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Productivity Commission
Reducing Barriers to Business Dynamism Inquiry

Submitted online - BusinessDynamismInquiry@pc.gov.au

Australia Post Submission to the Productivity Commission Inquiry: Reducing Barriers to Business Dynamism in Australia

Australia Post welcomes the opportunity to contribute to the Commission's inquiry into reducing barriers to business dynamism in Australia. Our perspective is grounded in the breadth of businesses we work with every day, from sole traders and micro-enterprises through to regional firms, emerging Australian brands and large national retailers.

Australia's productivity over the coming decade will be shaped by many forces, including the continued growth of digital commerce and the scale and efficiency it brings to Australian consumers and businesses. These contributions are real and should be recognised. Alongside this productivity performance, the long-term strength and resilience of Australia's economy will also depend on the dynamism of its business base, including the ability of new and emerging Australian firms to enter, the ability of existing businesses to grow and reach new customers, and the availability of multiple pathways to success that together support a diversifying competitive landscape.

Our submission provides insights into how competitive markets can enable business dynamism to grow and strengthen. It outlines how Australia Post is adapting and partnering with other businesses to provide viable pathways for businesses to access local and international markets and grow their eCommerce presence. Another way to support business dynamism is addressing the regulatory fragmentation tax which businesses of all sizes can experience, where state and federal laws create additional costs and burdens which may add barriers to new market entrants or existing firms seeking to grow.

If you have any questions, please reach out to kat.burela@auspost.com.au.

Regards

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Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as a team. We recognise their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.

Australia Post's role in Australia's economy

Australia Post supports Australian businesses across every postcode and in international markets, working alongside a wide range of logistics, freight and retail providers. Our perspective in this submission is shaped by the businesses we work with, from sole traders and micro-enterprises through to large national retailers.

Delivery capability increasingly shapes business competitiveness. In 2025, Australians spent a record \$82.6 billion online, up 14 per cent year-on-year, and 9.8 million households (82 per cent of all Australian households) shopped online. Reliable, affordable and competitive delivery is now a core input to whether Australian businesses, particularly smaller ones, can participate in, and grow within, this economy.

Australia Post is actively investing in technology, partnerships and capability to reduce barriers for Australian businesses. Our integration with Shopify allows merchants to book shipments, print labels and track parcels directly from their online store, reducing administrative burden and giving smaller businesses without dedicated logistics teams a simpler way to manage fulfilment. Our investment in Shiperoo, a tech-driven retail fulfilment and returns management business, supports retailers with best-in-class fulfilment capability, enabling them to compete with global platforms and multi-national players. Our acquisition of Rendr, a last-mile delivery orchestration platform, brings same-day and on-demand delivery capability within reach of retailers, including SMEs, by matching parcels to the best last-mile courier across multiple providers.

These investments are practical examples of how independent logistics infrastructure can reduce friction for Australian businesses and expand the range of delivery options available to them.

Business dynamism requires contestable routes to market

For SMEs, market entry and expansion increasingly depend on being able to reach customers online, manage fulfilment efficiently, offer reliable delivery and compete on customer experience. If discovery, seller access, fulfilment and delivery standards become concentrated within a small number of vertically integrated platforms, smaller and emerging Australian businesses may have fewer independent pathways to grow. Ensuring that the settings exist to foster business growth, choice and dynamism is essential to achieving a strong and productive economy.

By contrast, market designs that pair platform reach with independent national logistics demonstrate how contestability can be preserved in practice. Australia Post's recent partnership with Vinted, one of Europe's leading pre-loved fashion marketplaces, is an

example of how a global platform and an independent national logistics provider can work together to open a new low-barrier route to market for individuals and micro-businesses, without requiring sellers to commit to a single closed fulfilment stack. This kind of partnership-based market design supports productivity by giving Australian sellers more ways to enter and grow, rather than fewer.

