

# **Review of Australia Post complaints about carding, Safe Drop and compensation**

REPORT ON THE IMPACT OF AUSTRALIA POST'S  
IMPLEMENTATION OF OMBUDSMAN RECOMMENDATIONS  
AND OTHER ACTION

April 2018

Report by the Commonwealth Ombudsman,  
Michael Manthorpe, under the *Ombudsman Act 1976*

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## EXECUTIVE SUMMARY

The postal industry in Australia is undergoing rapid change. More and more Australians are now shopping online from the comfort of home, while at work and even impulse buying using mobile devices. According to one source, Australians spent an estimated \$41.3 billion online in 2015 (up 9.25 per cent from \$37.8 billion a year ago).<sup>1</sup>

Australians now expect that items purchased online from domestic and international suppliers will be delivered conveniently to their door, at a low cost. The increasing demand for effective, convenient and low cost parcel delivery has led to an increase in competition as new delivery firms enter the market.

In the midst of this increased demand, complaints to the Commonwealth Ombudsman concerning Australia Post have decreased 30 per cent over the last two years. However, complaints concerning delivery issues continue to be the primary reason Australia Post customers contact our Office.

We previously published three reports about Australia Post's handling of delivery issue complaints concerning its use of notification cards, the Safe Drop program and compensation for loss or damage of postal items. While Australia Post was responsive to the findings in the reports, the persistent delivery issue complaints has led to a need to review its progress in these three delivery program areas.

Since publishing our earlier reports, there have been mixed indicators that Australia Post has improved its services to the satisfaction of clients. On the one hand, complaints to this Office have fallen in recent years which could suggest that Australia Post has improved the management of its complaints. It is evident that Australia Post has taken some steps to manage issues that arose in our previous reports.

On the other hand, recently published data from Australia Post indicates that they have received 1.1m complaints in the 2016–17 financial year. While the scale of Australia Post's operations need to be borne in mind to put complaint numbers in perspective, the fact that more than 1 million people have complained to it is cause for concern. What's more, there is evidence from complainants to our Office to suggest that in some cases issues that ought be classified as complaints are not counted as such.

The fact that only a small percentage of complainants take their concerns up with this Office is not proof that complainants have left Australia Post's services in a state of satisfaction. Numerous complainants to our Office report that Australia Post was defensive in its dealings with them, or that Australia Post was reluctant to adequately deal with their complaints, including through the provision of compensation.

The experience of those who approach our Office indicate that if Australia Post put more effort into rapidly resolving, rather than resisting complaints, it would deliver better outcomes for consumers, reduce effort on its part and save money—either its internal costs or the costs incurred by our Office.

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<sup>1</sup> [Roy Morgan](#) *State of the Nation 26: Australian Retail Industry*, 24 November 2016.

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We have worked with Australia Post to develop meaningful and practical recommendations aimed at reducing complaints and thank Australia Post for its cooperation and participation in this review.

### **Recommendations**

#### ***Carding***

1. Australia Post should:
  - publish clear advice for customers regarding addresses which may not be suitable for parcel delivery which may then only receive a notification card, and
  - review guides and training for enquiry and complaints staff to ensure they can readily identify if an address may not be suitable for parcel delivery.
  
2. Australia Post should:
  - publish information which outlines the steps it follows when conducting a search for an item and provide the information to customers at the commencement of an investigation, and
  - review its quality assurance process to ensure that advice provided by enquiry and complaint staff is accurate and consistent.

#### ***Safe Drop***

3. Australia Post should:
  - provide enquiry and complaints staff with a standardised check list of relevant steps to follow in the investigation process including evidence that should be considered before finalisation
  - publish externally, a policy concerning the steps taken and evidence considered as part of the investigation process and make this available to customers at the initial enquiry stage, and
  - monitor staff performance to ensure compliance with this policy.

#### ***Compensation***

- 4.1. Australia Post should review its enquiries and complaints concerning compensation to:
  - identify claims which should generally be compensated without the need for the customer to make repeated contacts to access reasonable compensation
  - use this information to improve consistency in decision making and resolve compensation matters early
  - improve the quality and consistency of advice provided to customers, and

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- determine if the current levels of compensation offered formed a significant factor in disputes about the amount of compensation offered in settlement of a dispute.

4.2. Australia Post should provide further guidance to all staff responsible for considering compensation claims to ensure appropriate procedures are followed and all available information is considered before making a decision.

4.3. Australia Post should review its quality assurance process to ensure consistency in decision making.

### ***Complaint handling***

5. To reduce complaints Australia Post should:

- simplify the method for customers to lodge an online complaint by providing a specific complaint and feedback option
- review online access to customers to allow them to quickly and easily lodge a complaint without the requirement for customers to create an account
- review the classification method for recording of complaints to ensure that complaints are appropriately recorded as complaints rather than investigations or feedback and are appropriately escalated
- ensure learnings from complaints are adequately captured to allow continuous improvement, and
- improve its management of enquiries and complaints to identify customers who have repeatedly contacted and enquired (all channels) on the same issue and escalate that matter as a complaint.

6. Australia Post should:

- conduct a review of complaints for customers who also contacted the Ombudsman to identify:
  - why its complaint system was unable to resolve the matter at either the enquiry or complaint stage
  - root cause issues which give rise to disputes
  - opportunities for improvement to its processes and guidance for staff, and
  - if its quality assurance practices adequately identify unsatisfactory complaint management practices amongst staff.
- consider introducing a customer survey to measure the effectiveness of its complaint management program and to capture feedback, and

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- expand the use of its review process to provide customers with an opportunity to have their matter considered by a more senior officer who is independent of the existing enquiry and complaint process.

# Part 1: BACKGROUND, SCOPE AND CONCURRENT REVIEWS

## Background

- 1.1. The Commonwealth Ombudsman's Postal Industry role commenced in 2006. Since then complaints about Australia Post steadily increased and peaked in 2014–15 with 5613 complaints received. However the number of complaints received have decreased over the past two years to 5103 (2015–16) and 4109 (2016–17).<sup>2</sup>
- 1.2. In 2008 and 2010 we published three reports concerning delivery issues:
  - *Use of notification cards* (December 2008)
  - *'Safe Drop' program—a review of the first year* (March 2010)
  - *Determining levels of compensation for loss or damage of postal items* (February 2010).
- 1.3. The reports cumulatively contained 13 recommendations and observations to assist Australia Post to address customer dissatisfaction and complaints and to improve customer service. Australia Post implemented some of the recommendations and provided a detailed response concerning those not implemented.
- 1.4. Much has changed since that time including the decline in use of letters, the increase in online sales and subsequent demand for delivery services, the influx of inbound international parcels and general disruption caused by the emergence of companies and the much anticipated launch of Amazon in Australia.
- 1.5. In response to these changes, Australia Post has made improvements to its delivery service with the introduction of new products, improved delivery options and delivery points, services to business customers and expansion of its enquiry services. However, despite these improvements, the main subject of the complaints has continued to be about delivery issues including carding, Safe Drops and compensation. In 2016–17 complaints to our Office regarding loss, delay and delivery issues accounted for approximately 64 per cent of all Australia Post complaint issues.
- 1.6. On 11 May 2017, the Ombudsman notified the Minister for Communications and the Managing Director and Group CEO of Australia Post that we were commencing a review of the actions taken by Australia Post since our earlier reports and to determine why complaints about delivery issues continue to be the most common complaint to our Office despite Australia Post's reported service and product improvements.

## Scope

- 1.7. The review included:

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<sup>2</sup> Excludes StarTrack complaints



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- the response by Australia Post to detailed written enquiries including:
  - its implementation of the 2008 and 2010 Ombudsman’s recommendations and observations
  - the policies, procedures, processes, practices, products, services, improvements and innovations introduced by Australia Post to address the delivery issues, and
  - future plans.
- how Australia Post:
  - manages complaints
  - deals with complainants, and
  - applies learnings from complaints it receives
- reviewing complaints to our office about Australia Post concerning delivery issues from 2014 to 2016 and a detailed analysis of complaints from 1 July 2016 until 31 December 2016 relating to:
  - carding
  - Safe Drop, and
  - compensation
- reviewing media, social media and online forums
- considering delivery practices in other Commonwealth jurisdictions.

1.8. The review did not include:

- complaints about Australia Post’s associated joint ventures
- the quantum of compensation levels set by Australia Post, or
- Australia Post’s Reserved services.

### Concurrent reviews of Australia Post

1.9. While we were conducting this review, other accountable organisations have considered other aspects of Australia Post’s service. As a result, we have not considered these services in this review.

#### *Australian National Audit Office*

1.10. The Australian National Audit Office’s report Australia Post’s efficiency in delivering reserved letter services was released on 28 September 2017. The report examined Australia Post’s efficiency in meeting its obligations related to Reserved Services,<sup>3</sup> and the strategies utilised to improve the efficiency of meeting its obligations in relation to those services.

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<sup>3</sup> Subject to certain exceptions, Australia Post has the exclusive right to carry letters within Australia, whether the letters originated within or outside Australia. Australia Post also has a community service obligation related to the carriage of the service.

### ***Australia Small Business and Family Enterprise Ombudsman***

- 1.11. In response to concerns raised by small business operators regarding the cost of sending parcels, the Australia Small Business and Family Enterprise Ombudsman announced it is examining options to level the playing field for small business to compete fairly with big business when it comes to sending goods within Australia.<sup>4</sup>

## **Part 2: POSTAL INDUSTRY OMBUDSMAN**

- 2.1. The Commonwealth Ombudsman Postal Industry role commenced in 2006, to investigate complaints about postal or similar services provided by registered postal operators. Australia Post is the only mandatory member of the Scheme while other private postal operators register voluntarily.
- 2.2. We place a high priority on speedy and informal dispute resolution as a first principle and seek an outcome that is fair to both parties. Where complaints indicate systemic issues, we work with the postal operator to address the problems and improve service and administration.
- 2.3. Complainants are required to make a formal complaint to Australia Post to give it an opportunity to resolve the complaint prior to any enquiry or investigation by us.
- 2.4. Investigations involve a consideration of the relevant legislation, Australia Post policies, procedures and guidelines including its terms and conditions, industry best practice and community expectation, to determine whether the action or decision by Australia Post is fair and reasonable.
- 2.5. While we cannot compel Australia Post to take an action or make another decision, we are able to effectively resolve complaints through consultation and cooperation with Australia Post.

## **Part 3: CHANGING POSTAL DELIVERY LANDSCAPE**

- 3.1. Australia Post reported that in 2016:<sup>5</sup>
  - Australians spent \$21.65 billion shopping online across both physical goods and digital services (music and video streaming, and takeaway food services)
  - there was a total increase spend of 10.4 per cent compared to 2015
  - the number of parcels generated by an online transaction increased by an average of 16 per cent per shopper
  - online shopping via a mobile device is increasing and is up 52 per cent

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<sup>4</sup> [Rising parcel delivery costs hit small business](#), Australian Small Business and Family Enterprise Ombudsman, 14 July 2017.

<sup>5</sup> *Inside Australian Online Shopping: 2017 eCommerce Industry Paper*, Australia Post.

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- 79 per cent of purchases are for domestic products and 21 per cent for international products, and
  - Christmas remained the largest shopping event in Australia and December the biggest buying month. Australia Post delivered 2.2 million parcels on 19 December 2016, the last Monday before Christmas Day.
- 3.2. Offshore e-tailers and onshore businesses that operate online offer low cost deliveries. Low start-up costs and minimal barriers to entry have seen numerous new carriers enter the delivery market as Australians now expect that items purchased online from domestic and international suppliers will be delivered conveniently to their door, at a low cost. As goods purchased online must be delivered to consumers, the demand for delivery services from business to consumer and for the return of goods from consumer to business, has also boomed.
- 3.3. The arrival of Amazon in Australia in 2017 was expected to have a further and significant impact on the Australian postal industry landscape. In May 2017, the Chief Executive Officer of StarTrack was quoted in the media:
- The expected arrival of Amazon would grow the size of the local business-to-consumer parcel delivery market, of which Australia Post currently holds an 82% share.<sup>6</sup>
- 3.4. At the same time Australia Post reported a 50 per cent decline in letter volumes since 2008 and that the majority of its business involved global eCommerce parcel delivery and the services market.<sup>7</sup> Australia Post has since positioned itself to compete with other postal operators in domestic and international parcel delivery markets. More than 70 per cent of Australia Post’s revenue and 100 per cent of its profits are now related to parcels and eCommerce.
- 3.5. The increase in demand for parcel delivery services is matched by the increase in expectations by customers who are seeking faster, reliable and low cost services. Online retailers and postal operators have responded by trialling innovative technologies and delivery services including use of drones, autonomous robot parcel deliveries, and deliveries to the trunk/boot of cars.
- 3.6. New postal operators are continuing to enter the competitive Australia parcel market and new partnerships are forming between operators to expand delivery capabilities. In the last eighteen months Australia Post has also entered into a number of partnerships to build its domestic and international capability to remain competitive including:
- a partnership with Woolworths to install 24/7 Parcel Lockers in stores across Australia

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<sup>6</sup> [StarTrack says talk of Amazon’s arrival has created an online shopping spree](#), Australian Financial Review 24 May 2017.

<sup>7</sup> *Part of Tomorrow: Annual Report 2017*, Australia Post, October 2017.

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- a joint venture with Aramex to boost delivery networks between Asia and Australia
- a partnership with Alibaba’s 1688.com site to provide a platform for Australian businesses to trade in China, and
- Shipster, a collaboration with over 50 of Australia’s biggest retailers to provide consumers free shipping on eligible purchases.

## Part 4: AUSTRALIA POST

- 4.1. Australia Post’s service officially commenced on 25 April 1809 from the home of former convict Mr Isaac Nichols in George Street Sydney New South Wales. People would collect their letters from Nichols' home by paying the fixed price of a shilling per letter, with parcels costing more depending on how heavy they were.
- 4.2. Australia Post now boasts the country’s largest retail network, with around one million customers served every business day and delivering almost three billion postal items annually. It is a government-owned business, with the Australian Government as the only shareholder through the Minister for Communications and the Minister for Finance. It is governed under the *Australian Postal Corporation Act 1989*. Australia Post has the following general obligations:
  - To perform its functions as far as possibly consistent with sound commercial practice.
  - Community service obligations (CSO).
  - Governmental obligations such as directions by the Minister, international conventions and government policies.<sup>8</sup>
  - Australia Post is also governed by the *Public Governance, Performance and Accountability Act 2013*.
- 4.3. Australia Post’s 2017 Annual Report<sup>9</sup> states its business model has at its core the goal of delivering great customer experiences to create happy customers, and it uses the Net Promoter Score<sup>10</sup> system as a way of tracking the customer experience. Australia Post recorded 1.4 per cent improvement overall in 2016–17, up from 14.1 per cent reported in 2015–16. At the same time Australia Post reports a total of 1.1 million complaints, an increase of 15.8 per cent on 2015–16.
- 4.4. Australia Post is one of Australia’s largest companies, engaging around 50,000 employees, licensees and contractors. Its postal network in 2017 included:
  - over 15,000 Street Posting Boxes

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<sup>8</sup> [Australia Post](#), Department of Communications and the Arts.

<sup>9</sup> *Part of Tomorrow: Annual Report 2017*, Australia Post, October 2017.

<sup>10</sup> [www.netpromoter.com](http://www.netpromoter.com) - *Net Promoter Score measures customer experience and predicts business growth*

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- 4,379 post offices, including 2,880 licensed post offices, and
- In 2017 over 241 million separate customer visits to Australia Post Offices and it also received 230 million digital visits.

