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LPO Information Bulletin

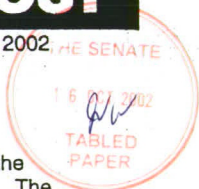


To: All Licensed Post Offices in Victoria

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THE SENATE



POSTshop Franchising

Many Licensees will have received information recently from POAAL about the proposed introduction of PostShop franchising within Post's Retail network. The purpose of this bulletin is to clarify some important issues about this matter.

For many years, Australia Post has successfully operated a network of licensed post offices. This has enabled us to cost-effectively provide an extensive network to meet customer requirements, as well as provide small business opportunities in the community. Australia Post recognises the value and strategic importance of this network, and remains committed to the ongoing viability of our Licensees.

As part of the ongoing evolution of our Retail network, we have been developing a new method for operating PostShops as franchised businesses. Franchising systems have been used successfully by many organisations around the world to efficiently and cost-effectively deliver high levels of customer service and to enhance brand awareness. They also offer an opportunity for both parties – franchisors and franchisees – to work together and share in business success.

The franchised PostShop model will be used, where appropriate, for future corporate conversions and some new PostShop sites. There may also be opportunities to convert some existing licensed post offices, at appropriate locations, to franchised PostShops, via a buy-back of the licence (on a strictly voluntary basis and under mutually agreed commercial terms).

Some Licensees may be concerned about comments that the introduction of franchising will impact adversely on the value of LPO licences. In fact, because of the very clear differences between LPO and franchising operations, there is no reason for franchisees to have any negative impact on the value of individual LPO licences, which will continue to be determined by the market. In fact, franchising will strengthen Post's overall brand, image and market place attractiveness – outcomes that can only benefit Licensees.

Consultation with POAAL is continuing, and we will be providing you with more information about this exciting development within our Retail network.

Dawn Simmonds

Dawn Simmonds
State Manager
Consumer & Small Business

*vic sent 20/3/02. WA sending 2/3
SA sending 20/3/02.
NSW sending w/c 28/3.*