



Australia Post
Statement of Corporate Intent
2017/18 – 2020/21



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1. Introduction

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

This statement is prepared for paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*, for the reporting period 1 July 2017 to 30 June 2018. It reflects our planning commitments over the four year period 2017/18–2020/21, as agreed by the Board of Australia Post in consultation with its Shareholder Ministers.

In 2016/17 we progressed our Part of Tomorrow strategy to deliver eCommerce: Everyone, Everywhere, Every day.

The strategy has gained traction as evidenced by an increase in profit in 2016/17.

In 2017/18, we will continue our Part of Tomorrow strategy with the customer remaining at the centre of everything that we do. We will:

- make online shopping and services safe, easy and personal for consumers;
- help small businesses to go online, grow and export;
- power eCommerce for our business customers; and
- power the digitisation of corporations and Government.

Our strategy is designed to deliver great sender and receiver experiences that delight our customers. Developing a capability of entrepreneurship and innovation will remain a key part of our strategy.

We will continue to engage all our valued stakeholders – our people, customers, community and shareholder, and strengthen our culture through our shared values.

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 the shareholder and other stakeholders to explore options to ensure its ongoing financial sustainability.

2. Purposes

Australia Post continues to play an important role in meeting the needs of Australian communities and facilitating commerce in a contemporary world.

The principal functions of Australia Post as per the APC Act are 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.

Since 1989, when we were corporatised, our purpose has been expressed through the APC Act that sets both community service and commercial objectives. These objectives have not changed following our letter reforms.

Our primary objective is to provide a national postal service within Australia and between Australia and places outside Australia, providing high-quality, efficient services to the community. We will operate in a manner consistent with sound commercial practice and as much as possible, we will also generate dividends and increase shareholder value.

Alongside our regulatory purpose, we have four strategic objectives that we will pursue through the planning period.

We will:

- run the current business efficiently and well;
- enable an innovative, creative, and customer centric culture;
- accelerate our business in eCommerce Delivery; and
- design and scale our future in eCommerce Services.

3. Environment

External environment

Our external market environment continues to be shaped by a number of macro forces that have considerable impact on our business. The most prominent of these are as follows:

- consumers increasingly value convenience and experience over ownership;
- digital technology is becoming ubiquitous, enabling customers to seamlessly change between service providers;
- the friction of starting a business are diminishing, as are the costs of maintaining a business; and
- a new wave of digitisation is likely to lead to rapid online growth in Australia.

Economic drivers including economic and wages growth, export growth, household consumption, consumer and business confidence, and unemployment rates will all impact our financial performance.

In particular, overseas demand for Australian products and levels of discretionary spend will impact online sales and our Delivery performance.

Internal environment

We successfully navigated continued declines in letters and intense competition in parcels to increase our profitability in 2016/17.

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.

As our business transitions further from being a predominantly letter delivery business we are helping people to continue their careers at Australia Post through Post People 1st. Around 11,800 people have now transitioned into other roles through this program.

Diversity and social inclusion programs will continue to underpin our values of respecting everyone and helping each other. Programs will be focused on community prosperity, women in management positions, indigenous representation in the workplace, and support for employees with disabilities.

4. Performance

We are forecasting sustainable profits over the 2017/18 – 2020/21 planning period.

Key planning assumptions underpinning our 2017/18 -2020/21 budget include letter and parcel volume 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 customer strategy will be centred on having the customer at the centre of all that we do, and delivering great customer experiences. It will be delivered through our four strategic objectives – running the business efficiently and well, enabling an innovative, creative and customer-centric culture, accelerating our business in eCommerce Delivery, and designing and scaling our business in eCommerce Services.

It will be enabled through the right technology platform, empowered people, and the continued evolution of our brand and culture.

Australia Post has established joint ventures and subsidiary companies to defend, support and extend its core business.

5. Performance Standards

We are required to meet prescribed performance standards relating to frequency, speed and accuracy of mail delivery, and the availability or accessibility of retail offices 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 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 (e.g. street and private post box addresses) will receive five days per week delivery, Monday to Friday (excluding public holidays).

At least 99.7 per cent of all delivery points will receive not less than two deliveries per week.

Accuracy and speed of delivery

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

6. Capability

We will design flexibility within the workforce as our business continues to evolve.

Labour models designed around customer needs will be a part of that.

Our workforce planning and workforce agreements are designed to support our strategic objectives.

We will provide working conditions that provide the best outcome for our people, our organisation and our customers, balancing cost pressures with fair and reasonable wage increases.

We will continue to evolve our brand and culture enabling our people to create great customer experiences to successfully deliver our strategy. We will embed our culture through our shared values.

Innovation will be at the heart of creating new business opportunities. We will embed a pervasive culture of innovation, and develop innovative solutions for customers centred on three business arenas.

To deliver a strategy that places the customer at the centre of everything that we do, our front line teams must be equipped with the tools that they need to resolve customer issues on the spot. To this end, we will need to make a step change in systems and tools to make it easier for our people to delight customers.

We will address capability gaps in all our businesses through both organic and inorganic investments, and we will look to divest assets that are not core to our business.

7. Risk oversight and management

A comprehensive risk management framework has been established that provides guidance on risk management practices and adds clarity to management and directors' roles and responsibilities.

Our risk appetite statement describes the levels of risk that we are willing to take for different risk categories.