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**AUSTRALIAN FREIGHT FORWARDING
REVISITED: BRAMBLES, MAYNE NICKLESS
AND TNT SINCE THE MID 1980S**

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Abstract

A review of Australian freight forwarding in the mid 1980s traced the internationalisation of three Australian-headquartered companies: Brambles, Mayne Nickless and TNT. Their restructuring between 1985 and 1994 is considered by examining changes in company reformation, product diversification, geographical spread and company performance, and their policy implications

INTRODUCTION

Three reviews have been undertaken of freight forwarding in Australia. The first review outlined how some smaller regional firms had by the late 1960s been transformed through takeover and merger into multimodal, national freight forwarders with the aid of banking capital (Rimmer 1970). The second review traced how some national network carriers had used equity finance and institutional investment by the mid 1970s to establish mother-daughter relationships with overseas subsidiaries, branches and affiliates to become multinational corporations (Rimmer 1977). The third review described how three Australian-based companies—Brambles Industries Limited, Mayne Nickless Limited and TNT Limited—had by the mid 1980s sought to take advantage of the creation of the Eurodollar and internationalisation of the banking systems to form partnerships and consortia, and shift from being localised multinational companies operating in a few countries to becoming truly global corporations (Rimmer and Taylor 1986).

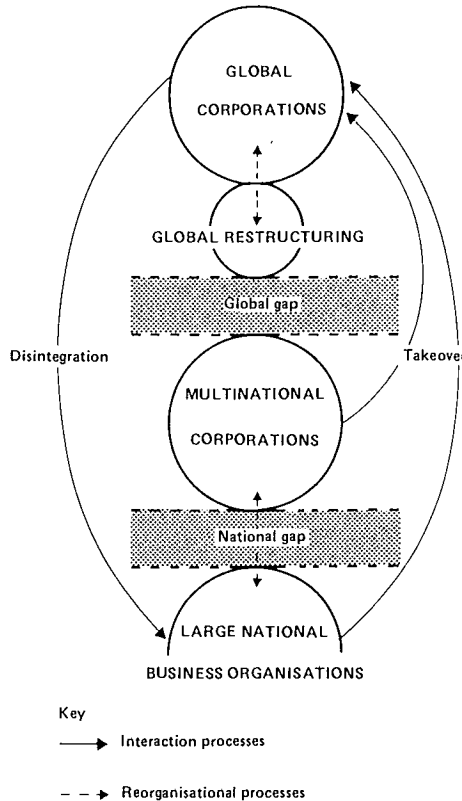
By 1985 Brambles provided a wide range of specialised materials handling services throughout Australia, the United Kingdom and Continental Europe; Mayne Nickless operated three major service industries—transport, security and express, and computer (payroll) services—in eleven countries including Canada, New Zealand, the United Kingdom and the USA; and TNT provided a comprehensive range of transport services—land, sea and air—offering door-to-door delivery under the control of a single organisation with all freight forwarding formalities covered by a single note. Worldwide Brambles had assets of \$A1.5 billion, Mayne Nickless \$A0.6 billion and TNT \$A1.8 billion. Brambles employed 9,400 people, Mayne Nickless 23,000 people and TNT 36,000 people.

At that time Brambles was still straddling the national gap between large national business organisations and multinational corporations (Figure 1). Mayne Nickless was either at the global gap, within it, or in the initial throes of the global restructuring process; and TNT was at the end of a process of global restructuring. It is now opportune to consider how Brambles, Mayne Nickless and TNT have fared since the mid 1980s by addressing a series of key issues. How have these corporations restructured their companies; how have they expanded some activities, closed others and commenced new ones; how have these developments affected the geographical location of their overseas activities; and what has been the effect on company performance? These corporate dynamics have important policy implications for any discussion of national transport planning in Australia.

These issues are considered by analysing the restructuring of Brambles, Mayne Nickless and TNT in four critical dimensions: (a) *company reformation* which is reflected in the rate at which a corporation has moved out of basic transport core activities into treating all activities as investment opportunities to be bought, shuffled and discarded; (b) *product diversification* which is determined by the share of assets in different industry segments; (c) *geographical spread* specified in terms of revenue derived from regions in which a corporation is established; and (d) *company performance* which is based on profitability in different geographical markets. The policy implications of these analyses are discussed in the conclusion.