Productivity is strengthened when businesses can reach customers through multiple channels, choose among independent logistics providers, retain control of their customer relationships, switch fulfilment partners without friction and compete on the delivery experience itself. Australian SMEs benefit from this kind of contestable market design. For example, emerging brand Outer Ego, with the help of Australia Post, has been able to scale from a Melbourne start-up into international markets, shipping to customers in more than 40 countries, by drawing on interoperable digital shipping tools and customs support rather than depending on a single platform's fulfilment stack.

Recommendation: That the Commission consider how contestable routes to market, supported by interoperability between systems, multiple delivery options and independent fulfilment pathways for SMEs, can be preserved and strengthened as part of the inquiry's productivity framework.

Regulatory fragmentation imposes a productivity tax on Australian businesses

A consistent barrier to business dynamism raised by Australian businesses is the cost of operating across multiple state, territory and Commonwealth regulatory regimes. The Australian Retailers Council's *Regulatory Fragmentation Tax* report (February 2026) sets out the direct compliance costs and duplication that fragmented regulation imposes on retailers operating nationally.

Australia Post's experience working with business customers reinforces this. Inconsistent state and Federal rules, across areas such as product safety, consumer protection, freight and transport, identity verification and licensing, create additional and often duplicative costs for businesses that wish to scale beyond a single jurisdiction.

Reducing this fragmentation, for example through greater harmonisation of consumer and product regulation, common reporting standards, and a more coordinated national approach to digital identity and licensing services, would directly reduce one of the more persistent administrative barriers facing Australian SMEs seeking to expand into new markets.

Recommendation: That the Commission consider regulatory harmonisation across jurisdictions as a meaningful productivity lever, particularly for SMEs that do not have the legal and compliance resources of larger firms. We refer to the Australian Retailer Council's report on the Regulatory Fragmentation tax for further context.

Regional business participation in eCommerce is a productivity issue

Regional businesses need affordable, reliable and competitive routes to reach customers in metropolitan, interstate and international markets. Regional participation in eCommerce is not solely a community service or equity issue. It is a direct input to productivity, business expansion and national market participation.

Australia's eCommerce growth is increasingly driven by regional and remote communities. If fulfilment investment, faster delivery options and platform infrastructure concentrate in dense metropolitan corridors, regional businesses may face weaker effective access to customers, fewer service options and higher practical barriers to scaling, even where headline regulatory settings are the same. The experience of regional Australian businesses such as Loleia Swim, a Perth-based swimwear label that now ships to customers in more than 40 countries, illustrates that regional firms can build nationally and globally competitive brands when they have access to a competitive range of delivery, customs and digital trade capabilities.

With Australia Post's help, barriers to market participation and business growth were reduced both by our national presence and enabling infrastructure as well as our own going investment in and modernisation of our services. This includes six new greenfield processing and distribution sites in regional Australia and metropolitan investments, including the new Adelaide Parcel Facility currently under construction.¹

Supporting regional business participation in eCommerce requires looking beyond regulation alone. It includes ensuring regional businesses have access to a competitive range of delivery, fulfilment and digital trade tools, and that policy settings do not assume that conditions in metropolitan markets are representative of conditions outside them.

Recommendation: That the Commission consider barriers to regional business participation in national and international eCommerce as part of the inquiry's productivity framework, including the practical conditions that determine whether regional firms can compete on customer experience and market reach.

¹ Additional announcements on our investments, including regional areas: [Adelaide regional facilities](#); [Brisbane parcel facility](#) and [Hobart parcel facility](#).

A balanced position on platform-led benefits

Australia Post recognises that global eCommerce platforms can deliver real benefits to Australian consumers and businesses, including lower prices, greater choice and faster fulfilment. These benefits should be preserved but must also be balanced around the needs and growth of Australian businesses.

The existence of productivity benefits should not end the policy analysis. The relevant question is whether the benefits claimed by global platforms are durable, contestable over time and equally distributed across Australian businesses of varying size, maturity and location, including SMEs, regional businesses and competing service providers.