

# AUSTRALIA POST

*Delivering more than ever*

## THE MARKET

Australia's messaging and delivery marketplace has changed dramatically since 1990, creating new challenges for Australia Post in an increasingly competitive environment.

The biggest challenge has come from competitors using new electronic distribution technologies. The traditional written letter now faces competition from a new range of other methods for getting the message across, among them telephone and facsimile services, e-mail, the Internet, Electronic Data Interchange (EDI) and electronic banking.

However, public acceptance of traditional letter and mail services as more personal and secure has seen mail volumes continue to grow steadily. Today, Australia Post handles more than four billion articles a year. By the year 2005, this is expected to exceed six billion articles.

## ACHIEVEMENTS

In less than a decade, Australia Post has transformed its image, corporate culture and operations to emerge as one of Australia's most successful businesses.

The corporatisation of Australia Post in 1989 meant that for the first time, it was required to operate commercially. As a Government Business Enterprise, the newly formed corporation at once began to implement an intensive program to streamline and upgrade all aspects of operations and to strengthen the Australia Post brand in the marketplace.

Two results are that profitability has more than quadrupled since 1989 and productivity has improved a total of 47.2% since 1989, outstripping national productivity gains of 24%.

Internationally, Australia Post is among the western world's best performing postal enterprises, providing the highest level of service while maintaining the standard letter rate at 45 cents since 1992. This 'freeze' will continue through 2003, leaving only two OECD countries, the US

and New Zealand, with relatively cheaper domestic mail rates.

## HISTORY

The Post Office is the oldest surviving commercial organisation in Australia. Its origins can be traced to the appointment of a former convict, Isaac Nicols, the first Postmaster in Sydney, in 1809. Until that year, there were no formal arrangements for receiving or sending letters.

Australia Post itself was established in 1975, out of the Postmaster General's Department, to provide the nation's postal service. Its specific requirement was to link communities everywhere in Australia with a standard letter service at a single price. This 'Universal Service Obligation' or USO cost Australia Post \$67 million in 1998.

Australia Post's responsibilities for postal services remain unchanged. Support of its USO, the Olympic Job Opportunities Program, the National Australia Day Committee, the Kathleen Cunningham Foundation (to research and improve treatment options for rural women with breast cancer), and the Federal Government's 'Greenhouse Challenge' program, are just a few of the ways Post has earned high marks for being socially responsible.

## THE PRODUCT

Australia Post sets the international benchmark for reliability of letter deliveries with more than 94% of standard letters delivered early or on time.

In addition, Australia Post provides a full range of letter and parcel services to all parts of the nation, including rural and remote areas. It also provides a range of related services, including electronic bulk mail handling, advertising mail, bill payment, money order and banking services,



express delivery services, and philatelic products and services.

Australia Post handles an average 18 million mail articles every working day. In addition to its postal network, it is also the nation's largest financial network with more than 145 million agency Billpay transactions serviced each year. Post's over-the-counter bill payment service is the largest in the country. More than one in six consumer bills are paid over the counter at Australia Post.

On top of all that, Australia Post runs Australia's most extensive retail network, serving an average 800,000 customers every day.

Consumer satisfaction is a primary focus of the revitalised Australia Post. A network of customer service centres monitor customers' experience of Post's products and services daily. In June 1998, Post released its Customer Service Charter, available through postal outlets and its website, which outlines the service standards customers can expect to receive. Compliance with those standards will be reported to Federal Parliament and audited by the Australian National Audit Office.

## RECENT DEVELOPMENTS

The face of Australia Post has changed significantly over recent years with many of its nearly 4,500 postal outlets relocated, reconfigured and re-equipped with purpose-built electronic counter technology. In 1997/98, Post's retail network returned an operating profit of \$33.5 million, up from \$18 million the previous year despite the highly competitive environment.

The introduction of Post's new generation retail technology, RIPOSTE, in 2000, will increase online transaction processing capability and open up new business opportunities.

Through its expanded retail outlets, Australia



Post now offers an increased range of postal-related products and electronically accessed financial services, including banking and bill payment. In less than four years, Australia Post has become leader of the third-party bill payment market in Australia. Its 'one-stop' bill payment service enables customers to pay a range of accounts at one location. Post's share of the total Australian bill payment market is now over 17%. Growth in this business is expected to remain solid for at least the next three years despite competition from new technology. 1997/98 figures showed an increase of 15% to 145.5 million bills paid and an increase in the number of Billpay principals by 48% to 340.

