The New Zealand Post Group is a connections business. Every day we help New Zealanders connect with their families, customers and communities both in New Zealand and overseas in a variety of ways. We combine the breadth of our capabilities with our extraordinary reach into every corner of New Zealand to make our customers’ lives easier and add value to their businesses.

We provide home loans. We register cars. We manage logistics for third parties. We offer expertise in direct mail. We enrol people to vote. We help deliver goods between New Zealand and the world. We store and retrieve important electronic documents. We provide banking services to business. And we still provide postal services through nearly 1,000 retail outlets, processing and delivering more than one billion items of mail each year to 1.85 million delivery points – services we’ve provided for more than 160 years.

This report provides a broader perspective of the New Zealand Post Group. The way we’re positioning our Group to embrace the challenges we continue to face such as increasing competition in all areas of our business. The way our business continues to evolve and innovate, finding new ways to meet the changing needs of our customers and New Zealand. The way we’re committed to helping New Zealand run.

By being the vital link connecting all New Zealanders, their communities and their businesses, we will ensure that New Zealand Post remains as relevant to New Zealand as it has over the last 160 years.
The Year in Review
2004/2005

The Year in Review
2004/2005

INCREASE IN MAIL VOLUMES
1.4%

Our innovative "world’s first action-replay" Olympic Games 2004 stamp issue celebrated four historic Kiwi Olympic moments and proved extremely popular with New Zealanders.

We reduced our Lost Time Injury Frequency Rate by 17.4%.

Kiwibank launched business banking aimed at small and medium businesses while we rolled out its "quickcash" ATM network.

We provided 750,000 envelopes to more than 3,100 community groups throughout New Zealand through our Community Post programme.

Our Electoral Enrolment Centre enrolled 91.7% of the estimated eligible voting population in time for the local authority and health board elections.

Our Group financial result was the strongest ever achieved reflecting the completion of the successful 50:50 joint venture with DHL through Express Couriers and strong operating performances. Excluding the gain on sale from the formation of the joint venture, the after tax profit result of $58.6 million is still a substantial lift on recent years.

Overall mail volumes increased 1.4%.

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As a State-Owned Enterprise the New Zealand Post Group is owned by all New Zealanders. To ensure we create value for New Zealand and our shareholders, we have an imperative to operate as a successful business. Under our Statement of Corporate Intent we have the following objectives: to operate an efficient, effective and profitable business and provide to the owners a commercial return on the capital employed; to exhibit a sense of social responsibility by having regard to the interests of the community in which we operate and by endeavouring to accommodate or encourage these when able to do so; and to be a good employer. The New Zealand Post Group continues to meet and exceed these requirements year after year.

Creating value means ensuring we are developing a sustainable business that can continue to grow in the future. Our Postal Services group remains the underlying strength of the New Zealand Post Group. To help us maintain this position, we will introduce new technology to our processing centres, better operational processes and a major initiative to improve the quality of addressing over the coming years. This ambitious upgrade programme will ensure we continue to process and deliver mail in the most effective and efficient way for our customers in the future.

In December 2004 we signed the contract for the 50-50 joint venture with DHL through Express Couriers Limited, which took effect from 1 January 2005. The joint venture positions our courier and logistics businesses well for future growth, DHL’s international network, products and services combined with Express Couriers’ extensive coverage and knowledge of the New Zealand market strengthens our position as a competitor increases.

We established Kiwibank three years ago to create a straightforward, New Zealand-owned, low cost bank that would appeal to all New Zealanders. In that time Kiwibank has signed up more than 354,000 retail customers and built a strong reputation and support base, even with non-Kiwibank customers. Research conducted by UMR Research illustrates that support for the bank has broadened since its establishment, with 81% of those surveyed in April 2005 responding that Kiwibank was a good idea. This has increased from 55% in April 2001.

During the year the bank has extended its already proven retail services into the small and medium business environment, with our first business customers coming on board in September 2004 as part of a pilot launch. We expect to continue to provide capital to support ongoing growth over the next three years. The strength of the New Zealand Post Group’s financial position will enable us to fund these requirements without recourse to our shareholders.

Our social responsibility
As a national postal service offering low cost domestic and universal mail services we are an important provider of infrastructure in this country and we take this responsibility seriously. Our social obligations to the community we serve are outlined in the Deed of Understanding between the Government and New Zealand Post.

Our reach into New Zealand communities is extraordinary. New Zealand Post’s processing and delivery network is so extensive that the universal service we provide to our customers is efficient and cost-effective – whether a customer is sending a letter from Kaitaia to rural Southland or from suburban Auckland to the CBD.

We deliver to over 1.85 million delivery points nationwide – 96.8% of which receive a six-day service.

We continue to extend our physical networks and our social responsibility. Our Health and Safety sub-committee analyses results in detail, discusses initiatives, reviews incidents and increases our understanding of issues so we can provide greater assistance and direction to the safety and wellbeing of our people.

Acknowledgments
I acknowledge the support from my fellow board members on the New Zealand Post, Kiwibank and Express Couriers boards, as well as the Datamail board members, and appreciate their dedication to the New Zealand Post Group. I also acknowledge the support from our shareholder Ministers and officials.

On behalf of the Board I thank all New Zealand Post Group people for their commitment to ensuring our customers are well looked after. In my three years as Chair of the New Zealand Post Group, I’ve been impressed with the energy and focus that people in the business have.

Finally, an acknowledgment to New Zealand Post Chief Executive John Allen and Kiwibank Chief Executive Sam Knowles and their senior management teams who continue to lead the New Zealand Post Group into a sustainable future. They are passionate about this organisation and, with New Zealand Post Group people, have worked hard over the past year to change the way the Group operates to become more customer driven and to continue our strategy of growth. The results are promising and position the organisation well to retain success in the future, to continue to exceed our obligations and to add value for all New Zealanders.

Deed of Understanding

<table>
<thead>
<tr>
<th>OUR COMMITMENT</th>
<th>ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>To maintain a network of at least 880 PostShops and Post Centres.</td>
<td>99%</td>
</tr>
<tr>
<td>To continue to provide at least a five or six-day-a-week postal service to more than 99.88% of addresses.</td>
<td>99.80%</td>
</tr>
<tr>
<td>Not to reintroduce a rural delivery fee.</td>
<td>No fee</td>
</tr>
</tbody>
</table>

The Deed of Understanding is an agreement between New Zealand Post and the Government, which defines New Zealand Post’s social obligations.
Letter from the Chief Executive

John Allen

New Zealand Post is a growing business. This will surprise those who predicted that letter volumes would collapse as online technologies became more pervasive. Our continuing growth is a direct result of the successful diversification of the business which has seen us establish Kiwibank, Express Couriers and Datamail, as well as the enduring value of the letter as a cost effective, measurable, marketing and communications tool for businesses to reach and attract customers.

The financial results this year clearly demonstrate the success of these strategies. The after tax profit result of $137.2 million reflected the significant contribution of the successful 50:50 joint venture with DHL for our Express Couriers business. The $90 million consideration representing a gain on sale of $78.6 million, was a fantastic result confirming the strong improvement in Express Couriers’ performance in recent years. Clearly this transaction underpinned the strength of our Group profit result in the 2004/2005 year.

