

Member Information and Update

Australia Post/Union Summit Meeting: Future Network & Structural Change



Australia Post is being challenged by the ever emerging digital economy, however, unlike other postal administrations around the world, Post have moved to focus on the gains to be made through this phase rather than concentrating on managing the decline in traditional mail areas. From a Union representative and employee point of view, the adverse affect on jobs have been minimised due to consecutive EBAs containing strong commitments with job security and terms and conditions of employment provisions.

During EBA talks and subsequent staff briefings held around the country, Australia Post made its intentions clear that they intended to make a \$2billion capital investment into major structural change within the business that would be necessary to reposition Post as a major domestic and global service provider to capture a greater share of the growing markets involving parcels and financial services.

Your CEPU leadership at both the national and state level recently met with Post executives in Sydney at a summit meeting. At this meeting Post Executives outlined the major structural change and the business plans that Australia Post shall be embarking on in transforming the company into becoming a major domestic and international player in this regard.

These changes proposed by Post will be supported by marketing strategies to present a fresh new look in brand and services to postal users to maximise market share from the all-important potential key business customers who have, until now, been forced to use a range of carriers for their business-to-business (B2B) solutions.

It is Post's intentions to become aggressive more than ever to maximise its market share in providing a total solution with products and services to cater for the needs of both B2B and business to consumers. This will involve new branding for both domestic and international markets that is intended to be supported by three key divisional business and operational groups.

The following represents a snapshot of the changes about to occur and where some of these initiatives are more advanced than others – including visible branding changes to occur within weeks;

Red Post *Communications Management Services*

To be headed by Tracey Fellows

Red Post will be the traditional mail network as we know it today. It will pick up the operational areas of delivery and processing areas in capital cities with the addition of the following key regional markets; Newcastle, Canberra, Wollongong, Sunshine Coast, Gold Coast and Geelong.

Blue Post *Parcels and Express*

To be headed by Richard Umbers

Blue Post will bring together Post's core Parcel operations and Transport, including the StarTrack subsidiary, Express Post, Courier and International operations.

Blue trucks with Post logo will soon be delivered while traditional red trucks will continue in the short term.

Green Post *Retail and Rural Post*

To be headed by Christine Corbett

Green Post will encompass the traditional retail network but will now bring in the operational areas of delivery and mail processing from regional Australia, aside from key regional markets as mentioned above that will encompass Red Post.

Changes with Parcel Processing and Gateway

Along with major expansions to Sydney Parcel and Gateway Facilities, modern and capable sorting equipment will be operational by late 2014. It is estimated that staffing impacts overall will be minimal if any from hereon to when peak outputs are realised by the new automation enhancements.

Importantly, new job functions will be introduced, while some existing job functions will vary or no longer apply.

The present sorting equipment operated by the StarTrack Express subsidiary is also proposed to be employed to strategically move Post parcels through Express networks within the Blue Post model.

Further consultation on all of these significant changes in transitioning to the new look of Australia Post shall occur with the involvement of the CEPU and its members. Further information will be communicated to members on these matters as outcomes become clearer.



Computer image of the new additions to Sydney Parcel Facility



Construction work well and truly advanced at the Sydney Gateway Facility

Changes within Delivery



The National Delivery Modelling tool to be trialed in a Sydney delivery facility will be an important key aspect in determining future resource levels throughout all delivery operations nationwide. The Model removes the need for performance measures of individual PDOs via daily round assessments and where the overall work offering within the overall delivery facility operations shall be modelled around maximising full time employment.

Your Union at the NSW State level have been at the forefront in strongly advocating for reforms within delivery operations. The Model involving the maximisation of full-time employment and the removal of the very unpopular and questionable performance measures in micro managing PDOs down to minutes and seconds for completion of daily work is expected to be welcomed by all delivery members.

Other initiatives presented to the summit meeting included feedback on new equipment introduced into delivery operations such as scanners and the NBC110 motorcycle.

All delivery initiatives are being introduced under consultation with the CEPU and delivery members that have already led to the smooth transition of around 85% of <2kg parcels now streamed to PDO rounds for not just filling pannier or depots bags – but for importantly keeping delivery members in employment.

Ongoing consultation on these delivery initiatives including the national delivery modelling trial to take place at a Sydney Delivery Facility continues with the CEPU involving local AURs. Delivery members will be informed of further developments as they occur.

Changes within Transport and Branding

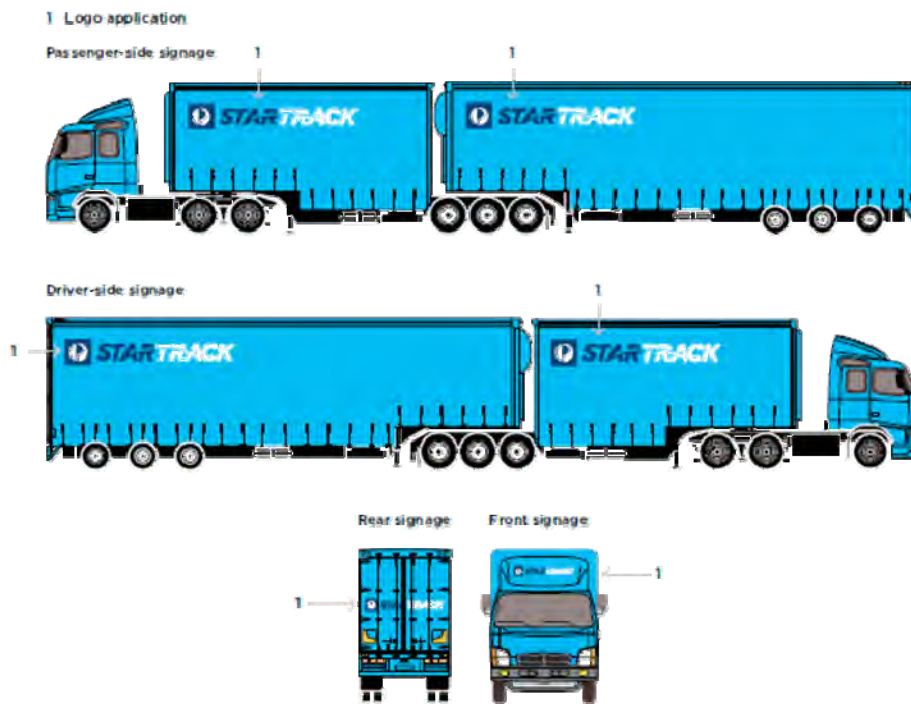
A re-branding and colour change from red to blue on Post's linehaul trucks as presented in the image below and will be visible within weeks.

