

Financial and Statutory Reports

Australian Postal Corporation

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Understanding our Statements

Australia Post's 1996-97 financial statements enable readers to assess the Corporation's results for the year, its present financial position, its future outlook and the value of its assets. Comparable measures are provided for the previous year.

The Statement by Directors and the Auditor's Report are standard legal declarations which are required in all annual financial reports.

The 'Corporation' figures are for Post alone, while the 'Consolidated' figures include transactions that Post and its subsidiary companies (Sprintpak Pty Ltd and Postcorp Developments Pty Ltd) have had with third parties. All figures in these statements are rounded to the nearest one hundred thousand dollars.

The Profit and Loss Statement shows the income and running costs of the Corporation for the financial year.

The Balance Sheet provides information on Post's assets and liabilities and indicates the amount of the Commonwealth Government's investment at the end of the financial year.

Assets listed in the Balance Sheet as 'current' are likely to be converted to cash within the next twelve months. Liabilities that are 'current' are due and payable within twelve months. 'Non-current' refers to long-term assets or liabilities.

Equity is the Corporation's total capital plus profits which have been reinvested over the years. The Statement of Cash Flows shows the derivation of the Corporation's cash resources during the financial year and its cash outlays.

To gain a complete understanding of Post's 1996-97 results, the financial statements should be read in conjunction with the accompanying explanatory notes.

Statement by Directors

Australian Postal Corporation

In the opinion of the Directors:

- (a) the financial statements are drawn up in accordance with the guidelines issued by the Minister for Finance for the preparation of Financial Statements of Commonwealth Authorities so as to present fairly:
 - (i) the state of affairs as at 30 June 1997 and the profit for the financial year ended on that date of the Corporation and the economic entity;
 - (ii) the other matters with which they deal; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due.

The financial statements are drawn up in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

This statement is made in accordance with a resolution of the Directors.



M. J. Williams, AM
Chairman



G. T. John
Managing Director

Melbourne
28 August 1997

Auditor's Report

Australian Postal Corporation

INDEPENDENT AUDIT REPORT

To the Minister for Communications and the Arts and the Board of Australian Postal Corporation

Scope

I have audited the financial statements of Australian Postal Corporation for the year ended 30 June 1997. The financial statements include the consolidated financial statements of the economic entity, comprising the Corporation and the entities it controlled at the year's end or from time to time during the year. The statements comprise:

- Statement by Directors;
- Balance Sheet;
- Profit and Loss Statement;
- Statement of Cash flows;
- Schedule of Commitments;
- Schedule of Contingencies; and
- Notes to and forming part of the financial statements.

The members of the Board of the Corporation are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to the Minister for Communications and the Arts and the Board of the Corporation.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with my understanding of the Corporation's and the economic entity's financial position, the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In accordance with sub-section 42(2) of the *Australian Postal Corporation Act 1989*, I now report that the statements are in agreement with the accounts and records of the Corporation and the economic entity, and in my opinion:

- the statements are based on proper accounts and records;
- the statements show fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Corporation and the economic entity as at 30 June 1997 and the results of their operations and their cash flows for the year then ended;
- the receipt, expenditure and investment of moneys, and the acquisition and disposal of assets, by the Corporation during the year have been in accordance with the *Australian Postal Corporation Act 1989*; and
- the statements are in accordance with the Guidelines for Financial Statements of Commonwealth Authorities.



P. J. Barrett
Auditor-General

Melbourne
28 August 1997

Profit and Loss Statement

Australian Postal Corporation

For the year ended 30 June 1997

		Consolidated		Corporation	
	Note	1997 \$m	1996 \$m	1997 \$m	1996 \$m
Operating revenue (before abnormal items)					
Mail services		2,730.9	2,587.9	2,730.9	2,587.9
Philatelic products		2	52.8	51.0	52.8
Money order service		29.5	27.7	29.5	27.7
Other non-mail products and services		296.5	223.8	287.1	224.2
Total		3,109.7	2,890.4	3,100.3	2,890.8
Operating expense (before abnormal items)					
Labour and related		1,580.0	1,501.9	1,580.0	1,501.9
Ongoing restructuring costs		1(i)(vi)	33.5	34.2	33.5
Licensees' fees		146.7	133.0	146.7	133.0
Carriage of mail by contractors		222.6	207.8	222.6	207.8
Accommodation		129.6	110.4	129.6	110.4
Merchandise		4	84.2	59.2	84.2
Depreciation		1(f)	147.5	113.8	147.5
Net interest expense		5	9.2	(2.3)	9.2
Miscellaneous		6	409.8	388.3	402.2
Total		2,763.1	2,546.3	2,755.5	2,546.3
Operating profit before abnormal items and income tax		346.6	344.1	344.8	344.5
Add abnormal items		7	6.5	23.9	6.5
Operating profit before income tax		353.1	368.0	351.3	373.6
Income tax attributable to operating profit		8	119.9	130.4	118.7
Operating profit after income tax		233.2	237.6	232.6	243.2
Accumulated profits at beginning of reporting period		461.8	441.3	462.2	436.6
Less conversion to capital		19	50.0	75.0	50.0
Available for appropriation		645.0	603.9	644.8	604.8
Dividends provided for and dividends paid		9	219.9	142.6	219.9
Transfer from reserves		19	16.8	0.5	16.8
Accumulated profits at end of reporting period		441.9	461.8	441.7	462.2

The accompanying notes form an integral part of these financial statements.

Balance Sheet

Australian Postal Corporation

As at 30 June 1997

	Note	Consolidated		Corporation	
		1997 \$m	1996 \$m	1997 \$m	1996 \$m
Current assets					
Cash		250.4	157.4	250.4	157.4
Receivables	10	467.7	391.5	466.2	399.2
Inventories	11	41.1	48.4	41.1	40.8
Other	12	27.6	28.6	27.6	28.6
Total current assets		786.8	625.9	785.3	626.0
Non-current assets					
Investments	13	12.9	12.9	14.0	14.0
Land and buildings	14, 29	937.8	1,005.2	937.8	1,005.2
Plant and equipment	14, 29	587.0	558.7	587.0	558.7
Other	15	264.1	179.3	264.1	179.3
Total non-current assets		1,801.8	1,756.1	1,802.9	1,757.2
Total assets		2,588.6	2,382.0	2,588.2	2,383.2
Current liabilities					
Provisions and payables	16	899.1	819.3	897.9	819.1
Total current liabilities		899.1	819.3	897.9	819.1
Non-current liabilities					
Debt	17	367.5	317.5	367.5	317.5
Provisions and payables	18	466.5	365.1	467.5	366.1
Total non-current liabilities		834.0	682.6	835.0	683.6
Total liabilities		1,733.1	1,501.9	1,732.9	1,502.7
Net assets		855.5	880.1	855.3	880.5
Equity					
Capital	19	400.0	400.0	400.0	400.0
Reserves	19	13.6	18.3	13.6	18.3
Accumulated profits	19	441.9	461.8	441.7	462.2
Total equity		855.5	880.1	855.3	880.5
Commitments	24				
Contingent liabilities	25				

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

Australian Postal Corporation

For the year ended 30 June 1997

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
Operating activities				
Cash received:				
Sales of goods and services	3,047.2	2,917.9	3,047.2	2,917.9
Interest received	14.2	27.2	14.2	27.2
Dividends received	7.0	0.0	7.0	0.0
Total cash received	3,068.4	2,945.1	3,068.4	2,945.1
Cash used:				
Payments to employees	1,615.5	1,536.2	1,615.5	1,536.2
Payments to suppliers	927.9	917.4	927.9	917.4
Interest paid	23.0	22.6	23.0	22.6
Income tax paid	101.6	122.8	101.6	122.8
Total cash used	2,668.0	2,599.0	2,668.0	2,599.0
Net cash from operating activities	400.4	346.1	400.4	346.1
Investing activities				
Cash received:				
Proceeds from sale of property, plant and equipment	58.3	31.9	58.3	31.9
Proceeds from redemption of preference shares	0.0	3.5	0.0	3.5
Total cash received	58.3	35.4	58.3	35.4
Cash used:				
Purchase of property, plant and equipment	270.4	302.3	270.4	302.3
Investments and inter-company loans	0.0	8.1	0.0	8.1
Total cash used	270.4	310.4	270.4	310.4
Net cash from investing activities	(212.1)	(275.0)	(212.1)	(275.0)
Financing activities				
Cash received:				
Proceeds of borrowings	50.0	25.0	50.0	25.0
Other	0.0	0.2	0.0	0.2
Total cash received	50.0	25.2	50.0	25.2
Cash used:				
Repayment of capital	50.0	75.0	50.0	75.0
Dividends paid	144.6	135.0	144.6	135.0
Total cash used	194.6	210.0	194.6	210.0
Net cash from financing activities	(144.6)	(184.8)	(144.6)	(184.8)
Net increase/(decrease) in cash held	43.7	(113.7)	43.7	(113.7)
Cash at beginning of reporting period	331.2	444.9	331.2	444.9
Cash at end of reporting period	374.9	331.2	374.9	331.2

The accompanying notes form an integral part of these financial statements.

Notes to the Statement of Cash Flows

Australian Postal Corporation

Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes substantial amounts held as advance payments for service, third party cash collections, unpresented money orders and funds required to meet the payment of income tax, dividends and restructuring costs, and is reconciled to the related items in the Balance Sheet, i.e. cash, and short-term investments (bills of exchange and promissory notes) included in receivables (refer note 10), as follows:

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
Cash	250.4	157.4	250.4	157.4
Short-term investments	124.5	173.8	124.5	173.8
Cash at end of reporting period	374.9	331.2	374.9	331.2
Reconciliation of operating result with net cash from operating activities				
Operating profit after income tax	233.2	237.6	232.6	243.2
Depreciation	147.5	113.8	147.5	113.8
Non-cash dividend	0.0	0.0	(1.0)	(5.2)
(Profit)/loss on sale of property, plant and equipment	(16.8)	0.4	(16.8)	0.4
Loss on revaluation of non-current assets	4.0	4.6	4.0	4.6
(Increase)/decrease in debtors	(18.3)	15.9	(16.7)	11.2
Increase in inventories	(0.3)	(16.0)	(0.3)	(11.5)
Decrease in interest receivable	0.3	1.8	0.3	1.8
(Increase)/decrease in future income tax benefit	(18.8)	16.3	(18.8)	16.3
(Increase)/decrease in prepayments	1.0	(8.4)	1.0	(8.4)
Increase in creditors	25.1	0.8	25.1	0.6
Increase/(decrease) in accrued interest expenditure	(0.1)	0.1	(0.1)	0.1
Decrease in income tax payable	(9.1)	(41.0)	(9.1)	(41.0)
Increase in deferred income tax	45.0	32.3	45.0	32.3
Increase/(decrease) in advance receipts	(2.4)	16.0	(2.4)	16.0
Increase/(decrease) in employee entitlements	10.1	(28.1)	10.1	(28.1)
	167.2	108.5	167.8	102.9
Net cash from operating activities	400.4	346.1	400.4	346.1

Loan facilities

Fully drawn loan facilities of \$367.5m were held at 30 June 1997 (1995-96, \$317.5m), (refer note 17).

