



2 December 2011

Suspension of Separate Bundle Delivery

With declining mail volumes and more than 3000 rounds sequenced nationally we have been progressively rolling out Separate Bundle Delivery (SBD).

We are suspending using this delivery method effective immediately until we resolve quality and productivity issues.

Results from the working groups

Back in October, following a round table meeting with Chief Executive and Managing Director Ahmed Fahour, CWU Secretary Dan Dwyer and 21 of our posties, three joint working groups were established to review issues our posties raised including:

- the possibility of finding an alternative equally efficient delivery method that would meet our savings objective
- the front letter carrier
- general safety concerns.

We have taken the posties' feedback onboard and over the last eight weeks we have reviewed the safety of SBD, the front letter carrier and productivity outcomes of SBD.

Listening and learning from our posties' experience proved valuable. Through the productivity review we identified that quality, through missorts, was impacting on our service to the community. Falling behind on quality threatens our customer service record and reputation, which we are all so proud of.

Quality

Our community service obligations (CSOs) and our performance standard of domestic letter delivery (94 per cent on time) cannot be comprised.

With volumes declining we must remain customer focused and honour these performance standards as part of our commitment to serve the community.

For the past two weeks we have collected and reviewed data on mechanical missorts, their impact on our service performance rate and an alternative Vsort merging process.

We have established that:

- Nationally more than 1.75 per cent of the 100,000 sequenced articles sampled were missorts
- We have seen posties return to their facilities with a concerning number of missorts each day due to mechanical missorts
- 64 per cent of missorts are caused by our MARS machines and/or barcode sorter (BCS).

These issues are unacceptable and we are suspending the use of SBD while we further investigate the quality issues of the MARS and BCS machines. We are committed to resolving the mechanical missorts issue.



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Due to these mechanical sequenced quality issues we have trialled a Vsort merge process.

For the Vsort process, posties slot sequenced mail into the Vsort frame which allows them to identify and correct mechanical missorts contained in the sequenced deck, then residue mail is slotted.

Effective immediately and until further notice we will nationally migrate to this new Vsort merge process.

Front Letter Carrier

The Front Letter Carrier working group has identified a potential solution, subject to confirmation by relevant authorities.

Productivity

Separate Bundle Delivery was rolled out because declining mail volumes mean that we need a more efficient mode of delivery.

Data collected over the last two weeks has shown that in a number of locations and on certain rounds we have met or bettered our productivity expectations in outdoor delivery time.

However, nationally overall we fell short of the projected productivity outcomes with outdoor delivery times exceeding what we anticipated.

What this means for you?

Effective immediately we are suspending Separate Bundle Delivery.

Instead, posties will be asked to use the Vsort frame to throw off mechanical sequenced mail with residue mail. This process allows posties to find and correct missorts during the slotting process.

This Vsort process has proved to be effective in maintaining our quality service performance.

We have established that a slotting rate for sequenced mail into an empty Vsort frame of at least 35 articles per minute is achievable. This rate will be used as a benchmark for productivity and for the purposes of daily assessment of indoor time. It will be reviewed and monitored jointly with the CWU over the coming weeks and months.

Any posties who wish to continue to deliver using SBD may do so only where: (a) the minimum anticipated productivity outcomes are being achieved; and (b) where there is no impact to quality, i.e. all mail, including missorts, is delivered on the day of receipt.

Staff

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Next steps

The SBD review has been extremely productive and we remain committed to finding a cost effective delivery solution.

While we are suspending SBD we may reinstate this mode in the future once the mechanical issues with the MARS and BCS machines have been resolved.

While this is underway we must sustain the Vsort frame slotting rate of at least 35 articles per minute. If we maintain this rate nationally, and achieve the anticipated savings, Vsort slotting may be part of our permanent solution ongoing.

Finally, I would like to thank those 21 posties who were involved in the roundtable back in October for giving us real and valuable feedback on SBD and each of the posties who participated in the trials for all their hard work.

Above all, by working together; listening and learning from each other; and focusing on finding solutions we have reached the right result for our customer, the Australian community. Our reputation as a leading service provider is too important to risk.

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