There is not scope here for discussing the contribution of associated companies to consolidated equity revenue. Suffice it to note Brambles has had joint ventures with: (a) Guest, Keen & Nettlefolds PLC in Europe (eg Cleanaway UK Ltd); (b) Canadian Pacific Ltd in Canada (until 1988); and (c) Groupe CAIB, the European rail wagon rental, repair and management operation (since 1984). Mayne Nickless has had interests in: (a) the express freight operators Ipec Australia (purchased outright in 1988); (b) Hertz car rental; (c) Optus Telecommunications (a major shareholding with Bell South, Cable & Wireless, the Nine Network, the AMP Society and National Mutual Life as partners); (d) Stonehenge Insurance Company Pty Ltd; and (e) Mayne Finance Ltd which operated lease finance to the company's businesses. Overseas Mayne Nickless has had interests in: (a) a cold storage and distribution facility in Shenzhen, China; (b) the Misuzu Country Club in Japan; and (c) transport companies in both Belgium and the Netherlands. In 1991 Mayne Nickless disposed of its shares in the pulp and paper manufacturer Amcor Ltd; in 1993

A.B.C.O. a distribution business in Papua New Guinea; and in 1994 the Freightways Group in New Zealand. The contribution of these associated companies to Mayne Nickless' revenue declined from 22 per cent in 1988 to less than 11 per cent in 1994.



Source: Clarke (1982).

Figure 1 A model of corporate segmentation, reorganisation and interaction

TNT has had a more extensive involvement with associated companies. They have included: (a) the Union Shipping Group jointly owned with Brierley Investments of New Zealand; (b) aviation ventures (Ansett Australia and Eastwest Airlines which are jointly-owned with News Corporation Limited); (c) Ansett Worldwide, an aircraft leasing operation also with News Corporation; (d) the TNT Shanghai Express jointly owned with China's Shanghai Long Distance Road Transportation Company; and (e) the international courier and parcels carrier GD Net BV a joint venture with GD Express Worldwide (GDEW), and trading as TNT Express Worldwide (Smith 1988). TNT's revenue from its associated companies, in contrast to Mayne Nickless, increased from 27 per cent in 1991 to almost 50 per cent in 1994 (largely from Ansett).

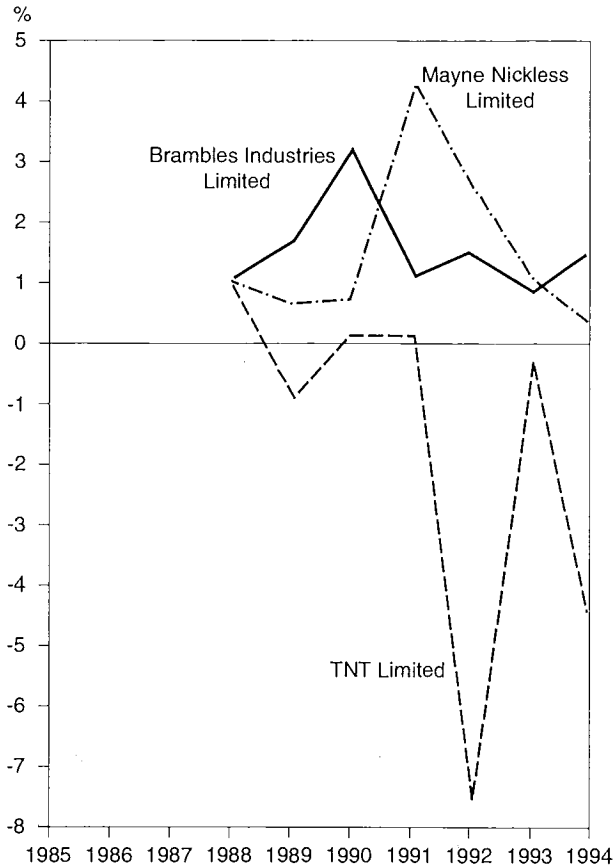
COMPANY REFORMATION

As takeover and merger have played a pivotal role in Brambles, Mayne Nickless and TNT becoming global corporations, attention is initially focused on the acquisition and disposal of

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subsidiaries (ie rather than on the more conventional measures of production such as the capital intensity index provided by the ratio of employment/assets). The three corporations list the acquisition and disposal of controlled entities and businesses as additional statutory information (Brambles 1985-1994; Mayne Nickless 1985-1994 and TNT 1985-1994). The fair value of net assets at the date of acquisition or disposal are also given. If these net tangible assets are related to consolidated company assets we have a sensitive indicator of the rate at which companies have been restructuring. Data for the three companies, however, are only available from 1988.

Brambles Industries Ltd recorded significant net annual acquisitions between 1988 and 1994 (Figure 2).



Source: Company reports.