It is important to note that Australia Post shall be integrating its fully owned StarTrack management and operations into Australia Post's new business structures and operations as a matter of priority.

Post trucks, its work offering, its people, its Awards and its EBA will continue unchanged. So nothing in this regard really changes whatsoever apart from Post employees performing their work under either a red or blue colour branding strategy being undertaken by Post for external marketing purposes.

Post also announced at the summit their intention to make changes to linehaul routes. These changes involve the removal of the Adelaide/Hay/Sydney and Melbourne/Dubbo/Brisbane linehaul routes. Under this proposal the Sydney to Adelaide product will travel by the normal Melbourne run and the Melbourne to Brisbane product will travel via the normal Sydney runs. Overall, there will be more linehaul duties for NSW linehaul drivers as the increased flexibility incurred by the changes will also result in less dependence on contractors. This also includes the present StarTrack Express product being loaded onto Australia Post linehaul duties.

The Union has already flagged for separate talks to occur on these proposed changes and the impacts if any on linehaul members conditions. A meeting has been scheduled for early as next Tuesday (1 Oct) in Melbourne involving CEPU State and local linehaul representatives.



Current route	Proposed
Adelaide to Brisbane via Hay and Sydney	 Adelaide-Melbourne-Sydney-Brisbane
Sydney to Adelaide via Hay	 Sydney-Melbourne-Adelaide
Melbourne to Brisbane via Dubbo	 Melbourne-Sydney-Brisbane
Brisbane to Adelaide via Dubbo and Melbourne	 Brisbane-Sydney-Melbourne-Adelaide

Each stop enables us to consolidate product

Community Service Obligations and Performance Standards

Changes within Mail Processing at Regional Mail Sorting Centres

Post are proposing significant changes to letter delivery services in identified regional areas that are presently providing over and above legislative Community Services Obligations (CSOs) requirements.

Post currently enhance its “next day delivery” services to include a number of large non-metropolitan regions that go beyond the CSOs and are proposing to cease providing this enhancement. It is proposed to process mail at larger mail sorting centres and then return the mail to these regional areas sorted and sequenced.

These affected regions (and catchments) identified by Post include Geelong, Ballarat, Bendigo, Gippsland, Wollongong, Central Coast, Bathurst, Wagga Wagga, Albury, Casino and Kempsey.

This proposed change will mean an overall reduction of processing jobs at these locations. During the summit meeting, Post has provided an undertaking to the CEPU NSW and Victorian State Secretaries that under this proposed change, no compulsory redundancies shall occur against any employee and whereby these changes will be managed via voluntary redundancies and natural attrition.

The NSW State Secretary Jim Metcher has sought further details associated with the proposal and has sought further talks at the NSW State level to occur on this matter before anything further is considered and progressed for implementation by Post.

This meeting at the state level will now involve all FMs and AURs from all the above mentioned Regional Sorting Centres and is being scheduled to occur for next Thursday (3 Oct) in Sydney.

Further information will be provided to all affected members on the outcome of these state level talks.

Review on Patronage and Location of 16,000 Street Post Boxes

Under the CSOs, Post are also required to have at least 10,000 Street Post Boxes (SPBs) at unspecified locations throughout Australia. Currently there are 16,000 SPBs whereby Post are planning to review all SPBs following the retraction of mail volumes and SPB patronage by postal users. Post’s justification for the SPB review follows a recent survey that has been undertaken, recording whereby a SPB that provides for less than 1kg per day is significantly adding to its fixed network cost pressures.

More detail has been sought by the NSW State Secretary including the request for CEPU representatives’ involvement in all SPB reviews and prior to any further consideration of repositioning or removal of SPBs in NSW/ACT by Australia Post.

Changes shall affect some in the short term but will provide certainty and longer term benefits for CEPU Members employed within Aussie Post

The announcements and presentations by Post at the summit meeting demonstrate that Post are seriously focused about embarking on significant change to ensure the future of Australia Post with aspirations to not follow the paths of many other postal administrations around the world that have been privatised or have in part folded or collapsed altogether.

These changes reinforce now more than ever a serious mindset within the Corporation of having a clear focus on its intention in moving to manage high cost areas within its fixed letters network. But more importantly these changes also present a clear vision of where Australia Post are heading in terms of its business strategy and direction that ultimately will determine certainty with employment, conditions, entitlements and superannuation benefits in the longer term for all CEPU members employed within Australia Post.

These changes present significant challenges in the short term for affected employees and their Union representatives, so it is very important for members and their Union representatives at all levels to engage in the consultation process for the purpose of mitigating the affect of such changes to employees who are Union members.

This will be achieved in NSW/ACT where already the NSW State Secretary has been provided assurances from senior executives that these changes will be managed in a mature, sensible and constructive manner with the input of NSW CEPU Officials taken seriously.