Banking is an important aspect of Australia Post's complementary services business. While Post is not a bank, through its 'giroPost' on-line banking service, Post handles deposits, withdrawals, credit card repayments, account balance enquiries and new account applications for participating financial institutions. giroPost now provides this service for an ever increasing number of financial institutions, currently numbering 130. More than 26.5 million giroPost transactions were handled in 1997/98, a 15% increase on the previous year.



Australia Post is continuing to work on several new services that will meet electronic communication needs and provide the integrated mail of the future. Some of these initiatives include Internet shopping and fulfilment services, Internet-based bill payment options, and Australia's first authenticated cryptographic smartcard, which supports a range of services, including government health care and social service payments, and online share trading and banking. KeyPost, Australia Post's new certification authority, uses digital signatures and public key cryptography to authenticate access to a range of services. It is already being used in a number of Internet-based organisations.

Under its five-year 'Future Post' program, Australia Post will build Australia's largest-ever mail centres at Dandenong (VIC) and Strathfield (NSW). Several others will be refurbished with state-of-the-art electronic mail processing equipment to handle 'intelligent' barcoded letters that will provide substantial cost savings for major mail users and marketers by significantly improving delivery accuracy.

#### PROMOTION

'Delivering more than ever', the theme of Australia Post's current brand image campaign, outlines Australia Post's pledge to its customers to provide more services, more products, more convenience and more commitment. The television campaign is twofold, projecting a corporate message of service delivery, and featuring the consumer

benefits of four of Australia Post's highest profile products (Express Post, Parcel Post, Post Billpay and retail merchandise) and how those products enable Post to 'Deliver more than ever' directly to its customers.

In a continuation of the themes established through the corporate and product-specific television campaign, additional customer-focused campaigns using other forms of media and strategies, and featuring product attributes and customer benefits for each of the profile products, continue to reinforce a high awareness of Post's broad product offering.

Australia Post also has a responsibility to communicate its performance to the marketplace. In conjunction with its brand image campaign, Australia Post runs specific campaigns, usually in the press, to provide the community with information on its delivery record and financial performance and, for the first time in 1999, compliance with its Customer Service Charter.

#### BRAND VALUES

The Australia Post symbol is one of the nation's most widely recognised corporate brands. It was designed in 1975 when the Postmaster General's Department was split to create Telecom and Australia Post.

In its entirety the 'P' symbol stands for Post. Its component parts represent a

postal horn, once used by European 'posties' to announce mail delivery, and a circle illustrating the global reach of the postal service. The colour red has long been associated with postal services in Commonwealth countries.

Unusually for such a large service provider, Australia Post has also been seen over the years as a friendly organisation.

It continues to enjoy a positive corporate image throughout the community. The most recent independent survey of customers' attitudes revealed that trust, flexibility, social responsibility, and respect and care for customers were all above the average achieved by other large corporations.



During that same period, Post's business customers' overall satisfaction showed a small, but significant, improvement on already high levels of satisfaction.

In the deregulated marketplace, Australia Post will face increased competitiveness and increased pressure from both the community and the Government. However, Australia Post will face the challenge by continuing to be a dynamic, competitive, customer-focused and trustworthy organisation.

Australia Post will continue to 'Deliver more than ever'.

#### THINGS YOU DIDN'T KNOW ABOUT AUSTRALIA POST

- Post's productivity since corporatisation in 1989 has increased a total of 47.2%, outstripping national productivity gains of 24%.
- Post contributes on average more than \$1 million per day in local, state and federal government taxes - a total of \$2.2 billion since 1989.
- Between 1995 and 2000, Post will invest \$600 million in its major network renewal program, Future Post.
- Post's non-reserved services account for 50% of revenue and 68% of profit.
- Post is in the top ten performing Australian companies with a return on assets in 1997/98 of 12.8%.
- Post's annual turnover in 1997/98 of \$3.3 billion generated an operating profit before tax and abnormals of \$376.4 million, placing it 22nd among Australia's top 40 corporations.
- Post employs 36,525 people.
- Post incurred \$906 million in recurrent outlays to Australian businesses - 94% of total outlay.
- Post's current six-and-a-half-year price freeze on the 45-cent rate equated to a six cents per stamp saving in 1997/98.
- Post paid a dividend to the Federal Government of \$215 million in 1997/98.