Figure 2 Percentage of total assets represented by the value of subsidiaries that have been bought or sold

Companies acquired with net tangible assets in excess of \$10 million were: in 1989 the United Transport Group which operated freight forwarding and bulk transport services in Australia; in 1990 the Australian-based Wreckair heavy equipment rental group and Ailette, an Australian investment company (later liquidated); in 1991 the Serroul Group of France operating specialised bulk and freight-forwarding services; in 1992 Security Archives of the U.K. engaged in records management, and the Arkanas-based waste treatment and disposal business, Environmental

Systems Co. (ENSCO); in 1993 Hy-reach Equipment Services in the United States; and in 1994 UK-based GKN Access and American High Reach, to augment existing equipment services in North America. Additions to corporate assets during the period under review ranged from between 0.9 per cent and 3.2 per cent of total assets. The peak year was 1990. ENSCO was the largest single acquisition but this gain of \$A60 million in 1992 was offset by the sale of Ausilaire Spa, which specialised in the transport and distribution of motor cars by rail within Italy.

Mayne Nickless Ltd also recorded net annual acquisitions between 1988 and 1994 though the pattern was more volatile than Brambles. Companies acquired with fair values in excess of \$A10 million were—in 1990 Van der Heijden engaged in warehousing and distribution in Holland; in 1991 the Hospital Corporation of Australia Limited; in 1992 the UK-based express freight operator Interlink Express; and in 1993 the Centropa Group, a major operator in the Benelux distribution market. The pattern of acquisitions ranged between 1.0 and 4.1 per cent of total assets.

TNT Ltd underwent a more turbulent restructuring than *Mayne Nickless* between 1988 and 1994. In 1988 major purchases included 75 per cent of Unispain and the remaining 50 per cent of the share capital of TNT Traco, the two largest express carriers in Spain and Italy respectively. The following year XP Holdings BV Group, a major competitor in lightweight express parcels, was purchased from KLM Airlines though it had negative total assets. In 1992 the only significant acquisition was TNT Chronoservice a domestic express parcel service in France owned by Federal Express, as the assets in GD Express Worldwide NV (jointly-owned by TNT Ltd and the consortium GDV Net comprising the post offices of Canada, France, Germany, the Netherlands and Sweden) also had a negative value. This acquisition prompted TNT to undertake the flotation of TNT Freightways. In 1994 a web of TNT's 'non-core' assets, including some of its shipping and chartering operations, and Tasmanian freight forwarding activities were floated to a newly listed corporation, Holyman Ltd. The net effect of these changes was marked annual variations in assets from 1.1 to -7.6 per cent. The subsidiaries acquired or disposed of by TNT, like those of Brambles and *Mayne Nickless*, did little to enhance product diversification.

PRODUCT DIVERSIFICATION

The rationale for product diversification by Brambles, TNT and *Mayne Nickless* was to exploit new markets, to take advantage of favourable factors, and to mitigate risk. In discussing product diversification attention is concentrated on changes in assets as a percentage of consolidated revenue (Table 1). A recurrent theme in examining product diversification is the emphasis by TNT, like Brambles and *Mayne Nickless*, on the businesses it knows best.

Brambles Industries Ltd—as reflected in assets between 1989 and 1994—was no longer primarily engaged in transport and freight forwarding services. Although transport services increased during the period under review with the acquisition of United Transport, Brambles' mainstream activity was concerned with industrial and mining equipment services. Many of its acquisitions were designed to strengthen its investments in the hire of pallets (CHEP), railway wagons, containers, linen, fork lift and other plant equipment both manned and unmanned. The main product diversification between 1989 and 1994 involved acquiring companies engaged in waste treatment and the disposal of hazardous waste in the USA (ENSCO) to complement its activities in Australia and the UK (Cleanaway). Assets were also increased in 'other' services, covering marine (eg towage and servicing for the off-shore oil and gas industry, and Trans-Bass Strait shipping) and other specialist activities (eg records management).

Mayne Nickless Ltd's key activities are difficult to assess as a large proportion of its assets were not allocated to specific activities between 1985 and 1994. Transport services, which consisted of interstate and overseas freight forwarding, general transport, warehousing and fleet management, became the leading sector. Over the period the company's main strategy was to reposition its transport activities higher up the value-added chain. To do so it moved into air and road freight express, courier services, and contract distribution and warehousing. Both home and overseas the company targeted developments in non-cyclical areas. Within Australia the company has a wide spread of services and well-developed market segmentation befitting a company with a century's experience. Overseas the company has sought to be a niche marketer of value added, express

transport and security services through highly-focused companies with individual names (eg Parceline and Security Express).