Notes to and Forming Part of the Financial Statements

Australian Postal Corporation

1. Summary of Significant Accounting Policies

The *Australian Postal Corporation Act 1989* requires the Corporation to keep proper accounts and records of its transactions and affairs in accordance with accounting principles generally applied in commercial practice. The Corporation uses full accrual accounting to fulfil this requirement.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the July 1997 guidelines approved by the Minister for Finance titled *Financial Statements of Commonwealth Authorities*, having regard to Statements of Accounting Concepts and Urgent Issues Group Consensus Views. The financial statements of the controlled entities, which are reflected in the consolidated statements, are also prepared in accordance with the Corporations Law.

(a) Accounting basis

The financial statements have been prepared on the basis of historical costs and except where stated, do not take into account changing money values or current valuations of non-current assets or non-current liabilities.

Comparative information is reclassified where appropriate to enhance comparability. Amounts shown in the financial statements have been rounded to the nearest one hundred thousand dollars, unless otherwise stated.

(b) Principles of consolidation

The consolidated financial statements of the economic entity incorporate the results, assets and liabilities of the Corporation and its controlled entities. The balances and effects of transactions between entities in the economic entity have been eliminated.

(c) Equity accounting of associated companies

Interests in associated companies are shown as investments and related dividend income is included in profits. Associated companies are those in which the economic entity has a material investment and exercises significant influence, but not control. The equity information required by approved Accounting Standard AASB 1016 is set out in note 28.

(d) Property asset values

(i) General principles

Revaluation of the Corporation's assets in accordance with Department of Finance regulations is required at least once every three years. By agreement with the Department of Finance, revaluations are confined to land and buildings having regard to the nature and materiality of the Corporation's other asset classes. Valuations are carried out by independent valuers and are brought to account at the date of valuation. No provision has been made for capital gains tax against the carrying values of property assets as realisation at such values would not be expected to produce a capital gains tax liability. Future valuations will be conducted progressively over three years in accordance with accounting standards.

Adequate tests are undertaken to ensure that property assets are not stated at amounts in excess of their recoverable amounts. Independent valuations are conducted on properties scheduled for disposal in the coming year on the basis of highest and best use/vacant possession adjusted down for estimated selling costs. Where any such valuation is below the carrying value of the property, the lesser valuation is taken into the accounts.

Buildings under construction at 30 June are carried at cost.

(ii) Special purpose properties

This class comprises facilities purpose built to meet the mail processing and network requirements of the Corporation's mail services. Special purpose properties are valued on the basis of market value existing use, being market value of land and depreciated replacement cost of buildings and improvements. This class was last valued at 30 June 1997.

(iii) General properties

This class comprises other freehold properties and improvements to those properties leased by the Corporation. It includes post offices, administrative and operational support properties not included in the special purpose class.

The general class includes properties formerly disclosed as development properties. The same basis of valuation has applied to development and general properties and as a consequence of the adoption of a progressive valuation policy a distinction between development and general properties is no longer considered appropriate.

Freehold general properties are valued on the basis of highest and best use/vacant possession and were last valued at 30 June 1997. Leasehold improvements are carried at cost less depreciation.

(e) Property disposals

Sales of property generally are recognised on exchange of title. However, when the Corporation has a contracted obligation to complete a property sale, and the purchaser is of substance and has advanced a non-refundable deposit of a significant sum, the sale is recognised when the underlying contract becomes unconditional.

Costs of property identified for sale by a controlled entity include the purchase price and all expenses incurred in developing the land. Other holding costs capitalised include rates, taxes and interest.

(f) Depreciation accounting

Property, plant and equipment owned by the Corporation, other than freehold land, are depreciated over their estimated useful lives to the Corporation using the straight line method. Depreciation is calculated from the point of time a depreciable asset is first put into use or held ready for use or, in the case of property from the last date of valuation.

Retail fitout normally is depreciated over seven years except where it is intended to relinquish tenancy beforehand and there is no intention to redeploy the assets. Formerly these improvements were depreciated over the shorter of five years or the period of the lease. The effect of the policy change is to reduce depreciation expense for the year by \$2.2m. There is also a one-off adjustment of \$5.3m to accumulated depreciation balances, which was credited to depreciation expense in the financial year.

Other fitout and improvements are depreciated over their estimated useful lives or the period of the lease, whichever is the shorter period.

(g) Leased assets

It is the Corporation's policy to lease assets where such arrangements are cost effective. The lease of such assets is restricted to operational leases, under which the risks and benefits remain with the lessor. Operating lease payments are charged to the Profit and Loss account in the years in which they are incurred.

Notes to and Forming Part of the Financial Statements

Australian Postal Corporation

(h) Taxation

The Corporation is subject to all Federal, State and local government taxes and charges. Income tax has been brought to account using the liability method of tax effect accounting, whereby the income tax expense in the Profit and Loss account is matched with the accounting profit (after allowing for permanent differences). Income tax on net cumulative timing differences is set aside to the deferred income tax and future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(i) International transactions

The Corporation has transactions with overseas postal administrations relating to the carriage of mail to and from Australia, may purchase plant and equipment from overseas suppliers, and sells products and services to overseas postal administrations. Routinely, currency hedging arrangements are put in place for the majority of mail services, for major plant and equipment purchases and for sales of products and services to ensure certainty at the point of settlement.

At balance date, amounts receivable and payable in foreign currencies are included in the Balance Sheet at the current rates or, when hedging is in place, at the rates applicable to the hedging contracts. Any variation arising between the date the transactions originate and balance date are recognised in the Profit and Loss account except where they relate to purchases of plant and equipment, in which case the variation is added to or subtracted from the capital cost.

(j) Derivatives

The Corporation does not enter into derivative transactions for speculative purposes. However, hedging arrangements using derivative instruments are established to limit risk as noted in note 1(i) above and to fix interest earnings and expense expectations on short term investments and borrowings.

Gains and losses on interest rate hedges are accounted for on the same basis as the underlying physical exposures they are hedging. Accordingly, hedge gains and losses are brought to account when the gains and losses arising on the related physical exposures are recognised in the Profit and Loss account.

(k) Planning, research and development expenditure

Planning, research and development expenditure incurred during the year is charged against revenue.

(l) Employee entitlements

(i) Superannuation

Legislated superannuation benefits for all employees are provided through the Australia Post Superannuation Scheme (APSS). Other employee superannuation entitlements are either provided through the APSS or through the Commonwealth Superannuation Scheme (CSS) (refer note 27). Amounts paid or payable by the Corporation are charged against revenue. As at balance date the APSS is fully funded and liability for the CSS is assumed by the Commonwealth Government. Accordingly, the Corporation has no liability to recognise.

(ii) Long service leave

A liability for long service leave is recognised and is measured as the present value of expected future payments on entitlements outstanding at balance date. Actuarial consideration is given to future

wage and salary levels, interest rates and experience of employee departures, period of service and the time over which settlements will be made.

(iii) Recreation leave

A liability for recreation leave is recognised and is measured at current pay rates for services provided to balance date.

(iv) Sick leave

No liability for sick leave is recognised, as benefits lapse with termination of employment and experience indicates that the pattern of sick leave taken is less than the entitlement accumulating.

(v) Workers' compensation

The Corporation is a self insurer under the *Safety Rehabilitation and Compensation Act 1988* (SRC Act). A liability is recognised in the financial statements for workers' compensation claims and is measured as the discounted value of an annuity. Actuarial consideration is given to future wage and salary levels, interest rates and the time over which settlements will be made. The adequacy of the provision is reviewed annually.

With effect from 1 July 1997, self insurers under the SRC Act are required to obtain a bank guarantee to cover their liabilities which includes a contingency margin of 15 per cent.

In prior years, the Corporation has carried a margin to cover the costs of future case management which are carried out internally. In view of the ongoing internal case management carried out by the Corporation and the new arrangements it is considered unnecessary to maintain in the provision the margin for future case management and accordingly \$8.7m has been returned to profit as an abnormal item.

(vi) Restructuring costs

A liability is recognised for ongoing major restructuring costs where it is probable that the payment will be incurred and the cost can be reliably measured. Generally, such assessments do not exceed the certainty of initiatives planned for the following year. The amount charged against profit is shown under the heading 'Ongoing restructuring costs' in the Profit and Loss Statement.

(m) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. For those products manufactured by the Corporation, cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Costs are assigned to inventory quantities on hand at balance date on the basis of weighted average costs.

(n) Unearned postage revenue at balance date

Allowance is made for the assessed amount of revenue from postage sales as at balance date in respect of which service had not yet been provided (refer note 16). The amount of this liability is established by the use of appropriate surveys of postal customers and licensees and applied to current trading trends at balance date.

(o) Segment reporting

The Corporation's predominant operation is the provision of postal services, mainly within Australia.

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
2. Philatelic Products				
Includes sale of annual collection and stamp heritage books, first day covers, stamp packs and other packaged products and the assessed value of postage stamps sold to collectors.				
3. Operating Revenue				
Sales revenue	3,082.0	2,865.6	3,071.6	2,865.6
Other revenue includes:				
Profit/(Loss) on disposal of property, plant and equipment*	(5.8)	(0.4)	(5.8)	(0.4)
Dividends received or receivable from related entities	0.0	0.0	8.0	5.2
Net foreign exchange gain/(loss) – non-speculative	0.7	0.0	0.7	(2.6)
Profit/(Loss) on disposal of property, plant and equipment*:				
Land and buildings	2.0	2.7	2.0	2.7
Plant and equipment	(7.8)	(3.1)	(7.8)	(3.1)
*Profit on disposal of the Sydney GPO complex is disclosed as an abnormal item (refer note 7).				
4. Merchandise				
Includes the cost of printing postage stamps, philatelic material, postal stationery and other items for resale.				
5. Net Interest Expense				
Interest expense – loans	23.1	23.1	23.1	23.1
Interest earned:				
Deposits	(5.8)	(4.8)	(5.8)	(4.8)
Bills receivable	(8.1)	(20.6)	(8.1)	(20.6)
Total	9.2	(2.3)	9.2	(2.3)
6. Miscellaneous Expense				
Miscellaneous expense includes:				
Consumables and stores	64.9	63.6	64.9	63.6
Motor vehicle operating	51.0	48.5	51.0	48.5
Bad and doubtful debts	1.1	0.2	1.1	0.2
7. Abnormal Items Included in Operating Profit before Income Tax				
(Charge)/credit resulting from bond rate movement effect on employee entitlement provisions	(20.8)	28.5	(20.8)	28.5
Income tax (expense)/credit applicable	7.3	(10.3)	7.3	(10.3)
Credit resulting from portion of the workers' compensation provision no longer required	8.7	0.0	8.7	0.0
Income tax expense applicable	(3.0)	0.0	(3.0)	0.0
Charge resulting from revaluation of land and buildings	(4.0)	(4.6)	(4.0)	(4.6)
Income tax credit applicable	0.0	0.0	0.0	0.0
Final distribution of retained earnings following divisionalisation of controlled entity's operations	0.0	0.0	0.0	5.2
Income tax expense applicable	0.0	0.0	0.0	0.0
Credit resulting from disposal of Sydney GPO complex	22.6	0.0	22.6	0.0
Income tax expense applicable	(8.9)	0.0	(8.9)	0.0
Total abnormal items	6.5	23.9	6.5	29.1
Income tax expense applicable	(4.6)	(10.3)	(4.6)	(10.3)

