



Submission to preliminary findings report from the Productivity Commission into *Introducing Competition and Informed User Choice into Human Services*

26 October 2016

1.1 Executive Summary

Many of the challenges faced by the government as articulated in the Productivity Commission Preliminary Findings Report: *Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform*, are ongoing challenges that have faced both the public and private sectors over time.

As a service delivery organisation that has operated at a nation-wide scale for more than 200 years, Australia Post is probably the most experienced service delivery organisation in Australia. Many of the challenges that are impacting government have, at one point or another, impacted Australia Post.

We focus on two areas in this submission:

1. Consumers: We have learnt that understanding the consumer is critical to building solutions that address real pain points and engage people.
2. Products and services: We have developed products and services that are relevant to the issues identified in the preliminary report and outline some of these.

Just like the Federal Government, Australia Post has a footprint in every corner of the country. We touch the lives of every Australian.

We seek to share some of our learnings in meeting similar challenges faced in the delivery of Human Services and how we have gone about solving them.

1.2 About Australia Post

For over 200 years, Australia Post has been one of Australia's most trusted brands with its reliable service delivery.

Australia Post delivers over 12 million articles per day to 11.5 million delivery points across Australia and our retail network handles 249 million customer visits annually. We conduct 181 million digital customer visits each year.

Just like the Department of Human Services, Australia Post is an organisation that touches the lives of every single Australian. If you've ever received or sent a letter or parcel, applied for a passport, undertaken a police check, paid a utility bill, or applied for a licence, chances are that Australia Post has facilitated the transaction and/or delivered the service.

Australia Post has a proud history of helping Australian consumers, business and government get the information and services they need. Supporting the service is Australia's largest retail network with 4,392 Post Offices across the country, with over half of those located in rural and regional Australia.

Australia Post employs more than 36,000 people to support and serve our customers. As a customer-centric business we continue to adapt our networks, develop new capabilities and offer

new services to keep up with the needs of our customers.

As an organisation that delivers as an agent for over 750 government bodies and every Australian consumer, we are only too happy to share with the Productivity Commission and the Government the many learnings we have developed over 200 years of service delivery.

We would welcome the opportunity for Productivity Commission to come to Australia Post and meet with us to see first-hand how we serve our customers, find efficiencies, tackle issues and solve problems that face our broad customer network.

The similarities between Australia Post and the Department of Human Services run deeper than the size and scope of the operations. Between the two we share many common challenges and through this submission we have sought to succinctly demonstrate how we have approached similar problems in a customer-centric way.

We see ourselves as a resource to assist government in working together to solve what is potentially the government's greatest challenges in service delivery, especially as we already operate at the same scale as the Department of Human Services.

1.3 Key Findings from the Productivity Commission's draft report

1.3.1 *Many but not all human services could be improved by greater competition, contestability and improved consumer choice*

Australia Post sees itself as a leader in working with government on how to tackle its greatest challenges in service delivery. Because of the commercial obligations of the business, we do not embark on creating solutions that are cost-ineffective or of low quality. Our offerings would not be taken up by our private sector partners if they were of low-quality and/or cost prohibitive to operate.

One of the reasons we are called upon time and time again to assist government and business in helping with service delivery stems from the fact we know what our customers want and need.

Contestability and consumer choice are important and we address these points in this submission but first and foremost, when identifying a solution to a problem we approach the problem with a customer centric mindset. We have learned that if you do not understand the user you are designing outcomes for, you will never create solutions that are fully workable for them.

In June 2015, Australia Post undertook a detailed survey which was completed by over 1,100 people representative of the wider Australian population to analyse what people want in their dealings with government services. The survey focused heavily on eGovernment services.

Our key findings included:

- 61 per cent used the internet for government services;
- Of the 39 per cent that did not use the internet for government services;
 - 30 per cent preferred to talk to a real person
 - 24 per cent found the service was not available online
 - 22 per cent were just seeking advice
 - 10 per cent were used to doing the transaction in person or on the phone
 - 3 per cent had no access or didn't trust the connection
 - 3 per cent didn't know the username or password
- Only 50 per cent of retirees used the internet when interacting with government;
- Only 29 per cent of people were satisfied with their last experience of using government services online;
- 58 per cent of people encountered some problem with accessing services online;
- 83 per cent of Australians don't mind sharing personal data if it makes their lives easier;
- 94 per cent of people want all government services to be available online, and to be easy, secure and offer a personalised experience.

The detail of which Australia Post goes to learn about its customers and what they expect from government services helps us create services for government that are easy to use and trusted.

