Everyone Matters

Statement of Corporate Intent 2019/20 – 2022/23

AUSTRALIA **POST**
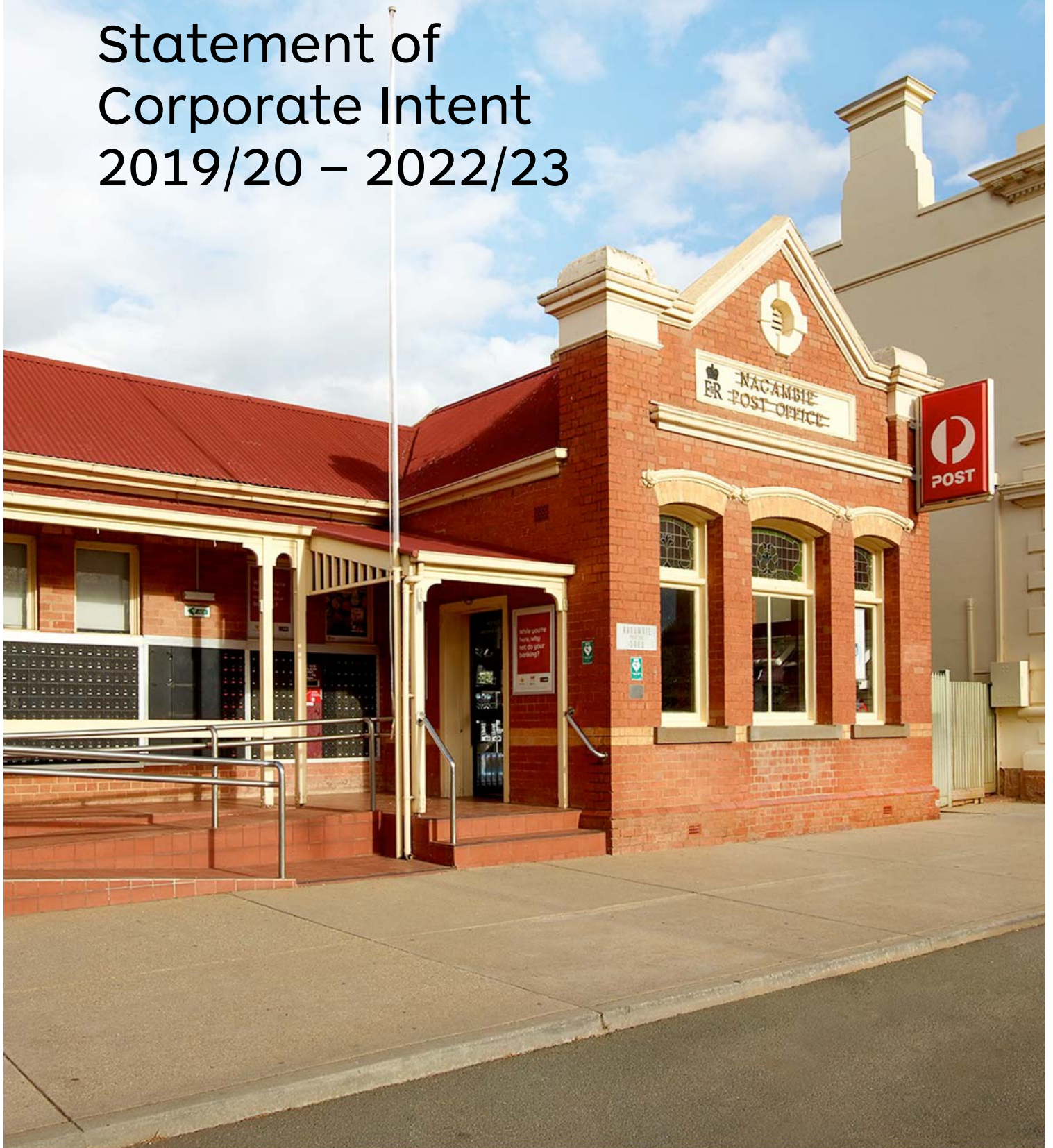
Table of Contents

1. Introduction

This statement is prepared for paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*, for the reporting period 1 July 2019 to 30 June 2020. It reflects our planning commitments over the four year period 2019/20–2022/23, as agreed by the Board of Australia Post in consultation with its Shareholder Ministers.