Excluding the gain on sale of the joint venture, our net profit after tax was $58.6 million, an increase of 60.5% on the previous year’s result of $36.5 million. This demonstrates the year on year growth of Kiwibank and the continued strong year on year growth of Kiwibank and our net profit after tax was $58.6 million, an increase of 60.5% on the previous year’s result of $36.5 million. This demonstrates the year on year growth of Kiwibank and the continued strong

As part of this change we are working with our people to re-think the way we work and how we can provide more satisfying and varied jobs for our Processing employees. Key to this has been establishing teams across the country that enable employees to be involved in shaping the jobs of the future, to re-train and up-skill enabling new opportunities for development.

The future of our postal business is exciting. Although getting there will be challenging, our people will be better equipped to meet the future needs of our customers and will be well supported to achieve greater job satisfaction.

Growing Kiwibank

With Kiwibank we have demonstrated what we can achieve when we focus our resources and energies to develop real value for customers. Kiwibank’s performance this year confirms its place as a banking partner to a diverse range of customers. Our business plans anticipated the bank would report a profit in 2004/05 and it has, recording an after tax profit of $7.2 million to 30 June 2005. We continue to add to and improve our products and services to ensure our customers are well looked after. We started rolling out our “quickcash” ATM network.

We continue to work closely with advertisers to promote the use of mail as a core part of the communications and marketing mix. Direct mail volumes increased an estimated 14% over the year.

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Developing Express Couriers

We have shown in establishing the joint venture with DHL that we can build effective working relationships with a large international organisation to create further value for our customers and our business. In doing so, we have listened to and understand the increasing demand by our customers for seamless access to international networks to support the growth of their businesses both here and offshore. The relationship also offers opportunities to expand our warehousing and logistics capability.

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in September, our low interest credit card remains popular with customers and Kiwibank continues to maintain competitive interest rates in its home loan book. This year our customer deposits and home loans grew to $1.42 billion and $1.57 billion respectively.

Our business banking service is fully underwritten and business process outsourcing. Datamail faced a significant challenge during the year with its involvement in processing company Outsource Australia (OSA) in 2004. Datamail is continuing to improve its position for sustainable growth by building these capabilities and integrating them into the wider New Zealand Post Group.

Building our capability in data and document management

Our investments in Datamail, the ECN Group and our shareholding in Datacom show that we are embracing technology, harnessing it to lower our operating costs and enhance the services which we can offer to our customers. Through the Datamail Group we are developing new capabilities in data management and business process outsourcing. Datamail faced a significant challenge during the year with its involvement in processing some of the election results in the 2004 local authority and district health board elections. The processing performance was not to the standard expected, which resulted in the delay in announcing some results. Datamail took full responsibility for the initial delay and has since reviewed and improved its processes and procedures. During 2005, the Datamail Group adopted a new management model which is better aligned to our customers’ and business priorities.

A more recent focus for Datamail has been to improve its capacity for growth by enhancing its trans-Tasman capabilities evidenced by its acquisition of a 75% shareholding in business outsource processing company Outsource Australia (OSA) in 2004. Datamail is continuing to improve its position for sustainable growth by building these capabilities and integrating them into the wider New Zealand Post Group.

Engaging and inspiring our customers

In all parts of the organisation we have spent even more time listening to and talking with our customers this year. Personally, I’ve enjoyed the interaction and frank exchanges I’ve had with many individuals and businesses around the country. Through conversations and extensive research, our customers continually tell us that they need a business partner who can make their lives easier, help them and their businesses achieve their goals and help them to connect with their customers to build richer relationships.

We are working to meet our customers’ expectations based on their feedback. This year we further developed our customer channels – our retail network, Customer Service Centre and websites – and refocussed the teams that have direct relationships with our customers to make it easier for them to do business with us.

To create further options for our customers we updated websites for New Zealand Post and the Express Couriers’ brands Pace and CourierPost. New online shopping functionality and an improved search engine makes these sites more efficient and easier for our customers to order products and navigate.

Learning from our customers’ perceptions of us and their experiences across each of our channels is vital to us being able to continue to add value to their lives and businesses. We’ve developed a new market research framework to ensure we better understand what inspires our customers, show where they need us to develop and provide us with measures that are easy to understand and act on.

New Zealand Post Group people

I want to take this opportunity to acknowledge on behalf of the New Zealand Post Group the tragic road and air accidents that took the lives of five of our people while carrying out their duties during the year. These losses were felt across the Group as well as in the communities in which they lived and worked and our thoughts remain very much with the families of each.

We are a people business and the way New Zealanders connect with us whether in the PostShop, with their Rural Post owner-driver, Postie or Courier will determine our success over coming years. In supporting and growing our people we want to be a great place to work, to develop our people and for everyone to be safe and well at work. Our health and safety performance improved over the year following an increased focus on creating a safety conscious culture. We decreased our lost time injury frequency rate by a significant 17.4% with initiatives such as a Worksafe Week – a programme to raise awareness of safety and wellbeing, particularly in operational areas of the business.

More than three-quarters of our customers rated their experience with our Customer Service Centre as ‘excellent’ or ‘very good’.

This year’s employee satisfaction score was 52% of our people satisfied to a ‘great’ or ‘very great extent’, an increase of 2% on the previous year. While we felt short of our 53% target, the result was a pleasing improvement. This year we started measuring employee engagement as research shows a clear relationship between engagement and company performance. Being highly engaged generally makes work more rewarding for individuals. From next year employee engagement will replace satisfaction as our key people measure.

Realising our potential

We understand that our future requires us to understand and respond to the changing needs of New Zealanders as our communities, businesses, and country continue to grow. This is not something that we have been particularly good at in the past. We are getting better. A great deal of our investment over the past year has been on developing the people and processes necessary to ensure that customers’ voices are heard within the Group and that we can act on what we hear.

Ultimately New Zealanders’ willingness to continue to do business with the New Zealand Post Group depends on the 17,000 people who work for the Group meeting your needs and those of your business day by day and night by night. I am continually impressed with the commitment and dedication of our team who consistently deliver for our customers and communities. Building a sustainable business is about our customers, our people and understanding our impact on the environment in which we live and operate. Together we are building a business in which we believe all New Zealanders, as owners, can be proud and which is enabling the growth and success of our companies, communities and country.

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John Allen
Chief Executive
All New Zealanders have a stake in the New Zealand Post Group so it’s vital that we continue to grow. We aim to lift our profit over the coming years to ensure we create value for our shareholders.

Excluding the effects of the 50:50 joint venture with DHL for Express Couriers, our after tax profit was $586.6 million compared to the previous year’s result of $365.6 million. This was a result of strong performances from Express Couriers, our domestic and international postal businesses and Kiwibank. Including the impacts of the gain on the partial divestment of Express Couriers of $78.6 million, the New Zealand Post Group recorded an after tax profit of $137.2 million.

The domestic and international mail businesses performed strongly, both seeing an increase in overall mail volumes. Express Couriers also performed well during the year, benefiting from a reduction in its costs by replacing its back office IT system, introducing new pricing structures and making improvements to its courier runs.

In just its third year of operation, Kiwibank achieved a major milestone – making its first profit of $7.2 million. While it faced a challenging period of intense competition in the mortgage market in late 2004, it continued to attract strong growth in both customer deposits and home loans. The bank’s customer deposits and mortgage book to 30 June were $1.42 billion and $1.57 billion respectively.

Challenges relating to the delayed processing of some local authority and health board election results in 2004 were reflected in Datamail’s performance. This is now behind us and Datamail is positioned for significant growth as it supports increasing business process outsourcing by New Zealand and Australian companies and continuing growth in direct mail.