Notes to and Forming Part of the Financial Statements

Australian Postal Corporation

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
8. Income Tax				
The prima facie tax on operating profit is reconciled to the income tax provided in the accounts as follows:				
Operating profit before income tax	353.1	368.0	351.3	373.6
Prima facie tax expense at 36%	127.1	132.5	126.5	134.5
Tax effect of permanent differences:				
Increase tax payable				
– Depreciation of buildings	4.4	4.0	4.4	4.0
– Sundry items	5.5	4.4	5.1	4.3
	9.9	8.4	9.5	8.3
Decrease tax payable				
– Sale of non-current assets	4.4	1.6	4.4	1.6
– Special buildings write-off	4.5	3.6	4.5	3.6
– Sundry items	5.7	4.5	5.9	6.4
	14.6	9.7	14.8	11.6
Prima facie tax expense adjusted for permanent differences	122.4	131.2	121.2	131.2
Over provision in prior year	(2.5)	(0.8)	(2.5)	(0.8)
Income tax expense attributable to operating profit	119.9	130.4	118.7	130.4
After allowing for:				
Increase in deferred income tax provision	(42.1)	(30.8)	(42.1)	(30.8)
Increase/(decrease) in future income tax benefit	19.0	(11.4)	19.0	(11.4)
Add over provision in prior year	2.5	0.8	2.5	0.8
Income tax paid/payable on current year taxable income	99.3	89.0	98.1	89.0
9. Dividends Provided For and Dividends Paid				
Dividends provided for:				
Normal dividend	72.9	77.6	72.9	77.6
Special dividend	80.0	0.0	80.0	0.0
Dividends paid	67.0	65.0	67.0	65.0
Total dividends	219.9	142.6	219.9	142.6

The final dividend provided for in 1995-96 of \$77.6m was paid on 18 October 1996. From the 1996-97 operating results, an interim dividend of \$67m was declared and subsequently paid on 16 June 1997. A further \$72.9m has been recommended as a final normal dividend payment for the 1996-97 year to be paid at a later time. In response to a measure announced in the 1997-98 Federal Budget, \$80m has been provided for as a special dividend from the 1996-97 operating results, to be paid in 1997-98.

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
10. Current Assets – Receivables				
Goods and services receivable	225.6	208.6	225.6	208.6
Sale of Sydney GPO complex settlement receivable	108.1	0.0	108.1	0.0
Bills of exchange and promissory notes	124.5	173.8	124.5	173.8
Interest receivable	1.0	1.3	1.0	1.3
Other	12.5	10.8	11.0	18.5
Provision for doubtful debts	(4.0)	(3.0)	(4.0)	(3.0)
Balance sheet total	467.7	391.5	466.2	399.2
Ageing of goods and services receivable:				
– current	215.7	199.0	215.7	199.0
– overdue less than 30 days	8.4	7.4	8.4	7.4
– overdue 30-60 days	0.5	1.4	0.5	1.4
– overdue more than 60 days	1.0	0.8	1.0	0.8
	225.6	208.6	225.6	208.6
11. Current Assets – Inventories				
Work in progress	3.0	4.0	3.0	4.0
Finished goods	41.7	41.1	41.7	41.1
Less provision for diminution of finished goods	(3.6)	(4.3)	(3.6)	(4.3)
	41.1	40.8	41.1	40.8
Land identified for sale				
Cost of acquisition	0.0	1.6	0.0	0.0
Expenses capitalised	0.0	6.0	0.0	0.0
	0.0	7.6	0.0	0.0
Balance sheet total	41.1	48.4	41.1	40.8
12. Current Assets – Other				
Prepayments	27.6	28.6	27.6	28.6
Balance sheet total	27.6	28.6	27.6	28.6

13. Non-current Assets – Investments

Investments in controlled entities comprise a 100 per cent shareholding of the ordinary share capital of Sprintpak Pty Ltd carried at cost of \$1m (1995-96, \$1m) and a 100 per cent shareholding of the ordinary share capital of Postcorp Developments Pty Ltd carried at cost of \$0.1m (1995-96, \$0.1m). Both entities are incorporated in Australia.

Investments in associated companies are detailed in note 28.

Investments in other unlisted entities over which the Corporation has neither control nor significant influence are carried at cost of \$1.2m (1995-96, \$1.2m).

Notes to and Forming Part of the Financial Statements

Australian Postal Corporation

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
14. Non-current Assets – Property, Plant and Equipment				
Land and buildings:				
Special purpose properties (refer note1(d)(ii))				
Additions at cost	57.8	88.4	57.8	88.4
At independent valuation – 1994	0.0	236.0	0.0	236.0
At independent valuation – 1997	283.9	0.0	283.9	0.0
Less: accumulated depreciation	(3.6)	(9.3)	(3.6)	(9.3)
	338.1	315.1	338.1	315.1
General properties (refer note1(d)(iii))				
Additions at cost	198.9	209.0	198.9	209.0
At independent valuation – 1994	0.0	278.9	0.0	278.9
At independent valuation – 1995	0.0	20.5	0.0	20.5
At independent valuation – 1996	0.0	252.8	0.0	252.8
At independent valuation – 1997	469.9	0.0	469.9	0.0
Less: accumulated depreciation	(69.1)	(71.1)	(69.1)	(71.1)
	599.7	690.1	599.7	690.1
Balance sheet total	937.8	1,005.2	937.8	1,005.2
Plant and equipment:				
Motor vehicles				
At cost	153.7	145.8	153.7	145.8
Less: accumulated depreciation	(46.7)	(45.8)	(46.7)	(45.8)
	107.0	100.0	107.0	100.0
Computers, software, mail processing and other equipment				
At cost	825.8	735.3	825.8	735.3
Less: accumulated depreciation	(345.8)	(276.6)	(345.8)	(276.6)
	480.0	458.7	480.0	458.7
Balance sheet total	587.0	558.7	587.0	558.7

The 1997 revaluation was carried out at 30 June 1997 by registered valuers through the following organisations:
DTZ Debenham International, Knight Frank (SA) Pty Ltd, L.J. Hooker – Darwin and Stanton Hillier Parker (WA) Pty Ltd.

Refer to note 29 for a further analysis of property, plant and equipment assets.

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
15. Non-current Assets – Other				
Finance lease receivable	65.5	0.0	65.5	0.0
Future income tax benefit	198.2	179.3	198.2	179.3
Other	0.4	0.0	0.4	0.0
Balance sheet total	264.1	179.3	264.1	179.3
<p>The finance lease receivable relates to disposal of part of the Sydney GPO complex under a 99 year lease over the heritage site. In accordance with the requirements of the standard Accounting for Leases, AAS 17, the receivable will reduce over the period of the lease. No part of the future income tax benefit is attributable to previous tax losses and the realisation of the benefit is considered as being assured beyond any reasonable doubt.</p>				
16. Current Liabilities – Provisions and Payables				
Provisions				
Employee leave	153.5	144.6	153.5	144.6
Employee separations and redundancies	23.0	28.2	23.0	28.2
Other employee related	25.1	43.2	25.1	43.2
Dividends	152.9	77.6	152.9	77.6
Income tax	55.3	64.4	55.3	64.4
	409.8	358.0	409.8	358.0
Payables				
Employees – salaries, wages and related	35.9	30.6	35.9	30.6
Suppliers – trade creditors	275.1	241.6	273.9	241.4
Other:				
Interest payable	0.3	0.4	0.3	0.4
Unearned postage revenue	43.4	42.5	43.4	42.5
Other advance receipts	84.8	87.1	84.8	87.1
Miscellaneous	49.8	59.1	49.8	59.1
	489.3	461.3	488.1	461.1
Balance sheet total	899.1	819.3	897.9	819.1

Notes to and Forming Part of the Financial Statements

Australian Postal Corporation

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
17. Non-current Liabilities – Debt				
Bank loans – unsecured:				
Floating rate note facility payable within one to two years	367.5	317.5	367.5	317.5
Balance sheet total	367.5	317.5	367.5	317.5
18. Non-current Liabilities – Provisions and Payables				
Provisions				
Employee leave	151.4	124.8	151.4	124.8
Other employee related	90.1	97.6	90.1	97.6
Deferred income tax	187.8	142.7	187.8	142.7
	429.3	365.1	429.3	365.1
Payables				
Other	37.2	0.0	38.2	1.0
Balance sheet total	466.5	365.1	467.5	366.1

	Capital	Accumulated Profits	Asset Revaluation Reserve	Total Equity
19. Analysis of Equity (Consolidated)				
Balance at 1 July	400.0	461.8	18.3	880.1
Operating profit	–	233.2	–	233.2
Dividends paid/payable	–	(219.9)	–	(219.9)
Net revaluation increase	–	–	12.1	12.1
Transfers to/(from) reserves and accumulated profits	50.0	16.8	(16.8)	50.0
Transfer to capital	–	(50.0)	–	(50.0)
Repayment of capital	(50.0)	–	–	(50.0)
Balance at 30 June	400.0	441.9	13.6	855.5

On 30 May 1997, the Minister for Communications and the Arts, pursuant to section 52 of the *Australian Postal Corporation Act 1989*, directed that an amount of \$50m (1995-96, \$75m) in the Corporation's reserves held as undistributed profits be converted to capital, and that \$50m (1995-96, \$75m) of capital be repaid to the Commonwealth. The capital repayment was effected in June 1997.

A transfer of \$16.8m from the asset revaluation reserve to accumulated profits arises as a result of amalgamating the former development properties class into the general properties class. The adjustment is necessary to bring the asset revaluation reserve to the level it would have reached had the two classes not been formerly separated.

20. Auditor's Remuneration

Audit fees paid or payable \$760,000 (1995-96, \$758,000).

21. Executives' Remuneration

Executive officers are those who are concerned with, or take part in, the management of the Corporation or the economic entity. Remuneration received from the Corporation and the economic entity in 1996-97 by executive officers (including the Managing Director) whose remuneration was at least \$100,000 totalled \$8,144,931 (1995-96, \$5,858,671). Excluded from this are amounts relating to performance pay which for this group of officers amounted in total to \$769,728 (1995-96, \$619,338). The remuneration includes the Corporation's contribution to the superannuation plans (refer note 27).