In 2018 we introduced our One Australia Post strategy to put customers at the centre of all that we do.

In 2019/20, we will continue to progress our five strategic priorities:

1. we will support communities to thrive;
2. we will support customers to grow;
3. we will connect customers in a dynamic global market;
4. we will create products that people love and trust; and
5. we will always provide great service and value.

Our strategy is designed to deliver great sender and receiver experiences that delight our customers.

We will continue to engage all our valued stakeholders – our people, customers, partners, community and shareholder, and strengthen our purpose of helping unlock opportunities for everyone.

The ongoing decline in letter volumes and revenue will continue to present significant challenges to Australia Post's operations and financial performance. Australia Post will continue to work with its shareholder and other stakeholders to explore options to ensure its ongoing financial sustainability.

2. Purpose

The Australian Postal Corporation, trading as Australia Post, is a government business enterprise incorporated under the *Australian Postal Corporation Act 1989* (APC Act).

Our purpose is expressed through the APC Act, which sets both community service and commercial obligations.

The principal function of Australia Post as per the APC Act is to supply postal services within Australia and between Australia and places outside Australia. While doing this, we will provide high-quality, efficient services to the community, and operate commercially and achieve a reasonable return on assets.

More specifically, we are required to meet our community service obligation by ensuring that the regulated letters service:

- is reasonably accessible to all Australians on an equitable basis;
- operates to performance standards that meet the needs of the community; and
- is provided at a uniform price for standard letters carried by ordinary post within Australia.

In an environment where non-letter products are an ever increasing part of our network, Australia Post operates to a more expansive purpose that encompasses all that we do: Australia Post connects people with each other and the world. We help unlock opportunities for everyone. Everyone Matters.

Our motivation is to build vibrant communities abundant with possibility that allow us a more prosperous and inclusive Australia. People are at the heart of everything we do. And providing access to services and the support they need is what drives us.

We deliver letters and parcels to all Australians. We deliver incoming international letters and parcels, and offer outbound international services. We offer an extensive range of letter and parcel services, to a range of delivery times.

We provide financial services through a network of more than 4,000 post offices, including over 2,500 in rural and remote Australia. While many of the services offered in post offices are subject to digital disruption and substitution, in-person services remain highly valued by the Australian community.

We are trusted and valued by our customers as the second most utilised organisation in Australia. We rank second in Australia for community motivation and brand Net Promoter Score, and third for positivity[1]. Communities want Australia Post to flourish.

We manage an extensive operational asset base (Figure 1), and unrivalled community presence through the post office network (Figure 2).

Our people reflect our purpose of connection and unlocking opportunities, and live our values of trust, inclusivity, empowerment, and safety. We directly employ a workforce of approximately 36,000, and an additional 42,000 in our extended workforce. The majority of these are employed in our delivery, post office and operational networks.

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[1] GALKAL, Research for Australia Post, October 2017

Our values underpin everything we do and are the ties that bind us. We can be trusted to do the right thing; we are inclusive, respecting everyone; and our people are empowered to find a way to help customers. The safety and wellbeing of our people is our highest priority and we have transitioned from an organisation where safety is a necessity, to one where safety is a value – it is who we are.