Operating revenue increased by $153.5 million to $1,208.9 million, driven by growth in Kiwibank customer deposits and home loans and the 1.4% increase in overall postal volumes (excluding unaddressed mail). From 1 January the 50% investment in Express Couriers was equity accounted for resulting in a decrease on comparative revenue numbers.

Operating expenses rose $54.2 million to $1,044.7 million. Factors included the full year consolidation of the oSA Group, which led to increases in both revenue and costs compared to the previous year. In addition, across the board wage increases and higher personnel levels, in particular in Kiwibank and our retail network to support the continuing growth of Kiwibank, contributed to our costs.

This strong result enables us to return total dividends of $50 million to our shareholders for the year.

This strong result enables us to return total dividends of $50 million to our shareholders for the year, including a special dividend of $23 million relating to the gain from partial divestment of Express Couriers. This year the New Zealand Post Group expended $26.6 million in taxes and excluding the impact of capital gains on the sales of properties and the Express Couriers transaction, the effective tax rate was 33.5%.

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New Zealand Post Group

This diagram shows the many parts of our dynamic and diverse organisation to 30 June 2005.

**CUSTOMER SOLUTIONS**
- Retail
- Books & More
- Group Sales
- Customer Service Centre
- Online Channel

**POSTAL SERVICES**
- Delivery
- Processing
- Rural Post

**EXPRESS COURIERS**
- Express Couriers Limited 50:50 joint venture
  - CourierPost
  - Pace
  - Contract Logistics
  - Transport
  - Counters Please

**KIWIBANK**
- Kiwibank
- Payment Services

**DATAMAIL GROUP**
- Datamail
- Communication Arts
- Outsource Australia Pty Limited
- Converga
- Outsource Solutions Limited

**ENTERPRISES**
- International
- Letterbox Channel
- Red Tickets
- Transend
- The ECN Group
- Electoral Enrolment Centre
- AirPost

**GROUP**
- Chief Executive’s Office
- Group Communications and Risk
- Finance
  - Post Properties
- Human Resources
- Information Technology Group
- Group Marketing
  - Stamps and Collectables

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This diagram shows the many parts of our dynamic and diverse organisation to 30 June 2005.
Mail is as relevant to our customers now as it has been for more than 160 years and we continue to develop new ways to make it an even more effective communication channel for our customers. Our Christmas campaign included advertising and user-friendly products and services to stimulate the use of mail. With the amount of personal mail decreasing over recent years, the campaign reminded people of the joys of giving and receiving greeting cards. We also launched two new postage-included products and for our customers sending cards overseas we ran a special $1 promotion for cards sent before the end of October. The campaign contributed to higher than expected mail volumes, including four days in December where we processed more than one billion items processed and delivered by the New Zealand Post Group each year.

We’re also focusing on international direct mail opportunities. Our trans-Tasman business is especially important for us and we have continued to see growth as a result of our encouraging Australian companies to focus their direct marketing initiatives to New Zealand. We also worked with Royal Mail to encourage major catalogue sellers to target customers ‘down under’.

In terms of online marketing services, MessageMedia, part of the ECN Group which specialises in email marketing, handed around 10 million emails during the year as part of a suite of online survey, newsletter, direct marketing and member management campaigns on behalf of 50 organisations including major banks, national associations and publicly listed corporations.

To further promote the benefits of direct marketing, DMS worked with tertiary institutions to develop and introduce formal direct marketing programmes to support the growing importance of the industry in New Zealand. As a result, Auckland University of Technology and Victoria University of Wellington introduced direct marketing courses in 2005. Both courses help students develop skills in formulating and implementing direct marketing programmes including database-driven direct marketing and acquiring and retaining customers.

We’re promoting direct marketing Businesses from across the New Zealand Post Group joined forces at the annual Fieldays at Mystery Creek near Hamilton to talk with our rural customers. Fieldays is the biggest agricultural trade show in the southern hemisphere. Our Direct Marketing Services (DMS) team worked with Rural Post to offer exhibitors a more effective way to connect with potential customers before the event. We were able to offer exhibitors a wide range of services including Rural Post’s rural business and rural consumer address lists, profiling by farm type and size, advice on planning and following up invitations and distribution through our networks. We continue to work with the advertising and marketing industries to stimulate direct marketing growth. This year we saw an estimated 14% growth in direct mail volumes. We have paid considerable attention to improving understanding and appreciation of the value of direct mail as a medium in the communications media mix. The importance of direct mail to cut through a busy information space in ways that are relevant for people means that addressed mail is used more than any other medium for customer retention and loyalty. We’re seeing more imaginative use of mail as a communication channel. For example this year we processed and delivered a range of inventive and unusual collateral aimed at targeted audiences, including milk bottles to cat owners.

In order for New Zealand Post to have the best addressing information for New Zealand we have created a National Postal Address Database (NPAD). The database uses advanced mapping technology and has been developed from a variety of sources including New Zealand Post’s own databases, and information from Land Information New Zealand (LINZ), the Fire Service and local councils. Going forward the database will be continuously updated with address data to ensure it remains accurate as towns and cities develop and suburb boundaries change. This information will be fed into our other databases such as the Postal Address File which is used to assist customers with address validation and database cleansing activities, as well as to support direct mail initiatives.

Combining our capabilities For our business customers the power of mail as a communication is enhanced by our unique position of combining the strengths of our capabilities across the Group with our extensive nationwide network to deliver end-to-end solutions and create more value for our customers. Our involvement with the New Zealand Qualifications Authority to successfully support the NCEA examination process included CourierPost delivering more than 1.97 million exam booklets to 409 exam centre managers and picking up completed papers, mail centres sorting each to the 1,795 markers, our transport network moving papers from centre to centre, Datamail processing, printing and collating results, and our Postal Services Group getting marks and exam booklets back to more than 143,000 students.

The mail out of 2.75 million individual electoral enrolment update packs in May 2005 saw different parts of the New Zealand Post Group again working together to successfully produce, pack, and deliver the packs across the country. Our 540 Rural Post owner-drivers travel more than 28 million kilometres each year, delivering to more than 200,000 addresses. During the year Rural Post renewed a distribution arrangement with The New Zealand Herald. As well as newspaper delivery, the arrangement also involves Rural Post managing owner-driver payment, communications and assisting with subscriber and circulation growth. Two hundred and six Rural Post owner-drivers now distribute The New Zealand Herald with 139 receiving customer ‘start’, ‘stop’ and ‘miss’ messages via text message service.

Promoting direct marketing

From exam results to Christmas greetings, bank statements and bills to magazines, mail remains an important, effective and low cost way for our customers to connect with others. These are among the more than one billion items processed and delivered by the New Zealand Post Group each year.
The DHL New Zealand Lions Series 2005 provided the New Zealand Post Group with an opportunity to work across the Group and package a variety of services based on this much-anticipated event.

Our Datamail, Direct Marketing Services (DMS), Red Tickets, Postal Services and CourierPost teams combined to help rugby fans see the British and Irish Lions play in New Zealand in June. Red Tickets worked closely with the New Zealand Rugby Union (NZRU) to give rugby fans the fairest chance of seeing the British and Irish Lions play, developing a public ballot for match tickets. The system’s key focus was to ensure the web-based ballot system was balanced, secure and transparent.

Datamail’s RightNow technology answered customers’ questions on the website as well as being involved processing application forms. Our DMS team advised the NZRU on effective use of direct mail to promote the ballot and our Postal Services and CourierPost teams delivered the tickets.