Table 1 Analysis of consolidated assets by industry segments, 1985-1994 (percentage)

Brambles	Transport	Equipment	Waste	Other	Unallocated
1989	17.3	58.7	n.a.	3.7	20.3
1990	13.0	53.4	n.a.	4.9	28.7
1991	15.5	55.3	n.a.	4.6	24.6
1992	22.9	41.6	18.4	6.0	11.1
1993	21.2	42.3	21.1	6.0	9.4
1994	28.2	48.9	12.2	8.6	2.1

Mayne Nickless	Transport	Computer	Security	Health Care	Unallocated
1986	24.3	3.9	26.3	8.3	37.2
1987	27.0	3.6	23.5	3.6	42.3
1988	28.4	4.1	24.9	4.0	38.6
1989	34.8	n.a.	25.2	8.5	31.5
1990	35.4	n.a.	22.7	3.5	38.4
1991	34.9	n.a.	20.8	9.0	35.3
1992	35.4	n.a.	16.8	12.0	35.8
1993	38.2	n.a.	14.8	12.2	34.8
1994	37.6	n.a.	14.9	13.0	34.5

TNT	Land	Shipping	Aviation	Ancillary	Unallocated
1985	60.1	27.4	8.9	3.6	0.0
1986	61.6	19.0	13.1	6.3	0.0
1987			82.8)		17.2
1988			75.0)		25.0
1989			5.7)		24.3
1990			74.4)		25.6
1991			77.5)		22.5
1992			82.5)		17.5
1993			80.5)		19.5
1994			105.2)		-5.2

Source: Brambles (1985-1994); Mayne Nickless (1985-1994); TNT (1985-1994).

Consequently, Mayne Nickless has de-emphasised general transport and freight forwarding and dropped out of any activity in which it was not the market leader. This new strategy led to transport ousting security services as the company's main sector. Further, as Australia's express freight, general security and armoured transport industries were largely mature, Mayne Nickless moved into contract distribution and warehousing, and private health care which offered above average rates of growth. The company's health services comprised the management of private hospitals and the leasing of specialist medical centres. Conversely, there was a phasing-out of computer services which had offered commercial computer bureau services, including payroll processing, facilities management and computer based information services.

TNT Ltd's business has been difficult to analyse because the breakdown of activities by mode—land, shipping, aviation and ancillary—was abandoned in 1986. All activities other than group finance and investment were subsequently categorised as transport—a description befitting its claim to be the premier multimodal, worldwide transport group. Attention is, therefore, focused on activities in 1985 and key changes since then. In 1985 land transport was the foremost group accounting for three-fifths of the company's assets. Three categories of service were recognised: the onforwarding and carriage of general freight by road and rail; express freight (aviation courier or small parcel delivery services); and specialised operations engaged exclusively in the movement or transshipment of motor vehicles, industrial wastes, bulk cargo and frozen foods storage and warehousing of dry and frozen goods, payroll delivery and security services. Shipping

accounted for around 27 per cent of assets as TNT offered both liner and tramp services using container ships, bulk carriers, ro-ro vessels and offshore vessels (eg Bulkships Ltd, the Union Shipping Group and Trans Freight Lines, Inc.). Aviation accounted for almost 9 per cent of assets through its interests in airline operations, both passenger and freight, and also in associated tourist activities, such as hotels and coaches. The balance was accounted for by ancillary services which included: (a) servicing and maintenance of operating equipment; manufacture and hire of pallets; (b) marketing of fork lifts; and (c) investment in subsidiary and other companies. These activities were integrated by TNT's well developed information technology systems.

Since 1985 TNT has added logistics solutions and the acquisition, marketing and leasing of aircraft to its list of capabilities but has disposed of some of its aviation interests. The statistics on TNT's assets, however, mask fundamental changes in its core interests. Hence, this analysis of selective product diversification by TNT and its two counterparts has to be reinforced by an examination of the geographical spread of activities.

GEOGRAPHICAL SPREAD

The principal objective of geographical spread is to take advantage of newer, larger and, in some cases, less developed markets. This is especially important, given the relatively small, but highly developed, Australian markets. (Internationalisation has left the 'big three' vulnerable to competition from middle-size Australian niche transport operators, such as Finemores Holdings, Scott Corporation and the Toll group.) A second objective of geographical spread is to provide a hedge against economic downturn in individual countries. Time series data on operating (sales) revenue was available for this task (Table 2).