Australia Post has established joint ventures and subsidiary companies to progress its purpose, and to defend, support and extend its core business.
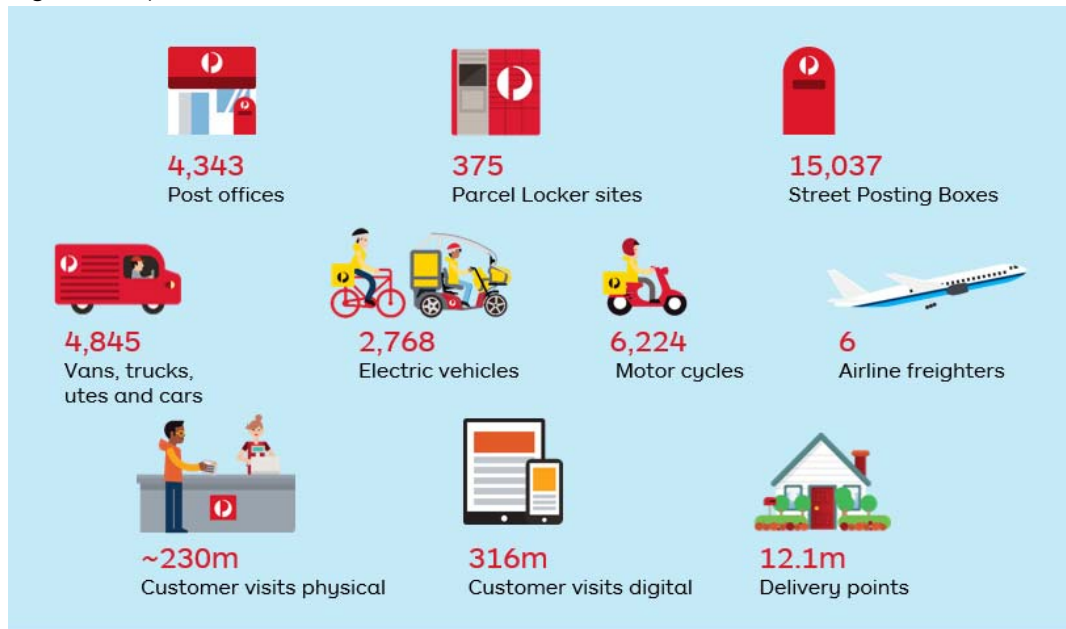
Figure 1. Operational asset base[2]

4,343 Post offices	**375** Parcel Locker sites	**15,037** Street Posting Boxes
4,845 Vans, trucks, utes and cars	**2,768** Electric vehicles / **6,224** Motor cycles	**6** Airline freighters
~230m Customer visits physical	**316m** Customer visits digital	**12.1m** Delivery points

Figure 2. Post office network throughout Australia[3]

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3. Environment

Our strategy is partially driven by the internal and external environment in which we operate. This environment can affect or influence our performance.

External environment

A number of external factors are of particular relevance to driving product and service growth and managing network costs:

1. slowing domestic economy, creating downside risk to eCommerce growth;
2. shifting consumer preferences to digital channels, which promotes eCommerce growth;
3. digitisation and disruptive technology, which is intensifying competition across parcels and financial services;
4. rapid population growth and demographic shifts, creating opportunities for international growth and fundamentally changing customer expectations; and
5. ongoing globalisation, which is facilitating growth opportunities and intensifying competition.

Internal environment

We continue to navigate ongoing declines in letters and intense competition in parcels. We continue to invest in capabilities that will enable us to take advantage of future growth in eCommerce.

Our operating environment includes the sales and acceptance of parcels and postal products through our post office network, and the processing, transport and delivery of letters and parcels through our operations network. We will invest in capabilities that support growth and simplify our operations network. Our network experience will be the underlying reason that our customers choose Australia Post as a delivery partner.

We will continue to provide a range of trusted services that consumers value and trust through our post office network, both in metro, rural and remote locations. We will continue to provide technology in our post offices that makes it easier for our people to provide consumers with great customer services.

We have reoriented ourselves to meet the needs of the customer, and have progressed initiatives designed to delight our customers.

We will maintain a relentless pursuit of safety and continue the safety improvements we have realised in the past five years.

Our people hold a deep seated connection with Australia Post's purpose of helping others and with our role in the community. Diversity and social inclusion programs will continue to underpin our values of trust, inclusivity, empowerment and safety. Programs will be focused on community prosperity, women in management positions, indigenous representation in the workplace, youth, LGBTI, and support for employees with disabilities. We will also continue programs that help our people to resolve customer challenges when and where they happen.

As we strive for a more prosperous and inclusive Australia, our goal is to provide access to services and support to all Australians, whoever and wherever they are.

4. Performance

Key planning assumptions underpinning our 2019/20 budget include letter volume declines, parcel volume growth rates and price movements, and transition rates from the priority to regular speed letter service.