The number of executive officers whose remuneration was at least \$100,000 are shown below in the relevant bands:

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
Remuneration between				
\$100,001 and \$110,000	16	9	16	9
\$110,001 and \$120,000	12	6	12	6
\$120,001 and \$130,000	11	8	11	8
\$130,001 and \$140,000	4	9	4	9
\$140,001 and \$150,000	8	5	8	5
\$150,001 and \$160,000	2	1	2	1
\$160,001 and \$170,000	2	1	2	1
\$170,001 and \$180,000	2	1	2	1
\$180,001 and \$190,000	1	—	1	—
\$190,001 and \$200,000	1	1	1	1
\$270,001 and \$280,000	—	1	—	1
\$280,001 and \$290,000	1	—	1	—
\$360,001 and \$370,000	—	1	—	1
\$390,001 and \$400,000	1	—	1	—

22. Directors' Remuneration and Retirement Benefits

The remuneration of the Corporation's Directors is determined by the Remuneration Tribunal. The remuneration received or due and receivable directly or indirectly by the Corporation's Directors (excluding the Managing Director) in 1996-97 totalled \$292,270 (1995-96, \$289,977).

The number of Directors included in these figures are shown below in the relevant bands:

	Corporation	
	1997 \$m	1996 \$m
Remuneration between		
\$Nil and \$10,000	1	—
\$10,001 and \$20,000	—	3
\$20,001 and \$30,000	1	1
\$30,001 and \$40,000	4	4
\$40,001 and \$50,000	1	—
\$70,001 and \$80,000	1	1

Directors of the Corporation are eligible for membership of the Australia Post Superannuation Scheme. An amount of \$10,270 was provided in connection with the retirement of the Corporation's Directors (1995-96, \$10,634).

23. Related Parties

Directors

The names of persons who were Directors of the Australian Postal Corporation during the financial year are as follows: M. J. Williams, A. G. Rydge, G. T. John, K. C. Allen, R. M. Cameron, R. B. Evans, M. S. Keating, P. Morris and L. B. Nicholls. R. B. Evans and P. Morris retired as Directors during the year.

Notes to and Forming Part of the Financial Statements

Australian Postal Corporation

Remuneration and Retirement Benefits

Information on remuneration of Directors and amounts paid in connection with the retirement of Directors is disclosed in note 22.

Other Transactions of Directors and Director-Related Entities

A number of Directors are also Directors of other entities which may have transactions with the Australian Postal Corporation Group.

The relevant Directors do not believe that they have the capacity to control or significantly influence the financial or operating policies of either those entities or the Australian Postal Corporation Group in their dealings with one another. Those entities are therefore not considered to be Director-related entities for the disclosure requirements of the Australian Accounting Standard AAS 22: Related Party Disclosures.

Economic Entity

The economic entity consists of the Australian Postal Corporation and the wholly-owned controlled entities, Sprintpak Pty Ltd and Postcorp Developments Pty Ltd. Transactions between the Corporation and its controlled entities have been eliminated in the consolidated financial statements.

Other Related Parties

Aggregate amounts included in the operating profit before income tax that resulted from transactions with other related parties were as follows:

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
Payments for collection and delivery services	43.8	40.0	43.8	40.0
Revenue from commissions	6.8	6.1	6.8	6.1
Revenue from administrative services provided	0.2	0.3	0.2	0.3
All the above transactions were made on normal commercial terms and conditions and at market rates.				
Aggregate amounts receivable from and payable to other related parties at balance date were as follows:				
Current receivables	0.5	1.2	0.5	1.2
Current payables	7.5	7.4	7.5	7.4
Ownership Interests in Related Parties				
Interests held in each related party class are set out in the following notes:				
(i) controlled entities – note 13; and				
(ii) associated companies – note 28.				
24. Commitments				
Items contracted for at balance date but not provided for in the accounts:				
By type:				
Capital expenditure commitments				
Land and buildings	72.5	30.2	72.5	30.2
Plant and equipment	6.7	30.0	6.7	30.0
Total capital expenditure commitments	79.2	60.2	79.2	60.2
Other commitments				
Operating leases	255.2	267.5	255.2	267.5
Other	297.0	185.2	297.0	185.2
Total other commitments	552.2	452.7	552.2	452.7
Total commitments	631.4	512.9	631.4	512.9
By maturity				
(a) one year or less	179.1	194.7	179.1	194.7
(b) from one to two years	154.0	107.0	154.0	107.0
(c) from two to five years	208.6	149.8	208.6	149.8
(d) over five years	89.7	61.4	89.7	61.4
	631.4	512.9	631.4	512.9
Expenditure on operating leases for the year	65.7	59.0	65.7	59.0

25. Contingent Liabilities

The Corporation is currently evaluating its systems to identify any issues which may affect ongoing operations after 31 December 1999. The Corporation is currently replacing the majority of its financial systems with an integrated product (SAP R3), which is year 2000 compliant. The costs of ensuring that other systems are 'year 2000 compliant' can only be quantified after the exercise is complete and any required modifications have been identified and implemented.

26. Insurance

Generally, the Corporation self-insures its own risks (including workers' compensation). However, with respect to catastrophic losses appropriate insurance coverage for both the Corporation and its controlled entities has been arranged with general insurers. Payments on account of losses and insurance premiums paid in any year are charged against revenue for the year. Where appropriate, the controlled entities insure their other risks with general insurers.

27. Superannuation

The Corporation participates in two superannuation schemes. Both schemes separately accumulate entitlements attributable to employee contributions. Details of employer-provided benefits are as follows:

	Commonwealth Superannuation Scheme (CSS)	Australia Post Superannuation Scheme (APSS)
Principal type of benefit	Pension – defined benefit	Lump sum – defined benefit
Basis of employer contribution	As determined by the Minister for Finance having regard to the Corporation's future liability to meet entitlements.	As determined by the Corporation on the advice of the scheme's actuary and after consultation with the trustee, having regard to the Corporation's future liability to meet entitlements. Contributions reflect the actuarially assessed long term average cost of 15% of superannuable salaries for contributing APSS members, together with statutory benefits of 3% of superannuable salaries of CSS members and 6% of superannuable salaries of other members (employees in the first six months of employment and casuals). Amounts which have been contributed over time by the Corporation in respect of its employees' membership of the CSS are in excess of liabilities. Under a Ministerial determination, this residual surplus is paid over time to APSS. The scheme's actuary takes this into account in forming a view of the level of contributions payable by the Corporation to meet its scheme obligations.
Amounts paid or payable by the Corporation	Not required	1996-97 \$74.9m 1995-96 \$73.6m

The actuary to the Australia Post Superannuation Scheme is Dr A.J. Goddard, FIAA, FIA, of Towers Perrin Forster & Crosby, Inc. In accordance with standard practice and legislative requirements, actuarial reviews are scheduled every three years. The actuarial review currently used to assess scheme affairs was carried out on 30 June 1994. The next review is scheduled as at 30 June 1997. Member contributions to both APSS and CSS are maintained separately and attract attributable earnings from investments. The Corporation has no liability in respect of members' accumulation accounts.

Information relating to the APSS based on the latest actuarial assessment is set out below:

	Consolidated		Corporation	
	1997 \$m	1996 \$m	1997 \$m	1996 \$m
Net market value of assets held by the APSS to meet future benefit payments	2,728.8	2,388.9	2,728.8	2,388.9
Present value of employees' accrued benefits	2,041.2	1,871.5	2,041.2	1,871.5
Excess of assets held to meet future benefit payments over the present value of employees' accrued benefits	687.6	517.4	687.6	517.4
Employer contributions to the APSS	74.9	73.6	74.9	73.6
Vested benefits	2,030.2	1,865.1	2,030.2	1,865.1

Notes to and Forming Part of the Financial Statements

Australian Postal Corporation

28. Investments in Associated Companies

Name of Associated Company	Principal Activity	Ownership Interest		Carrying Amount		Equity Accounted Amount		Dividends Received/Receivable	
		1997 %	1996 %	1997 \$m	1996 \$m	1997 \$m	1996 \$m	1997 \$m	1996 \$m
Australian air Express Pty Ltd	Express air freight	50	50	0.9	0.9	11.6	13.3	7.0	0.0
AUSTRAPAY LTD	Payment processing	50	50	10.3	10.3	8.1	9.3	0.0	0.0
GEOSPEND PTY LTD	Direct mail marketing system	50	50	0.6	0.6	0.7	0.5	0.0	0.0

All the above investments are held by the Australian Postal Corporation and comprise interests in the ordinary share capital of the associated companies. The balance date of each is 30 June.

	1997 \$m	1996 \$m
Retained Profits Attributable to Associated Companies		
Share of operating profit after income tax	5.2	4.1
Retained profit/(loss) attributable to associated companies:		
at the beginning of the financial year	2.9	(1.2)
at the end of the financial year	8.1	2.9

29. Analysis of Property, Plant and Equipment

Summary of movements for the year (consolidated):

Item	Land \$m	Buildings \$m	Total Land & Buildings \$m	Plant & Equipment \$m	Total \$m
Gross value as at 1 July 1996	484.5	601.1	1,085.6	881.1	1,966.7
Additions	31.2	100.3	131.5	149.7	281.2
Revaluations	19.9	(38.3)	(18.4)	0.0	(18.4)
Disposals	(141.5)	(46.7)	(188.2)	(51.3)	(239.5)
Gross value as at 30 June 1997	394.1	616.4	1,010.5	979.5	1,990.0
Accumulated depreciation as at 1 July 1996	0.0	80.4	80.4	322.4	402.8
Depreciation charge	0.0	29.2	29.2	118.3	147.5
Adjustment for revaluations	0.0	(26.5)	(26.5)	0.0	(26.5)
Adjustment for disposals	0.0	(10.4)	(10.4)	(48.2)	(58.6)
Accumulated depreciation as at 30 June 1997	0.0	72.7	72.7	392.5	465.2
Net book value at 30 June 1997	394.1	543.7	937.8	587.0	1,524.8
Net book value at 30 June 1996	484.5	520.7	1,005.2	558.7	1,563.9

Summary of asset balances at valuation (consolidated)

As at 30 June 1997:					
Gross value	394.1	616.4	1,010.5	979.5	1,990.0
Accumulated depreciation	0.0	(72.7)	(72.7)	(392.5)	(465.2)
Net book value as at 30 June 1997	394.1	543.7	937.8	587.0	1,524.8
As at 30 June 1996:					
Gross value	484.5	601.1	1,085.6	881.1	1,966.7
Accumulated depreciation	0.0	(80.4)	(80.4)	(322.4)	(402.8)
Net book value as at 30 June 1996	484.5	520.7	1,005.2	558.7	1,563.9

KPMG Report on Domestic Letter Service Performance

Australian Postal Corporation



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To: The Board of the Australian Postal Corporation

Report on Australia Post's Domestic Letter Service Performance

In accordance with the terms of our contract with you, we have undertaken an independent audit of Australia Post's domestic letter service (excluding letters posted under bulk pre-sorted conditions) against its general delivery undertakings for the year ended 30 June, 1997. The independent audit has now been operational for 4.5 years.

We consider that our audit is one of the most rigorous and comprehensive tests of its kind in the world.

Scope

The audit was based on properly prepared, statistically valid quarterly samples of approximately 80,000 test letters. Sample sizes were determined in conjunction with the Australian Bureau of Statistics, having regard to information that you supplied about the postal network design parameters.

Our assessment involves comparing the delivery time taken for each test letter with Australia Post's delivery undertaking for the mail path concerned.

