

AUSTRALIA POST

Delivering more than ever



Support of its CSO, the Breast Cancer Network of Australia, the National Aboriginal Sports Corporation and the Federal Government's 'Greenhouse Challenge' program, are just a few of the ways Post has set the benchmark of social responsibility. Post's sponsorship of the Tamworth Country Music Festival, the Stawell Gift, the Sydney Festival, Perth's Black Swan Theatre Company and Queensland Youth Cricket allow the corporation to contribute to communities all over the nation.

THE PRODUCT

Australia Post sets the international benchmark for reliability of letter deliveries with

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; the total messaging market has grown to incorporate 27 billion messages per year. 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.

ACHIEVEMENTS

In the last 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. As a result, profitability has increased more than five times since 1989 and productivity has improved a

total of 67 per cent since 1990, nearly double national productivity gains.

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 'Community Service Obligation' or CSO cost Australia Post \$79 million in 1999/2000. Australia Post's responsibilities for postal services remain unchanged.

more than 94 per cent 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, bill payment, financial services, office products, Internet fulfilment services, express delivery services, and philatelic products and services.

Australia Post handles an average 19 million mail articles every working day. In addition to its postal network, it is also the nation's largest financial network with more than 170 million agency Billpay transactions serviced each year. Post's over-the-counter bill payment service is the largest in the country.

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 are audited by the Australian National Audit Office and reported to Federal Parliament.

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 1999/2000, Post's retail network returned an operating profit of \$130 million, up 30 per cent from the previous year despite the highly competitive environment.

The introduction of Post's new generation retail technology, NETPOS is increasing on-line transaction processing capability and opening 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 six 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; in the space of just 10 years, Post has captured 50 per cent of the personal Australian over-the-counter bill payment market. In recent years, Australia Post has adapted its Billpay service by adopting new payment methods, such as telephone and Internet-based payment. In 1999/2000, 27 new Billpay principals joined Post's Billpay system, taking the total number of principals to 390. During that year, Post processed 170 million bills worth a staggering \$85 billion.

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 payments, account balance enquiries and new account applications for 52 participating financial institutions. In 1999/2000 alone, more than 28 million giroPost transactions were handled in 2,822 outlets Australia-wide. By the end of 2001, Australia Post will have virtually every financial institution in Australia using the system.

Australia Post is continuing to work on several new services that will meet electronic communication needs and better position Post for servicing this 'New Economy'. The largest demand for delivery services and logistics support is anticipated to come from the new Online retailers. Australia Post established a foothold in this market with the launch of its Internet fulfilment service, Post eDeliver. Challenged by aggressive competition from international freight forwarders and global express companies, Post is continuing

to improve its logistics processes and technology, developing strategies for expansion domestically and in Asia.

PROMOTION

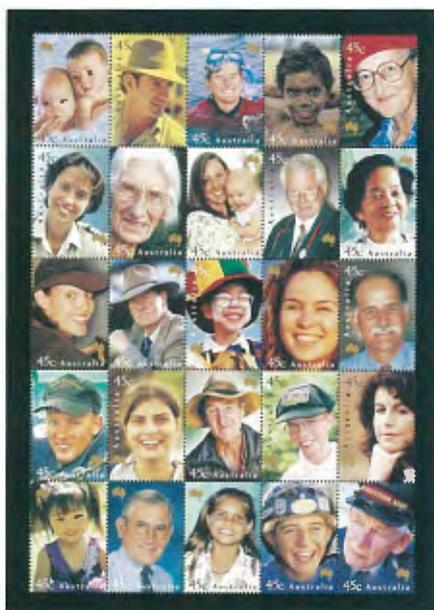
'Delivering more than ever', the theme of Australia Post's current brand image campaign, outlines Australia Post's pledge to its customers to provide more services, more products and more convenience. The television campaign is twofold, projecting a corporate message of service delivery, and featuring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



efficiency, social responsibility, and respect and care for customers were all above the average achieved by other large corporations. During that same period, both Post's business and private customers' overall satisfaction remained stable, consistent with high levels of satisfaction achieved in previous years.

In the deregulated marketplace, Australia Post will face the challenge of increasing competitiveness by continuing to be a dynamic, responsive, customer-focused and trustworthy organisation.

Australia Post will make good its promise to 'Deliver more than ever'.

Main photo opposite page & photo below: Greg Bartley.

THINGS YOU DIDN'T KNOW ABOUT AUSTRALIA POST

- Post's annual turnover in 1999/2000 of \$3.7 billion generated an operating profit before tax and abnormals of \$391.9 million.
- Post is in the top 10 performing Australian companies with a return on assets in 1999/2000 of 14 per cent.
- Post paid a dividend to the Federal Government of \$155.7 million in 1999/2000.
- Post delivers 19 million articles a day to 8.8 million Australian addresses. 94 per cent of ordinary letters are delivered early or on time, and 99 per cent one day later.
- Post's productivity since 1990 has increased by a total of 67 per cent, almost double the national productivity average over the same period.
- Post's non-reserved services account for 52 per cent of revenue and 69 per cent of profit.
- Post employs 35,397 people.
- Post's current nine-year price freeze on the 45-cent stamp equated to a 6.3 cent per stamp saving in 1999/2000.
- Between 1995 and 2001, Post invested \$510 million in its major network renewal program, Future Post, enabling further productivity gains and improved service.