Key expenditure assumptions will include internal wages growth, forecast expenditure to the licensed post office network, and forecast superannuation expenditure.

Our One Australia Post customer strategy will be delivered by realising initiatives that improve the customer experience for both consumers and business customers and by connecting businesses and communities to the world through an improved international offer. Our strategic initiatives include providing products and services that our customers trust and love, and by always providing great service and value.

5.   Operating Context

Australia Post operates in an Australia wide and global environment. We offer an extensive range of products and services to all Australians, accessed through both physical and digital channels, as depicted in Figure 3.

We realise our purpose of connecting consumers and businesses to each other and the world by providing products and services that are aligned to our customer's needs through an unrivalled network of physical and digital channels.

Figure 3. Our operating context
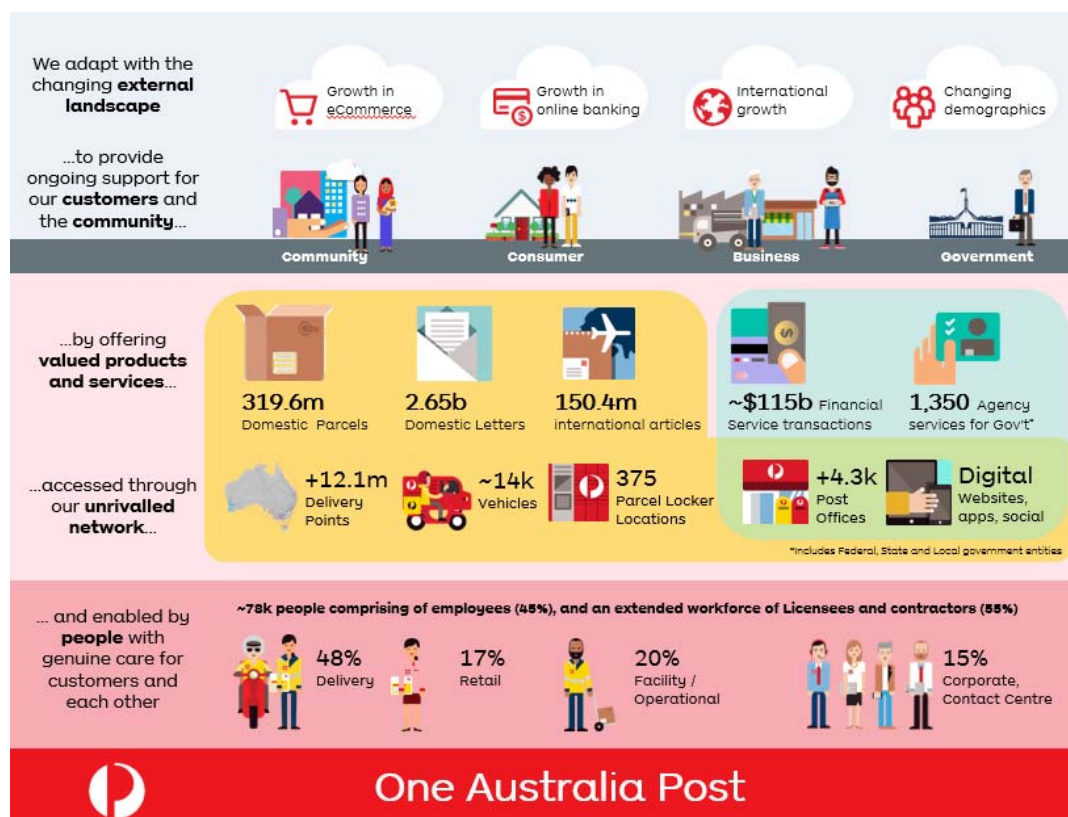
Capability

We continuously require capability upgrades throughout our business to meet our customers' changing expectations. These include:

- adding critical network capacity and capabilities, and introducing flexibility into our workforce to meet evolving customer expectations and maintain market leadership;
- post office and customer: creating a leading edge marketplace that connects Australians with the world;
- simplifying and enhancing our product portfolio to grow revenue;
- strengthening our sales capability to provide customers improved experiences; and
- investing in our people and safety.