It is our experience that understanding the customer experience people seek in a product or service is critical to providing better outcomes for people. This is demonstrated in the following case study where Australia Post was able to utilise what it knows about government and consumer needs to create a solution that has brought benefits to both government and consumers.

Case Study One- National Police Certificates, Western Australia

Western Australian residents now have access to a totally paperless transaction through a multichannel solution - designed, deployed and run for West Australian Police.

Previously, applicants were required to present their identity documents in person, and then wait at least five days for their physical certificate to arrive in the mail.

In most cases, the whole process can now be completed electronically in minutes – from application through to identity verification, payment and secure delivery of the electronic certificate (with embedded QR code for real-time validation). For those required to provide additional documentation or who would like over-the-counter assistance, the process can still be completed at Australia Post Offices.

In the first two months, around 40 per cent of all NPC applications were made online. In only the second month of operation, 37 per cent of applications took place outside normal business hours. An added benefit for individuals was the option of securely storing their identification details online (via their MyPost Digital Mailbox), for future applications requiring proof of identity. Within the first two months, 78 per cent of applicants opted for this storage option.

Online applications can now be made anywhere, anytime. The WA Police website can be accessed (and the digital NPC can be viewed) from a desktop, tablet or smart phone.

Advanced technology also enables real-time verification of NPCs. This gives employers the assurance that when they scan the QR code of a NPC, they will immediately know whether the police have revoked the certificate since it was issued.

The solution created by Australia Post as part of this collaboration, can easily be re-used to digitise other admin-heavy processes within government and non-government organisations.

Fast Facts

Benefits Australia Post have been able to deliver to the WA Government and consumers include:

- *Slashing waiting times from 5 working days to 30 minutes for most people to obtain a police check*
- *Enabling the equivalent of 17 full time police and administration officers to return to core duties*
- *Reducing public costs from \$61.80 to \$52.60 for a check.*

(Source: Media Release, Red tape slashed for national police checks, Hon Liza Harvey MLA, Minister for Police, 19 August 2016)

Australia Post agrees with the preliminary findings of the Productivity Commission that contestability and user choice are important when trying to improve outcomes.

Contestability improve outcomes for users and for the organisations that are trying to sell its products and services to users.

As identified by the Productivity Commission in the preliminary report, contestability and improving user choice could offer government better outcomes in a range of other areas of service delivery such as disability, childcare and education.

Improving contestability and user choice is best achieved through a front-end online tool which works to link the service provider with the user. Australia Post has worked with small business and consumers to develop a program that works as an eMarketplace to link suppliers with consumers.

Our eMarketplaces – *Farmhouse* is the one we have used in the case study below, benefits both buyers and sellers by:

- Giving small businesses a medium to compete with larger organisations to sell their products; and
- Providing consumers with an opportunity to access a wider range of choice across a whole range of sellers that they may otherwise be unable to access.

While the following case study applies to an online market for farmers, the mechanism has the potential for broader application, for example, social housing (if government is seeking to increase contestability with suppliers and improve user choice for consumers).

Case Study Two- Farmhouse

Farmhouse, established in 2012, is an online virtual marketplace that connects small businesses and consumers across Australia.

The online eMarketplace works by allowing the consumer able to buy direct from the producer via the *Farmhouse* portal. The eMarketplace allows the producer to receive the order personally and ship the products direct to the doorstep of the customer.

As a one-stop-shop for both producers and consumers, *Farmhouse* levels the playing field between small and large produce sellers by allowing them to compete on the one virtual marketplace.

Because all sellers are aggregated, consumers can search, compare and contrast products giving them power and choice in a competitive marketplace.

To participate as a seller on *Farmhouse*, producers set up their storefront online with a dedicated URL enabling them to list as many products as they wish with no upfront costs- only a transaction fee which is charged at sale.

Fast Facts

The online marketplace of *Farmhouse*:

- *Caters for over 4,000 products online with over 400 producers involved*
- *Averages over 35,000 unique visitors per month*
- *Supports all the e-commerce, administration elements of selling online and facilitates a secure payment system without a need for merchant bank accounts*

Conclusion

As a business that has been involved with service delivery at scale for over 200 years, Australia Post can share plenty of learnings and experiences to government when it comes to finding ways to improve service delivery.

The size and scope of where and who we deliver services to provides the closest 'apples with apples' comparison for assisting government with its challenges in finding improvements with service delivery outcomes.

Not only does Australia Post have experience delivering at scale but it also has experience at delivering cost effective solutions that stand up in the private sector.