Brambles Industries Ltd's dependence on the Australian market for its revenue fluctuated during the period under review but there was an overall decline from over 66 per cent in 1986 to 53 per cent in 1993 before a mini-recovery occurred in 1994. As part of its strategy in transforming itself from an Australian operator to an international business based on local equity, Brambles sought growth beyond the confines of the domestic market by engaging in rail wagon hire, pallet hire and waste treatment and removal in the UK. This provided the bridgehead for an extension into Continental Europe with an emphasis on rail wagon rental, pallet hire, specialised container leasing, and crane and heavy lift equipment hire and operation. As the major proportion of Brambles' European interests were eventually located outside the UK the company moved its regional headquarters to Brussels. Europe's share of revenue, however, peaked in 1992. Since then the United States market has been developed in its own right for pallet hire (particularly to grocery distributors), waste treatment and disposal, and equipment hire.

Mayne Nickless Ltd's strategy has been to shift the balance of its activities from Australia to overseas countries, particularly in Europe and the United States. In 1986 this resulted in a major organisational change. The previous company structure had been organised on geographical lines with general management in each country controlling a group of businesses. A worldwide structure was introduced with similar businesses—transport and security services—being grouped together on global lines to permit a freer transfer of expertise between Australian and overseas companies, and the development of strategic planning and management. Under this new structure the proportion of company revenue derived from Australia declined. North America more or less held its share of revenue though the company divested itself of general freight activities to concentrate on general security, armoured transport (Canada) and express freight. Only Europe had increased its share. Mayne Nickless had become a major operator in Europe's transport and security industries—these being express freight (eg Parceline), general security, contract warehousing and distribution, and armoured transport. In 1992 Mayne Nickless' product and corporate group office was established in Uxbridge on the outskirts of London. Although the Pacific was given separate geographical status in the company's accounts its contribution was still small stemming largely from investments in Hong Kong, Malaysia and Singapore.

Table 2 Analysis of sales revenue by geographical segments, 1985-1994 (percentage)

Brambles	Australia	USA	UK/Europe	Other	Unallocated
1986	66.7	n.a.	32.5	0.8	0.0
1987	61.0	n.a.	38.3	0.7	0.0
1988	60.1	n.a.	38.8	1.1	0.0
1989	64.5	n.a.	33.5	2.0	0.0
1990	62.2	n.a.	35.4	2.4	0.0
1991	58.6	n.a.	38.6	2.8	0.0
1992	53.9	4.7	40.4	1.0	0.0
1993	53.1	10.9	35.1	0.1	0.0
1994	57.5	10.5	31.0	1.0	0.0

Mayne Nickless (FY)	Australia	Pacific	USA	Canada	Europe	Other	Un-allocated
1985	60.9	n.a.	26.6	10.5	2.0	0.0	0.0
1986	57.4	n.a.	19.9	10.3	10.8	1.6	0.0
1987	55.6	n.a.	20.4	12.2	10.7	1.1	0.0
1988	55.3	n.a.	17.9	13.5	11.8	1.5	0.0
1989	62.4	n.a.	12.6	12.4	11.1	1.5	0.0
1990	63.7		22.0		14.3	0.0	0.0
1991	58.0		21.3		20.7	0.0	0.0
1992	53.3	0.6	22.9		23.2	0.0	0.0
1993	49.6	0.5	21.7		28.2	0.0	0.0
1994	48.8	0.5	21.1		29.6	0.0	0.0

TNT	Australia & SE Asia	North America	Europe	Other	Unallocated
1985	38.5	47.1	13.3	2.4	-1.3
1986	37.1	43.9	17.8	2.4	-1.2
1987	35.1	38.7	23.0	3.2	0.0
1988	34.4	32.2	30.5	2.9	0.0
1989	35.1	27.8	34.2	2.9	0.0
1990	32.2	26.2	37.4	4.2	0.0
1991	29.0	26.4	41.6	3.0	0.0
1992	33.6	23.0	41.5	1.9	0.0
1993	40.9	7.7	50.2	1.2	0.0
1994	40.4	8.5	47.4	3.7	0.0

Source: Brambles (1985-1994); Mayne Nickless (1985-1994); TNT (1985-1994).