### Reserved and non-reserved services

4.5. In recognition of its community service obligations, Australia Post has a general monopoly in the carriage and delivery of letters within Australia, subject to some specific exemptions. The services covered by this monopoly are generally referred to as 'Reserved Services'. They extend to the:

- collection within Australia of letters for delivery within Australia, and
- delivery of letters within Australia.<sup>11</sup>

4.6. Parcel services in competition with other postal operators are an example of a non-reserved service. To meet increasing consumer demand for efficient, convenient and low cost deliveries, Australia Post has introduced many new and innovative services and improved and extended existing services relating to carding and Safe Drops. These improvements are detailed in the sections following.

4.7. Australia Post receives no funding from the government. Australia Post parcel services are delivered in accordance with Australia Post's Terms and Conditions,<sup>12</sup> as determined by the Australia Post Board. These Terms and Conditions determine what articles may be posted, how they will be posted, the rates of postage and handling of undelivered mail.

### Australia Post's delivery policy and procedures

4.8. Australia Post provides clear delivery policies and procedural guides for all staff, including contractors to ensure consistency in operations and decision-making. Australia Post's General Procedures Manual is regularly updated with relevant amendments conveyed to Delivery Officers in regular verbal briefings (Toolbox Talks) by managers.<sup>13</sup> Of particular interest to this review were Australia Post's internal policy documents, the Large Parcels Delivery Policy (2012) and the Knock and Call Out Policy (2014).

4.9. The manager of each postal facility/outlet and State Delivery Managers have responsibility to ensure policies and procedures are followed by staff and contractors alike. Australia Post conducts an induction program referred to as the 'Contractors on-boarding program' to provide training for Delivery Officers. A 'Parcel driver's guide' with operational detail is also provided to each Delivery Officer.

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<sup>11</sup> *Australian Postal Corporation Act 1989*, Part 3.

<sup>12</sup> [Terms and conditions](#), Australia Post.

<sup>13</sup> 'Toolbox Talks' and 'Operational Advice'.

## Use of contractors in the delivery process

- 4.10. Contractors and subcontractors deliver the majority of parcels on behalf of Australia Post. Contractor agreements<sup>14</sup> contain minimum standards and key performance indicators. The agreement enables contractors to engage approved subcontractors who are all required to complete Australia Post's 'Contractor on-boarding program'.
- 4.11. Contractors are required to ensure their subcontractor's working hours meet with industry standards and local laws and that they are not exploited or working in unsafe working conditions. Contractors are also required to address incidents of delivery failures directly with its subcontractors, to avoid further occurrences. They are also expected to comply with Australia Post's service standards and codes of conduct including the Supplier Code of Conduct, which requires a commitment to human rights and fair employment practices.
- 4.12. Information provided by Australia Post showed that it monitors subcontractor delivery compliance via its contractors. The agreement allows Australia Post to conduct an audit of contractor compliance and if necessary, search the contractor's records and vehicles. Australia Post's Operational Audit team conduct an independent audit at each site at least once every two years.

## The delivery process

- 4.13. Australia Post reported that in 2017 it processed almost 2.6 billion letters to 11.7 million delivery points, which was a reduction of 11.8 percent since 2016.<sup>15</sup>

### *Parcel facilities*

- 4.14. Parcels are initially transported to parcel facilities around Australia. As part of the review, we inspected the Melbourne parcel facility and observed an elaborate automated scanning and sorting process which efficiently and effectively handled the large volume of parcels passing through. This process was conducted under the careful eye of key staff who monitored system performance and made on-the-spot adjustments as required.
- 4.15. Sorting machines can scan and process up to 400,000 parcels per day with approximately 30,000–35,000 parcels requiring further manual sorting. While the system has flexibility to handle all parcels with limited opportunity for damage, oversized or uniquely shaped parcels are sorted manually by staff specifically trained in parcel exceptions.
- 4.16. After processing, the parcels are dispatched to their relevant parcel delivery centres. Parcels with international destinations are forwarded to a Gateway Facility to be dispatched to the relevant international destination. The parcels are then dealt with by the relevant operator in each destination country.

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<sup>14</sup> Mail Contractor Agreement.

<sup>15</sup> *Part of Tomorrow: Annual Report 2017*, Australia Post, October 2017, page 6.

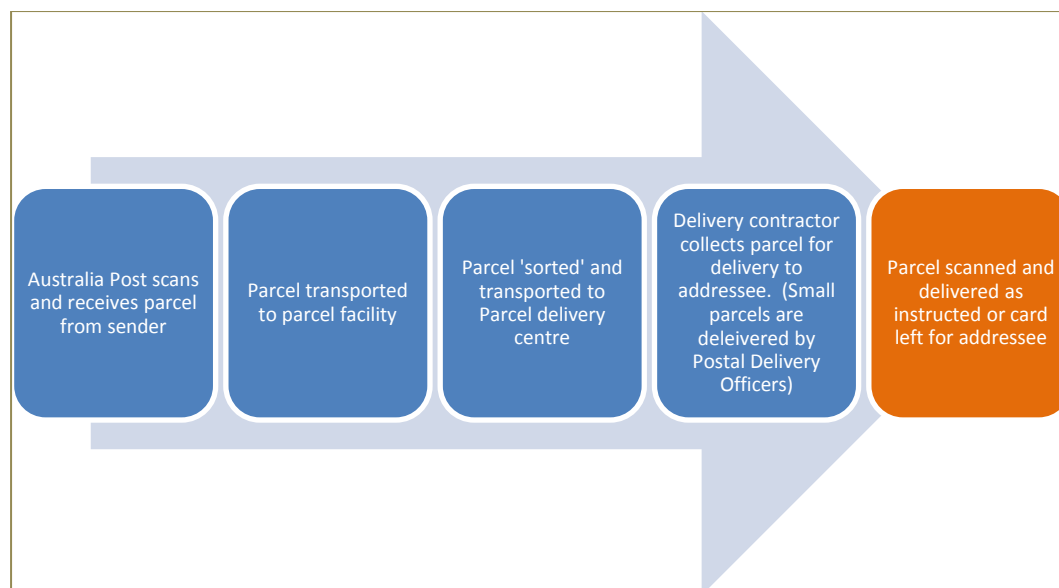


Figure 2: Overview of Australia Post's delivery process

### **Parcel delivery centres**

- 4.17. Parcels to be delivered within a state are transported by road to one of a number of smaller Delivery Centres from which Delivery Officers<sup>16</sup> collect the parcels and deliver them to individual addresses according to delivery instructions. Delivery contractors deliver the majority of parcel received by Australia Post each week.<sup>17</sup> They supply their own vehicles but Australia Post provides them with hand-held scanners with Global Positioning Satellite (GPS) capability which records the scanning time and location.<sup>18</sup>

### **Undeliverable items**

- 4.18. With few exceptions, the majority of complaints about delivery issues relate to the final stage of the delivery process, the delivery to the addressee. In some cases items are not deliverable. This is generally where the address is invalid or the address label is damaged or missing. Undelivered items go to one of five Returned Mail Redistribution Centres (RMRC). Undelivered items can also be returned to the sender.
- 4.19. The Melbourne RMRC receives approximately 180 parcels/letters each day. Staff are specifically trained to identify the correct address and place it back into the system for delivery. Around 60 per cent of parcels received are immediately redirected to the correct addressee. Where no address information is available, staff are authorised<sup>19</sup> to open parcels to identify addressees or senders.<sup>20</sup> Once an item has been opened, contents are photographed and a description entered on to

<sup>16</sup> Parcels which are less than two kilograms are diverted to the local Mail Delivery Centre for delivery by Postal Delivery Officer.

<sup>17</sup> Sixty per cent of parcels are delivered by contractors and subcontractors.

<sup>18</sup> Australia Post advise that GPS data has a margin of error and for this reason is not made available to customers

<sup>19</sup> *Australian Postal Corporation Act 1989*, Part 3, s 90Q.

<sup>20</sup> International parcels are returned to senders in their countries of origin unless the sender indicates that the parcel is not to be returned.

an internal database. Enquiry Officers search this database when they are contacted about lost or missing postal items. Items which cannot be readdressed are retained for a reasonable period, after which they are destroyed or auctioned.<sup>21</sup>

## **Part 5: CARDING—USE OF NOTIFICATION CARDS**

### **Case study 1: No attempt to deliver**

A customer who was housebound due to surgery purchased an item online. Australia Post advised him by email that his parcel had left the Post Office and would be delivered that day. The complainant was at home all day, but no one knocked and late that afternoon he received another email that a delivery had been attempted at 3.56pm. When he checked he found a card had been left. The complainant complained to Australia Post, and when the matter was not resolved, to our Office. While his parcel was eventually delivered, he remained dissatisfied with the service provided.

Complaint to the Ombudsman, 2016

- 5.1. In circumstances where a parcel cannot be delivered to an address because the addressee is not present at the time of delivery, the parcel requires a signature, or Australia Post determine that there is no safe location to leave the article, a notification card will be left for the addressee to collect the item at a nearby postal outlet. The use of notification cards will be referred to as ‘carding’ throughout this report.
- 5.2. In 2008, following an increase in complaints regarding carding practices, we released the report *Australia Post—Use of notification cards*. The complaints received by our Office at the time of the report were mainly about the following issues:
  - a postal item that should have been carded was left at the addressee’s premises and was damaged, open or stolen
  - no card was left for an item, and the addressee was unaware the item was awaiting collection; in some complaints, the postal item was returned to the sender
  - a card was left in a mailbox with no attempt made to deliver the item, even though the addressee was home at the time
  - a carded item could not be found at the Post Office on presentation of a card, and was deemed ‘lost’, and
  - a carded item was given to someone unknown to the addressee.
- 5.3. The report recommended that Australia Post review its carding and delivery practices to make improvements that were both operationally and commercially

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<sup>21</sup> The proceeds from Mail Redistribution Centre auctions are given to neighbourhood trusts or charities in accordance with Australia Post Terms and Conditions 27.1.3



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viable. Our Office viewed Australia Post’s response to the recommendations as positive, which included the undertaking of a national communications program to provide better guidance to Parcel Delivery Officers. However, complaints about delivery issues, including carding, continue to be a main source of complaint to our Office. The most common complaint being that a card was left and with no attempt by the Parcel Delivery Officer to deliver the item.

- 5.4. As part of the review, we asked Australia Post to provide information concerning recent and planned improvements to address the continuing carding issues raised in complaints, including reference to the relevant issues raised in the previous report. Their response is outlined in Table 1.

**Table 1: Australia Post’s responses to recommendations aimed at reducing Carding complaints**

| 2008 report recommendation:   | Implementation  | Detail   |
|---|---|--|
| <p>That Australia Post review its policies and procedures in relation to the use of notification cards to address the following:</p> <ul style="list-style-type: none"> <li>• reduce the incidence of failure to follow carding procedures</li> </ul> | Scanning and Tracking                                     | Australia Post implemented a national parcel scanning compliance program; undertook a national communications program for parcel contractors reinforcing ‘to the door’ parcel delivery and carding only after attempted deliveries; developed Parcel Contractor Advice and regular verbal briefings and operational advice by Delivery Centre Managers called ‘Toolbox Talks’ for Delivery Officers; outlined carding policies and procedures in the contractor’s newsletter; and issued formal warnings to Delivery Officers for non-compliance.  |
|   | Knock and call process                                    | Australia Post adopted a Knock and Call Out Policy in October 2014, following successful trials in Western Australia and Queensland. The internal policy sets out the steps to be taken by a Parcel Delivery Officer where there are no issues accessing an address. The policy requires the Parcel Delivery Officer to knock three times, call out ‘Australia Post’, and wait at least 30 seconds for the addressee of the parcel to respond prior to making a decision as to whether carding is appropriate. For recipients of parcels in high rise apartments, Australia Post emphasised the requirement for Parcel Deliver Officer’s to use intercoms where available. |
|   | Online services   | Australia Post has introduced <i>MyPost</i> Deliveries, allowing addressees to select to receive their parcels through alternative delivery methods, such as 24/7 Parcel Lockers or directly from a Post Office. The service also allows for eligible parcels to be redirected at specific times of the transit process. Customers can also elect to register a preference for Safe Drop for individual parcels or all parcels to their address.   |
|   | Merchant options  | eParcel merchants now have the option to allow the addressee to override the requirement to obtain a signature on delivery. Merchants can also elect to allow someone other than the addressee to sign for the parcel, and permit Australia Post to leave items in a safe location when unable to obtain a signature.  |
|   | Parcel Delivery Experience Transformation Program (PDETP) | <p>In 2016, Australia Post commenced a three year internal review, the Parcel Delivery Experience Transformation Program (PDETP). The aim of the PDETP was to enhance the delivery experience for both senders and addressees by providing more flexible delivery options.</p> <p>In relation to carding, the PDETP focused on improving the ‘last mile’ of the delivery process in order to reinforce correct practice. The PDETP is also exploring how to best notify customers of pending deliveries through mobile text messages, allowing the customer to provide a response if they will be home to receive the delivery. Australia</p>                              |

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| 2008 report recommendation:   | Implementation                 | Detail  |
|---|--------------------------------|---|
|   |                                | <p>Post expect that if a Parcel Delivery Officer has notice that the delivery can be made, they will make additional effort to attract the customer’s attention and ensure successful delivery occurs.</p>  |
| <p>Guidance to delivery people about the circumstances in which they should go to the door of premises, or use any available intercom system, to attempt delivery</p> | <p>Contractor requirements</p> | <p>Australia Post introduced a process for delivery contractors to leave notification cards under a recipient’s door or letterbox, in an attempt to provide the recipient with some evidence that a legitimate attempt was made to deliver the parcel. All Delivery Officers participate in an induction training focussed on the importance of First Time Deliveries with the key message that customers want parcels not cards. The Knock and Call Out Policy is outlined and there is discussion, videos and scenarios regarding these issues. Drivers receive a ‘Parcel Post Driver’s Reference Manual’.</p> <p>After a month, the capabilities of Delivery Officers regarding scanning, first time deliveries, carding and correct process is checked. Good practice is reinforced and Delivery Officers are advised of any changes to policies or procedures via advice sheets, workshops, leader boards, and newsletters as previously outlined.</p> |
| <p>Steps that can or should be taken to redeliver to the door</p>   | <p>Online services</p>         | <p>Australia Post has introduced <i>MyPost</i> Deliveries, allowing addressees to elect to receive their parcels through alternative delivery methods, such as 24/7 Parcel Lockers or directly from a Post Office. The service also allows for eligible parcels to be redirected at specific times of the transit process. Customers can also elect to register a preference for Safe Drop for individual parcels to their address. This generally excludes items where a signature is required.</p>  |
|   | <p>Redelivery trial</p>        | <p>In 2016, Australia Post trialled redeliveries to one million addressees in 100 postcodes in capital cities during Extended Delivery hours. Over six weeks, 41,000 parcels were redelivered with a success rate of 63%. However due to the cost of providing this service, Australia Post decided that ‘in a competitive environment, adjusting our price to offset this cost would not be commercially sound.’</p> <p>Recent testing by Australia Post for next business day or different day delivery found no interest in next day deliveries where Safe Drops were available, and little interest in next day or different day delivery for parcels requiring a signature where Safe Drops were not available</p>   |

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- 5.5. Australia Post advised our Office that a textbook parcel delivery consists of three knocks and calling out 'Australia Post' at the door then waiting thirty seconds for the door to be answered and the parcel delivered.<sup>22</sup> Where no one is present to accept the parcel (including no authorised person when a signature is required), there is no safe place to leave it, or there are access issues such as locked gates or a dog, a notification card is left under the front door or letterbox as a last resort.
- 5.6. Australia Post reports that in 2016, the PDETP was commenced to improve the 'last mile' of the delivery process. The focus is on reducing 'home when carded' complaints and involves staff workshops to reinforce values and correct delivery practice. Australia Post's policy is that it is unacceptable to card before a delivery attempt has been made and a Safe Drop considered. Delivery Officer training emphasises that wherever practicable, there must be an attempt to deliver parcels to approved mailboxes and addresses.
- 5.7. Delivery Officers provide special delivery assistance and arrangements to addressees with special needs as required, though these arrangements are not generally officially documented. Australia Post advised customers with special needs were accommodated with Delivery Officers frequently waiting longer if they were aware addressees required more time to answer the door. In addition, Parcel Delivery Managers recorded special arrangements. Australia Post advised it is currently considering ways to enable addressees to register special needs via MyPost accounts.
- 5.8. To demonstrate the importance of reducing carding incidence, reduction in the carding rate was made a key performance indicator for the Managing Director and Group CEO. Australia Post's 2017 annual report revealed that carding rates were down to 10.7 per cent from 15.7 per cent in 2015–16, exceeding the target for the year to reduce the carding rate to below 11 per cent.<sup>23</sup> Australia Post informed our Office it is also developing a customer survey which will enable it to measure customer satisfaction concerning deliveries and carding.

