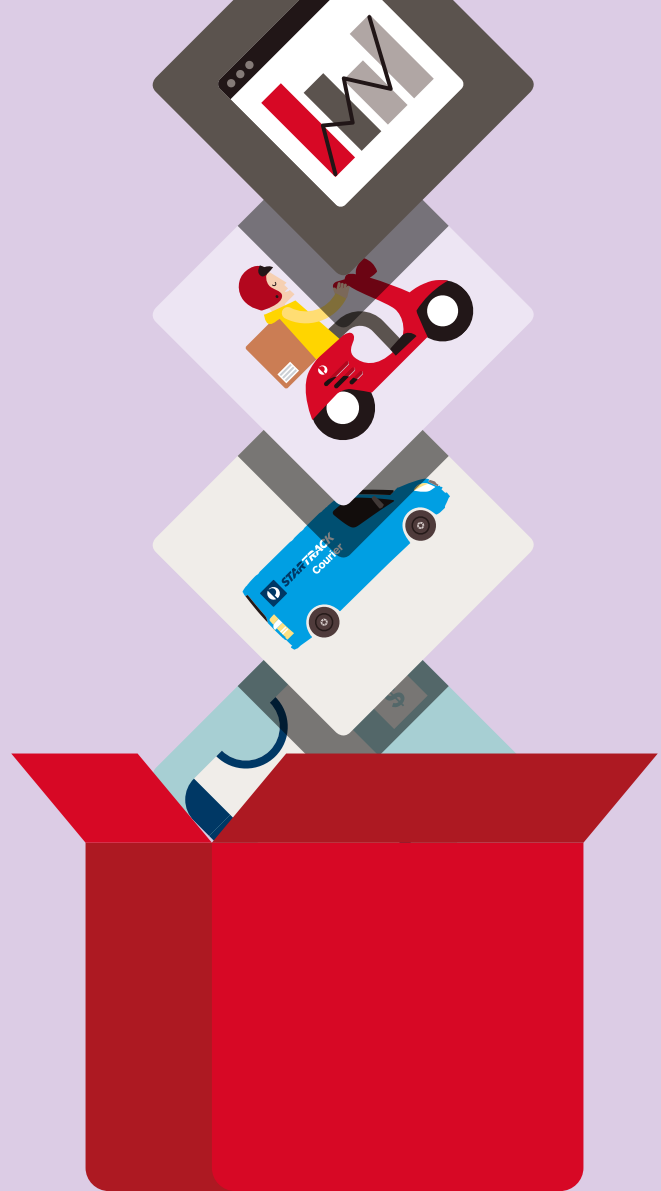


# Delivering eCommerce

## Delivering a better future

Digital technology has fundamentally altered the way business and government operate and how people interact – demanding more privacy, convenience, security and control.



**Our customers are more sophisticated and empowered than ever before – enjoying around-the-clock access to information, services and marketplaces that were previously unimagined or out of reach.**

**As a result, they now seek solutions that deliver choice, control and convenience in how, when and where they access our services.**

**That's why Australia Post is changing.**

### Reforming the letters service

The reform of our letters business will allow us to invest our resources in our domestic and international eCommerce capability, creating a new future for our post offices.

In March 2015, the Australian Government announced its support for the regulatory reform of our letters service. This decision was a welcome one, acknowledging that customer behaviour and community expectations have changed significantly since the pre-digital era.

Under the planned reforms, consumers will have the choice of:

- a priority service, delivered according to the existing timetable; or
- a regular service for non-urgent mail to be delivered two business days slower than priority.

Currently, Australia's basic stamp price is the lowest of any country in the Organisation for Economic Cooperation and Development (OECD). Current

pricing does not reflect the true cost of delivering a letter and this must change if Australia Post is to maintain the nationwide reach of our networks and services without government assistance.

While reform is positive and necessary, we also recognise that many members of the Australian community, including the vulnerable and isolated, continue to rely on our mail service. As such, the concession stamp will continue to be offered to eligible Australians at 60 cents for a small letter and the seasonal greeting rate will continue to be offered to all Australians at 65 cents for a small letter.

These changes are critical to enabling future investment in building our capability as a leading eCommerce business, while also preserving our letters service and meeting our Community Service Obligations (CSOs) – just as we have always done.

Reform is not about leaving behind that heritage of delivering; instead it celebrates and reimagines it for the future benefit of our people, our customers and the community.

## Building a better future

Achieving these reforms will help us build the robust business we need to provide our people with security and satisfaction. It will also provide opportunity for our employees to experience new career paths, supported by training and mentoring services, as the business transforms.

We are igniting a culture of innovation in the organisation, with a renewed focus on delivering customer experiences and solutions. As a result, our customers will enjoy a service better suited to their contemporary need for greater choice and convenience.

They will enjoy access to local and international markets where they can buy or sell goods, and have unparalleled choice about where and when those goods will be delivered.

And through the preservation of our post office network, particularly in rural and regional areas, communities throughout Australia will continue to benefit from our presence in their towns.

## Creating a more efficient network

The community's use of letters has been in steep decline since 2008, resulting in a cumulative business loss of \$1.3 billion over that time. Without reform, it's estimated that losses in the letters business over the next decade would amount to an estimated \$12 billion\*.

Over the past five years we've worked hard to minimise and mitigate these losses by optimising the efficiency of our letter delivery network.

Two years ago, we equipped our Posties with hand-held parcel scanners to allow them to deliver small parcels for the first time. At that time, our Posties delivered virtually no parcels; today they deliver around a third of our total parcel volumes. That innovation has kept their pannier bags full and helped underwrite our commitment to keep them delivering five days a week, even as letter volumes continue to decline.

This year, we continued to look for innovative solutions to improve the efficiencies in our mail delivery network and we analysed a range of factors – including workforce profiles, delivery routes and transport used – to determine the optimal delivery design for over 120 individual sites.

We also worked to improve operational efficiency by encouraging employees and management to collaborate to identify smarter ways of working, resulting in the establishment of a range of new initiatives which will deliver cost efficiencies over the next year.

These operational changes have resulted in more efficient networks and significant savings for our letters business, while also prioritising the safety of our people.

While the financial benefits resulting from these changes are important,

the efficiency they have delivered is critical to our ongoing ability to deliver the mail on time for the benefit of our customers. This year, we exceeded our Community Service Obligations once again, achieving 94.8 per cent of letters delivered on time against our target of 94 per cent. At the same time we continued to reduce the injury rate in our workplaces.

\* [https://www.communications.gov.au/sites/g/files/net301/f/BCG\\_Postal\\_Services\\_Background\\_Report.pdf](https://www.communications.gov.au/sites/g/files/net301/f/BCG_Postal_Services_Background_Report.pdf)



## Looking to the future

Pending acceptance of the new regulations passing through Parliament, we expect to introduce these pricing and service changes in January 2016.

We will continue to engage with business and government stakeholders, unions and community leaders, and the general public as these changes to our letters service progress.

Reform is a positive step forward for both our customers and our business. It will allow us to continue providing the essential services that the Australian community values, while also enabling us to invest in the growth of our eCommerce capabilities to create prosperity for our people, our customers and our communities.

Delivering a better future for everyone, everywhere, everyday.