TNT Ltd was the most internationalised of the three companies in 1985 with thirteen regional offices outside Australia. Between 1985 and 1994 its revenue distribution underwent remarkable changes showing how transport reflects variations in national economies more closely and quickly than other industries. Revenue from Australia and Southeast Asia varied between 29 and 40 per cent—a faithful reflection of economic conditions in Australia and difficulties in establishing freight and specialised services in Asian countries. Yet TNT had located one of the largest computer data capture centres in Singapore in 1973 and established TNT Asia’s headquarters in Hong Kong. In 1985 North America was TNT’s leading area for revenue with further expansion being funded by a syndicated Euro loan (though TNT had a chequered history in both land and sea transport in the USA). Between 1985 and 1994, however, North America’s share plummeted from 47 per cent in 1985 to less than 9 per cent in 1994—a result of the disposal of its interests in general transport. Conversely, Europe had increased its share from 13 per cent in 1985 to a peak of 50 per cent in 1993. Initially, much of the European revenue stemmed from express consignment and parcel services in the United Kingdom and their extension into Europe, notably France, Germany, Spain and Italy. The contribution of other areas (including Brazil) never exceeded 5 per cent between 1985 and 1994. These changes in geographical sources of revenue, however, still mask fundamental changes in the repositioning of TNT and its two counterparts. A discussion of company performance is, therefore, required to reveal these shifts.

COMPANY PERFORMANCE

Ideally, the performance of Brambles, Mayne Nickless and TNT should be discussed in terms of profits from both industry and geographical segments. This information, however, was only made available by Mayne Nickless for the first time in 1994. Attention, therefore, is concentrated on profitability according to geographical segments rather than in the more conventional terms of allocative efficiency (ie by calculating the ratio between long run accounting profit, as measured by net profit before tax, and owners equity, as measured by shareholder's funds) (Table 3).

Brambles Industries Ltd drew heavily on Australia for its profits between 1989 and 1994. Clearly, the rapid deterioration of the Australian economy in the early 1990s had been outweighed by uncertainties in the international economy, including the Gulf War and German reunification. Although UK/Europe contributed substantially to profits over the period there was a downward trend reflecting deteriorating economic conditions in the early 1990s. The effects of the economic downturn were compounded by investment in businesses, such as rail wagon rentals. Inertia in the asset base of rail wagon rentals coupled with their low labour content rendered them particularly vulnerable during periods of low economic activity. The company's heightened interest in the USA promised significant contributions to company's profits. Its marked negative contribution in 1994, however, reflected the necessity of having to write off \$A337 million in ENSCO, its hazardous waste business. During the latter half of 1993 the company's USA hazardous waste market had deteriorated rapidly following a regulatory change. This permitted the diversion of substantial volumes of hazardous waste to fuel cement kilns and industrial furnaces, which were permitted to operate on more favourable terms than ENSCO's high-temperature specialist incinerators. This experience resulted in the company's first loss (after abnormal items and tax) in twenty years and prompted it to concentrate more on building the types of industrial service business in Europe and North America which were successful in Australia (eg forklift and heavy haulage).

Mayne Nickless Ltd's operating profit before 1991 stemmed primarily from its Australian activities. Although the company had diversified its services to spread economic risk the contribution from both the North American and European economies was fitful. After 1991 there was a precipitate decline in Australia's share as the market was beset by severe price competition and limited growth in demand for services. Both North America (express freight and general security) and Europe (contract warehousing and distribution, express freight and general security) have contributed a greater share of Mayne Nickless' profits since then. (The data, however, mask heavy losses due to Transportes Helguera in Spain and the liquidation of Bergaglio Transporti, its Italian express transport division.) As yet, the profits from activities in the Pacific have been small.

TNT Ltd's profitability has undergone remarkable upheaval in percentage terms stemming from the inclusion of unallocated funds. Australia and Southeast Asia made the major contribution to profits until 1991. Since then new business in the fast growing Southeast Asian market, especially air freight, has presumably been unable to compensate for the decline in the Australian market because cultural and regulatory constraints have prevented immediate returns. After 1991 Europe made the most significant contribution. Apart from 1993 North America has also made a positive contribution. The shares held by other areas (including Brazil), however, had not fluctuated so widely. The most remarkable turnabout, however, was in 1991 when TNT experienced a negative result for the first time in its near thirty-year history. It was variously attributed to the coincidental effects of Australia's worst recession in decades, the impact of the Gulf War and the costs of developing the European air network. The key factor in the company's collapse after 1991, however, was the failure of TNT's Australasian operations to lift their performance.