### Not all addresses are suitable for delivery

- 5.9. Australia Post Online Community webpage<sup>24</sup> states that a customer may not have their item delivered if:
  - no one was home to receive the item
  - Australia Post couldn't gain access because of a locked gate or a dog that made entering unsafe
  - the item didn't fit in the mailbox and Australia Post either couldn't safely leave it at the address or it was a rural mailbox delivery which could not be accessed safely, or

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<sup>22</sup> Knock and Call Out Policy and Large Parcel Delivery Policy and Procedure.

<sup>23</sup> *Part of Tomorrow: Annual Report 2017*, Australia Post, October 2017, page 6.

<sup>24</sup> [FAQ: Why did I receive a notification to let me know that I've got an item waiting to be collected at a post office?](#), Australia Post, 10 August 2017.

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- special delivery instructions couldn't be completed or indicated that the item should not have been left.

5.10. Separate advice concerning tracking<sup>25</sup> includes further information about apartment blocks which is not included in the notification card information. Information concerning Safe Drop informs that when authorising a Safe Drop location, options not suitable include apartments and gated communities, unless the delivery person can easily gain access.<sup>26</sup>

### Complaints about carding

#### Case Study 2: No delivery, no card

When Australia Post texted the complainant that a parcel would be delivered, she waited for it but there was no delivery and no card. She did however receive a second text that the parcel was now at her local Post Office. Australia Post explained the driver could not deliver the parcel and had left a card. The complainant's request for redelivery was denied and she was advised if the parcel was not collected it would be 'returned to sender'. This was not the first time this had happened and the complainant described it as 'the final straw'. After our involvement, the Parcel Delivery Centre Manager contacted her and explained that the Parcel Delivery Centre had failed to respond when contacted by the Customer Contact Centre. He apologised and said staff would be trained and her parcels monitored. He also provided her with his direct contact number.

Complaint to the Ombudsman, 2016

- 5.11. We identified almost 500 complaints over a three year period<sup>27</sup> which raised a carding issue.<sup>28</sup> Issues raised remain largely consistent with those examined in our 2008 report, with the exception that approaches regarding items that were left instead of being carded are now viewed as complaints regarding Australia Post's Safe Drop practices (this is discussed in Part 6 of this report).
- 5.12. The most common complaint issue raised was that there was no attempt made to deliver the item. Around 40 per cent of complainants claimed that carding issues were not isolated events. In July 2016, the Australian consumer advocacy group, Choice, surveyed 1,025 Australians regarding parcel delivery and found that almost a quarter of those surveyed reported a card being left although someone was at home.
- 5.13. A small number of complainants advised they were housebound due to surgery, age or disability which severely restricted their ability to collect parcels. In one case, a complainant with disability, reported he had to catch four buses to collect his parcel. There were also numerous approaches from individuals who advised it was inconvenient to collect parcels from post offices. Some of these complainants could

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<sup>25</sup> [FAQ: When tracking my item, what does 'unable to gain access' mean?](#), Australia Post, 12 May 2017.

<sup>26</sup> [FAQ: What addresses and locations are suitable for a Safe Drop parcel delivery?](#), Australia Post, 12 May 2017.

<sup>27</sup> 2014–16 as per scope.

<sup>28</sup> Some complaints raised more than one issue.

not drive or did not have a car and had to take public transport or taxis, despite having been at home when they were carded.

- 5.14. We regularly receive approaches about carding issues related to non-delivery to apartments. Many complainants were concerned that they were not aware of this policy and would have made alternative arrangements had they known. The Australian Bureau of Statistics (ABS) data reveals that almost one in four Australians now live in other forms of dwellings such as flats, apartments, semi-detached, row housing or town housing.<sup>29</sup> It would be advantageous to make the limitations concerning apartments more prominent and accessible.
- 5.15. Almost a quarter of complainants expressed concern about the way Australia Post dealt with their delivery complaint. We resolved many of these complaints by explaining Australia Post’s policy concerning unsuitable delivery locations. It is open to Australia Post to reduce complaints by making this information more explicit.
- 5.16. We previously suggested to Australia Post that it prominently publish information about locations which are deemed unsuitable for delivery so that customers can be aware before they nominate a preference which will likely result in carding. Customers would then be able to select a more suitable alternative.
- 5.17. Australia Post advised that it is reviewing this information particularly advice concerning deliveries to multi-storey residential complexes and other address types typically carded rather than delivery made.
- 5.18. We investigated approximately one third of the carding approaches our Office received.<sup>30</sup> Our investigations resulted in Australia Post taking action which included apologising, monitoring deliveries to specific addresses, providing feedback to staff and in some circumstances, compensating the complainant.

#### **Recommendation 1**

Australia Post should:

- publish clear advice for customers regarding addresses which may not be suitable for parcel delivery, which may then only receive a notification card
- review guides and training for enquiry and complaints staff to ensure they can readily identify if an address may not be suitable for parcel delivery.

#### **Search processes**

- 5.19. A common theme in complaints is the robustness of a search process by Australia Post where a carded item is not available for collection and is otherwise lost. Complainants say that over several contacts with Australia Post they have received conflicting advice at the enquiry and complaint stage and remain uncertain that

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<sup>29</sup> [2024.0—Census of Population and Housing: Australia Revealed, 2016](#), Australian Bureau of Statistics, 27 June 2017.

<sup>30</sup> Other complaints were not investigated because they had not been raised with Australia Post, were being dealt with or had been resolved by Australia Post or the matter was not pursued by the complainant.

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Australia Post gave their matter due consideration. In these circumstances, the complaint often included a grievance about the complaint process.

- 5.20. Following several investigations of complaints about this matter we are satisfied that Australia Post follows a detailed search process which may include a review of tracking information, a search of the undeliverable items database, a physical search at the Delivery Centre and the interviewing of delivery staff and contractors. We resolve these complaints by providing details of Australia Post’s search process and procedure and assurance that the matter was treated seriously.
- 5.21. We have on several occasions suggested that Australia Post should publish detail about the steps taken as part of the search activity to provide customers with information about what they can expect from Australia Post. We believe this simple step will help customers understand the extent and robustness of the search process and engender a degree of confidence that appropriate steps were taken to locate their item.

### Recommendation 2

Australia Post should:

- publish information which outlines the steps it follows when conducting a search for an item and provide the information to customers at the commencement of an investigation
- review its quality assurance process to ensure that advice provided by enquiry and complaint staff is accurate and consistent.

## Conclusions about carding

- 5.22. Australia Post has taken carding issues seriously and has developed strategies, training and services aimed at reducing the incidence of carding problems. The decision by the Board of Australia Post to make the reduction of carding incidences a key performance indicator and the resultant creation of the PDET program to identify improvement opportunities, has contributed to a reduction in the incidence of carding from 15.2 per cent in 2016 to 10.7 per cent in 2017.
- 5.23. Despite the overall improvements to the carding process, the issues identified in the 2008 report continue to be a source of complaints to our Office. While Australia Post has the capability to address most customer concerns through its enquiry and complaint process, its dispute resolution process continues to result in complainants seeking assistance from our Office to resolve disputes. This is discussed in more detail in Part 8 of this report.

## Part 6: SAFE DROP

- 6.1. In September 2008, in response to customer feedback regarding the practice of carding Australia Post introduced its ‘Safe Drop’ program. A ‘Safe Drop’<sup>31</sup> is a delivery service automatically provided to Australia Post customers for non-signature parcels. Under certain conditions, if delivery has been attempted and no

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<sup>31</sup> Section 6.6.6 General Procedures Manual—Retail.

one is home, the parcel may be left in a safe place. The Australia Post website states that ‘A Safe Drop is when our delivery person finds a suitable place at the delivery address where they can safely leave your parcel if it doesn’t fit in your mailbox or if you’re not home to receive it’.

**Case study 3: Safe Drop not safe**

After reading the report published by the Postal Industry Ombudsman organisation in relation to ‘Safe Drop’ it is clearly identified in the document on page 3 of 9 ‘Australia Post advised that: it expects delivery people to keep to the conditions that parcels are only to be left where they are not in view’ ... This is clearly not adhered to after 6 years from the report being published.

Complaint to the Ombudsman, 2016

6.2. In March 2010, our Office released the report *Australia Post: Safe Drop program: a review of the first year*. The complaints received at the time of the report included:

- the item was visible to passers-by
- an item was exposed to weather or pets
- complainants had previously requested no Safe Drop
- the complainant had an objection to Safe Drop in principle
- there was no evidence that a card was left to notify of the Safe Drop.

Although the report concluded that there were no significant or systemic problems arising from the implementation, we believed that further consideration could be given to staff training about what is a safe place for delivery and the requirement to leave a card, and ‘opt out’ options.

6.3. Complaints about delivery issues which include carding and Safe Drop continue to be a common reason for complaints to our Office. The issues raised in those complaints remain largely consistent with those examined in our 2010 report. The exception is the issue that no card was left to notify of the Safe Drop is no longer seen as a primary issue in our complaints. An issue not raised in our 2010 report regards disputed deliveries where customers disagreed with Australia Post’s assertion that a Safe Drop had taken place.

6.4. We asked Australia Post to provide information concerning recent and planned improvements to address the continuing Safe Drop issues raised in complaints. The response from Australia Post is included in Table 2.



**Table 2: Australia Post’s response to improvements aimed at reducing Safe Drop complaints**

| Implementation                         | Description   |
|--|---|
| Workshop and Training Materials        | <ul style="list-style-type: none"> <li>• Australia Post provided training throughout all Pick Up and Delivery facilities in preparation for merchant Safe Drop changes in April 2017.</li> <li>• Australia Post focused on ensuring all Parcel Delivery Officers were aware of the requirements for a successful Safe Drop, with particular attention to location suitability, attempt at delivery prior to deciding to leave, and leaving a notification card to advise of the Safe Drop.</li> </ul>   |
| Additional information recording       | <ul style="list-style-type: none"> <li>• In May 2015, Australia Post began to record when a Safe Drop occurred in the tracking information for a parcel.</li> <li>• Since November 2015, eligible customers can request a Safe Drop be made during certain periods of the parcels transit. Tracking scans can also show the sender (business customer) the reason behind a decision not to Safe Drop.</li> <li>• In June 2016, Australia Post began the practice of recording a photographic image of a Safe Drop.</li> <li>• In 2016, Australia Post introduced global positioning system (GPS) coordinate capture for contractor deliveries, and in 2017 enabled the addressee to view a photo of the Safe Drop through the online portal.</li> </ul> |
| Monitoring instances of non-compliance | <ul style="list-style-type: none"> <li>• Australia Post Delivery Managers received reports through the Customer Feedback Management System that includes feedback and data from surveys provided to customers who have received a delivery.</li> </ul>  |
| Interviews and improvement notices     | <ul style="list-style-type: none"> <li>• In the event of a delivery issue arising, the delivery manager will interview the Parcel Delivery Officers and review relevant evidence surrounding the delivery, such as an image of the Safe Drop location, scanning information, and GPS coordinates at the time of delivery.</li> <li>• A delivery manager may issue an improvement notice to the Parcel Delivery Officer if issues are identified.</li> </ul>   |
| Opting out of Safe Drop                | <ul style="list-style-type: none"> <li>• The ‘Smarter Notification—two way customer communications’ sends a text message to an addressee on the day of delivery and they can choose one of three options:                             <ul style="list-style-type: none"> <li>○ to have the parcel Safe Dropped</li> <li>○ to have the parcel taken to a nearby Post Office if they are not home</li> <li>○ to advise they will be at home to accept the parcel.</li> </ul> </li> <li>• This will also alert the Delivery Officer that a customer is at home which should reduce carding while at home issues.</li> <li>• There is no current capacity for a general opting out of Safe Drops.</li> </ul>  |

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- 6.5. Australia Post has implemented reforms to best notify customers of pending deliveries through mobile text messages and to allow the customer to then choose a delivery option to:
- receive the parcel directly
  - have the item left in a safe location, or
  - have the item available for collection at a Post Office.
- 6.6. In addition, addressees may now nominate a preference for Safe Drop via their MyPost account and may also nominate a Safe Drop location with additional delivery options including 24/7 Parcel Lockers and Parcel Collect for delivery to a nearby Post Office. Since 2016, eParcels do not require a Signature On Delivery if the sender provides an 'Authority to Leave'; scanners advise Delivery Officers when a Safe Drop is permitted, and addressees can request a Safe Drop while a parcel is in transit.
- 6.7. Australia Post advised that it recorded an increase in the number of 'Disputed Deliveries' between 2015–16 and 2016–17 which was in line with an increase in the number of Safe Drops. However, disputes are usually resolved as a result of parcels located at the customer's address, someone else at the address had possession of the parcel or the sender confirmed the parcel was incorrectly addressed.
- 6.8. Australia Post also advised only a small proportion of these matters lead to compensation.

### **Complaints about Safe Drop**

- 6.9. The most common complaints concerning Safe Drop are:
- The parcel was left in an inappropriate location that was visible to passers-by (including on the tops of letterboxes) or exposed to weather and pets.
  - The parcel was missing and the sender refused to engage in the complaint process as tracking advised that the parcel was delivered.
  - Other delivery disputes included unsuccessful Safe Drops to apartments, 'Signature On delivery' parcels Safe Dropped in error and the customer was at home at time of delivery.
- 6.10. More than half of all who approached our Office expressed dissatisfaction not only with the Safe Drop experience but also with the way Australia Post dealt with their complaint. Australia Post commonly resolved these disputes by providing a photo of the Safe Drop location taken at the time of delivery, or by the Delivery Managers inspection of individual delivery locations, confirming the delivery met Safe Drop requirements.
- 6.11. Some complainants misunderstood the Safe Drop conditions and complained they had not given permission for parcels to be Safe Dropped or wanted parcels Safe Dropped including those that required 'Signature On Delivery'.

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- 6.12. We investigated approximately 30 per cent of approaches<sup>32</sup> received concerning Safe Drop. Each approach was resolved as a result of the investigation process when Australia Post:
- provided a more detailed explanation to the complainant
  - reviewed images of the Safe Drop location provided by the Delivery Officer or complainant
  - visited the delivery address to inspect the Safe Drop location
  - checked the GPS tracking record
  - made further enquiries with the Delivery Centre Manager
  - apologised to the complainant, and/or
  - made an offer of compensation.
- 6.13. Compensation was offered in the majority of these cases. Many of these disputes may have been avoided if Australia Post provided appropriate information at the enquiry stage to help set customer expectation.
- 6.14. One common complaint was that an enquiry about an undelivered item was closed by Australia Post without due consideration of photos or CCTV footage provided by the customer. Instead, Australia Post relied on its officer's confirmation that the item was delivered in accordance with Safe Drop requirements. The complaints were subsequently resolved when following our involvement, Australia Post reviewed the evidence provided and acknowledged the error.
- 6.15. We identified over 30 recent complaints<sup>33</sup> where Australia Post assessed information which it had available to it but failed to appropriately consider prior to our involvement. In the majority of these complaints, as a result of our intervention, Australia Post acknowledged that the Safe Drop was incorrect or inappropriate, and the customer was compensated.
- 6.16. Many of the complaints we investigated could have been resolved by Australia Post at the enquiry stage and also at the complaint stage without the need for it to escalate to our Office.