Risk oversight and management

Our Group Risk Management Framework (RMF) describes the core strategies and processes that support the business in effectively managing risks, and also provides clarity to the roles and responsibilities for those managing risks.

The RMF assists Australia Post in achieving its purpose and strategy by clearly setting out how risks are to be effectively managed. By actively considering the threats and opportunities it faces, Australia Post can plan ahead to effectively consider and manage these risks to ensure decisions are consistent with established risk appetite principles.

We support a culture of risk management by ensuring that all business areas are accountable for identifying and managing the risks associated with their activities and strategic objectives. All employees are also responsible for identifying risks and complying with the regulatory obligations, policies and procedures associated with their roles.

Our Group Risk Appetite Statement provides guidelines to support strategic plans, goal setting and the establishment of an enterprise risk management culture across Australia Post.

Our predominant risks remain the safety and wellbeing of our people, the continuing decline of mail volumes, and ensuring that our actions are always in the best interests of the diverse stakeholder groups that we serve.

Who we co-operate with

We engage with a broad range of stakeholders including:

- **Community:** particularly groups with special needs, and socially disadvantaged and isolated;
- **Customers:** enabling online shopping and services for consumers, supporting businesses to grow in eCommerce (in Australia and internationally), providing access to government and corporate services (both online and through the post office), and connecting international customers with Australia and the world;
- **Workforce:** comprises employees, and an extended workforce of licensees and contractors, who manage a large component of our delivery and post office networks;
- **Partners:** network of suppliers, Joint Ventures, industry and strategic partnerships;
- **Shareholder:** The Minister for Communications, Cyber Safety and the Arts and the Minister for Finance, and their respective departments; and
- **Government:** which is both a customer and regulator.

We play an integral role bringing both economic and social value to Australian communities. A review of the value the Australia Post provides has found:

- almost three-quarters of Australians think that Australia Post is a core part of Australia's national identity and has significant heritage value, and that post offices are a trusted part of their community;
- each job in Australia Post supports another job elsewhere in the Australian economy, and each job in a post office supports another two jobs in the economy;
- almost 60% of Australia Post's retail presence is in regional and remote Australia, which is triple that of other Australian industries, like transport, finance and health;
- every $1 generated in value-add (contribution to GDP) creates another $0.86 in other industries like transport, real estate and professional services;
- Australia Post's total economic contribution was almost $6 billion in FY2017, which is larger than other major industries, such as broadcasting and computer/electronic manufacturing; and
- the consumer value of Australia Post's services exceeds the price paid for these services by $2.1 billion – around half of which is consumer surplus for letter delivery (by individual and business consumers).

6. Performance Standards

We are required to meet prescribed performance standards that align to our community service obligation. These relate to frequency, speed and accuracy of mail delivery, and the availability or accessibility of retail outlets or mail lodgement points.

Letter and parcel lodgement points

At least 4,000 retail outlets and 10,000 street posting boxes will be maintained.

At least 2,500 retail outlets in operation will be located in rural or remote areas.

Retail outlets will be located so that:

- in metropolitan areas, at least 90 per cent of residences are within 2.5km of an outlet; and
- in non–metropolitan areas, at least 85 per cent of residences are within 7.5km of an outlet.

Delivery timetable

For letters posted by the latest advertised posting times:

Address of Letter	Priority	Regular
Delivery within a State		
Metro to metro	Next business day	Three business days
Same/adjacent country to country	Next business day	Three business days
All else	Two business days	Four business days
Delivery between States		
Metro to metro	Two business days	Five business days
Country to metro	Three business days	Six business days
Metro to country	Three business days	Six business days
Between country areas	Four business days	Seven business days

Delivery frequency

At least 98 per cent of all delivery points to receive deliveries five days a week, Monday to Friday (excluding public holidays).

At least 99.7 per cent of all delivery points to receive deliveries no less than twice a week.

Accuracy and speed of delivery

At least 94 per cent of reserved services letters carried by Australia Post will be delivered by the advertised delivery times.