Test letters represented the full range of letter sizes and types recognised as ordinary mail, posted in locations having a daily clearance to locations having a daily delivery, from small to large and including window-faced envelopes. They were addressed by hand and machine, reflecting the varied mailing practices of postal users.

All addressing was in accordance with Australia Post's specifications for the proper preparation of lettermail. The letters, as specified under the terms of our contract, were indistinguishable from other mail flowing through your network.

Results

For the year ended 30 June, 1997, the audit showed that Australia Post delivered 93.9 per cent of all letters early or on time, and 98.7 per cent of letters were delivered on time or not more than one working day after your delivery undertakings. The comparable figures for the twelve months ended 30 June, 1996 were 93.2 and 98.6 per cent respectively.

In our opinion, at a 95 per cent confidence level and with a maximum weighted actual precision limit of 0.1 per cent, these results represent fairly the performance of your domestic letter service for the year ended 30 June, 1997.

The quarterly results from the independent audit show a high level of consistency in letter delivery performance.

In this regard, we note the Corporation's commitment to the achievement of world's best practice and continuous improvement as powerful forces driving letter delivery performance.


KPMG


M.M. Craig
Partner

Melbourne, Australia
8 August, 1997



Member Firm of
KPMG International

Australian Bureau of Statistics Survey Certification

Australian Postal Corporation



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To: The Board of the Australian Postal Corporation

AUSTRALIAN BUREAU OF STATISTICS

SURVEY CERTIFICATION

We designed statistically valid samples of test letters for the surveys undertaken by KPMG for the quarters ended 30 September 1996; 31 December 1996; 31 March 1997; and 30 June 1997. The samples were designed to enable the accurate testing of your letter delivery performance, having regard to the postal network design parameters provided by you. For the financial year ended 30 June 1997, the sample was representative and the estimation procedure used ensures the year's national results are unbiased and accurate within the actual limits of precision set out in KPMG's report.

Caroline Daley

Australian Bureau of Statistics
Canberra, Australia
8 August 1997

Statistical Summary

Australian Postal Corporation

1. Five-year Statistical Summary

At 30 June 1997	1996-97	1995-96	1994-95	1993-94	1992-93
Consolidated					
Revenue (\$million)	3,109.7	2,890.4	2,754.6	2,550.8	2,399.1
Expenditure (\$million)	2,763.1	2,546.3	2,423.0	2,263.7	2,149.7
Operating profit before abnormals and tax (\$million)	346.6	344.1	331.6	287.1	249.4
Total assets (\$million)	2,588.6	2,382.0	2,327.3	2,102.7	2,016.8
Return on assets (%)	14.6	15.5	14.8	12.3	11.1
Cost of Community Service Obligations (\$million)	67	72	65	62	46
Total taxes and government charges (\$million)	308	306	254	227	273
Dividends (\$million)	220	143	120	90	62
Corporation					
Total mail articles handled (million)	4,205.7	4,047.4	3,827.7	3,611.3	3,415.7
On time letter delivery performance (%)	93.9	93.2	93.6	93.3	92.3
Full-time employees	31,111	32,040	31,621	31,130	31,934
Labour productivity improvement (%)	5.7	4.0	6.4	6.1	4.6
Number of corporate outlets	1,009	1,084	1,132	1,203	1,299
Number of licensed post offices	2,925	2,873	2,822	2,789	2,928
Number of post points	899	888	803	779	630
Number of delivery points	8,210,165	7,920,622	7,670,010	7,471,944	7,282,840

2. Mail Delivery Network

At 30 June 1997	NSW/ACT	VIC/TAS	QLD	WA	SA/NT	AUST 1997	AUST 1996
Private households receiving mail via:							
Street delivery	2,297,392	1,633,774	1,077,492	610,157	540,558	6,159,373	5,966,864
Private boxes/locked bags	204,791	144,714	154,517	62,744	88,757	655,523	622,722
Private and community bags	5,799	4,667	14,249	3,767	14,103	42,585	44,018
Roadside delivery	149,465	114,877	92,128	14,077	8,803	379,350	342,893
Counter delivery	35,441	47,432	31,336	12,758	23,418	150,385	155,025
Total	2,692,888	1,945,464	1,369,722	703,503	675,639	7,387,216	7,131,522
Business receiving mail via:							
Street delivery	147,514	114,278	62,391	38,805	32,410	395,398	387,436
Private boxes/locked bags	141,549	101,170	82,688	35,644	32,622	393,673	369,078
Private and community bags	1,196	970	1,261	535	1,203	5,165	5,033
Roadside delivery	4,759	5,274	3,020	531	662	14,246	12,897
Counter delivery	3,489	5,589	2,116	1,529	1,744	14,467	14,656
Total	298,507	227,281	151,476	77,044	68,641	822,949	789,100
Total delivery points	2,991,395	2,172,745	1,521,198	780,547	744,280	8,210,165	7,920,622

Statistical Summary (continued)

Australian Postal Corporation

3. Post Outlets

At 30 June 1997	NSW/ACT	VIC/TAS	QLD	WA	SA/NT	AUST 1997	AUST 1996
Corporate offices*							
– at 1 July 1996	368	307	201	107	101	1,084	1,132
Changes during 1996-1997							
– Opened	3	2	2	0	0	7	22
– Changed from LPO/POA**	0	0	0	0	0	0	1
– Changed to LPO	(43)	(11)	(3)	(2)	(6)	(65)	(65)
– Closed	(8)	(4)	(4)	(1)	(0)	(17)	(6)
Total at 30 June 1997	320	294	196	104	95	1,009	1,084
LPO/POA**							
– at 1 July 1996	871	962	439	287	314	2,873	2,822
Changes during 1996-97							
– Opened	1	2	1	0	1	5	9
– Changed from corporate office	43	11	3	2	6	65	65
– Changed to corporate office	0	0	0	0	0	0	1
– Changed to community postal agency	0	0	1	0	2	3	6
– Closed	(4)	(5)	(2)	(1)	(3)	(15)	(16)
Total at 30 June 1997	911	970	440	288	316	2,925	2,873
Grand total at 30 June 1997	1,231	1,264	636	392	411	3,934	3,957
Community postal agencies at 30 June 1997	89	44	215	70	116	534	417
Total outlets at 30 June 1997	1,320	1,308	851	462	527	4,468	4,374

*Includes retail offices and business centres. **Licensed post offices and post office agencies.

4. Post Outlets by State and Geographic Classification

At 30 June 1997

Outlet Type	Geographic Classification ⁽¹⁾	NSW	VIC	QLD	SA	WA	TAS	NT	AUST
Corporate	Metro	232	175	113	56	66	12	4	658
	Rural	84	83	65	29	22	22	0	305
	Remote	4	2	18	2	16	0	4	46
	Total	320	260	196	87	104	34	8	1,009
LPO/POA ⁽²⁾	Metro	436	353	160	123	116	27	4	1,219
	Rural	436	442	197	148	90	116	4	1,433
	Remote	39	23	83	26	80	5	11	267
	Total	911	818	440	297	286	148	19	2,919
CMA/CPA	Metro	5	2	6	6	3	3	0	25
	Rural	79	19	118	78	23	18	1	336
	Remote	5	2	91	20	44	0	11	173
	Total	89	23	215	104	70	21	12	534
Total	Metro	673	530	279	185	185	42	8	1,902
	Rural	599	544	380	255	135	156	5	2,074
	Remote	48	27	192	48	140	5	26	486
	Total	1,320	1,101	851	488	460	203	39	4,462

(1) Geographic classifications use 'Rural, Remote and Metropolitan Classification, 1991 Census Edition' Department of Primary Industries and Energy, Department of Human Services and Health, AGPS, November 1994.

(2) Facilities in external territories are excluded (four POAs in Antarctica, Christmas Island LPO and Cocos Island LPO).

5. Basic Postage Rate* (BPR) and the Consumer Price Index

At 30 June	BPR c	CPI All Groups 8 Capitals Base 1989-90=100	Year-on-Year		Change in Real Postage %
			Change in BPR %	Change in CPI %	
1993	45	109.3	–	–	–
1994	45	111.2	0.0	1.7	-1.7
1995	45	116.2	0.0	4.5	-4.5
1996	45	119.8	0.0	3.1	-3.1
1997	45	120.2	0.0	0.3	-0.3

*Postage rate applicable to standard letters carried within Australia by ordinary post.

6. Letter Senders' Access to Postal Network

	Metro Areas	Rural Zones	Remote Zones	Total
Access to stamps and postage assessment (Number of facilities)				
Total retail outlets	1,902	2,074	486	4,462
Other outlets ⁽¹⁾	5,620	4,915	588	11,123
Total outlets⁽²⁾	7,522	6,989	1,074	15,585⁽⁷⁾
Access to posting facilities (Number of facilities)				
Total retail outlets	1,902	2,074	486	4,462
Street posting boxes	9,566	3,151	277	12,994
Roadmail contractors ⁽³⁾	598	2,378	508	3,484
Posting facilities⁽⁴⁾	12,066	7,603	1,271	20,940
Comparative access measures:				
Outlets per 10,000 residents ⁽⁵⁾	5.8	14.4	17.6	8.4
Posting facilities per 10,000 residents ⁽⁶⁾	9.2	15.7	20.8	11.3
Distance from postal outlets:				
Average per household (km)	1.1	3.2	13.3	2.0
Dispersion:				
– 90% of households within (km)	1.9	8.7	38.6	3.1
– 75% of households within (km)	1.3	3.2	9.8	1.6

Notes:

(1) Includes post points, licensed stamp vendors, off-site vending machines, etc.

(2) Does not include road mail contractors, all of which, on request, would arrange supply of stamps.

(3) Road mail contractors, on request, accept letters for posting.

(4) In addition, postal delivery officers, on request, accept letters for posting.

(5) Based on estimated resident population. (Derived from Australian Bureau of Statistics (ABS) – estimated resident population and extrapolated growth rates as published by ABS.)

(6) Does not include access to posting provided through postal delivery officers.

(7) Four post office agencies in Antarctica and external territories are excluded.