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<sup>32</sup> The other Safe Drop complaints were not investigated because they had not been raised with Australia Post, were being dealt with by Australia Post, were not pursued by the complainant or because Australia Post had made a fair offer to resolve the matter.

<sup>33</sup> July to December 2016.

### Recommendation 3

Australia Post should:

- provide enquiry and complaints staff with a standardised check list of relevant steps to follow in the investigation process including evidence that should be considered before finalisation
- publish externally a policy concerning the steps taken and evidence considered as part of the investigation process and make this available to customers at the initial enquiry stage
- monitor staff performance to ensure compliance with this policy.

## Conclusions about Safe Drop

- 6.17. It is clear that Australia Post's Safe Drop program has become an important part of the delivery process and has been an effective part of the reduction of carding issues. Australia Post has developed strategies, training and services aimed at improving the Safe Drop service and it appears that these improvements over time will likely continue to reduce enquiries and disputes.
- 6.18. It is the way Australia Post managed complaints about Safe Drop issues particularly in regard to its interaction with complainants that remain an ongoing concern for our Office. Improvements would mitigate the number of complaints that Australia Post receives as well as improve client satisfaction. This would also have the added benefit of reducing the number of complaints to our Office. We have covered this matter in more detail in Part 8 of this report.

## Part 7: COMPENSATION

### Case study 4: No compensation

Despite providing Australia Post with CCTV footage showing his parcel was incorrectly Safe Dropped and later stolen, Australia Post refused his claim for compensation saying the item was left in a position which could not be observed from the street. He forwarded a photo of the front of his property and stated the size of the parcel would make it impossible for the view of the parcel to be obscured but Australia Post denied liability and the customer approached our Office. As a result of the investigation, Australia Post provided full compensation, apologised, marked his property as not suitable for future Safe Drop delivery and provided advice about suitable alternatives to avoid inconvenience.

Complaint to the Ombudsman, 2016

- 7.1. In the event that an item is lost or damaged Australia Post may pay compensation to the entitled party in accordance with the terms and conditions of the service used. The levels of compensation vary depending on the service used; for instance, Australia Post may at its discretion pay the entitled party up to \$50 for regular domestic and international parcels while for other items a discretionary compensation of up to \$100 is payable. Customers may also choose to purchase

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Extra Cover to cover the specified value of an item (up to \$5,000) if it is lost or damaged while being carried by Australia Post.<sup>34</sup>

- 7.2. The *Australian Postal Corporation Act 1989* provides Australia Post with immunity from certain actions relating to the carriage of a letter or other article by means of the letter service. The Board of Australia Post determines the Terms and Conditions which incorporates a compensation scheme relating to loss or damage to articles. We accept that in a competitive commercial environment, Australia Post has the right to set levels of compensation. For this reason this review did not further consider the appropriateness of the level of compensation offered in the terms and conditions.
- 7.3. However, it is important to point out that Australia Post’s \$50–\$100 compensation levels are low in comparison with compensation levels paid by postal authorities in other Commonwealth countries (see Table 3). It is acknowledged that international postal authorities do operate under different service frameworks and regulations, however in our view it is still useful to make international compensation comparisons. A table outlining more detail of compensation levels offered by these postal authorities is at Appendix 2.

**Table 3: Australia Post’s compensation levels compared with other Commonwealth postal authorities<sup>35</sup>**

| Product          | Lower range     | Upper range    | Extra cover       |
|------------------|-----------------|----------------|-------------------|
| Australia Post   | Up to \$50      | Up to \$100    | Up to \$5,000     |
| New Zealand Post | Up to NZD \$250 |                | Up to NZD \$2,000 |
| Royal Mail (UK)  | Up to GBP £20   | Up to GBP £500 | Up to GBP £2,500  |
| Canada Post      | Up to CAD\$ 100 |                | Up to CAD \$5,000 |

- 7.4. In deciding if compensation is payable, Australia Post relies on its General Terms and Conditions which contain 29 separate schedules covering correct addressing standards through to international delivery services. There are also separate Terms and Conditions for other Australia Post products and services like MyPost, Post Billpay and its recently introduced Shipster service.
- 7.5. Australia Post advises customers that they should check the terms and conditions before purchasing a product or service. Some common misunderstandings we observe in complaints relating to Australia Post’s terms and conditions include:
- Prohibited goods—some items should not be posted or are prohibited from carriage, many of which are obvious i.e. offensive material, some poisons and drugs, perishable foods and live creatures, bank notes and coins, etc. It is not uncommon however for people to include cash in birthday and other greeting cards. Lost items which include cash often lead to complaints to our Office

<sup>34</sup> Terms and conditions for Australia Post’s Extra Cover service are set out in [Australia Post General Terms and Conditions](#), Schedule 1.

<sup>35</sup> Comparison indicative only due to variations in service obligation and products.

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when Australia Post advises that compensation for lost cash, which is outside its compensation scheme.

- No liability for indirect losses—there is a common misconception that Australia Post is responsible to cover all costs incurred as a result of a service failure. Customers who did not receive a utility bill or licence renewal in the post, and who later incur a cost to restore that service, complain to our Office when compensation is not payable for the indirect loss.
- Compensation amounts are often discretionary—where an article has been lost or damaged in the course of carriage,<sup>36</sup> Australia Post may at its discretion elect to replace or repair the article or pay the claimant an amount equal to the replacement value, the cost of repair or up to the sum of \$50, whichever is the lesser.

7.6. Customers also misunderstand the differing claim requirements for a sender and an addressee. For lost articles the sender must lodge the compensation claim. The sender must apply for compensation when mail is lost as the contract for Australia Post's mail service is with the sender. However, the sender can assign their right to apply for compensation to the addressee for mail delivery within Australia. There are also some financial options which do not involve Australia Post which are available to the addressee to seek recourse for a lost item purchased online, for example a refund via PayPal or a reverse of the financial transaction.

7.7. The addressee is able to lodge a compensation claim for a damaged article carried within Australia. However, the addressee can assign their right to apply for compensation to the sender for mail delivery within Australia. An item that is damaged must first be taken to a corporate postal outlet for a damage report to be completed. This assessment in particular examines whether the article has been adequately packaged according to Australia Post's Terms and Conditions.<sup>37</sup> Australia Post provides packaging tips to assist a customer on how to pack particular items and set particular packaging requirements.<sup>38</sup>

7.8. When determining claims for compensation, Australia Post staff<sup>39</sup> consider:

- the value of the parcel's content
- the product or service used
- whether the entitled party is making the claim
- whether the investigation has confirmed loss or damage, and
- any relevant special circumstances/considerations

7.9. Australia Post Terms and Conditions exclude the following items from the discretionary compensation scheme:<sup>40</sup>

- where proof of postage and the value of the parcel contents are not provided

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<sup>36</sup> Exclusions and Limitations apply—clauses 68, 69 and 74.

<sup>37</sup> [Terms and Conditions, Appendix 3 – Packaging Requirements](#), Australia Post.

<sup>38</sup> [Domestic Parcels Guide](#), Australia Post, January 2015.

<sup>39</sup> Australia Post (internal) Knowledge Article—Applying compensation.

<sup>40</sup> Australia Post Terms and Conditions.

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- containing bank notes, bullion, coins or similar items
- containing jewellery—unless Extra Cover is purchased
- containing dangerous or prohibited goods
- not adequately packed
- that are not damaged or where the damage was not caused by Australia Post.

7.10. Our February 2010 report *Determining levels of compensation for loss or damage of postal items* was about levels of compensation for lost or damaged letters and parcels. Although the focus of the report was on the level of compensation offered in Australia Post’s Terms and Conditions, we have focused this review on current complaint issues about consistency in compensation decision, inadequate compensation, delays and inconsistent advice and complaint-handling.

7.11. We asked Australia Post to provide information concerning any changes it had made to how it responds to requests for compensation. Table 4 below outlines some of these changes:

**Table 4: Australia Post’s response regarding changes to compensation assessment**

| Implementation                    | Description   |
|-----------------------------------|---|
| Communications management systems | <ul style="list-style-type: none"> <li>• In late 2014, Australia Post introduced the Communications Management System to assist Customer Contact Centre staff review a customer’s previous interactions with Australia Post.</li> <li>• This system improved its reporting on common issues, allowing Australia Post to identify improvement opportunities for service delivery and reduce the occurrence of events leading to compensation claims.</li> </ul>  |
| Documentation requirements        | <ul style="list-style-type: none"> <li>• Australia Post has removed the requirement for customers to provide documentation (such as proof of postage and proof of value) for compensation claims under \$250.</li> <li>• Australia Post staff can access an internal receipt system in order to locate transactions.</li> </ul>   |
| Scan readings                     | <ul style="list-style-type: none"> <li>• Australia Post has improved the visibility of articles as they are moved throughout the delivery network. Australia Post has advised that in many cases, investigations can be performed with scan readings only, which allows for compensation to be provided more efficiently.</li> <li>• Australia Post believes that this improved visibility of readings also allows it to decide whether further investigation is needed and provides fairer and more transparent outcomes as it can assist with identifying whether Australia Post may have been at fault.</li> </ul> |
| Frontline training                | <ul style="list-style-type: none"> <li>• In 2013, Australia Post removed the restriction that compensation could only be processed by a dedicated back office team.</li> <li>• Australia Post has recently retrained frontline agents on how to apply compensation, and the reasons behind its rules of application.</li> </ul>   |

7.12. Australia Post also advised that:

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- It had previously reviewed its compensation process and payments and identified a significant variance in the offers of compensation as well as cases where compensation had been offered before parcels were actually deemed 'lost'. As a result, compensation decisions were restricted to a nominated head office personnel. However, since 2017 Australia Post staff have received further training in the 'how' and 'why' of compensation, and have been provided with improved process documentation to assist them to quickly apply compensation during a customer's first interaction, where appropriate.
- Its Customer Contact Centre processes claims for compensation for finalised investigations. This does not include cases classified as Feedback or General Enquiry.
- It recorded a decrease in the average compensation amounts paid even though claims had increased. This is significant as this reduction has occurred at a time when parcel delivery rates have increased and carding has decreased.
- Discretionary (good will) compensation can be awarded if there is evidence that Australia Post contributed to the loss or damage of a parcel entered into its mail system.<sup>41</sup>

7.13. Australia Post also advised our Office that it will consider the compensation process as part of its PDETP review with a focus on simplifying the process, ensuring consistent application and reducing the time for a compensation claim to be finalised.

### Complaints about compensation

#### ***Case study 5: No compensation***

I'm sick of being passed around and can't be expected to just sit back and accept that I can have an item stolen through no fault of my own and receive no compensation.

Complaint to the Ombudsman, 2016

7.14. A complaint to our Office about a lost, delayed or damaged item invariably includes compensation as the outcome sought by the complainant. Compensation is not usually the original reason the customer enquired or complained to Australia Post. They generally wanted the item delivered as expected and failing that, seek compensation for the loss or damage.

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<sup>41</sup> Australia Post (internal) Knowledge Article—Applying compensation.



**Table 5: Nature of complaints about compensation**

| Outcome initially sought  | Issue leading to a compensation claim  | Complaints about compensation   |
|---|--|---|
| <ul style="list-style-type: none"> <li>• The item to be located.</li> <li>• An explanation about what went wrong and what steps had been taken to find the parcel.</li> <li>• Correct and consistent advice.</li> <li>• Compensation for the full replacement value of the parcel content and postage fees.</li> <li>• A replacement product.</li> <li>• An apology.</li> </ul> | <ul style="list-style-type: none"> <li>• Parcel lost or damaged in transit.</li> <li>• Parcel delivered to the wrong address or signed for by a person not known to the addressee.</li> <li>• Sender refusing to provide a replacement product because Australia Post’s tracking system showed the parcel as delivered.</li> <li>• Safe Drop/carding issues where the parcel cannot be located.</li> </ul> | <ul style="list-style-type: none"> <li>• Australia Post offered an unreasonable amount of compensation.</li> <li>• Australia Post denied liability for misdelivered items on the basis of a statement from the Parcel Delivery Officer without investigating the claim.</li> <li>• Their complaint was closed without consultation or notification.</li> <li>• They experienced unreasonable delays in the payment of compensation or the action of an undertaking made by Australia Post.</li> <li>• They were provided with inadequate or inconsistent advice.</li> </ul> |

7.15. Loss, delay and other delivery issue complaints leading to compensation were again prevalent in 2016–17.

7.16. We analysed compensation related complaints received by our Office over a six month period<sup>42</sup> in which we identified 671 complaints relating to claims for compensation.

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<sup>42</sup> 1 July to 31 December 2016.

**Table 6: Compensation complaints received—original issue investigated**

| Issue                 | Count      | %           | Investigated | %          |
|-----------------------|------------|-------------|--------------|------------|
| Item lost             | 327        | 49%         | 74           | 23%        |
| Safe Drop             | 91         | 13.5%       | 47           | 52%        |
| Damage                | 71         | 11%         | 11           | 15%        |
| Delay                 | 68         | 10%         | 2            | 3%         |
| Signature On Delivery | 30         | 4%          | 13           | 43%        |
| Carding               | 26         | 4%          | 14           | 54%        |
| All other             | 58         | 8.5%        | 19           | 33%        |
| <b>Total</b>          | <b>671</b> | <b>100%</b> | <b>180</b>   | <b>27%</b> |

7.17. In deciding whether to investigate a complaint, we considered a number of factors including the relevant legislation, Australia Post’s Terms and Conditions, its policies and procedures, the actions taken by the customer to resolve the matter and Australia Post’s response to the customer.

7.18. We generally decide not to investigate when:

- from the information provided by the customer, we were satisfied with Australia Post’s response to the complaint including the making of a fair offer
- the complainant was not eligible to receive compensation (e.g. for consequential/indirect loss)
- the complainant withdrew their complaint or failed to respond to our requests for information. This can be the result of the lost or delayed item being located or as a result of further action by Australia Post to resolve the matter, or
- the complainant failed to lodge a complaint with Australia Post or did not allow Australia Post sufficient time to resolve the complaint.

