently different from the ADM, which management has in any case abandoned as a financial and operational failure. The overwhelming opposition of postal workers to the ADM has forced the union to posture as an opponent of the model, even falsely claiming credit for its demise.

In fact, the CEPU was critical to the imposition and enforcement of the ADM. The union leadership signed a Memorandum of Understanding with management, freezing workers' pay and committing them to a 12-month no-strike clause, meaning they could not take industrial action against the hated model.

Its replacement, the Sustainable Delivery Model (SDM), was worked out through the closest collaboration of the union bureaucracy and management. While the CEPU has hailed the return of "everyday delivery," the reality is that staff numbers are not sufficient to cover the volume of mail and rounds frequently go undelivered for days if a worker is off sick or on leave.

Since the introduction of the SDM, the CEPU has presided over changes that have increased the workload and performance monitoring of postal workers.

These include "sectioning," in which workers are forced to sort parcels into time-limited blocks and deliver them according to a predetermined sequence. As well, telematic sensors have been fitted to all motorcycles, electric bicycles and Electric Delivery Vehicles (EDVs) and workers are required to immediately call in to explain if these are triggered by unusual motion, which can include hard braking or acceleration. Most recently, contactless delivery has been axed, increasing the exposure of postal workers and customers to the ongoing

COVID-19 pandemic.

These recent changes, along with the experience of the ADM, must serve as a lesson for Australia Post workers, that the CEPU is in complete agreement with the profit-driven restructuring and will enforce whatever management and the Labor government demand.

The assault on Australia Post workers is part of a global process. Graham told the AFR: "The Royal Mail announced they were laying off 6,000 people the other week, the United States Postal Service lost \$8 billion last year, Canada Post has ongoing losses. So we're not alone."

Royal Mail in the United Kingdom is also considering cutting the salaries for new employees from £25,000 to £20,000. In response to these attacks, British postal workers have demanded strike action. However, as thousands of postal workers were preparing to fight for their conditions, the Communication Workers Union called off the strike and is seeking to stitch up a sellout deal with the company.

Countless similar betrayals are being carried out by union bureaucracies around the world, and the CEPU will not hesitate to perform the same role at Australia Post.

Posties must prepare to fight back! To oppose the ongoing restructuring and privatisation drive, Australia Post workers need to take matters into their own hands, by joining and fighting to build the Postal Workers Rank-and-File Committee. This is the means through which postal workers can link up with workers throughout transport, logistics and broader sections of industry, across Australia and around the world, to mount a unified struggle against the deepening assault on the working class.

The Postal Workers Rank-and-File Committee fights for a socialist perspective, for workers' governments and for Australia Post, along with other critical industries, major corporations and the big banks, to be placed under democratic workers' control and ownership. Only in this way can the economy be reconstructed in order to meet the needs of all working people, rather than the profit demands of the financial and corporate elite.



To contact the WSWs and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://www.wsws.org/contact)**