Statistical Summary (continued)

Australian Postal Corporation

7. Letter Recipients' Access to Postal Network (000 delivery points)

	Metro Areas	Rural Zones	Remote Zones	Total
Households				
Delivery to residence via:				
Street delivery	4,863.5	1,200.1	95.7	6,159.3
Roadside delivery	93.5	270.6	15.2	379.3
Total to residence	4,957.0	1,470.7	110.9	6,538.6
Deliver at postal premises via:				
Private boxes and bags	286.8	305.2	66.5	658.5
Counter delivery	31.3	98.1	21.0	150.4
Total at postal premises	318.1	403.3	87.5	808.9
Delivery to intermediate point via:				
Community bags	6.5	26.6	6.3	39.4
Total households	5,281.6	1,900.6	204.7	7,386.9
Business				
Delivery via:				
Street delivery	304.4	86.3	4.7	395.4
Roadside delivery	6.7	7.3	0.2	14.2
Private boxes and bags	263.0	113.7	20.0	396.7
Counter delivery	3.3	9.6	1.6	14.5
Delivery to intermediate point via:				
Community bags	0.2	1.5	0.4	2.1
Total business	577.6	218.4	26.9	822.9
Total delivery points	5,859.2	2,119.0	231.6	8,209.8

8. Frequency of Service to Delivery Points (per cent of total delivery points)

	Metro Areas	Rural Zones	Remote Zones	Total
One per week	0.0	0.1	0.5	0.0
Two to four	0.3	5.8	6.0	1.9
Five or more	99.7	94.1	93.5	98.1
Total	100.0	100.0	100.0	100.0

9. Delivery Timetable

Posted for Delivery	Delivery by
Intrastate	
Within metropolitan areas of capital cities (*) or within the same city or town and environs	Next business day after posting
Between metropolitan areas of capital cities and country locations	2nd business day after posting
Between country locations	2nd business day after posting
Interstate	
Between metropolitan areas of capital cities	2nd business day after posting
Between metropolitan areas of capital cities and country locations	3rd business day after posting
Between country locations	4th business day after posting (**)

Note: Letters to and from remote country areas, including those without a daily service, may take more than the nominated number of elapsed days indicated above.

() Capital cities include Canberra and Darwin. (**) Earlier delivery timetables apply at nominated State border locations.*

10. Overall Letter Service Performance in 1996-97

	Full Year 1996-97	Quarter Ended 30/6/97	Quarter Ended 31/3/97	Quarter Ended 31/12/96	Quarter Ended 30/9/96
Based on letters delivered in the following areas:					
Per cent in time					
Australian Capital Territory	96.1	95.9	97.3	95.8	95.6
New South Wales	92.6	92.1	94.4	91.8	92.3
Victoria	93.0	93.9	94.8	92.7	90.6
Queensland	96.4	96.5	96.7	96.4	96.1
Western Australia	93.6	94.6	95.8	92.7	91.4
South Australia	96.8	97.0	96.8	96.8	96.5
Tasmania	96.9	97.3	98.9	95.7	95.9
Northern Territory	95.0	96.2	95.9	93.0	94.9
National averages	93.9	94.1	95.3	93.4	92.8
Per cent + one day					
Australian Capital Territory	99.1	98.8	99.7	99.0	98.8
New South Wales	98.5	98.3	98.9	98.3	98.3
Victoria	98.4	98.7	98.9	98.1	97.9
Queensland	99.3	99.3	99.3	99.3	99.4
Western Australia	99.0	99.3	99.2	98.8	98.6
South Australia	99.4	99.4	99.5	99.2	99.4
Tasmania	99.2	99.4	99.7	98.7	98.9
Northern Territory	99.2	99.5	99.1	98.8	99.0
National averages	98.7	98.8	99.1	98.6	98.5

Source: National Operations 7 August 1997.

Statistical Summary (continued)

Australian Postal Corporation

11. Summary of Post's Property Portfolio

At 30 June 1997	NSW/ACT	VIC/TAS	QLD	SA/NT	WA	AUST 1997	AUST 1996
Owned							
Post offices/retail (a)	207	154	68	47	44	520	618
Detached residences	8	8	20	6	26	68	76
Delivery centres (b)	29	30	38	11	17	125	112
Mail centres (c)	16	12	9	2	1	40	37
Other buildings and sites (d)	23	21	24	8	12	88	72
	283	225	159	74	100	841	915
Leased							
Post offices/retail (a)	136	119	103	38	45	441	447
Detached residences	1	2	0	7	2	12	11
Delivery centres (b)	44	37	4	1	5	91	72
Mail centres (c)	2	2	0	0	0	4	0
Other buildings and sites (d)	43	42	19	11	11	126	114
	226	202	126	57	63	674	644
Total							
Post offices/retail (a)	343	273	171	85	89	961	1,065
Detached residences	9	10	20	13	28	80	87
Delivery centres (b)	73	67	42	12	22	216	184
Mail centres (c)	18	14	9	2	1	44	37
Other buildings and sites (d)	66	63	43	19	23	214	186
	509	427	285	131	163	1,515	1,559

(a) Post offices/retail includes retail post offices, traditional post offices, post shops, post office agencies and business centres which are stand-alone or collocated with a retail post office, and post offices with residential accommodation including detached residences sharing the same site as an official post office building.

(b) Delivery centres includes those with a collocated business centre.

(c) Mail centres includes those with a collocated delivery centre or business centre.

(d) Other buildings and sites includes parcel centres, training schools, workshops, mail centres (annexes), administrative buildings and vacant sites.

12. Total Articles Through Post's Network (million)*

At 30 June 1997	1996-97	1995-96	1994-5	1993-4	1992-93
Posted in Australia for delivery in Australia	3,888.1	3,733.7	3,529.9	3,317.9	3,135.2
Posted in Australia for delivery overseas	157.3	159.1	146.4	146.0	130.1
Total articles posted in Australia	4,045.4	3,892.8	3,676.3	3,463.9	3,265.3
Articles posted overseas for delivery in Australia	160.3	154.6	151.4	147.3	150.4
Total articles through the mail network	4,205.7	4,047.4	3,827.7	3,611.2	3,415.7

*Mail volume statistics exclude unaddressed advertising items and incoming international mail and articles which do not generate revenue, e.g. official mail, redirected mail and international mail in transit (e.g. Singapore to New Zealand, via Australia).

13. Occupations of Full-Time Staff, Excluding Casuals
At 30 June 1997

Function	HQ	NSW/ ACT	VIC/ TAS	QLD	WA	SA/ NT	Sprint- pak	Property	AUST 1997	AUST 1996
Administration	478	853	594	299	238	211	44	75	2,792	2,782
Engineer	8	6	7	5	1	3	0	0	30	30
Executive	76	24	15	8	5	7	4	10	149	163
Facility manager	0	30	26	12	7	6	0	0	81	78
Mail delivery	0	3,698	3,076	1,383	848	811	0	0	9,816	9,878
Mail processing	0	3,381	2,059	1,202	461	561	0	0	7,664	7,856
Miscellaneous	1	93	68	39	35	25	6	0	267	293
Parcels	0	331	267	0*	163	19	0	0	780	776
Postal manager	1	424	378	268	151	134	0	0	1,356	1,403
Postal sorting	0	460	200	178	51	61	0	0	950	1,031
Production	0	0	0	0	0	0	130	0	130	59
Retail	1	1,451	1,296	579	354	397	0	0	4,078	4,617
Support services	1	199	94	20	10	30	0	0	354	404
Technical	17	182	149	63	65	39	2	2	519	534
Transport	0	974	686	256	128	100	1	0	2,145	2,136
Total	583	12,106	8,915	4,312	2,517	2,404	187	87	31,111	32,040

*Queensland parcel operations are included in mail processing operations.

14. People Engaged in Providing Postal Services
At 30 June 1997

	HQ	NSW/ ACT	VIC/ TAS	QLD	WA	SA/ NT	Sprint- pak	Property	AUST 1997	AUST 1996
Full-time										
Permanent	575	11,712	8,724	4,235	2,439	2,338	187	87	30,297	30,624
Fixed term	8	394	191	77	78	66	0	0	814	1,416
Total full-time	583	12,106	8,915	4,312	2,517	2,404	187	87	31,111	32,040
Part-time										
Permanent	12	1,481	1,471	748	472	448	2	0	4,634	3,200
Fixed term	1	693	390	190	113	164	0	0	1,551	2,489
Total part-time	13	2,174	1,861	938	585	612	2	0	6,185	5,689
Total staff	596	14,280	10,776	5,250	3,102	3,016	189	87	37,296	37,729
Others										
Casuals*	0	229	207	108	180	76	0	0	800	963
Post office licensees	0	911	966	438	288	316	0	0	2,919	2,608
Mail contractors	0	1,632	1,080	1,272	495	333	0	0	4,741	4,266
Post office agents	0	0	4	2	0	0	0	0	6	12
Total others	0	2,772	2,257	1,820	963	725	0	0	8,537	7,849
Grand total	596	17,052	13,033	7,070	4,065	3,741	189	87	45,833	45,578

*Number of employees paid during the pay period ended 25 June 1997.

Statutory Reporting Requirements Index

Australian Postal Corporation

Post has reported in accordance with the *Australian Postal Corporation Act 1989*, the *Freedom of Information Act 1982* and the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. This index shows where the relevant information can be found in the 1996-97 Annual Report.

Australian Postal Corporation Act 1989 – General reporting requirements

Section	Subject	Location	Page Reference
s.42(2)(a)(b)(c)(d)	Auditor's Report to the Minister and Board	Financial Statements	40
s.43(a)	Statement of corporate objectives under the Corporate Plan	Introducing Post	1
		Statutory Report	67
s.43(b)(i)	Overall strategies and policies under the Corporate Plan	Introducing Post	1
		Statutory Report	67
s.43(b)(ii)	Performance indicators and targets under the Corporate Plan	Statutory Report	67
s.43(c)	Assessment of extent to which objectives under s.43(a) have been achieved	Delivering Results	2-3
		The Year in Review	4-5
		Statutory Report	67
s.43(d)	Strategies and policies relating to Community Service Obligations (CSOs)	Statutory Report	68
s.43(e)	Directions by the Minister under s.40(1) (CSOs)	N/A	
s.43(f)	Assessment of appropriateness and adequacy of strategies and policies for CSOs	The Year in Review	4-5
		Business Environment	8
		Delivering Today	11
		Statutory Report	68
s.43(fa)	Performance standards relating to CSOs	Statistical Summary	60-63
		Statutory Report	68
		Business Environment	8
		Delivering Today	11
s.43(g)(i)	Notifications by the Minister under s.48 (general policies of the Commonwealth)	Statutory Report	68
s.43(g)(ii)	Directions by the Minister under s.49 (public interest)	N/A	
s.43(h)(i)	Impact of Ministerial notifications under s.48 and directions under s.49	Statutory Report	68
s.43(h)(ii)	Impact of other Government obligations	Statutory Report	68
s.43(i)	Ministerial power under s.33(3) to disapprove postage determinations	N/A	
s.43(k)	Companies and other associations established or sold	Associated Businesses	22
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s.44(a)	Financial targets	Statutory Report	67
s.44(b)	Ministerial direction under s.40(1) to vary the financial targets	N/A	
s.44(c)	Progress in achieving the financial targets	Statutory Report	67
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		Financial Statements	48
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s.44(e)	Ministerial direction under s.54(3) as to dividend	N/A	
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		Statutory Report	68
s.44(g)(ii)	Cost impact of Ministerial notifications under s.48	Statutory Report	68
s.44(g)(iii)	Cost impact of Ministerial notifications under s.49	N/A	
s.44(g)(iv)	Cost impact of other Government obligations	Statutory Report	68
s.44(h)(i)&(ii)	Financial information requested by the Minister in relation to the reserved services and other activities	N/A	
s.45(1)(a)	Certifications that financial statements follow guidelines by the Minister of Finance	Financial Statements	39-40
s.45(1)(b)	Compliance with requirements relating to reporting of income of executive officers	Financial Statements	53

Freedom of Information Act 1982 – Reporting requirements

Section	Subject	Location	Page Reference
s.8(1)(a)(i)	Information on organisation and functions	Introducing Post	1
		Post – The Organisation	33
s.8(1)(a)(ii)	Consultative arrangements	Statutory Report	67
s.8(1)(a)(iii)	Categories of documents	Statutory Report	70
s.8(1)(a)(iv)&(v)	Access to documents and initial enquiries	Statutory Report	70
		Statutory Report	70

Occupational Health and Safety (Commonwealth Employment) Act 1991 – Reporting requirements

Section	Subject	Location	Page Reference
s.74(1)(c)	Occupational health and safety policies including agreement with employees, establishment of committees and selection of health and safety representatives	Statutory Report	69
s.74(1)(d)	Measures taken to ensure health, safety and welfare of employees and contractors	Our People	29-30
		Statutory Report	69
s.74(1)(e)	Statistics requiring the giving of notice under s.68	Statutory Report	69
s.74(1)(f)&(g)	Details of investigations and other matters as prescribed	Statutory Report	69

Statutory Report

Australian Postal Corporation

Legislation

The powers and functions of Australia Post are set out in Sections 14-19 of the *Australian Postal Corporation Act 1989* (the Act).