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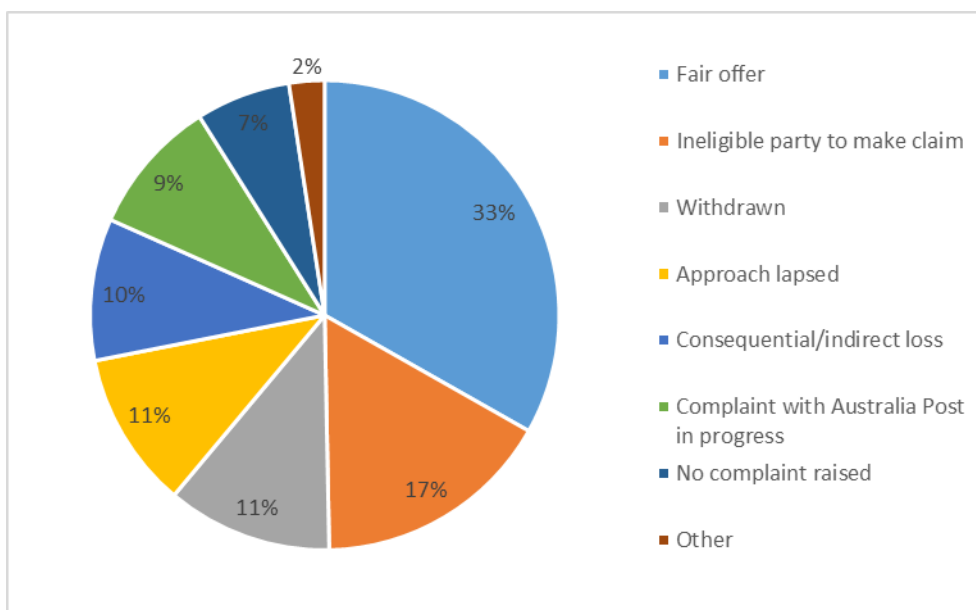


Figure 3: Compensation complaints not investigated

- 7.19. One area of concern for our Office is the perceived lack of consistency in decision making concerning compensation. Although guides and training are provided for staff, the decision is discretionary and appears to be applied subjectively. For complainants with similar circumstances, some are fully compensated, some partially and others receive no compensation at all. From our experience, staff appear to take a defensive position rather than explore a practical outcome.
- 7.20. Customers who contact our Office express their dissatisfaction of having to approach Australia Post several times to resolve a dispute. In our view, given the level of compensation on offer, it is likely that the amount of compensation initially refused is significantly outweighed by the cost of defending a decision not to compensate. This issue is further compounded when a fee for investigation by our Office is added to the cost incurred by Australia Post.
- 7.21. In around 80 per cent of investigated complaints, the complainant received compensation and over half of those received the full compensation sought. The majority sought compensation below the \$50 limit.<sup>43</sup> When added together, Australia Post had offered this group of complainants around \$5,500 in compensation, but following our investigation the cumulative cost to Australia Post was in excess of \$20,000.
- 7.22. Not every investigation resulted in the payment of compensation. In approximately 20 per cent of cases we investigated, we found that Australia Post's offer was fair and reasonable in the circumstances.

<sup>43</sup> As set out in Australia Post's Terms and Conditions.

## Conclusions about compensation

'I'm not so much interested in compensation now as I am concerned about how my complaint has been handled.'

Complaint to the Ombudsman about complaint-handling, 2016

'For all we know, your parcel could have contained rocks.'

Comment made by Australia Post as reported to our Office in complaint about complaint-handling, 2016

7.23. Australia Post has developed strategies, training and services aimed at improving its first time delivery which can positively affect the number of compensation claims. However, Australia Post advised our Office that:

- Over the last two years it had recorded a small increase in the number of complaints that resulted in compensation payments.
- Since 2014–15, the average compensation payment amount had decreased and it considers this is a result of the work it has undertaken to improve its products and services.
- The volume of transactions was growing at a greater rate than complaint numbers.

7.24. We continue to receive a steady number of complaints about Australia Post's handling of compensation claims, which regularly include a grievance concerning the way the complaint was managed. We do not suggest that all those who complain should be compensated however, when four out of every five cases we investigated received appropriate compensation after our involvement, it is clear that the internal complaint-handling process is not effective in resolving these disputes.

7.25. Many of the complaints we investigated could have been resolved by Australia Post at the enquiry stage and also at the complaint stage without the need for it to escalate to our Office.

### Recommendation 4

4.1. Australia Post should review its enquiries and complaints concerning compensation to:

- identify claims which should generally be compensated without the need for the customer to make repeated contacts to access reasonable compensation
- use this information to improve consistency in decision making and resolve compensation matters early
- improve the quality and consistency of advice provided to customers, and
- determine if the current levels of compensation offered formed a significant factor in disputes about the amount of compensation offered in settlement of a dispute.

4.2. Australia Post should provide further guidance to all staff responsible for considering compensation claims to ensure appropriate procedures are followed and all available information is considered before making a decision.

4.3. Australia Post should review its quality assurance process to ensure consistency in decision making.

## Part 8: COMPLAINT-HANDLING

‘I was told ... that my complaint was not a complaint, it was feedback and that feedback will be entered into the system and the case closed. Although I asked for follow up, they dismissed my complaint without explanation and the matter was closed.’

Complaint to the Ombudsman, 2016

### Making a complaint

- 8.1. Australia Post’s internal policy regarding complaints<sup>44</sup> includes a definition of a complaint based on the Australia Standard OSO 10002-2006.<sup>45</sup>

An expression of dissatisfaction made to an organisation, related to its products, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.

- 8.2. The Commonwealth Ombudsman Better Practice Guide to Complaint-Handling<sup>46</sup> provides the following guidance regarding the value of complaints:

Complaint-handling can be effective in resolving a problem before it becomes worse, providing a remedy to a client who has suffered disadvantage and nurturing good relations between government agencies and the public. Complaints also provide agencies with information about program weaknesses and service delivery faults. Good administration involves regular review of existing programs and the lessons learnt from complaints can feed into that process.

- 8.3. The Guide describes five elements of effective complaint-handling that we apply when considering Australia Post’s complaint handling:

- **Culture**—Agencies must value complaints as a means of strengthening their administration and improving their relations with the public.
- **Principles**—An effective complaint-handling system must be modelled on the principles of fairness, accessibility, responsiveness, efficiency and integration.
- **People**—Complaint-handling staff must be skilled and professional.
- **Process**—The seven stages of complaint-handling—acknowledgment, assessment, planning, investigation, response, review, and consideration of systemic issues—should be clearly outlined.
- **Analysis**—Information about complaints should be examined as part of a continuous process of organisational review and improvement.

<sup>44</sup> Group Customer Complaints and Disputes Handling Policy—1 July 2016.

<sup>45</sup> AS ISO 10002-2006 Customer satisfaction—*Guidelines for complaints handling in organisations*.

<sup>46</sup> [Better Practice Guide to Complaint-Handling](#), Commonwealth Ombudsman, April 2009.

## Complaining to Australia Post

- 8.4. Australia Post informs its customers they can complain online, by phone and by mail. It also invites contact via Twitter and Facebook and offers a translation and interpreting service. It has a ‘24/7 Team’ dealing with complaints made online or via social media.
- 8.5. Australia Post’s website contains helpful information in the form of frequently asked questions (FAQs) to assist its customers to self-help and find information without having to make an enquiry.<sup>47</sup> The same page also provides links to lodge an online enquiry, contact details for those who prefer to use the phone, and a ‘send us a complaint or compliment’ link.<sup>48</sup>

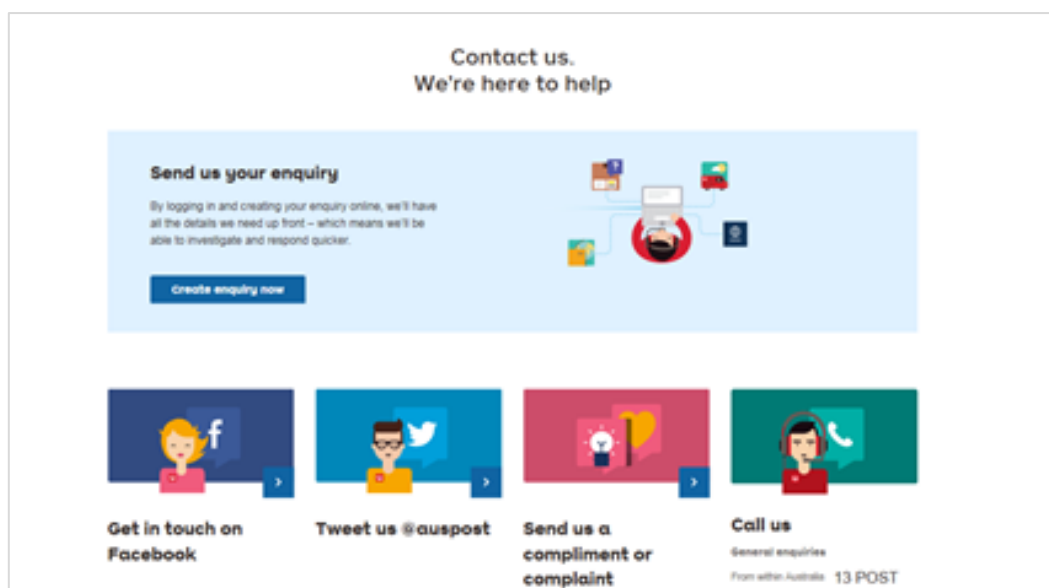


Figure 4: Australia Post website—Help and support

- 8.6. The link delivers the customer to an enquiry page; the ‘change’ option links to another enquiry page, but neither page offers the complaint or compliment option.

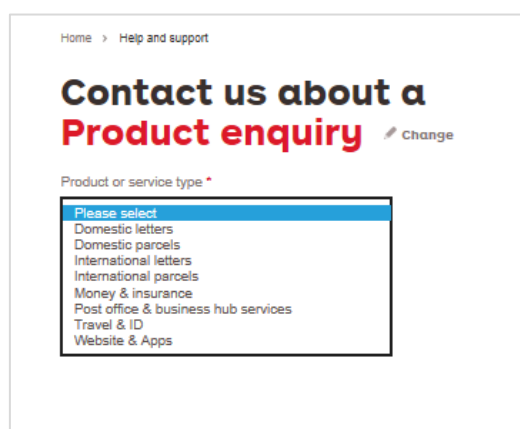


Figure 5: Australia Post complaint or compliment link

<sup>47</sup> [Frequently Asked Questions](#), Australia Post.

<sup>48</sup> [Contact us about a Product enquiry](#), Australia Post.

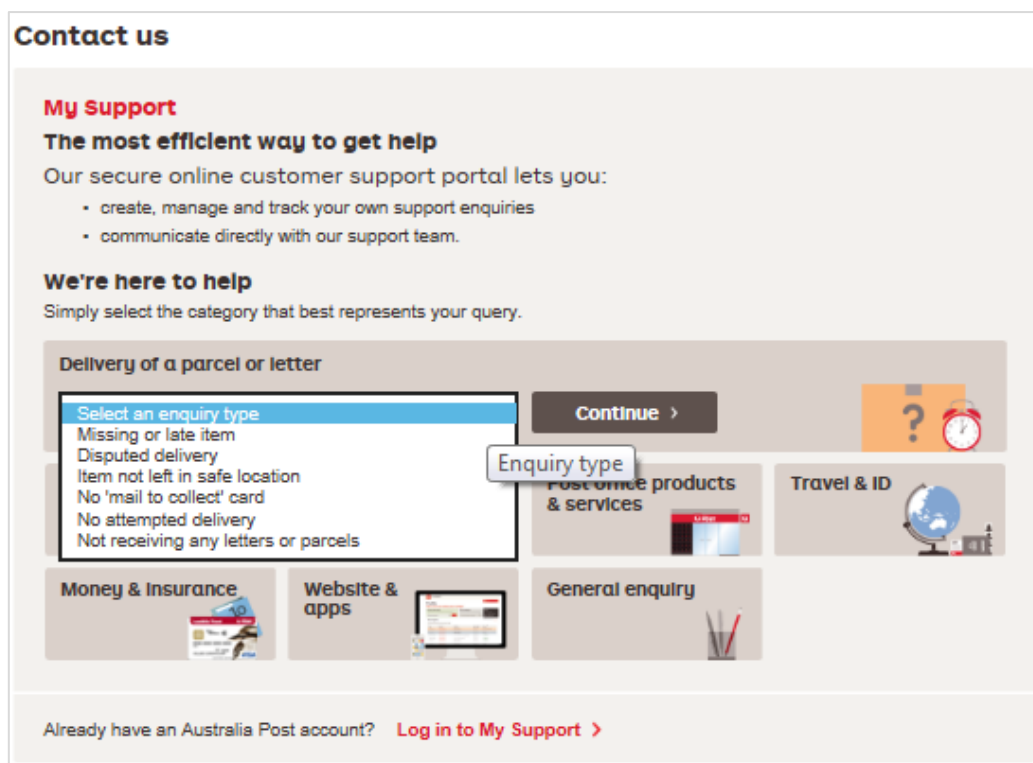


Figure 6: Australia Post complaint or compliment link on selection of 'change'

- 8.7. Customers are required to establish a MyPost account or an Australia Post account in order to lodge an online enquiry and eventually a complaint. In our view Australia Post could improve accessibility to its complaints system to make it more straight forward for its customers to lodge a complaint.

## Complaint numbers

- 8.8. Australia Post reported that it received 1.1 million complaints in 2016–17, an increase of 15.8 per cent on the previous year.<sup>49</sup> To our knowledge, this is the first time Australia Post has published complaint numbers and we commend them for doing so. However the report does not provide detail concerning the outcome of those complaints or if the customer was satisfied with the outcome.
- 8.9. Australia Post's 2017 Annual Report shows that in 2016–17 it:
- delivered 3.6 billion postal items to 11.7 million delivery points and 98.7 per cent of letters were delivered on time or early
  - experienced an 8 per cent increase in its parcel volumes
  - had 241 million visits to across its 4,379 retail outlets and 230 million digital visits, and
  - engaged over 50,000 employees, licensees and contractors.

<sup>49</sup> *Part of Tomorrow: Annual Report 2017*, Australia Post, October 2017, page 23.

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- 8.10. In 2016–17 we received 4,107 complaints concerning Australia Post. While this number seems small when compared to Australia Post’s 1.1 million complaints (0.4 per cent), we are mindful that behind every complaint stands a frustrated customer who has to deal with the consequences of an unresolved dispute.