Table 3 Analysis of profits for Brambles, Mayne Nickless and TNT by geographical segments, 1985-1994 (percentage)

Brambles	Australia	USA	UK/Europe	Other	Unallocated
1986	58.1	n.a.	40.8	1.1	0.0
1987	57.6	n.a.	43.1	-0.7	0.0
1988	59.3	n.a.	41.3	-0.6	0.0
1989	63.1	n.a.	36.5	0.4	0.0
1990	61.9	n.a.	37.3	0.8	0.0
1991	64.2	n.a.	36.8	-1.0	0.0
1992	60.5	6.3	33.8	-0.6	0.0
1993	63.5	4.6	33.3	-1.4	0.0
1994	77.3	-10.5	34.1	-0.9	0.0

Mayne Nickless (FY)	Australia	Pacific	USA	Canada	Europe	Other	Un-allocated
1985	91.6	n.a.	0.8	6.1	1.5	0.0	0.0
1986	82.2	n.a.	-5.2	7.9	-0.6	15.7	0.0
1987	77.1	n.a.	2.4	8.2	-1.2	13.5	0.0
1988	82.6	n.a.	2.9	4.3	10.9	-0.9	0.2
1989	93.7	n.a.	-1.4	2.9	10.1	-1.0	-4.3
1990		91.1		6.9	6.0	0.0	-4.0
1991		92.0		9.4	7.8	0.0	-9.2
1992		73.3		11.2	19.0	0.0	-3.5
1993	62.6	0.4		11.9	22.2	0.0	2.9
1994	60.2	0.7		11.8	24.7	0.0	2.6

TNT	Australia & SE Asia	North America	Europe	Other	Unallocated
1985	147.4	80.7	42.9	11.4	-182.4
1986	92.8	29.0	35.7	10.4	-67.9
1987	55.6	41.1	28.0	7.6	-32.3
1988	63.5	22.4	33.5	4.3	-23.7
1989	64.2	23.3	37.1	3.9	-28.5
1990	78.3	20.7	51.2	15.3	-65.5
1991	720.9	793.6	628.9	-29.4	-2214.0
1992	150.3	97.6	225.8	-31.5	-342.2
1993	106.3	-8.6	225.7	12.4	-235.8
1994	89.5	18.2	147.3	6.6	-161.6

Source: Brambles (1985-1994); Mayne Nickless (1985-1994); TNT (1985-1994).

This unsatisfactory situation resulted in substantial restructuring at TNT. Sir Peter Abeles, TNT's Chief Executive, supported a plan for floating off the highly profitable TNT Europe from a less profitable TNT Australia (ie 'Goodco' and 'Badco'). The alternative strategy proposed by David Mortimer, Managing Director, was for a \$A300 million preference share issue and an orderly sale of assets. The latter plan was accepted by a majority of the Board and Sir Peter resigned as Chief Executive. Subsequently, there was a refocussing of the company's energies on core competencies. Financial restructuring involved sales of non-productive assets, replenishment of equity, and reduction of debt to satisfactory levels. Then TNT sought to reposition itself as a world leader in transport and logistics solutions, through the delivery of time-sensitive freight (Australia and Europe) and supply chain management (Australia, Europe and the United States). In 1994 100 contracts were in operation with TNT Logistics which used information technology to offer third party supply solutions to corporations wishing to integrate purchasing, warehousing, packaging and distribution worldwide. By reducing costs these corporations were able to concentrate on their core business interests.

CONCLUSIONS

Since 1985 Brambles, Mayne Nickless and TNT have been spurred by Australia's small population (17 million) and the limited opportunities for the growth of their traditional businesses, to continue their expansion overseas. Between 1985 and 1994 all three companies have focused their interests on Europe, North America and, to a lesser extent, Asia. They have structured and staffed their overseas activities to retain their non-Australian identities and focus. Much effort has also been concentrated on putting their particular management systems into place. Leaner times in the early 1980s in Australia have honed the management skills and expertise needed to derive profits from the comparatively low margins brought about by competition.

By 1994 Brambles, Mayne Nickless and TNT were substantial global corporations. Worldwide Brambles employed 15,000 people, Mayne Nickless 39,200 and TNT 30,600. There were more TNT employees in Europe (16,200) than in Australia and Southeast Asia (9,200). Also there were more Brambles assets in Europe than in Australia. Worldwide Brambles had consolidated assets of \$A2.8 billion, Mayne Nickless more than \$2.3 billion; and TNT \$A2.7 billion. Their assets, however, had declined from peak levels—Brambles \$A3.2 billion (1993), Mayne Nickless \$A2.8 billion (1993) and TNT \$4.4 billion (1991). On turnover they had achieved mid-ranking among the top global corporations led by Japan's Nippon Express (\$A22.6 billion), the United States' CSX (\$A12.2 billion) and Japan's Nippon Yusen Kaisha (\$A11.8 billion)—TNT ranked 16th, Mayne Nickless 35th, and Brambles 36th (Thomas 1994). Their combined revenue was \$A10.8 billion.