Post's principal function is to supply postal services within Australia and between Australia and other countries. Post may also carry on any business or activity, either domestically or internationally, that relates or is incidental to the supply of postal services.

Responsible Minister

Senator the Hon. Richard Alston, Minister for Communications and the Arts, has portfolio responsibility for Australia Post.

Board of Directors

The Board consists of up to nine Directors.

Membership at 30 June 1997 was:

- Maurice J. Williams, AM – Chairman
- Alan G. Rydge – Deputy Chairman
- Graeme T. John – Managing Director
- Linda B. Nicholls
- Rodney M. Cameron
- Michael S. Keating, AC
- Kenneth C. Allen

Changes during the year were:

Appointments:

- Michael Keating, AC (28 August 1996)
- Ken Allen (28 May 1997)

Retirements:

- Ron Evans (25 April 1997)
- Penny Morris (13 June 1997)

Appointed subsequently:

- Katie Lahey (23 July 1997)

Board Meetings

There were 12 Board meetings during 1996-97, attended as follows:

M. J. Williams 11; A. G. Rydge 12; G. T. John 11; R. M. Cameron 12; R. B. Evans 9; M. S. Keating 8; P. Morris 11; and L. B. Nicholls 10.

Board Committees

Three Board committees met regularly through the year, with the following attendance:

Audit (four meetings) – A. G. Rydge 4; M. J. Williams 3; M. S. Keating 2.

Human Resources (five meetings) – L. B. Nicholls 5; R. M. Cameron 5; G. T. John 4.

Property (five meetings) – M. J. Williams 5; A. G. Rydge 5; G. T. John 4; P. Morris 3.

Corporate Plan

Post prepares, annually, a rolling three-year Corporate Plan.

The 1996-97 to 1998-99 Plan was submitted to the Minister in August 1996.

Objectives

The Plan's principal objectives are, over the triennium, to:

- complete the final stages of a six-year modernisation of the Corporation's retail facilities;
- lower the costs of production to the point where profitable operation under progressively increasing competition is ensured;
- continue to take up profitable business opportunities and hence increase revenue from improved utilisation of the Corporation's resources; and
- deliver Australia Post's CSOs to the required service standards and at least cost.

Strategies and Policies

The strategy for the triennium has five elements which, updated and refined, continue the thrusts of the previous Plan. In essence, these elements are:

- extending the application of best practice throughout the enterprise;
- improving the efficiency of the core letters and parcels businesses by restructuring the national processing networks to take advantage of the latest mail processing technology;
- growing the business in the traditional core areas of letters and parcels and in the newly emerging areas of retail merchandise and financial and electronic services;
- continuing to encourage participation in workplace relations and the acquisition of skills through training programs; and
- continuing to focus on the distribution of the rewards from performance among the Corporation's stakeholders.

Targets

Key Corporate Plan targets for 1996-97 were:

- no increase in the basic postage rate;
- labour productivity growth of 5.2 per cent;
- progressive increase in delivery performance commensurate with reaching the target of 94 per cent of letters on time by the third year of the Plan;
- profit before net interest and tax of \$355.8 million;
- return on average assets* of 14.7 per cent; and
- dividend of 60 per cent of profit after abnormals and tax.

Performance

Performance against these key targets was as follows:

- standard letter rate maintained at 45 cents (unchanged since January 1992);
- productivity growth of 5.7 per cent;
- 93.9 per cent on time letter delivery (up from 93.2 per cent in 1995-96);
- profit before net interest and tax of \$362.3 million;
- return on average assets* of 14.6 per cent; and
- normal dividend for 1996-97 of \$139.9 million (60 per cent of profit after abnormals and tax – excludes a special dividend of \$80 million to be paid from 1996-97 profit).

*Return on average assets is calculated by dividing operating profit before net interest and income tax by average total assets.

Statutory Report (continued)

Australian Postal Corporation

Government Policies

Under s.48 of the Act, Post was previously notified that the following general Government policies were to apply to the Corporation:

- Loan Council arrangements;
- industrial relations policies;
- Australian Traineeship Scheme;
- procurement and industry development policies;
- release of Commonwealth Land; and
- construction industry reform strategy.

No new policies were notified during the reporting period.

The additional cost of complying with these policies in 1996-97, over and above commercial costs, was not significant. Those with direct application during the reporting period were as follows:

Loan Council

Post's access to external borrowings to fund new capital works is subject to Loan Council approval. For 1996-97, Loan Council approval was sought and obtained for new borrowings of \$50 million.

Industrial Relations Policies

Post continues to work within the guidelines issued by the Department of Workplace Relations and Small Business and it maintains a close working relationship with that Department. The Corporation has reviewed its industrial relations strategies and practices in the context of the new *Workplace Relations Act 1996* and is implementing a range of changes.

Procurement and Industry Development Policies

Post's procurement and purchasing policies aim to stimulate quality initiatives and long-term supply relationships with local suppliers. An industry development plan provides the framework for the Corporation's activities in this area.

Construction Industry Reform Strategy

In its construction procurement methodology, Post maintains practices developed as part of the Construction Industry Reform Agenda.

Other Government Obligations

Administrative Law

The cost of meeting Commonwealth administrative requirements in 1996-97, including the auditing of accounts by the Auditor General, was estimated at around \$1 million.

Pensioner Mail Redirection

The cost of providing pensioner mail redirection concessions for the year was estimated at \$1.8 million.

Prices Surveillance

The terms and conditions for mail services reserved to Post under the Act are subject to the notification provisions of the *Prices Surveillance Act 1983*.

The responsible body for receiving such notification is the Australian Competition and Consumer Commission (ACCC).

No proposals for reserved services price changes were notified to the ACCC during the year.

Community Service Obligations

Policies and Strategies

As defined in s.27 of the Act, Post's Community Services Obligations (CSOs) require that:

- the Corporation provide a letter service, for both domestic and international mail;
- the letter service be available at a single uniform price for standard letters carried within Australia by ordinary post;
- the letter service be reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business; and
- performance standards (including delivery times) for the letter service reasonably meet the social, industrial and commercial needs of the Australian community.

Post's compliance with its CSOs is influenced by its concurrent commercial and general governmental obligations, in particular, the requirement that it perform its functions, as far as practicable, in a manner consistent with sound commercial practice (s.26).

As the CSOs are principally focused on the national letter service, the strategies, policies and standards set for the letter service are directly relevant to the CSOs. Nevertheless, services other than letters are also commonly provided through Post's network of retail outlets and the community has come to expect a range of such services to be available throughout those outlets. To respond to those expectations, the Corporation is preparing for public distribution, a Service Charter which outlines its commitments in these areas also (see page 9).

CSO 'costs' arise when the charge made for any mandated service does not recover the cost of its delivery. This 'cost' is measured on a net basis, i.e. after deduction of related revenue. It is funded by internal cross-subsidy within the letter service and from a lower than otherwise return on the business.

Calculated on the avoidable cost method, CSO 'costs' were estimated at some \$67 million for 1996-97.

Post is committed to meeting its CSOs through high levels of service quality, at least cost. This commitment is especially relevant for regional and rural areas, the particular needs of which have traditionally been given a high priority by the Corporation.

Metropolitan, rural and remote geographical classifications used are sourced from 'Rural, Remote and Metropolitan Areas Classification, 1991 Census Edition' Department of Primary Industries and Energy, Department of Human Services and Health, AGPS 1994.

Compliance Reporting

Pursuant to s.43(fa) of the Act, Tables 5 to 10 in the Statistical Summary outline the facilities and services provided by Post in compliance with its CSOs. Key points are:

- During 1996-97, the price of basic postage remained at 45 cents, unchanged since January 1992. In real terms, i.e. after adjustment for the movement in prices as measured by the Consumer Price Index, the price fell by 1.3 per cent in the year to 30 June 1997. Cumulatively, it has fallen by some 11.7 per cent since January 1992.

- Access to postal goods and services through Post's retail network expanded in 1996-97, with an increase of 94 outlets over the previous year, including a further 117 Community Postal Agencies especially set up to service the needs of small rural communities.
- Letter delivery performance continued at high levels during the year, with on-time delivery averaging 93.9 per cent.
- The number of delivery points receiving a 'to-the-property' delivery increased to 6,948,367 in 1996-97, from 6,710,085 the previous year.
- The frequency of delivery to people previously receiving one or less delivery per week was increased for 1,484 delivery points. Nationwide, delivery frequency continues to be overwhelmingly five per week (98.1 per cent), an increase from the previous year's 94 per cent.

Superannuation

In 1996-97 the Australia Post Superannuation Scheme (APSS) completed its seventh year of operation.

The APSS's governing rules are set out in a legally binding Trust Deed, which complies with all aspects of Superannuation Industry Supervision (SIS) legislation. Under SIS legislation, superannuation funds must have equal numbers of employer and member representative Directors.

The Board of PostSuper Pty Ltd, the APSS Trustee, is constituted as follows:

- three Directors appointed by Post;
- three Directors appointed by staff associations to represent employees; and
- an independent Director appointed as Chairperson by the other Directors.

In accordance with guidelines issued by the Minister for Finance, under s.6(3) of the Superannuation Benefits (*Supervisory Mechanisms*) Act 1990, during 1996-97 the Corporation:

- complied with all relevant guidelines; and
- made no significant changes to superannuation arrangements for employees.

Rehabilitation and Workers' Compensation

As a Class 3 Licence holder under the Safety, Rehabilitation and Compensation Act 1988, Post self-insures and self-administers employee claims for workers' compensation benefits.

The Corporation's current licence runs to 30 June 2000.

During the year:

- 4,368 workers' compensation claims were received for incidents occurring in 1996-97, an increase of 41 on the previous year;
- 80 per cent of new claims were determined within 10 working days of receipt, and 85 per cent of reconsideration requests were decided within 30 working days of receipt;
- a total of 1,167 people were assessed for rehabilitation; and
- of all participants in rehabilitation programs, 947 returned to work.