Our Stamps and Collectables team celebrated the series with stamps shaped like All Blacks and British and Irish Lions jerseys as well as a first day cover and collector’s pack. In addition we released three commemorative coins on behalf of the Reserve Bank of New Zealand. Communication Arts designed and printed the in-store promotional advertising for the collectables.

Our Electoral Enrolment Centre took the opportunity to raise awareness of the importance of enrolling to vote by getting a couple of All Blacks out of their training camp to enrol.

And across the Group, our people got behind the All Blacks with creative displays in their workplaces.
We offer a worldwide logistics and delivery capability with the networks and relationships in place to deliver for our New Zealand customers across town or across the world as well as delivering to New Zealanders from international customers.

Developing Express Couriers Limited
In December 2004 New Zealand Post announced a 50:50 joint venture with DHL for our express and logistics business, Express Couriers Limited. Managed as a stand-alone company under a joint DHL and New Zealand Post appointed board of directors, the joint venture took effect on 1 January 2005. Express Couriers operates the well known brands of CourierPost, Pace and Contract Logistics, as well as our road and air line-haul operations. DHL is 100% owned by Deutsche Post World Net and is the world’s largest transport and logistics company.

The decision to enter into a joint venture with DHL was driven by a number of factors, including the opportunity to expand and develop our warehousing and logistics capabilities.

The partnership with DHL is an extension of our existing relationship and brings together two recognised leaders in the domestic and international air express and logistics arenas. By combining DHL’s international network, warehousing and technology capabilities with New Zealand Post’s extensive coverage and expertise in the New Zealand market, customers will receive a more comprehensive service.

The work to develop and put in place the joint venture took almost two years. The decision to enter into a joint venture with DHL was driven by a number of factors, including the opportunity for us to further expand and develop our warehousing and logistics capabilities, which we see as a key area of growth for Express Couriers.

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Connecting New Zealand and the world
Express Couriers has continued to make our small and medium, corporate and government customers’ lives easier by taking care of their physical goods distribution and logistics.

Express Couriers plays a key role in assisting Prime Foods, a family business based in Hororata, Canterbury, with its delivery of salmon to supermarkets and hospitality establishments from Kaikoura to Invercargill. Ensuring their product is delivered overnight and meets the robust MAF audited food safety (HACCP) standards is a challenge CourierPost excels at. In addition to the real-time Track and Trace that CourierPost offers, Prime Foods also appreciate the vast nationwide network and the excellent customer service they receive.

Express Couriers signed a contract with ACP Media’s distribution subsidiary Netlink to manage all their magazine and related product activities.

Additionally, the New Zealand Post Group continues to help New Zealand businesses to reach customers overseas. Our freight forwarding operation has a network of more than 90 affiliates throughout the world which provide import, export, airfreight, seafreight and customs clearance services from containerised bulk shipping to heavy parcels.

Express Couriers signed a contract with ACP Media’s distribution subsidiary Netlink to manage all their magazine and related product activities.

Physical Goods Distribution & Logistics

Developing Express Couriers Limited
In December 2004 New Zealand Post announced a 50:50 joint venture with DHL for our express and logistics business, Express Couriers Limited. Managed as a stand-alone company under a joint DHL and New Zealand Post appointed board of directors, the joint venture took effect on 1 January 2005. Express Couriers operates the well known brands of CourierPost, Pace and Contract Logistics, as well as our road and air line-haul operations. DHL is 100% owned by Deutsche Post World Net and is the world’s largest transport and logistics company.

The decision to enter into a joint venture with DHL was driven by a number of factors, including the opportunity to expand and develop our warehousing and logistics capabilities.

The partnership with DHL is an extension of our existing relationship and brings together two recognised leaders in the domestic and international air express and logistics arenas. By combining DHL’s international network, warehousing and technology capabilities with New Zealand Post’s extensive coverage and expertise in the New Zealand market, customers will receive a more comprehensive service.

The work to develop and put in place the joint venture took almost two years. The decision to enter into a joint venture with DHL was driven by a number of factors, including the opportunity for us to further expand and develop our warehousing and logistics capabilities, which we see as a key area of growth for Express Couriers.

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When Tami and Simon Louisson bought their juice production and distribution businesses in August 2004, and amalgamated them under the name Nectar Juices, they needed a banking partner. Nectar Juices makes among the widest ranges of juices in the country – from kiwifruit to blackcurrant and from freshly squeezed to cordials. It also makes fruit smoothies, bottles artesian water and acts as an agent for Bundaberg Ginger Beer. It mostly wholesales its products to the food service industry.

Tami and Simon were on the look-out for a stress-free, low cost bank with services that made a difference to their Petone-based business. Being foundation Kiwibank retail customers, they were already impressed with its services and wanted the same benefits for their business.

At the same time Kiwibank was getting ready to pilot its business banking service, ensuring its systems, processes and customer service operations were working effectively before extending the business into other areas.

The result? Nectar Juices became Kiwibank’s first business banking customer, taking advantage of one of the lowest fee packages in the market, competitive interest rates, more convenient business hours, innovative technology as well as a one-stop-shop for its banking, postage and bill payment requirements.
Banking & Payments

Built around a promise of straight-forward banking, Kiwibank provides access to convenient, value for money banking for all New Zealanders through the largest branch network in the country. We offer our customers a choice of payment channels for many of their household bills – by mail, over the internet, or in person at our retail outlets.

A New Zealand-owned success story
Kiwibank continues to build its customer base, extend its reach and develop and offer new products and services. This year Kiwibank launched a number of key growth initiatives including business banking for small and medium businesses, the roll out of its “quickcash” ATM network and a market-first text messaging service for account balances.

The move into business banking saw Kiwibank further develop its channels to ensure its services are convenient for customers to use. In addition to its existing branch network, online service and retail call centre, it opened business banking centres, set up a dedicated business banking call centre team and developed a new internet banking service to give both retail and business banking customers more choice in the way they receive information. As well as text messaging for account balances, to city suburbs and provincial areas currently under-serviced by ATMs. The roll out is an important step in developing Kiwibank as a full service alternative to the existing foreign-owned banks.

During the year Kiwibank added more electronic services to give both retail and business banking customers more choice in the way they receive information. As well as text messaging for account balances, Kiwibank further developed its channels to ensure its services are convenient for customers to use. In addition to its existing branch network, online service and retail call centre, it opened business banking centres, set up a dedicated business banking call centre team and developed a new internet banking service specifically for its business customers.

Following the initial pilot of business banking in our Lower Hutt centre, Kiwibank opened a further seven centres during the year. We expect to open at least another 10 by June 2006. Kiwibank offers small and medium business customers one of the lowest fee packages in the market, competitive interest rates and more convenient business hours. It’s a proposition that is proving popular across the country.

Kiwibank began installing its ATM network in September 2004 to service high volume and metropolitan areas and provide facilities for account balances.

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Helping Kiwis live a little easier
During the year 89% of adult New Zealanders used at least one payment service through our PostShop network, contributing to a total of over 20 million transactions.

Payment Services handles around 25% of all household bills on behalf of more than 60 of New Zealand’s major organisations. Customers can make payments from power and telephone bills to local authority payments such as rates, parking fines and dog registrations. During the year we signed up seven new billers.

Customers can also transfer money through domestic money orders or overseas with Western Union.