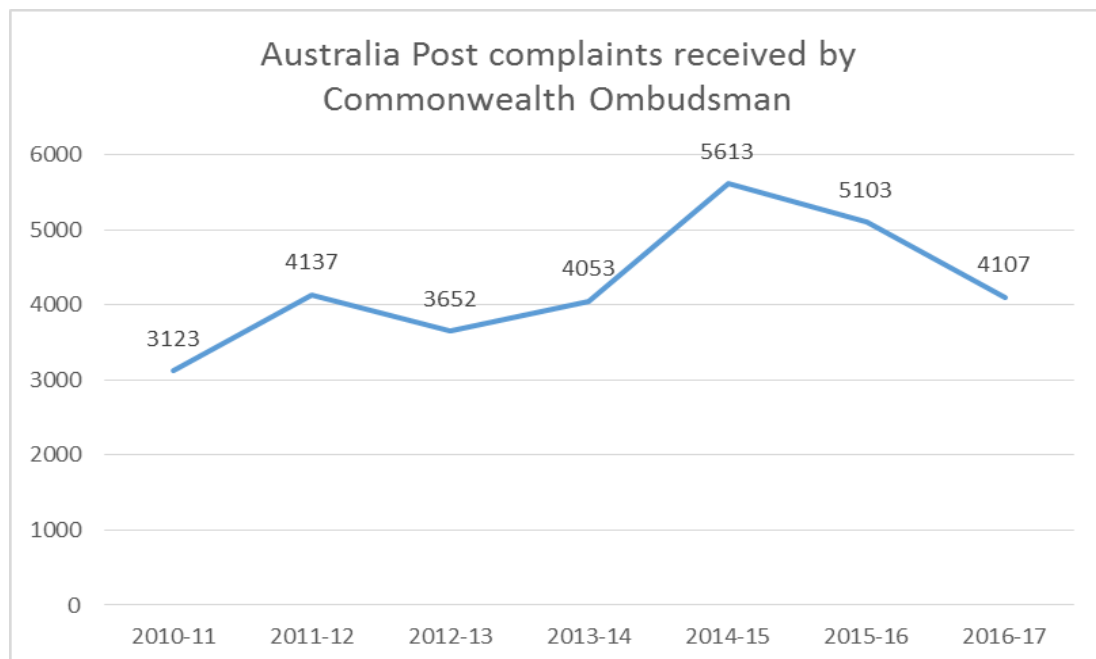


Figure 7: Australia Post complaints received by the Commonwealth Ombudsman from 2010–2017

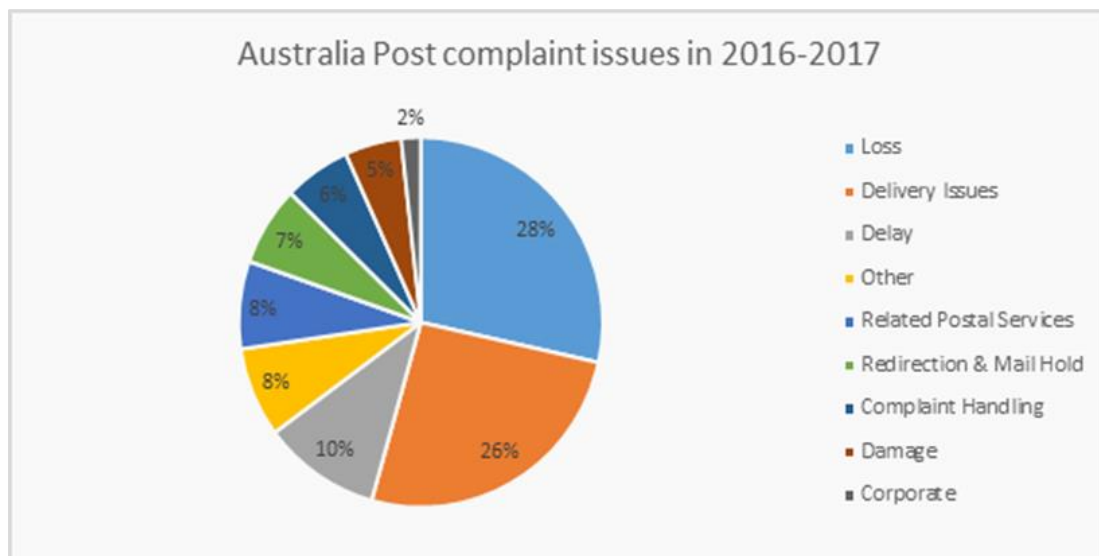


Figure 8: Australia Post complaint issues received by the Commonwealth Ombudsman

### Comparison with Royal Mail

- 8.11. When compared to Royal Mail in the United Kingdom, Australia Post’s complaints per 100,000 deliveries are considerably higher. Australia Post customer complaint issues are not uniquely an Australian experience. Postal Ombudsman services in the United Kingdom recorded similar issues to those raised with our Office. It is



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acknowledged that Royal Mail operates under different service frameworks and regulations, however in our view it is still useful to make a complaint comparison.

**Table 7: Comparison of Australia Post’s delivery and complaint statistics compared with Royal Mail UK<sup>50</sup>**

| Postal service           | Deliveries   | Addresses     | Complaint numbers <sup>51</sup><br>(Postal service) | Per 100k deliveries | Ombudsman service      | Dispute numbers<br>(Ombudsman) |
|--------------------------|--------------|---------------|---|---------------------|------------------------|--------------------------------|
| Australia Post           | 3.6 billion  | 11.7 million  | 1.1 million   | 31                  | Cmwltth Ombudsman      | 4,107                          |
| Royal Mail <sup>52</sup> | 12.2 billion | Not available | 1.4 million   | 11.5                | Postal Redress Service | 298                            |

- 8.12. Like Australia Post, Royal Mail also retains exclusivity of mail services. Royal Mail, which was fully privatised in October 2015, retains a Universal Service Obligation to provide postal products and associated minimum service standards that must be available to all addresses in the United Kingdom.<sup>53</sup>
- 8.13. New Zealand’s postal market was deregulated in April 1998 removing New Zealand Post’s monopoly on delivery of the standard letters. However, the Government requires New Zealand Post Limited to meet Universal Service Obligations in respect of basic postal items.<sup>54</sup> New Zealand Post do not publish complaint information suitable for comparison.

### Australia Post’s management of complaints

- 8.14. In 2016–17 Australia Post conducted a root cause analysis of complaints which identified the need for improved training for complaint-handlers. A customer feedback management system was introduced along with tools to assist staff to better resolve complaints. It also introduced a new executive role of Group Chief Customer Officer with accountability for creating the experiences customers love and advocating for the customer across the enterprise.<sup>55</sup>
- 8.15. Australia Post reflected that growing customer expectations for faster deliveries and faster responses to enquiries, extended to the expectation of quicker responses

<sup>50</sup> NOTE: Indicative only as 2017 data was not available for other Commonwealth postal operators at the time of the report and Australia Post complaints data was not available for these earlier years

<sup>51</sup> We acknowledge that the definition of what is a ‘complaint’ may vary between postal authorities.

<sup>52</sup> Royal Mail Annual Report 2015-16 (476,000 complaints), Royal Mail Annual Consumer Complaints & Compensation Scheme Reports 2016–17 (947,000 complaints), Ofcom Annual monitoring update on the postal market 2015–16. Royal Mail Group complaints during this period related to both letters and parcels.

<sup>53</sup> [Universal Service Obligation](#), Royal Mail Group.

<sup>54</sup> [www.nzpost.co.nz/about-us/postal-legislation/deed-of-understanding](http://www.nzpost.co.nz/about-us/postal-legislation/deed-of-understanding).

<sup>55</sup> [Group Chief Customer Officer](#), Australia Post.

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to complaints. It noted that complaint volumes are influenced by the increased means by which customers can contact Australia Post.

- 8.16. Australia Post advises that complaints and enquiries are resolved faster due to technology improvements in relation to the scanning and tracking of parcels. If scanning does not locate a parcel within 10 days of expected delivery, it may be deemed lost in transit and compensation considered.
- 8.17. Developments in technology have also increased customer expectations with some contacting Australia Post within delivery time frames when online enquiry (tracking) systems would likely address these issues.
- 8.18. Despite these improvements, Australia Post reported in 2016–17 an increase in complaints of 15.8 per cent on the previous year. In response to our enquiries, Australia Post stated that the increase should be viewed in the context of a significant increase in parcel volumes through its networks as well as an increase in available communication methods for customers.

### Contacts

- 8.19. As a general principle, Australia Post aims to resolve all enquiries at first point of contact. A reference number is provided which enables the consumer to follow the progress of their enquiry.
- 8.20. Complaints and enquiries are first received at the Customer Contact Centres (CCC) where front line staff each handle about 70 calls per day. These staff are responsible for resolving issues at this first point of contact or to escalate the matter to more senior staff and specialist teams. The CCC includes a team that reviews calls and conducts quality assurance and a Workforce Management Team that prepares monthly schedules for staff on trends and other 'hot topics'.
- 8.21. If an enquiry becomes a complaint, Australia Post aims to resolve it within 10 business days. Unresolved complaints may then be escalated to a manager.
- 8.22. Australia Post advised our Office that it defines contacts to the CCC as:
  - **General enquiries**—where information is provided e.g. tracking, postage fees and Post Office operating hours which represents the vast majority of contacts
  - **Feedback**<sup>56</sup>—where information is provided for action but no contact or follow up is required, such as first time complaints about letter delivery, requests for parcel transfers between Post Offices, and staff compliments. Safe Drop enquiries are recorded as feedback and forwarded to the Delivery Centre Manager to resolve, and

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<sup>56</sup> Australia Post does not appear to publish a definition for Feedback however Australia Standard OSO 10002-2006 defines it as *Opinions, comments and expressions of interest in the products or the complaints handling process.*

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- **Investigations**—where investigation and contact with Australia Post and the customer is required, for example, missing parcel complaints.

8.23. It clarified the classification with the following examples:

- A contact about a tracking matter which is still within a delivery timeframe is classified as a **general enquiry**.
- A request that a parcel be transferred between two locations is classified as an investigation because steps need to be taken to enable the transfer.
- A contact relating to an overdue parcel or missing items which may still be treated as within acceptable timeframes, are classified as an investigation but may be reclassified as a **complaint** depending on the outcome.

8.24. Australia Post records a contact as a complaint if the customer's claim is substantiated through investigation, at which stage the contact is reclassified from 'investigation' to 'complaint'. Contacts regarding staff behaviour are also classified as a complaint. Australia Post noted that the majority of cases which escalated from enquiry to complaint cases could have been handled at the initial contact level, for example by providing a better explanation, apology or discretionary compensation.

8.25. Australia Post also has two teams of complaint-handlers who deal with non-standard and higher level complaints. In late 2017 Australia Post conducted a restructure of its complaint teams with both teams now reporting to the National Resolutions Manager.

8.26. As the 'complaint' classification is not added until after an investigation has substantiated the dispute and then closed, it would seem likely that some complaints might easily remain classified as an investigation or reclassified as feedback. If there is no governance process which can verify whether the reclassification was warranted, the number of complaints received may actually be higher than reported.

8.27. This process appears to also dictate the way customers can complain to Australia Post. Complainants tell us that they find it difficult to navigate Australia Post's website in order to lodge a complaint having to first lodge an enquiry. Some consumers advised our Office they want to be able to lodge an online complaint quickly and easily and without the need to register and create an account. A number of complainants advised our Office that they were frustrated with Australia Post's service when it refused to accept their complaint as a genuine 'complaint' and instead insisted on calling the complaint an 'enquiry' or 'feedback'.

### Training and supervision of complaint-handlers and contact staff

8.28. Complaint-handlers have access to current fact sheets and procedural guides.<sup>57</sup> These documents reinforce the expectation that complaint-handlers must explain the action taken including searches undertaken, answer questions, offer resolutions, explain outcomes and generally provide as much information as possible to the complainant. New Call Centre staff undergo a six week induction

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<sup>57</sup> Group Customer Complaints and Disputes Handling Policy (2016).

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process consisting of training and phone coaching during which they are supported and monitored by Team Managers.

8.29. Team Managers and Quality Assessors regularly review customer contact records to assess staff performance to check that:

- the customer felt welcomed and valued
- their needs were understood, and
- they were provided with the best solution and were provided accurate and useful information.

There are also checks around data integrity, privacy and ethics.

8.30. The CCC provides a monthly report on complaint trends to the Executive Committee that indicates that missing items, delivery complaints and disputed deliveries attracted the most complaints. Although the percentage of complaints concerning delivery complaints and disputed deliveries (including Safe Drop) remained relatively static, complaints concerning missing items decreased significantly.

8.31. The dispute handling policy outlines an internal escalation process where a complaint cannot be resolved:

- where possible the complaint or feedback should be addressed at the first point of contact
- if it cannot be resolved, it must be escalated, or
- customers who remain dissatisfied can refer their matter to the Commonwealth Ombudsman. Customers are provided with a 'Right to Review' before lodging a complaint to the Ombudsman.

### **Complaints to the Commonwealth Ombudsman about Australia Post's handling of complaints**

8.32. As a general principle, we require Australia Post customers to have availed themselves of Australia Post's complaint-handling service before we will consider the complaint further. Given that Australia Post finalised 1.1 million complaints this way last year, this is the quickest and most effective way to resolve a dispute. However each year, over 30 per cent of the approaches we receive, are from customers who have not raised a formal complaint with Australia Post.

8.33. Many of these customers tell us that they believed, expressing their concerns and frustration to an enquiries officer on repeated occasions was the same as lodging a formal complaint and should have been escalated as such by Australia Post. They also tell us that they find it difficult to navigate Australia Post's website in order to lodge a complaint. Some said they believe that they should not be required to create an online account in order to lodge a complaint or make an enquiry.

**Recommendation 5**

To reduce complaints Australia Post should:

- simplify the method for customers to lodge an online complaint by providing a specific complaint and feedback option
- review online access to customers to allow them to quickly and easily lodge a complaint without the requirement for customers to create an account
- review the classification method for recording of complaints to ensure that complaints are appropriately recorded as complaints rather than investigations or feedback and are appropriately escalated
- ensure learnings from complaints are adequately captured to allow continuous improvement, and
- improve its management of enquiries and complaints to identify customers who have repeatedly contacted and enquired (all channels) on the same issue and escalate that matter as a complaint.

***Second chance transfer***

- 8.34. In 2013–14, we introduced the Second chance transfer program. The transfer process provided Australia Post and the customer another opportunity to resolve a dispute without the need for our further intervention. It also provided Australia Post the opportunity to identify and address root cause issues behind a complaint to our Office, and reduce complaint numbers.
- 8.35. We provided Australia Post with details of the unresolved dispute issues to enable it to determine what actions it could take to resolve the matter. Australia Post was given 10 business days to contact the consumer directly to resolve the dispute. Complainants were informed they could return to our Office if the matter remained unresolved. We did not receive information from Australia Post on the outcome or what action it took to resolve the dispute.
- 8.36. Between 2013 and 2016, we transferred 4,213 complaints via this process. Nine per cent of complainants returned to our Office at a later date with the matter still in dispute. We subsequently identified matters requiring investigation for more than one in every three of those returning complaints (see Table 8).

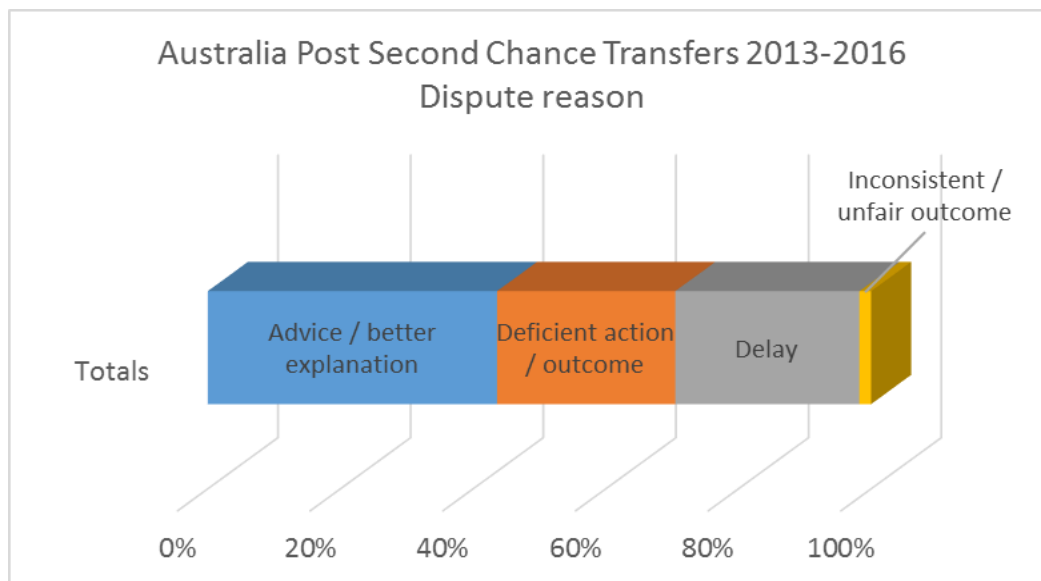


Figure 9: Dispute reasons in Second chance transfer cases 2013–2016

Table 8: Returning second chance transfer complaints

| Reason complainant returned post transfer  | Per cent | Investigated further |
|--|----------|----------------------|
| <b>Delay</b> – Australia Post was slow to act or respond.                                    | 12%      | 34%                  |
| <b>Agency contact</b> – Australia Post did not contact the complainant.                      | 23%      | 49%                  |
| <b>Outcome</b> – the complainant was not satisfied with Australia Post’s decision or action. | 61%      | 30%                  |
| <b>Other</b> – i.e. staff behaviour, failure to act as agreed.                               | 4%       | 33%                  |

8.37. Apart from unresolved disputes, returning complainants also complained about Australia Post’s management of the complaint. As a result, we investigated these matters to identify and address the issues while at the same time maintain the goal of earlier resolution of disputes.

