NZ POST
1840–today

1840
First official post office opened in Russell (formerly known as Kororāreka)

1911
Post and telegraph (P&T) Corps created within Territorial Force

1914
Start of WWI

1912–1914
Temporary post offices are run by P&T staff at annual military training camps

1918
WWI ends

1914
Six-stamp victory series issued

1920
Six-stamp victory series issued

1917
925 bags of mail en route to NZ are lost when ship strikes mine and sinks

1855
First postal stamps are issued

1855
First postal stamps are issued

2002
Kiwibank is formed

2005
150 years of NZ stamps edition released

2006
Braille stamp used for the first time in NZ

2007
First mail centre built using sustainable principals in Waikato

2009
Auckland Operations Centre opens and is larger in size than Eden Park

2011
First 3D stamp released in celebration of the Rugby World Cup

2012
NZ Post launches ParcelPod

2012
NZ Post buys back DHL’s shares in Express Couriers — now 100% Post owned

2013
Online verification service RealMe goes live

2013
Award-winning app Home Hunter is launched

2013
Deed of understanding amended
1989
CourierPost launched

1991
First NZ company to introduce Track & Trace – second in the world

1994
Converga is established

2002
Kiwibank is formed

2005
150 years of NZ stamps edition released

2006
Braille stamp used for the first time in NZ

2006
Mobile banking is launched – a NZ first

2009
Auckland Operations Centre opens and is larger in size than Eden Park

2007
First mail centre built using sustainable principals in Waikato

2009
Kiwibank is formed

2011
First 3D stamp released in celebration of the Rugby World Cup

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NZ Post introduces ParcelPod

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NZ Post buys back DHL’s shares in Express Couriers – now 100% Post owned

2013
Award-winning app Home Hunter is launched

2013
Online verification service RealMe goes live

2013
Deed of understanding amended

2013
Express Couriers is created, a joint venture between NZ Post & DHL
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Audited accounts and statutory information are in Volume 2 of this report, available from www.nzpost.co.nz.

Annual Report

This document – in two volumes: Volume 1: Annual Review and Volume 2: Supporting Information – constitutes the New Zealand Post Group’s Annual Report for the year ended 30 June 2014. The New Zealand Post Group comprises New Zealand Post Limited and its subsidiaries. The Group reports annually and half-yearly and its previous annual report, for the year ended 30 June 2013, was tabled in the House of Representatives on 10 October 2013. New Zealand Post Limited is incorporated under the Companies Act 1993 and has its headquarters in Wellington, New Zealand. It is a state-owned enterprise, with 100% of its ordinary shares owned by the Ministers of Finance and State-Owned Enterprises on behalf of the Crown. The Group operates predominantly in New Zealand and Australia, and serves a range of government, commercial and personal customers in the postal, banking, payments, couriers, logistics and customer communications management markets. This report covers all of the New Zealand Post Group’s operations.
IN 2013/14 NEW ZEALAND POST CONTINUED TO BUILD ON ITS LEGACY OF DELIVERING FOR ITS CUSTOMERS AND BEING A PROVEN, TRUSTED PERFORMER IN NEW ZEALAND’S COMMUNITIES AND THE NATIONAL ECONOMY.

We delivered a strong financial performance, achieving a net profit after tax of $107 million. However, while on the face of it this is pleasing, the vast majority of that profit was contributed by Kiwibank ($100 million), with the traditional mail business just short of breaking even. At an operating level the Group’s profit improved from $111 million to $124 million (up 12%), driven by growth in the parcels and logistics business, a steady financial result from Kiwibank and lower structural costs. For the first time in New Zealand Post’s history, revenue from packages and parcels has exceeded revenue from letters.

This result reflects the changes happening in the global marketplace – particularly the increasing use of technology in everyday life. Letter mail is rapidly being replaced with electronic communication and payment methods, and e-commerce is delivering greater speed and efficiency in business-to-business and business-to-consumer transactions. In-store transactions are increasingly being replaced by online transactions. The pace of this change can be seen in the number of letter deliveries in our network, which have dropped from 914 million to 697.5 million in the past five years and are forecast to drop to below 500 million within the next three to four years.

Accepting the challenge

During 2013/14 the Group’s decisions and strategic direction were underpinned by an amendment to the Deed of Understanding with the Government, which permits us to respond to changing market signals.

We also continued to leverage our assets and capabilities. These include our trusted brands, our ability to offer large-scale systems and solutions, and our nationwide delivery network, through which we touch every community in New Zealand.

Enabling transformation

The Government announced the amended Deed of Understanding on 23 October 2013. This enables New Zealand Post to change its standard-mail delivery schedule to fewer days per week, while meeting the universal standard of no fewer than three days a week from July 2015 for urban deliveries, and five days a week for rural deliveries. It also specified that the Group continue to maintain at least 880 service points, but gave more choice about what they look like.