This includes developing new products and services. An example is Purchase Connect, launched in July 2005, a new over-the-counter payment service for the pre-payment and post-payment of mail order goods. With the increasing number of items being bought and sold over the internet this service gives consumers the convenience of even more ways to pay.

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Land Transport New Zealand’s responsibilities include collecting, holding and managing information on every vehicle and driver on New Zealand’s roads. The New Zealand Post Group provides Land Transport New Zealand with a direct link to the three million New Zealanders who own vehicles through two key nationwide networks: postal delivery and PostShops. Our 323 PostShops represent Land Transport New Zealand to the public with over-the-counter real-time transaction and payment services. Via our nationwide reach, high-quality service and excellent brand recognition we handle around 77% of vehicle re-licences, 56% of change of ownership notifications and 39% of road user charges.

A real-time link between New Zealand Post and Land Transport New Zealand’s database (Landata) provides quick and convenient transactions to consumers and supports compliance and safety on our roads by checking and validating the number plate and owner details and confirming that the vehicle has a current warrant of fitness.

In addition to our over-the-counter services, the New Zealand Post Group helps Land Transport New Zealand reach their customers via mail. From the reminder notices vehicle owners receive when registration is due to the certificate of registration form when a vehicle is bought, Datamail works with Land Transport New Zealand to collate, print and mail out 30 different print and mail jobs.
Document & Information Management

We help customers to integrate their physical and electronic data into single information libraries. Whether they have bills or application forms, contracts or shipping papers, we can help them scan, store and transfer their documents, putting their documents at their fingertips when and where they're needed. The Datamail Group comprises five companies across Australasia that specialise in information, document and print management and business process outsourcing.

Data and document management
Datamail processes a third of the business mail sent in New Zealand, with more than 60% of Datamail’s revenue coming from generating bills and statements. Our document management service means we can prepare and convert the physical documents into electronic format. We can then help with storing and managing the documents, and their retrieval and use. As the largest conversion bureau for transcribing paper documents into digitally formatted documents in New Zealand, we host more than half a billion documents online.

RightNow provides a highly intuitive search engine that enables customers to quickly get answers to common queries. If the answer isn’t available through the search engine, customers can send their query by email and be assured of a prompt response. RightNow is particularly helpful for customers completing transactions in real-time such as a booking over the internet, who need their questions answered on the spot to complete their transaction in one easy session.

TelstraClear adopted RightNow to improve communications with their customers – winning a 2004 TUANZ Innovation Award for this project and leading to local and global opportunities for Datamail.

Freedom Air became the first company to trial RightNow’s online chat option. The chat option works in a similar way to a customer support centre: it is in real time, the customer has a two-way ‘conversation’ with a real person and they can identify their position in the queue if they have to wait to connect with a representative.

Business process outsourcing
Our capabilities in business process outsourcing enable our customers to focus on their core business, saving time, costs and increasing the efficiency of their business. For example we’ve managed the compilation and maintenance of the electoral roll on behalf of the Ministry of Justice since 1980 through our Electoral Enrolment Centre, an independent business within the New Zealand Post Group.

By 30 June 2005 2.74 million of the estimated eligible voting population were on the electoral roll. More than 35,700 people enrolled via text message.

This included two successful enrolment campaigns in the 2004/05 year. The first was for the local government and district health board elections in October 2004 and the second was the lead-up to the general election in September 2005.

By 30 June 2005 2.74 million of the estimated eligible voting population, representing 91.8%, were on the electoral roll. The team worked particularly hard to get new enrolments, and had great success in enrolling new voters through a free text messaging service. More than 35,700 people enrolled via text message.

The Datamail Group includes a 75% shareholding in Outsource Australia (OSA) and during the year we increased our shareholding of Outsource Solutions Limited (OSL) from 68% to 87%. This has extended our expertise and skills in business process outsourcing. New Zealand Post uses OSL’s specialists to manage some of our day-to-day printing and photocopying.

OSL is supporting Vodafone in its new head-office, looking after its office functions such as onsite management of courier, mail and stationery orders which enables Vodafone to concentrate on its core business.

The ECN Group, which provides a range of electronic message exchange, integration, business process management and email messaging services – primarily to the retail, utilities, finance, manufacturing and trade and transport sectors – had another very strong growth year, increasing core revenues by over 40%.

The ECN Group’s consultancy and licensing revenues were double those from the previous financial year, with much of this growth a result of major deployments with energy companies and local authorities.

New Zealand Customs community, where the Group plays a pivotal role in the movement of goods in and out of New Zealand, handling import and export clearances into and out of New Zealand Customs.

The ECN Group works with the Whitcoulls Group to help them coordinate stock orders and suppliers for their 62 New Zealand stores and 164 stores and franchises in Australia. Previously, Whitcoulls used a number of different systems to order more than 300,000 product lines from around 3,000 producers and suppliers. The system also enables Whitcoulls to automatically invoice its major suppliers as well as process tax returns from smaller suppliers.
Creating a high performing culture means having employees engaged in the direction of the New Zealand Post Group and keen to be a part of its future. It’s about people who are motivated to make a difference for our customers. And it’s about working collaboratively to achieve both our customers’ and our business goals.

In the New Zealand Post Group we encourage our people to meet and build relationships with one another right across the organisation – and to have fun. One of the ways we did this during the year was through the Spirit of Post competition.

In 2004/05 almost 2,000 people from across the Group, their families and local communities took part in this team-based games event as competitors, organisers or spectators. Activities included clambering over, under and through obstacles, solving huge puzzles, and juggling giant balls. Teams competed in events around the country over six months culminating in a grand final with all involved giving up their weekends and spare time to participate.
Creating a High Performing Culture

We understand that to grow our business and add value to our customers we must foster a high performing culture. We need people with the capability and commitment to deliver and with a capacity to grow and develop. This means we must attract, develop and retain people who have the skills and attitude to take this business forward.

Engaging people’s hearts and minds
We have a constant focus on safety and wellbeing at New Zealand Post. This year we moved to a new measure, Lost Time Injury Frequency Rate (LTIFR), to enable us to better track our performance and benchmark against similar organisations. In the past year we achieved a 17.4% reduction in our LTIFR. This demonstrated the significant effort placed on health and safety initiatives such as the Six Sigma programme, which looks at improving processes around our Delivery area. However, we still have more to do. In the coming year we plan to increase our efforts to further reduce the rate.

Our Safety and Wellbeing team introduced the Toolkit Companion, a user-friendly extension to our Health and Safety Toolkit, to make health and safety processes more accessible and easier to understand. This work was recognised when we became finalists in the Best Health and Safety Management System category at the inaugural New Zealand Workplace Health and Safety Awards earlier this year.

Our ‘Drugs and Alcohol – Not at Work – Be Smart, Stay Sharp’ programme received praise from the Alcohol Advisory Council of New Zealand following an evaluation by the Injury Prevention Research Centre at Auckland University. The programme, part of our overall Employee Wellness programme, supports employees to take responsibility for their own safety.

For the past four years we have measured our people’s satisfaction levels with our annual People on Post (PoP) survey. Our target for 2004/05 was to lift our PoP score from 50% of people being satisfied to a ‘great’ or ‘very great’ extent to 53%. While we narrowly missed our target, achieving 52%, the increase was still pleasing.

The POP process provides employees with an opportunity to raise issues and develop action plans that have real results for improving their work environments. This year we also surveyed to gain a baseline measure of engagement, which will be our people measure for the company scorecard for 2005/06.