8.38. After extensive consultation with Australia Post, from 1 July 2016, we replaced the transfer process with the ‘initial investigation’ process which involved Australia Post still aiming to resolve the dispute with the customer in 10 business days but now reporting back on the actions it took to resolve the dispute and the outcomes for the consumer.

**Common issues raised in complaints about complaint-handling**

8.39. Over the last three years, complaints about Australia Post’s handling of complaints represented almost 8 per cent of all complaints received. Common issues raised by complainants across all three issues of this review includes:

- delays or failures by Australia Post to contact the complainant
- closure of complaints without explanation, or inadequate explanation

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- complaints closed without consideration of information provided
  - complaints closed without a discussion on the complainant’s eligibility for compensation
  - inconsistency of information from multiple complaint-handlers, and
  - complaints categorised as enquiries or feedback and no action taken.
- 8.40. Some complaints arose simply as a result of the way a response was communicated or by the quality of the information provided. Inconsistent or emotive messages can cause the customer to question whether Australia Post staff considered the correct complaint and relevant facts and policies, and whether they are able to provide credible advice. For example, some complainants advised our Office that Australia Post responded to their complaint in language to the effect of a denial of wrongdoing.
- 8.41. Common issues in complaints to us are:
- no contact has been received from Australia Post after a complaint has been lodged
  - following initial contact acknowledging receipt of the complaint there was no further action or advice from Australia Post on the complaint, ranging from a few weeks to months, or
  - a promise to contact or finalise a complaint by a particular date has passed with no contact from Australia Post.
- 8.42. When we investigate, we forward our enquiries to the National Resolutions Team who reviews Australia Post’s actions and all available information, in order to respond. At the same time, this team will also contact the complainant and endeavour to resolve the dispute with the customer and avoid further delay.
- 8.43. This team demonstrates effective complaint management skills. We find many of the matters we forward are successfully resolved by this team and could easily have been resolved at the enquiry or complaint stage.
- 8.44. We regularly meet with Australia Post complaints staff to discuss common complaint issues and individual cases, but also provide regular feedback on possible improvements. While we find Australia Post responsive to our suggestions, we continue to observe the same root cause issues, namely delay, poor advice or no response, decisions taken without due consideration of the facts and failure to compensate where appropriate.

## **Conclusion about complaint-handling**

- 8.45. Australia Post advised our Office in 2016–17 it received 1.1 million complaints in the process of carrying out its business. The numbers suggest that on the whole Australia Post is performing well considering the size of the operation and the delivery network it must maintain. However the fact is that on over one million occasions, a customer was dissatisfied.

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- 8.46. Australia Post records a contact as a complaint only after the customer has been through its enquiry and investigation process. Complaints therefore represent those consumers who not only had cause to dispute the service matter, but also had to complain in order to get resolution.
- 8.47. During this same period our Office received 4,107 complaints about Australia Post, representing less than 1 per cent of Australia Post’s complaints. However, it is our view that many of these complaints should have been resolved by Australia Post at the enquiry or complaint level.
- 8.48. Australia Post’s escalation process is in place to try to resolve disputes in the first instance or as early as possible, and it also has a ‘right to review’. We see little evidence of the right to review being offered and if so, of the benefit of the review in resolving disputes.
- 8.49. It appears that our Office is providing the review step which should be delivered by Australia Post. If Australia Post actively encouraged the regular use of an independent internal review process mechanism as a further step after finalisation of a complaint, it would serve to:
- quickly identify process and performance issues in its complaint management process
  - identify capability issues and training needs
  - identify improvements in its management of enquiries and reduce the escalation to complaints
  - improve customer satisfaction and demonstrate a further commitment to fair and reasonable outcomes
  - resolve many of the disputes leading to less referrals to our Office, and
  - reduce the cost associated with complaint volumes.
- 8.50. The Australia Post complaint management process meets some of the five elements of effective complaint-handling,<sup>58</sup> but there is room for improvement. Table 9 sets out some suggestions for improvement.

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<sup>58</sup> [Better Practice Guide to Complaint-Handling](#), Commonwealth Ombudsman, April 2009



**Table 9: Comparison of Australia Post’s complaints management system to five elements of effective complaint-handling**

| Five elements of effective complaint-handling  | Australia Post’s complaints management system  |
|--|--|
| <b>Culture</b> —Agencies must value complaints as a means of strengthening their administration and improving their relations with the public.   | Australia Post provides adequate guides and training however some customers concerns are not being addressed. Customers tell us that staff appear to hold a defensive position rather than look at their concerns in a reasonable way.   |
| <b>Principles</b> —An effective complaint-handling system must be modelled on the principles of fairness, accessibility, responsiveness, efficiency and integration.                           | Customers should be able to register a complaint rather than having to first lodge an enquiry or make several contacts to have a matter resolved.  |
| <b>People</b> —Complaint-handling staff must be skilled and professional.  | Enquiries staff are also complaint-handlers. Although some training is provided, the practice of causing customers to raise an enquiry, which is then later categorised as a complaint after finalisation means a complaint resolution methodology is not effectively applied.   |
| <b>Process</b> —The seven stages of complaint-handling—acknowledgment, assessment, planning, investigation, response, review, and consideration of systemic issues—should be clearly outlined. | <p>The classification method appears to register a complaint only after investigation of an enquiry has closed. This means it is not investigated as a complaint from commencement which would likely yield a direct and better outcome.</p> <p>Although a review right exists, it relies on the customer providing information not previously considered rather than an independent reconsideration of the complaint.</p> |
| <b>Analysis</b> —Information about complaints should be examined as part of a continuous process of organisational review and improvement.   | <p>Investigation outcomes appear to be communicated and improvements are documented but improvements in practice and process are not evident (based on complaints).</p> <p>Australia Post’s reliance on the NPS as a way of tracking the customer experience, may not provide it with a method to measure customer experience with its complaint management process.</p>   |

8.51. These suggested improvements will not only improve customer satisfaction but will also reduce complaints and therefore costs.

### Recommendation 6

Australia Post should:

- conduct a review of complaints for customers who also contacted the Ombudsman to identify:
  - why its complaint system was unable to resolve the matter at either the enquiry or complaint stage
  - root cause issues which give rise to disputes
  - opportunities for improvement to its processes and guidance for staff, and
  - if its quality assurance practices adequately identify unsatisfactory complaint management practices amongst staff.
- consider introducing a customer survey to measure the effectiveness of its complaint management program and to capture feedback, and
- expand the use of its review process to provide customers with an opportunity to have their matter considered by a more senior officer who is independent of the existing enquiry and complaint process.

## Part 9: CONCLUSIONS

- 9.1. Suggested improvements will not only improve customer satisfaction but will also reduce complaints and therefore costs.
- 9.2. The review provided us an opportunity to record the actions taken by Australia Post in response to recommendations raised in our previous reports concerning carding, Safe Drop and compensation.
- 9.3. On the whole, Australia Post responded appropriately to our recommendations and continues to introduce new services to reduce customer frustration regarding delivery issues.
- 9.4. Since commencement of the Postal Industry Ombudsman role in 2006, we have provided valuable advice and feedback to Australia Post regarding complaints and complaint best practice issues. While they have been receptive to our recommendations and feedback, we observe common errors in its handling of complaints which, if corrected, will improve the customer experience and reduce the volume of complaints to our Office. The recommendation in this report focuses on improving Australia Post's management of complaints.
- 9.5. We wish to acknowledge Australia Post's cooperation with our review and appreciate its ready response to the recommendations. We will work with Australia Post to implement the agreed recommendations and continue to meet to provide feedback about future complaints.

## APPENDIX 1: GLOSSARY

**Carding**—a process where a notification card is left by a Delivery Officer after an attempt to hand deliver a parcel has been made and there is no safe location to leave the parcel

**CCC**—Customer Contact Centre which receives enquiries, feedback and complaints to Australia Post

**Complaint**— An expression of dissatisfaction made to an organisation, related to its products, or the complaint-handling process itself, where a response or resolution is explicitly or implicitly expected

**Delivery Officer**—all personnel, drivers, contractors, subcontractors or employees of Australia Post delivering parcels to customers

**Extra Cover**—a service for an optional transit warranty, Terms and Conditions for Australia Post's Extra Cover service are set out in Australia Post General Terms and Conditions, Schedule 1

**GPS**—Global Positioning System is a satellite based navigation system used by Delivery Officers to locate delivery addresses, used by Australia Post to evidence deliveries

**'Knock and Call Out' policy**—Australia Post's key parcel delivery policy which requires Delivery Officers to knock at the door, call out 'Australia Post' and wait for a reasonable time to effect a delivery

**MyPost**—an online account by which Australia Post customers can choose and control a range of parcel delivery options including Parcel Collect and 24/7 Parcel Lockers

**Parcel**—Articles weighing more than 250 grams and less than 22 kilograms with dimensions not exceeding 105cm or 0.25m<sup>3</sup>

**Parcel Collect**—a parcel delivery service offered by Australia Post where parcels may be redirected to nominated locations including nearby Post Offices

**Parcel Delivery Centre (also a Parcel Facility)**—facilities where parcels are sent for initial processing, with domestic mail trucked to smaller local Delivery Facilities for delivery and international mail to a gateway facility for transport by plane to international postal delivery networks

**24/7 Parcel Lockers**—a free 24/7 delivery option to secure lockers offered by Australia Post in various locations throughout Australia

**Registered post**—an Australia Post service offering insured and tracked parcel delivery available for a fee

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**Reserved Services**—Australia Post has a statutory monopoly over the provision of a letter's service in Australia include the domestic carriage of letters weighing less than 250 grams under the *Australia Postal Corporation Act 1989*. Other postal operators can carry letters if they charge four times the basic postage rate

**RMRC**—Returned Mail Redistribution Centre, formerly the Dead Letter Office, to which undeliverable mail is sent for processing with the aim of completing the delivery or returning the parcel to the sender. Where neither addressee nor sender can be identified the mail is held for three months and then disposed of

**Safe Drop**—a parcel delivery process used by Australia Post where parcels are left at home or business locations that meet the criteria of being 'safe' after Delivery Officers have attempted to hand deliver parcels, there is no one at the address at the time of the delivery and there is no requirement to obtain a signature on delivery

**Scanning**—barcodes on or affixed to parcels are recorded or scanned at various points of the delivery process to enable the passage of the package to be tracked

**Signature On Delivery**—an optional extra where a parcel must be signed for by the nominated addressee for delivery to be effected

**Terms and Conditions**—the terms of carriage and delivery contract between Australia Post and the sender under section 32 of the *Australian Postal Corporation Act 1989*

**Toolbox Talks**—regular verbal briefings provided by Australia Post to Delivery Officers regarding common issues and changes to procedures

**Tracking**—the passage of a parcel is monitored or tracked when the barcode on a parcel is scanned at various points in the delivery process and this information is relayed to a database that can be accessed by both Australia Post and its customers

## APPENDIX 2: COMPENSATION AVAILABLE IN OTHER COMMONWEALTH JURISDICTIONS

| Jurisdiction  | Parcel service purchased  | Compensation available   |
|---------------|---|--|
| UK Royal Mail | 1 <sup>st</sup> and 2 <sup>nd</sup> class postage                                       | The lesser of market value of parcel's content or <b>£20 and postage</b> (if evidence provided) or postage refund if limited evidence of posting or content of no intrinsic value  |
|               | Royal Mail signed for   | The lesser of market value of parcel's content or <b>£50 and postage</b> (if evidence provided) or postage refund if limited evidence of posting or content of no intrinsic value  |
|               | Royal Mail Special Delivery Guaranteed  | The lesser of market value of parcel's content and <b>£500 and postage</b> ; Compensation up to <b>£2,500</b> if purchased at time of posting; <b>Compensation for indirect loss up to £10,000</b> if purchased at time of posting |
|               | Articles for individuals who are blind  | The lesser of market value of parcel's content or <b>£46 and postage</b> (if evidence provided) or postage refund if limited evidence of posting or content of no intrinsic value  |
|               | Redirected mail   | Based on service purchased   |
| NZ Post       | Domestic/Tracked ParcelPost/Parcel  | <b>\$NZD250</b>  |
|               | Domestic Courier/Courier & Signature Parcels  | <b>\$NZD2,000</b>  |
|               | International Consumer  | Disclosed value up to <b>\$NZD2,000</b>  |
|               | International Business with NZ Post Account   | Disclosed value < <b>\$NZD250</b> or up to <b>\$NZD2,000</b> . if Additional Compensation Cover purchased and disclosed value not > <b>\$NZD2,000</b>  |
|               | International Business with no New Zealand Post Account or no Business Consignment Note | Disclosed value up to <b>\$NZD250</b>  |
|               | International Air Registered Consumer or Business                                       | <b>\$NZD250</b>  |
|               | International Courier Consumer  | Disclosed value up to <b>\$NZD5,000</b>  |
|               | International Courier Business with New Zealand Post Account                            | Disclosed value < <b>\$NZD2,000</b> or up to   |

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| <b>Jurisdiction</b>                                 | <b>Parcel service purchased</b>   | <b>Compensation available</b>   |
|---|---|---|
|   |   | <b>\$NZD5,000</b> if Additional Compensation Cover purchased and disclosed value between <b>\$NZD2,000</b> and <b>\$NZD5,000</b>  |
|   | International Courier Business with no New Zealand Post Account; or Business with New Zealand Post Account but no Business Consignment Note         | Disclosed value up to <b>\$NZD2,000</b>   |
|   | International Express Courier Consumer  | Disclosed value up to <b>\$NZD10,000</b>  |
|   | International Express Courier Business with New Zealand Post Account  | Disclosed value if it is < <b>\$NZD2,000</b> or up to <b>\$NZD50,000</b> if Additional Compensation Cover purchased and disclosed value is between <b>\$NZD2,000</b> and <b>\$NZD50,000</b>                   |
|   | International Express Courier Business with no New Zealand Post Account; or Business with New Zealand Post Account but no Business Consignment Note | Disclosed value up to <b>\$NZD2,000</b>   |
| <b>Canada Post</b>                                  | Regular Parcel  | Additional coverage must be purchased. A signature on delivery is required for coverage of > <b>\$CAD200</b>  |
|   | Xpress Post (not Xpress Post Certified)   | All services except 'Regular Parcel' include coverage up to <b>\$CAD100</b>   |
|   | Expedited Parcel  | Additional coverage may be purchased in increments of <b>\$CAD100</b> up to <b>\$CAD5,000</b> for domestic shipments and includes signature service   |
|   | Xpress Post–USA (up to \$100 only for prepaid products)   | Coverage up to <b>\$CAD100</b> , Additional Coverage may be purchased up to <b>\$CAD1,000</b> for U.S. and international shipments apart from Tracked Packet–USA items and Tracked Packet–International items |
|   | Xpress Post – International (excluding prepaid products)  |   |
|   | Expedited Parcel–USA  |   |
|   | International Parcel–Air and International Parcel–Surface   |   |
| Tracked Packet–USA and Tracked Packet–International |   |   |

## **APPENDIX 3: AUSTRALIA POST'S FORMAL RESPONSE TO OWN MOTION REPORT – 23 MARCH 2018**



23 March 2018

Mr Michael Manthorpe PSM  
Commonwealth Ombudsman  
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CANBERRA ACT 2601

**Christine Holgate**

Group Chief Executive Officer  
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Dear Mr Manthorpe

**Review of Australia Post complaints about carding, Safe Drop and compensation**

Thank you for your letter of 27 February 2018 seeking my response to your proposed report about your review of recommendations made in three previous investigations relating to the use of notification cards, levels of compensation and the Safe Drop program.