Workers' compensation expenditure for the year totalled \$26.8 million.

Occupational Health and Safety (OH&S) Report

The following information is presented in accordance with the requirements of s.74(l)(c)(d)(e) and (f) of the *Occupational Health and Safety (Commonwealth Employment) Act 1991 (OH&S Act)*.

A number of measures were taken during the year to implement the objectives of corporate OH&S policy. These measures assist in providing a safer workplace for staff and contractors and in improving quality and productivity within the Corporation. They included:

- maintaining OH&S committees throughout the Corporation;
- selecting Health and Safety Representatives (HSRs);
- providing OH&S-related training for HSRs, managers, supervisors and staff throughout Post, to develop a greater understanding of corporate and statutory requirements;
- directing OH&S improvements through OH&S plans at national, State and workplace facility levels. These plans provide for OH&S management systems and supervisory accountability; induction and skills training; compliance with corporate and statutory OH&S requirements; workplace safety audits for hazard identification and control; accident prevention initiatives targeted at priority accident types; and employee involvement in OH&S;
- working to reduce the number and severity of major accident types, including motorcycle and manual handling incidents, through staff training, and identifying and controlling accident risks;
- incorporating safety requirements into the design of new and modified equipment and work practices before their implementation;
- advising contractors on safe work practices; and
- integrating OH&S management into mainstream business management.

During the year:

- 1,295 incidents were notified and 1,184 incidents were reported to Comcare in accordance with s.68 of the *OH&S Act 1991*;
- 18 Provisional Improvement Notices and one Improvement Notice were given;
- 30 investigations were conducted, relating to:
 - manual handling (7)
 - OH&S policies and practices (5)
 - licence (prevention evaluation) compliance (5)
 - transport safety (3)
 - safe access/egress (3)
 - forklift truck safety (3)
 - dangerous goods safety (2)
 - microbiological safety (2); and
- no tests under s.45 were required and no s.44 actions were taken.

Statutory Report (continued)

Australian Postal Corporation

Freedom of Information Report

In the year to 30 June 1997 Post received 31 applications, under the *Freedom of Information Act 1982*, one of which was transferred from another agency.

These were handled as follows:

Granted in full	17
Granted in part	3
Access refused	8
On hand 30 June 1997	3
Total	31

There were two applications for internal review during the year, both of which resulted in the decision of the Freedom of Information Officer being confirmed.

The estimated cost of handling Freedom of Information requests and related responsibilities in 1996-97 was \$12,600. Application fees of \$572 were collected.

Freedom of Information Act, Section 8

The following information is presented in accordance with s.8 of the *Freedom of Information Act*:

Organisation and functions –

Information on Post's organisation and functions can be found on pages 1 and 33 of this Annual Report.

Consultative arrangements –

Post consults directly with major mail users, customers and various bodies to help meet customers' needs.

The Postal Services Consultative Council provides a forum for discussing Post's services and performance. Post also consults extensively with private mail users through local managers.

Market research is undertaken regularly to monitor how well Post is satisfying customer needs and how the postal system is regarded generally.

Post's letter delivery performance is independently audited by KPMG. Formal reports are published on a quarterly basis.

Freedom of Information Act, Section 9

A list of documents available for inspection and purchase has been lodged with the Freedom of Information Controller at Australian Archives in Canberra.

Access to Documents

Access to documents under the *Freedom of Information Act* can be obtained by making a request in writing, together with the prescribed fee, to:

Freedom of Information Officer
Australia Post Headquarters
GPO Box 1777Q
MELBOURNE VIC 3001.

Alternatively, access to documents can be obtained by writing to the Freedom of Information Officer in the relevant State administrations. The addresses of Post's State administrations are set out on page 75.

Fraud Control

Post employs measures consistent with sound commercial practice to control and detect fraud.

A comprehensive fraud control policy and associated employee awareness program are in place.

The Corporate Audit Services Group reviews business operations and related systems including policies and procedures, which make up the control environment. It does so on a programmed basis to ensure that the Corporation's assets are safeguarded and business risks minimised.

The Security and Investigation Service Group is a specialised unit charged with the responsibility of ensuring the integrity of the mail and the safety of Post's personnel and other assets. It works closely with law enforcement agencies both within Australia and internationally.

Annual reviews of conventional computer and computer-related crime risk exposures are undertaken by the Risk Management Unit.

A Systems Security section has the specialist role of ensuring the security of Post's information technology systems.

Examination of Mail

The Act gives the Corporation the authority to open mail, as required by the Australian Customs Service, where it is suspected that articles may contain prohibited substances or to determine that appropriate duties/taxes are met.

Authorised examiners have been appointed for this purpose, in accordance with s.90FB of the Act, and 30 places designated where mail can be so opened.

In addition, Australian Customs Service personnel have been authorised under s.90FB(3) for the purpose of examining mail without opening (i.e. by x-ray or with drug detection dogs).

Finally, authorised Australia Post staff may open undeliverable articles at approved locations for the purpose of identifying intended or return addresses. They may also open mail to repair an article or its contents so that the article can be made safe for carriage by post.

Disclosure of Information

The Corporation is authorised to disclose information to agencies with the legislative power to obtain such information. This includes instances relating to enforcement of the criminal law, the protection of public revenue, the reduction of threats to life and notification of next of kin.

As required under s.43(o) of the Act, Tables 1 and 2 following, detail the number of times that such information was disclosed during the year and the authorities or bodies to which it was disclosed.

Table 1. Disclosure of information/documents (authorised by Section 90J of the Act)

(Applies to all information or documents.)

Authority for Disclosure*	Number of disclosures	Disclosures made to:
Disclosure under warrants [s.90J(3)]	77	Australian Customs Service, Aust. Federal Police, Attorney-General's Dept (Qld), Aust. Security Intelligence Org., Criminal Justice Comm. (Qld), Family Court of Aust., Health Insurance Comm., National Crime Authority, State Police (NSW, Qld, Tas., Vic, WA).
Disclosure under a law of the Commonwealth [s.90J(5)]	10,789	Australian Customs Service, National Crime Authority, Aust. Taxation Office (incl. Child Support Agency), Dept Immigration & Multicultural Affairs, Dept Social Security, Dept Employment Education Training & Youth Affairs, Aust. Consumer & Competition Comm., Insolvency & Trustee Service Aust., Aust. Electoral Comm.
Disclosures under certain laws establishing commissions [s.90J(6)]	137	Crimes Commission (NSW), Criminal Justice Commission (Qld), Independent Commission against Corruption (Qld).

*There were no disclosures made under s.90J (7) (8) or (9).

Table 2. Disclosure of information/documents (authorised by Section 90K of the Act)

(Applies to information or documents not specially protected)

Authority for Disclosure*	Number of disclosures	Disclosures made to:
Disclosure to authorised ASIO officer [s.90K(4)]	136	Australian Security Intelligence Organisation (ASIO).
Disclosure for the enforcement of laws or protection of public revenue [s90K(5)]	9,466	ACT Government Investigations, Aust. Fisheries Management Authority, Aust. Federal Police, Attorney-General's Depts. (Fed., Qld, WA), Aust. Government Solicitor, Aust. Quarantine Inspection Service, State Business & Corporate Affairs (SA), Dept. Consumer Affairs (Qld), Crown Law Division (Fed., Qld), Dept. of Environment (Fed.), Dept. of Environment & Heritage (Qld), Defence Force Police, Director of Public Prosecutions (Fed., NSW, Tas), Dept. of Transport (Fed., Qld), Environmental Protection Authority, Family Court Australia, Dept. of Fair Trading (NSW), Office of Consumer Affairs (Tas), Office of Fair Trading & Business Affairs (Vic), Ministry of Fair Trading (WA), Golden Casket Lottery Corporation (Qld), Dept. of Gaming & Racing (NSW), Dept. of Health & Family Services, Health Insurance Commission, Ministry of Justice (WA), National Parks & Wildlife, State Police (Qld, NSW, Vic, Tas, SA, NT, WA), Spectrum Management Agency, Sheriff's Offices (SA, Vic, WA), Office of State Revenue (Qld), State Taxation Office (SA), State Revenue Office (Vic), Traffic Accident Commission (Vic), Dept. of Veterans' Affairs, WorkCover (Qld).

*There were no disclosures made under s.90K (2) or (3).

Reserved/Non-reserved Services

Australian Postal Corporation

Section 29 of the *Australian Postal Corporation Act 1989* defines the services reserved to Australia Post, which include the exclusive right to carry 'letters' within Australia whether the letters originate inside or outside the country.

Letters are defined under the Act as any form of written communication directed to a particular person or address and include standard postal articles which weigh less than 250g, are not more than 5mm thick, and are rectangular with the short sides no longer than 122mm and the longer sides no longer than 237mm.

Provision of reserved and non-reserved services is fully integrated throughout the Corporation's shared common facilities which are highly interdependent. Mail centres, post offices, transport and other facilities jointly handle the Corporation's products and services.

For the purposes of determining results for reserved and non-reserved services, sampling and statistical methods are used to determine revenue, expenses and the separation of assets employed. It should be noted that cost allocation can be influenced by change in product mix, technology developments and response to the changing needs of customers.

For the year ended 30 June 1997:

Estimated Results of Product Dissection between Reserved and Non-reserved Services

	Reserved		Non-reserved		Total	
	\$m	%	\$m	%	\$m	%
CORPORATION RESULTS						
Trading Revenue					3,100.3	
Interest Revenue					13.9	
Revenue ⁽¹⁾	1,587.2	51.0	1,527.0	49.0	3,114.2	100.0
Net Expenses					2,755.5	
Interest Revenue					13.9	
Expenses ⁽¹⁾	1,467.0	53.0	1,302.4	47.0	2,769.4	100.0
Operating Profit⁽¹⁾	120.2	34.9	224.6	65.1	344.8	100.0
Return on Revenue		7.6		14.7		
Abnormal Items					6.5	
Profit before Income Tax					351.3	
Return on Revenue						11.3
Estimated Average Assets Employed	1,239.4	52.1	1,138.2	47.9	2,377.6	100.0
Investments and Non-Trading Assets					108.1	
Total Average Assets					2,485.7	
Return on Assets ⁽²⁾		9.7		19.7		14.5
CONSOLIDATED RESULTS						
Profits in Subsidiaries					1.8	
Consolidated Profit before Income Tax					353.1	
Return on Revenue						11.4
Assets in Subsidiaries					-0.4	
Consolidated Total Average Assets					2,485.3	
Return on Assets ⁽²⁾						14.6

(1) Interest revenue (\$13.9m) and interest expense (\$23.1m) are included separately in this table.

The Profit and Loss Statement captures net interest at \$9.2m.

(2) Return on assets for Reserved and Non-reserved services is calculated using operating profit before net interest and tax.

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Offices and Sources of Information

Australian Postal Corporation

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GPO Box 1777Q
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Phone 03 9204 7171
Facsimile 03 9663 1160

Customer Service Centres

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South Australia/Northern Territory;

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