Consulting with our people
National Consultative Committees, made up of representatives from New Zealand Post and the Engineering, Printing and Manufacturing Union (EPMU), continue to play an important role in improving conversation and information sharing between senior management and workplace representatives about opportunities and issues in the business. Delegates on these committees also played a leading role in the successful renegotiation of our Collective Employment Agreement with the EPMU during the year.

Developing New Zealand Post Group people
Creating a high performing culture is about having the right people for the right job. It’s also about ensuring people are developed and trained appropriately. Over the year we’ve continued to provide opportunities for our people to develop their skills. Much work has been done to develop and progressively roll out programmes across the New Zealand Post Group designed to support and build the capabilities of our frontline leaders.

Our use of process improvement methodology Six Sigma has introduced an extensive training programme to upskill and enable employees to apply its methodology to selected projects and in their day-to-day work. During training employees are expected to introduce and manage a process improvement project in their workplace. Learning includes areas such as quantitative benchmarking, statistics and experiment design.

Recruiting and retaining the right employees are vital to having the right capability and skills to deliver services for our customers. After one full year of operation our Recruitment Centre, which looks after most recruitment for the New Zealand Post Group, handled more than double the recruitment volumes expected, filling around 70% of corporate recruitment in-house. Similarly, subsidiary OSL has redesigned their recruitment and selection framework to ensure the best candidates are recruited, and employee turnover has since decreased by 13%.

Improving performance management practices
During 2004/05 we extended the roll out of our performance management and development framework to better manage the performance of our people. The framework is easy to follow and uses smart, user-friendly technology. As a result, more of our people know what is expected of them and are getting feedback on how they are going against their objectives.

The development and enhancement of our remuneration processes has resulted in more choice for employees. The changes have increased flexibility for the business, allowing managers and frontline leaders to respond and adapt to a constantly changing environment. This has helped in some way to attract and retain people with the skills and attitude we need, especially in a tight labour market.

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New Zealand Post was rated the fifth most preferred New Zealand workplace by 2,043 graduates in a High Flyers Research survey last year. Our graduate recruitment programme, Post Development Programme, is a structured and supportive induction that gives applicants the opportunity to work in different parts of the business around the country, and the opportunity to lead others and contribute to key business projects. The programme is open to graduates and New Zealand Post people.

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In September-October 2004, Posties delivered Plunket appeal envelopes to 1,238,058 Kiwi households and helped to raise awareness of the appeal by featuring in newspapers alongside local and central government politicians and Plunket Volunteer Service Leaders.

The 2004 appeal generated $1.1 million. Plunket says the appeal’s success depends on the efficient delivery of appeal envelopes and being able to attract a further 16,000 community volunteers to help with the house-to-house collection.

Nearly 95% of New Zealanders are Plunket babies. And each year, Plunket holds a house-to-house appeal to raise money for projects such as new seats for car seat rental schemes, parenting education programmes for new parents, the upkeep of Plunket rooms and clinics and the promotion of child safety messages, including car, water and home safety.

As well as supporting the appeal, we gave almost 22,000 postage-paid envelopes to 105 Plunket entities (including Plunket branches, car seat rental schemes and toy libraries) to connect with their volunteers and communities through our Community Post programme.
Recognising & Supporting New Zealand Communities

The New Zealand Post Group and our people are actively involved in looking after our environment and supporting our communities.

Creating a sustainable business
During the year the New Zealand Post Group confirmed our commitment to incorporate appropriate sustainable practices into our day-to-day business operations. This requires sustainable practices to be considered as part of typical operational decision making. Our commitment includes reducing our impact on the environment. We have focused on the efficient management of energy consumption for some time, and this year achieved savings of approximately 10% across our major sites. Our Post Properties team also completed a five-yearly energy audit of five sites, which has enabled us to identify and implement energy saving opportunities.

Auckland Mail Centre achieved the first level (bronze) of the Enviro-Mark NZ programme, an environmental management programme jointly run by Auckland City Council and Landcare Research. This means it complies with a number of acts such as the Health and Safety in Employment Act, Resource Management Act and Ozone Layer Protection Act. The mail centre aims to complete the five-level programme that focuses on compliance with health and safety legislation, development and implementation of environmental policy, operational documentation and continuous improvement.

We are conducting tests on the LPG emissions of our forklift fleet to establish what standard they are achieving and what we need to do to meet the Euro 4 and Euro 5 LPG emission standards. It is now a requirement that replacement forklifts at least meet the Euro 3 emission standard and we are working with our supplier to better this, aiming to meet the Euro 4 and Euro 5 standards for new forklifts over the next 12 months.

This year was the ninth year that we have sponsored the New Zealand Post Book Awards for Children and Young Adults

Community Post
Our flagship sponsorship is Community Post, which supports non-profit organisations by donating postage-included envelopes to a wide range of community groups throughout New Zealand – from women’s refuges, hospices and centres for people with disabilities to sports, cultural and environmental groups.

This year, we provided 750,000 Community Post envelopes at a value of $375,000 to more than 3,100 groups from Cape Reinga to Bluff.

New Zealand Post is also a participant in the Gov3 programme, run by the Ministry for the Environment to help agencies improve the sustainability of their activities. With our interest and focus in continuing to improve the sustainability of our social, economic and environmental performance, the forum has provided us with valuable benefits in terms of the accessibility to knowledge and examples.

Repute, an independent Australian company rating services in the area of corporate social responsibility and reputation, acknowledged our commitment to the community, rating our overall efforts third equal in New Zealand with an A rating.

Over the coming year we will continue our commitment to raising the awareness of sustainable practices for the New Zealand Post Group, particularly in terms of energy efficiency and waste reduction, both at work and at home.

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Supporting charitable causes
In the lead-up to Christmas the New Zealand Post Group made a $50,000 donation to foodbanks. Our people topped this up by donating 2.3 tonnes of food, which Express Couriers collected and distributed to foodbanks nationwide. As well as this, many parts of the business supported local charities in their area during the year. For example Datamail undertook several fundraising activities for the Cancer Society’s Relay for Life in March 2005. Fourteen employees had their heads shaved, others sold home-cooked Indian food, washed cars and held an auction night as well as taking part in the 24-hour Relay for Life run and walk. The team raised a total of $22,000 this year.

Supporting excellence in local government
The New Zealand Post Management Excellence Awards recognise significant contributions by councils to achieving excellence in local government. In September 2004 Kapiti Coast District Council was announced the winner of the Supreme Award for its work in engaging the community, its staff and politicians to develop a democratic vision for the region’s future.
Statement of Corporate Governance

The Board is responsible for the corporate governance of the Company. “Corporate Governance” includes the direction and control of the Company, accountability of the Board to shareholders and stakeholders for the Company’s performance, and compliance with laws and standards. New Zealand Post has in place a comprehensive system of corporate governance policies, practices and procedures designed to ensure adherence to best practice and the highest ethical standards. This summary outlines those policies, practices and procedures.

Shareholders
As a State-Owned Enterprise, two ministers on behalf of the Crown – the Minister of Finance and the Minister for State-Owned Enterprises, hold New Zealand Post’s shares.

Shareholder Communications
The Company is required to provide its shareholding Ministers with an annual business plan and a quarterly report against the performance set out in the plan. A Statement of Corporate Intent, unaudited half-year accounts and audited year-end accounts are tabled in Parliament annually. Shareholding Ministers are also kept informed about developments of significance on an on-going basis as required under the ‘no surprises’ policy.