Our responses to the individual recommendations in the report are contained in the attachment to this letter. The majority of your recommendations have been accepted and will be implemented. Some are subject to commercial or practical constraints, which we have provided our perspective and reasoning on in the attachment.

Over the last year Australia Post has, of its own accord, begun implementing a number of changes and improvements in areas of similar focus to those identified in your report. Where there is confluence between your recommendations and the improvements we have already undertaken or planned, we have detailed these in our reply.

I recognise and acknowledge the common themes raised in your report that warrant reflection. Especially in the context of Australia Post's current operating environment and objectives. We are at an important point of change, and I am committed to an Australia Post that is refocused on serving our customers and excellence in the core services we provide.

Your report identifies the value of ensuring the advice that we provide to our customers is consistent and of high quality. I am pleased to be able to advise you that Australia Post has recently undertaken a review of its customer interaction framework and the quality assurance processes that support it. The review focused on enhancing our ability to monitor, coach and train our customer contact centre staff to ensure staff are engaged and focused to best service the needs of our customers and community.

The report also identifies that some customers find making a complaint to Australia Post through online channels unduly difficult, and that it is not always clear to customers what actions Australia Post will take to investigate an enquiry or issue that is raised. I want to make it as easy as possible for customers to engage with Australia Post, and to encourage transparency. I have asked my teams to work on a clearer, more accessible approach without compromising the integrity, quality and availability of the operating systems we use to provide those engagement channels. Ensuring customers are clear about what they can expect from Australia Post when we respond to their enquiries is critically important.

I acknowledge that there are always opportunities for further efficiencies and quality assurance in both reducing the drivers, and improving the handling, of enquiries, such as in reducing the need for customers to contact Australia Post on multiple occasions about an issue that is important to them. We have recently adopted a change to our compensation processes that we believe will have a positive impact in this respect.

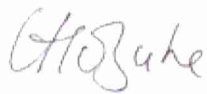


In closing, I want to reiterate how important it is that Australia Post puts our customers and the community at the heart of everything we do, and that we continually aim to serve them better. I trust the information provided in our reply reassures you of our commitment to applying practices that are consistent, clear and of quality – practices that facilitate the positive outcomes we pursue for our customers.

Thank-you again for providing the opportunity to comment on your proposed report. I recognise the value of feedback provided by our customers and key stakeholders. Australia Post also appreciates the insightful feedback that the Postal Industry Ombudsman and its staff provide on an ongoing basis.

Should there be a need, Australia Post would welcome the opportunity to discuss any particular matters, as required.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'CHolgate', written in dark ink.

Christine Holgate

## Recommendation 1

### Australia Post should:

- publish clear advice for customers regarding addresses which may not be suitable for parcel delivery which may then only receive a notification card
- review guides and training for enquiry and complaints staff to ensure they can readily identify if an address may not be suitable for parcel delivery.

### *Accepted*

Australia Post will publish information on its website by the end of June 2018 about the types of locations/households/delivery points/premises which may not be suitable for parcel delivery. This information will be general in nature, given the variety of practical & physical considerations impacting parcel delivery options and the associated difficulties with being definitive. We anticipate this information will direct customers to contact us to obtain specific clarification about local delivery arrangements, where required.

Australia Post has implemented a continuous improvement program for reviewing and reconsidering our processes, information and training to ensure we meet the changing needs of our customers and community. Information relating to the parcel delivery suitability of particular addresses is currently available to our enquiry and complaint handlers, but we will continue to review the information available to ensure our staff are empowered with the right information to assist our customers. Our enquiry and complaint handlers are able to obtain specific clarification about local delivery arrangements from our delivery network, where required.

## Recommendation 2

### Australia Post should:

- publish information which outlines the steps it follows when conducting a search for an item and provide the information to customers at the commencement of an investigation
- review its quality assurance process to ensure that advice provided by enquiry and complaint staff is accurate and consistent.

### *Accepted*

Australia Post will publish information on its website about the general steps undertaken when investigating a missing or lost item. This information will be published by the end of June 2018, and will be constructed cognisant that each individual investigation is undertaken on a case-by-case basis, and to allow for the fact that our investigation processes need to be somewhat agile as technology and our customers' expectations evolve more & more rapidly.

Australia Post has recently undertaken a review of its customer interaction framework and the quality assurance processes that support it, with a view to improving the customer experience. This review led to a new quality framework, and supporting scoring metrics, which improve enquiry and complaint handlers' accountability in providing an accurate and tailored customer experience. This framework is currently being rolled out across customer enquiry and complaint functions. In addition, staff coaching, education and disciplinary action is maintained in a database, allowing for identification of ongoing or even wilful deviation from Australia Post's expectations. In such cases, a manager will take action to address any shortfalls.

The following processes are also in place to assist to ensure the advice provided by enquiry and complaint staff is accurate and consistent:

- regular quality checks to identify areas for improvement;
- additional, more targeted quality checks looking for trends or best practice examples as well as any interactions which may contradict Australia Post policies or procedures;
- calibration sessions between managers and quality assurance staff to ensure scoring metrics and related arrangements are optimised;
- side-by-side staff monitoring & interactions;
- individual coaching sessions with staff to discuss areas of focus, improvement and development;
- team briefings, which include upcoming changes to products, services and processes; discussion of trends and identification of areas of focus for the team; and
- assessment to reinforce new processes and identify any gaps in staff knowledge.

It should also be noted that Australia Post also undertakes root cause analysis of known issues, the outcomes of which can then be used to help educate both our customers and our commercial senders – for example, in relation to addressing, labelling, packaging and lodgement practices that are likely to minimise issues.

Australia Post is constantly monitoring and reviewing its quality assurance processes to ensure we continue to meet our customers' expectations, and meet the changing needs of our customers and community; we will continue to undertake these reviews going forward.

### Recommendation 3

Australia Post should:

- provide enquiry and complaints staff with a standardised check list of relevant steps to follow in the investigation process including evidence that should be considered before finalisation
- publish externally a policy concerning the steps taken and evidence considered as part of the investigation process and make this available to customers at the initial enquiry stage
- monitor staff performance to ensure compliance with this policy.

*Accepted*

A checklist is available to enquiry and complaint handlers that contains detailed information on processes to follow in the investigation process, including relevant considerations for investigating Safe Drop enquiries or complaints. Australia Post will review this document again to identify any further improvements that may be able to be made.

As referred to in Recommendation 2, Australia Post will publish information on its website about the general steps undertaken when investigating a missing or lost item. This information will cover items missing or lost, or other enquiries or complaints, relating to the Safe Drop program.

The monitoring, performance and quality assurance initiatives referred to above in relation to Recommendation 2 also apply to the handling of customer enquiries and complaints relating to the Safe Drop program.

#### Recommendation 4.1

Australia Post should review its enquiries and complaints concerning compensation to:

- identify claims which should generally be compensated without the need for the customer to make repeated contacts to access reasonable compensation
- use this information to improve consistency in decision making and resolve compensation matters early
- improve the quality and consistency of advice provided to customers
- determine if the current levels of compensation offered formed a significant factor in disputes about the amount of compensation offered in settlement of a dispute.

*Accepted*

Enquiries and complaints concerning compensation are regularly reviewed to improve the speed at which customer issues are resolved. Specifically, for those involving a claim for compensation, we have empowered our complaint and enquiry staff to pay compensation to resolve issues when appropriate. This has subsequently reduced the average age of a complaint at resolution, and reduced the number of complaints whose resolution is delayed. In recent years we have reduced and minimised the documentation required for compensation claims, whilst also strengthening and reinforcing the objective rules relied upon by our complaint handlers when considering a claim for discretionary compensation.

We recently implemented a new process for enquiries and complaints involving missing items that allows more proactive logging of approaches on first contact, preventing the need for additional contact whilst halving the time taking to complete an investigation. We expect the number of repeated contacts regarding missing items to decrease by almost half as a consequence. We have also enabled our network to respond directly to customers for some complaint types, and are investigating the possibility of Post Offices undertaking some types of simple investigations and compensation claims.

The monitoring, performance and quality assurance initiatives referred to in Recommendation 2 also apply to the consistent and speedy handling of compensation claims, and the quality of advice provided to our customers.

We have considered the recommendation relating to disputes about the amount of compensation offered, and have identified that such disputes are often burdened by a lack of understanding about the nature, availability and limitations of discretionary compensation available, and the nature, availability and benefits of our Extra Cover transit warranty, at the time of lodgement of an article. To assist our customers to better understand these arrangements, we are currently reviewing the information made available in our customer facing channels (including our website, our Post Office network, and our customer contact centre), with the objective of ensuring our customers clearly understand the services and extra features available.

Work is underway to maximise customer awareness of the additional options available regarding compensation, including Extra Cover. Australia Post aims to both improve our publically facing material and reinforce opportunities for customer facing staff to offer advice on the availability of the extra cover service.

Furthermore, Australia Post is considering the development of additional product lines which come with an inbuilt transit warrantee as a feature. Whilst these plans are at a feasibility study stage, we would be happy to share more information on developments when any product offering is closer to a go to market stage.

#### **Recommendation 4.2**

**Australia Post should provide further guidance to all staff responsible for considering compensation claims to ensure appropriate procedures are followed and all available information is considered before making a decision**

*Accepted*

In addition to the monitoring, performance and quality assurance initiatives referred to in Recommendation 2, Australia Post has robust measures in place to provide further training, guidance, and coaching to staff when shortfalls, either individually or systemically, are identified.

#### **Recommendation 4.3**

**Australia Post should review its quality assurance process to ensure consistency in decision making.**

*Accepted*

The monitoring, performance and quality assurance initiatives referred to in Recommendation 2 also apply to the consistent and speedy handling of compensation claims, and the quality of advice provided to our customers.

#### **Recommendation 5**

**To reduce complaints Australia Post should:**

- **simplify the method for customers to lodge an online complaint by providing a specific complaint and feedback option**
- **review online access to customers to allow them to quickly and easily lodge a complaint without the requirement for customers to create an account**
- **review the classification method for recording of complaints to ensure that complaints are appropriately recorded as complaints rather than investigations or feedback and are appropriately escalated**
- **ensure learnings from complaints are adequately captured to allow continuous improvement**
- **improve its management of enquiries and complaints to identify customers who have repeatedly contacted and enquired (all channels) on the same issue and escalate that matter as a complaint.**

*Accepted*

On the two aspects of this recommendation relating to online complaint lodgement, this year we will be delivering improvements to the way we support our customers online. This will include: new and updated FAQs to help customers with the most common types of enquiries; an easier way for customers to understand and navigate escalation channels; the ability to raise a complaint without creating an account, simplified enquiry forms that can be lodged on any device; and an uplift of the help and support section of our website. These improvements

will provide an additional benefit of strong foundation for further digital customer service initiatives.

On the aspect of this recommendation relating to classification, Australia Post acknowledges the Australian Standard ISO 10002-2006 definition of a complaint. Australia Post applies and expands upon this definition by classifying an approach as a complaint even where a response is neither implicitly nor explicitly expected. This expansive approach provides a consistent framework for our conversations with our customers and staff, and is expected to further evolve over time to meet our commitment to continuous improvement.

A number of years ago, we began encouraging the use by our enquiry and complaint handlers of more neutral language when dealing with customers. Words like 'case' and 'enquiry' are preferred over 'complaint' – language which was found to unnecessarily agitate customers given the associated negative connotations (ie that someone with a valid concern is a 'complainer', rather than providing important and valuable feedback). For similar reasons, our enquiry and complaint handlers are referred to during interactions as 'agents', rather than 'complaint handlers'. Notwithstanding the softer language, all customer approaches are given consideration as a complaint, regardless of whether the complainant is making a complaint, enquiry or seeking investigation.

We note that 'feedback' and 'investigation' classifications are internal terms used to inform and manage how particular approaches are handled. The classifications operate alongside, but separate to, our application of the definition of a complaint and do not minimise or negate our management of approaches as complaints.

On the aspect of this recommendation relating to continuous improvement, this is currently undertaken and will continued to be actioned on two levels:

- at a macro level, by proving trend data from our complaints management system to senior stakeholders within the organisation to permit appropriate monitoring and management, and to ensure continuous improvement of our services; and
- on a micro level, by the identification and escalation of any individual shortfalls to management for ameliorating with relevant staff.

On the aspect of this recommendation relating to repeated contacts, in addition to the improvements identified in Recommendation 4.1, we have recently developed a process to identify customers who have repeatedly contacted Australia Post, by any channel. We are now investigating the creation of a specialised team with the capability and knowledge to correct and reduce instances of repeated or recurring contact about similar issues.

Furthermore, Australia Post recognises that business customers often have specific and reoccurring needs. Australia Post will be investing more in an improved dedicated business customer service function. We intend to improve the quality of experience for business customers by providing a more consistent and informed experience.

## Recommendation 6

To reduce complaints Australia Post should:

- conduct a review of complaints for customers who also contacted the Ombudsman to identify:
  - why its complaint system was unable to resolve the matter at either the enquiry or complaint stage
  - root cause issues which give rise to disputes
  - opportunities for improvement to its processes and guidance for staff
  - if its quality assurance practices adequately identify unsatisfactory complaint management practices amongst staff
- consider introducing a customer survey to measure the effectiveness of its complaint management program and to capture feedback
- expand the use of its review process to provide customers with an opportunity to have their matter considered by a more senior officer who is independent of the existing enquiry and complaint process.

### *Partially Accepted*

On the aspect of this recommendation relating to a review of complaints for customers who also contacted the Ombudsman, the four considerations identified are already taken into account when Australia Post investigates complaints relating to Australia Post received by the Ombudsman. Any shortfalls, trends or root causes are raised at the appropriate levels of management. A more formal root cause investigation process was established in 2017 and, while it continues to be refined in connection with our commitment to continuous improvement, this process has already aided in improving the customer experience.

Australia Post recognises many complaints are initially prompted by concerns with tracking a particular delivery. We will invest in a greater tracking capability for both domestic and international items. Australia Post anticipates that improvements to tracking would both provide additional reassurance and visibility for customers, and offer opportunities to proactively leverage data to identify and remedy issues early. We believe such an approach will also help limit complaints.

On the aspect of this recommendation relating to customer surveys, Australia Post's customer surveys currently include a number of questions, comprising both fixed and freeform response options. The content of these responses is collated and fed back to management to enable Australia Post to address and resolve any repeating or trending issues.

On the aspect of this recommendation relating to applying a more expansive senior review process, Australia Post has previously trialled the use of a dedicated escalation team to perform this function, as well as the use of senior floor support or subject matter experts. These trials proved that the use of team managers for this senior review function was the most satisfactory and reliable to customers.

Customers are currently able to request an escalation of their complaint to a team manager for the investigation, and for the original enquiry and complaint handlers' management of the approach to be reviewed. This escalation option exists both during and after an investigation has taken place. The team manager is then responsible for reviewing the actions undertaken during an investigation to identify and correct any shortfalls, with a view to resolving the

complaint to the customer's satisfaction if any shortfalls were identified. Should a customer remain dissatisfied, the matter can then be escalated further up the chain of management to a senior manager, supported by an experience national resolutions team. This process ensures that any shortfalls identified as part of the escalation are immediately understood and swiftly addressed for customers, and with staff.

This immediate accountability ensures that any misunderstandings or knowledge gaps are corrected before they can replicate, whilst minimising the likelihood of impact to future customers. Australia Post acknowledges the spirit of this aspect of the recommendation, and will begin exploring ways to ensure escalation options are made clearer to customers.