Australian companies would have fared better in the global rankings had they moved faster to penetrate the potentially rich Asian markets in the 1980s. (TNT was a notable exception!) Their general policy has been to pursue possible new directions in Australia and to follow traditional business opportunities in Europe and North America. Problems have been experienced with volatile swings in national markets in Europe (especially in Mediterranean countries) and regional markets within the United States. Growing Asian multinationals and the dominance of overseas Chinese business networks, however, have made it difficult to compete in Asia's small and regulated markets. Nevertheless, all three companies established operational bases in Asia during the 1990s, anticipating market growth stemming from the rise in living standards and the emergence of a strong consumer goods segment. For instance, GD Express Worldwide NV trading as TNT Express Worldwide, has established operations in Singapore and bought shares in the Manila-based, Pacific East Asia Cargo Airlines Inc. in order to offer intra-Asia overnight express services. Although the returns from the region are often emasculated by their inclusion in the Australian statistics Brambles, Mayne Nickless and TNT have not yet generated strong revenue flows, profits and assets in Asia—results still suggesting it is generally regarded as a raw, longer-term market prospect. Brambles, however, have plans to source a third of its revenue from the region by the year 2000 by servicing multinational companies attracted to the region with its pallet hire, waste business and industrial services.

All three companies have had strong impacts on government transport policy in Australia. As their interests have become global and their economic relationships denationalised they have been able to exercise a sturdy independence of their home government. The control of corporations concerned with maximising global returns and minimising global taxation has become more difficult. Australian assets and investments have become smaller. Policy must determine how far concentration in corporate hands can go. Where do the public and national interests lie and are they best served by the business organisations in control?

Australia's Federal Government has not been powerless because it can still exercise regulatory control—as witnessed by the successful prosecution of TNT and Ansett, and Mayne Nickless and their principals in 1994. After an investigation by the Trade Practices Commission (TPC 1994) the Federal Court fined them for operating a 'cartel' in the express transport industry throughout Australia. They had maintained an 'arrangement' (otherwise known as the 'peace', the 'accord', the 'honda' and 'detente') which required each of them to avoid acquiring each other's clients. They had also fixed the general rates for express freight transport and for specific clients. As part of their arrangement senior executives met periodically to ensure each abided by its terms and to fix rates. Apparently, this rigging of the market and collusion was peculiar to the small,

oligopolistic market in Australia. Evidence to the Commission (drawn from 150 ex-employees and customers) suggests it would not be possible to exercise such cartel-like control in the USA and the United Kingdom and Europe. 'It would be out of the question to run a deal like this in the U.S., or UK and Europe with United Parcels Service and Federal Express' (TPC 1994: 44). This may explain some of the problems that Australian firms have had in moving from their small oligopolistic market shaped by government policies and agencies, into the highly competitive and open markets of the United States.

For the time being, Brambles, Mayne Nickless and TNT, have been engaged in general and specialist transport activities and have targeted logistics (ie the management of warehousing, order processing and dispatch systems) as a new growth area. All companies have pursued growth options which were outside their normal transport investment parameters and which were compatible with their management skills. For example, Mayne Nickless has moved out of computers into communications and health care. (In 1994 Health Care Australia had 22 hospitals and 2,000 beds in Eastern Australia). The experience gained from operating on four continents offers practical knowledge of the world's best methods for the outsourcing of government services in Australia resulting from privatisation (eg Mayne Nickless has invested in a consortium with ERG Australia and Fujitsu to tender for an automated ticketing system for Victoria's Public Transport Commission). Ideally, the strategy is to develop a portfolio of businesses which are non-cyclical and recession resistant, and which exhibit strong growth potential. Thus, no longer does one transport mode compete with another for investment but with all other opportunities available to a global corporation. Transport is but one department.

The prime aim of corporate planners is to balance both industry and geographical segments to insure against economic variations in individual markets. As investments become more flexible and capital flows more freely at a global scale Brambles, Mayne Nickless and TNT will not hesitate to transfer investments into new, value-added services and geographical areas to meet changing economic conditions. In 1994, for example, Mayne Nickless divested itself of its 50 per cent share in the Freightways Group New Zealand because it was a small economy and had limited growth prospects in comparison with other trading markets. This raises the question as to which will be the first of these global corporations headquartered in Australia to discard its transport operations altogether?

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