Board Governance
The Board of the New Zealand Post Group comprises up to ten non-executive directors. Shareholding Ministers, on behalf of the Crown, appoint directors generally for a term of three years. Before appointing new directors, shareholding Ministers consider the balance of competencies and experience on the Board and also consult with the Chairman. The Chairman carries out a leadership role in the conduct of the Board and its relationship with shareholding ministers and stakeholders. He maintains a close professional relationship with the Chief Executive. The Chairman has no external commitments that conflict with his role. As at 30 June 2005, the Board comprised nine directors. Each director is considered to be ‘independent’ in that each is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of directors’ unfettered and independent judgement.

Role of the Board
The Board is responsible to the shareholding ministers for directing and monitoring the management and affairs of the New Zealand Post Group. The principal objective of the Company, as determined by the State-Owned Enterprises Act 1986, is to operate as a successful business. The Board establishes the Company objectives and sets strategies to achieve those objectives. The Board, in the context of the approved policy, risk and compliance framework within which the Company operates, monitors management’s performance against those strategies. The Board has delegated the day-to-day management of the Company to the Chief Executive. The Board requires an annual plan, which is consistent with the agreed strategic objectives of the New Zealand Post Group, to be submitted to it for approval. The Board closely monitors financial and non-financial performance and compares performance to the annual plan and forecasts on a monthly basis. On a quarterly basis, the Board reviews performance against strategic objectives.

Board Meetings
During the period, the Board held ten regular meetings. In addition, the Board held its annual strategic advance that considers strategic issues in conjunction with the Chief Executive and the Executive Team. The Chairman, in consultation with the Chief Executive, determines the Board’s annual programme. Directors receive formal papers, that include management and operational papers, for consideration in advance of all meetings.

The Chief Executive attends all board meetings. Other managers attend board meetings in relation to matters regarding their areas of responsibility and Directors have other opportunities, including site visits, for contact with wider Group employees.

Board Committees
Various standing committees assist the Board in the discharge of its responsibilities. All Committees have formal charters, approved by the Board, setting out the respective committee’s duties, responsibilities and authority. The Board establishes ad hoc committees, as required, to deal with specific issues. No such committees were established during the year in review.

Remuneration Committee
The Remuneration Committee comprises four directors. The Committee’s responsibilities include:

- setting the strategic drivers/purpose for remuneration policy, consistent with the Company’s strategic plan as set by the Board;
- setting the market positioning for fixed remuneration (within which the Chief Executive is to determine the structure of fixed remuneration);
- review the remuneration of individuals who form the top management team and who are direct reports to the Chief Executive, and approving payments to those people;
- making recommendations regarding the remuneration of the Chief Executive to the Board.

Investment Committee
The Investment Committee comprises four directors. Responsibilities include:

- advising the Board in relation to the governance, performance and strategy of the Company’s investment and divestment activity.
Communications Committee
The Communications Committee comprises four directors. Responsibilities include:
• providing management with guidance in relation to communications and stakeholder issues affecting the Company.

Health & Safety Committee
The Health & Safety Committee comprises four directors. The Committee’s responsibilities include:
• overseeing New Zealand Post’s safety and wellbeing strategies and performance.

Access to Independent Information
In circumstances that warrant additional assurance, the Board as a whole and Directors individually may, in order to assist in carrying out their responsibilities, request independent professional advice at the Company’s expense. Such requests are to be made in consultation with the Chairman and facilitated through the Company Secretariat.

Board Performance and Director Evaluation
A formal evaluation of the Board’s collective and individual performance is undertaken annually. The process includes one-on-one meetings with the Chairman and each Director and accords with the evaluation requirements of the shareholding Ministers.

Director Education
Continuing Director education is facilitated by the Company Secretariat in consultation with the Chairman. Collective development of the Board as a whole is conducted periodically in order to ensure that the Board keeps abreast of international best practice governance. Ongoing education is also provided by way of periodic papers on matters of current interest.

Director Induction
A comprehensive induction programme is in place to provide newly appointed Directors with an in-depth understanding of the New Zealand Post Group. The programme exposes Directors to key features of the business, including its operations, policies and strategies, as well as site visits and extended one-on-one time with all senior executives. Additional, or follow-up, induction is provided on a tailored basis to meet individual Director’s particular needs or interests.

BOARD POLICY
Risk Management
Management of risk and risk-taking is a key focus of the Board, as it is crucial to the protection of shareholder value. The New Zealand Post Group therefore has in place a comprehensive risk management and internal control framework designed to identify and treat all significant business and strategic risks.

The Risk Services Team takes a systemic, disciplined approach to improving the effectiveness of risk management, internal control, project management and associated governance processes. The Board approves and monitors policy and processes in significant risk areas. The Board is also required to approve capital and operational expenditure that exceeds the Chief Executive’s delegations. Any such request for approval is required to reflect a formal consideration of the relevant risk and prioritisation issues.

The following specific actions have been taken:
• a Group Risk Profile that considers the strategic and significant operational risks to the New Zealand Post Group, and the management actions to mitigate such risks, is updated regularly throughout the year;
• the Board’s Finance & Risk Committee receives quarterly internal control assessments;
• the Board’s Finance & Risk Committee periodically reviews the Group risk profile;
• the Board has approved a comprehensive delegated authority structure that clearly states actions reserved to itself and those delegated to management.

Integrity Framework
The Board supports the principles set out in the “Codes of Proper Practice for Directors”, as issued by the New Zealand Institute of Directors, under which Directors are expected to:
• act honestly and with integrity;
• comply with the law;
• avoid conflicts of interest;
• use Company assets responsibly and in the best interests of the Company;
• be responsible and accountable for their actions; and
• act in accordance with their fiduciary duties.

New Zealand Post has a Group-wide Ethics Policy in accordance with which the New Zealand Post Group seeks to conduct its business with integrity, honesty, fairness and in compliance with all relevant laws, regulations, codes and standards. This policy sets out clearly the ethical standards that are expected of Group employees in their dealings with customers, the Company, and each other.

Additionally, the Board has adopted a series of Directors’ Business Rules and Guidelines, specific to New Zealand Post Directors, to ensure that the practices and procedures of the Board are aligned with the wider Ethics Policy of the New Zealand Post Group.

Conflict of Interest
The Company’s Constitution, the Board Charter and the Directors’ Business Rules and Guidelines deal with the disclosure of interests by Directors and the participation and voting at Board meetings where any such interests are discussed.

Governance Requirements and Best Practice
The Board has confirmed that its corporate governance policies, practices and procedures accord with the Securities Commission’s “Corporate Governance Principles & Guidelines”, in the material respects in which they are appropriate for a State-Owned Enterprise.
NEW ZEALAND POST BOARD OF DIRECTORS

Diana Buchanan Croasie (Wellington) BA, DSO, AM, JP
Member of the Communications Committee
Member of the Remuneration Committee
Member of the Health and Safety Committee
• Chair, Executive, FURYZ Project
• Chair, RP Solutions Limited
Rt Hon. James Brendan Bolger (Auckland) BA, DNZI, Hon. DL, JP
Member of the Finance and Risk Committee
• Chair, Wellington City Council
• Trustee, Ronald McDonald House (Wellington) Foundation
• Director, Wellington Archdiocesan Development Fund
• Trustee, Wellington City Council – Council Controlled Organisation Performance Monitoring Sub-Committee
• Chair, Express Couriers Limited
• Chair, Capital Hill Limited
• Trustee, 217 Taranaki Limited
• Director, Capital Ventures Limited
• Director, Capital Properties New Zealand Limited
• Chair, Ministry of Social Development – Audit Committee
• Chair, AgQuity Limited
• Council Member, Victoria University of Wellington
• Chair, Wellington City Council – Council Controlled Organisation Performance Monitoring Sub-Committee
• Director, Australian Hotel Holdings Limited
• Director/Shareholder, Academic Colleges of New Zealand Limited
• Trustee, Victoria University of Wellington Foundation
• Trustee, Scots College Foundation
Michael Thomas Bailey (Auckland), JP
Member of the Finance and Risk Committee
• Member of the Health and Safety Committee
• Member of the Remuneration Committee
• Member of the Investment Committee
• Chair, Oasis Courses Limited
Ralph Neethling Ngutalo Low (Lower Hutt) BCom, BCA (Hons), PhD, QSO, JP
Member of the Finance and Risk Committee
• Chair, Wellington Textiles Trust
• Chair, Palermo North Mosque Reserve
• Director, Midlands Palermo North Retirement Village Limited
• Director, Village at the Park Retirement Village Limited
• Director, 217 Taranaki Limited
• Director, Capital Hill Limited
• Council Member, Massey University
James Harold Ogden (Palmerston North)
Member of the Finance and Risk Committee
• Member of the Health and Safety Committee
Kerryn George Douglas (Dunedin) DNZI, Hon. DL, JP
Member of the Communications Committee
Member of the Remuneration Committee
Member of the Investment Committee
• Chair, Wellington City Council
• Chair, Palermo North Mosque Reserve
• Director, Midlands Palermo North Retirement Village Limited
• Director, Village at the Park Retirement Village Limited
• Director, 217 Taranaki Limited
• Director, Capital Hill Limited
• Council Member, Massey University
James Harold Ogden (Palmerston North)
BCom (Hons), CA, CMA, CPF
Member of the Finance and Risk Committee
Member of the Investment Committee
• Chair, Capital Properties New Zealand Limited
• Member, Capital and District Health Board
• Trustee, Porirua Licensing Trust
• Trustee, Ronald McDonald House (Wellington)
• Director, Health Care NZ Limited

KIWIBANK BOARD OF DIRECTORS

Adrienne Pearl Cleland (Palmerston North) MBA FAIBF
• Registrar, Massey University
• Director, Massey Ventures Limited
Richard Gordon Alexander McEwan (Wellington) MA
Member of the Kiwibank Finance, Audit and Risk Committee
• Director, Bankit Estate Limited
• Director, Bankit Holdings Limited
• Director, Real Estate Limited
• Director, Wellington Archdiocesan Development Fund
• Trustee, Partnership Wellington Trust
• Chair, Auckland Regional Diabetes Trust
• Director, Mastermind-Kiwibank Limited
• Director, McEwan Consulting Limited
• Chair, Standards Council of New Zealand
• Board Member, Centre for Advanced Engineering
Rt Hon. James Brendan Bolger (Auckland) JP

From left to right:
Ian Robert Fitzgerald (Wellington) BA, MA (Hons)
Member of the Kiwibank Finance, Audit and Risk Committee
• Director, Bankit Estate Limited
• Director, Bankit Holdings Limited
• Director, Real Estate Limited
• Director, Wellington Archdiocesan Development Fund
• Trustee, Partnership Wellington Trust
• Chair, Auckland Regional Diabetes Trust
• Director, Mastermind-Kiwibank Limited
• Director, McEwan Consulting Limited
• Chair, Standards Council of New Zealand
• Board Member, Centre for Advanced Engineering
Rt Hon. James Brendan Bolger (Auckland) JP

John Richard Allen (Wellington)
LLB, Barrister & Solicitor
• Chair, Executive, New Zealand Post
• Director, Transend Worldwide Limited
• Chair, Salamun Limited
• Director, Communication Arts Limited
• Director, Bank & more NZ Limited
• Director, The ECA Group Limited
• Director, Lettco & More Limited
• Director, Express Couriers Limited
• Director, New Zealand Post Australias Holdings Pty Limited
• Director, Telecom Group Limited
Gregory Benjamin Fortuin (Porirua)

Gregory Benjamin Fortuin (Porirua)

Rt Hon. Stanley Joseph Rodger (Porirua)

Diana Buchanan Croasie (Wellington) BA, DSO, AM, JP

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NEW ZEALAND POST BOARD OF DIRECTORS

DISCLOSURES
No specific disclosures were given pursuant to section 140 (1) of the Companies Act 1993. As at 30 June 2005, the following general disclosures have been made by the directors of New Zealand Post and Kiwibank pursuant to section 140 (2) of the Companies Act 1993. From left to right:
Hon. Stanley Joseph Rodger
Convenor, CMDL, JP
Member of the Communications Committee
Member of the Health and Safety Committee
• Deputy Chair, Transpower New Zealand Limited
• Chair, University Union Limited
• Chair, Health and Safety Advisory Council
Sara Maree Lunam
(Dunedin) CMG, JP
• Member of the Investment Committee
• Member of the Finance and Risk Committee
• Chair, Palmerston North Maori Reserve
• Councillor, Porirua City Council
• Trustee, Asia New Zealand Foundation
• Member, Capital and District Health Board
• Trustee, Porirua Licensing Trust
• Trustee, Ronald McDonald House (Wellington)
• Director, Health Care NZ Limited

Brian John Riddoch
(Roceed) BA, LLB, Barrister & Solicitor
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• Chair, Salamun Limited
• Director, Communication Arts Limited
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• Director, Express Couriers Limited
• Director, New Zealand Post Australias Holdings Pty Limited
• Director, Telecom Group Limited

Robert Andrew Cumming
(Palmerston North) BA
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• Director, Mastermind-Kiwibank Limited
• Director, McEwan Consulting Limited
• Chair, Standards Council of New Zealand
• Board Member, Centre for Advanced Engineering

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• Director, Bankit Holdings Limited
• Director, Real Estate Limited
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• Director, Express Couriers Limited
• Director, New Zealand Post Australias Holdings Pty Limited
• Director, Telecom Group Limited

Gregory Benjamin Fortuin (Porirua)
New Zealand Post
Executive Team

Pictured from left to right: Todd McLeay, Jim Quinn, Suze Wilson, John Allen, Paul Hutchinson, Peter Schuyt, Peter Fenton, Nigel Prince, Stephen Henry, Sam Knowles, Malcolm Shaw and Gary Woodham

John Allen Chief Executive
Paul Dalton General Manager, International
Peter Fenton Chief Operating Officer, Postal Services Group
Bruce Heesterman General Manager, Transend
Stephen Henry Group Manager, Enterprises (from 16 May 2005)
Paul Hutchinson Chief Operating Officer, Customer Solutions
Sam Knowles Chief Executive, Kiwibank
Todd McLeay General Manager, Marketing

Jim Quinn Group Manager, Express and Logistics (to 1 May 2005), and Chief Executive, Express Couriers (from 2 May 2005)
Nigel Prince Chief Information Officer
Peter Schuyt Chief Financial Officer
Malcolm Shaw General Counsel
Mark Thompson Chief Executive, Express Couriers (to 29 April 2005)
Suze Wilson General Manager, Human Resources
Gary Woodham Chief Executive, Datamail.