In November 2013 the Group launched a refreshed five-year strategy called Delivering our Future. Developed with the aim of making the business financially and operationally sustainable, it redefined our traditional business model and renewed our focus on delivering value by getting better at what we do and how we do it, and earning greater returns.
Through the strategy the Group committed to:

- investment and growth in the parcel and logistics business
- growth in the financial services business
- improving our business customers’ ability to find, reach and serve their customers
- being innovative by working in different ways and using technology to enable customers to do business with us when, where and how they want to
- reducing operating costs across the business.

As was to be expected given the current state of the organisation, the strategy required the Group to make some difficult decisions. These related particularly to streamlining our operations and removing duplication, through which the Group (as previously signalled) will be centralising mail processing to Auckland, Palmerston North and Christchurch, restructuring the retail network and reducing some corporate support functions. As a result, our staff numbers will reduce by around 2,000 (from a current total of 10,600) over the next three years.

During that time the Group has committed to supporting all those affected. In particular, we’ve established a ‘Future Zone’ initiative primarily for people whose jobs are changing or will cease to exist.

We’d like to take this opportunity to thank all the staff in the New Zealand Post Group for the significant effort they’ve put into the change programme in the past 12 months. In an environment of considerable uncertainty, they’ve continued to maintain a positive attitude and provide great service to our customers.

Delivering on the strategy

As this report shows, the Group is already making progress in implementing the refreshed strategy. Key initiatives in the past year have included:

- announcing the move to alternate-day delivery for standard mail in urban areas, from 1 July 2015
- shifting mail processing centres to three metro mail centres in Auckland, Palmerston North and Christchurch
- integrating the mail and courier functions in some provincial sites at leadership, support and operational levels
- expanding New Zealand Post’s expertise in print mail by investing in leading-edge equipment that simplifies processes and expands customers’ printing options
- trialling battery-powered, mid-range mail delivery vehicles as an alternative to postie-powered bicycles and courier-driven vans
- Moving to a store-within-a-store retail model to provide postal and banking services
- developing an e-commerce platform through which the Group will support domestic and global traders in the entire logistics cycle, from online purchases to order fulfilment and returns
- Kiwibank progressing its strategy of investing in and building a platform for growth, as an important step towards becoming a strategically important, self-sustaining bank. The strategy includes simplifying the bank’s current operating model, using digital platforms and customer insights to deliver more and stronger customer relationships and operational efficiencies, and replacing its core banking system.

The Group also strengthened its relationships with overseas parcel partners to offer customers access to anywhere in the world, especially our four major trade lanes: China, the United Kingdom, the United States and Australia. In particular we have positioned New Zealand Post and Australia Post as one integrated, ‘Australasia’ parcel destination with merchants and distributors in key markets around the world, and developed the capability to help businesses in both countries to support and develop their export markets through services such as warehousing and overnight delivery.
Managing risk
The board and management are focused on refreshing our understanding of risks in our business. In particular we have recorded an improvement in our health and safety performance within our operations.

Progressing with confidence
With the refreshed strategy now being implemented, we are responding appropriately to the market challenges and opportunities – a view that was confirmed in a strategic review undertaken by Goldman Sachs on behalf of our shareholders during the year.

The New Zealand Post Group has an excellent track record of performance, strong and trusted brands in the marketplace, capable people who are committed to our new direction, and new business opportunities that suit our experience and expertise. It may take some time to reinvent ourselves, but we must stay in the game if we’re to continue to be relevant in our markets and ultimately have a financially sustainable future.

Hon Sir Michael Cullen, KNZM
Chairman
New Zealand Post Group

Brian Roche
Chief Executive Officer
New Zealand Post Group
170 YEARS AGO THE NEW ZEALAND POST OFFICE WAS DEDICATED SOLELY TO THE BUSINESS OF MAIL.

TODAY, AS THE NEW ZEALAND POST GROUP, IT’S A VERY DIFFERENT ORGANISATION – A MODERN, SOPHISTICATED ENTERPRISE PROVIDING AN EXTENSIVE RANGE OF MAIL, PARCEL, LOGISTICS AND FINANCIAL SERVICES IN A COMPETITIVE MARKETPLACE.
The Group’s mail business, **NEW ZEALAND POST**, delivers just under 700 million items a year to around 1.94 million delivery points. It provides postal, parcel and bill payment services through a nationwide physical store network, processing more than 19 million financial transactions a year. It also offers paper-based and digital communication services to business clients, including document printing, mail processing and direct mail delivery.

Our international parcels and logistics capabilities connect Kiwis with the world, and the world with New Zealand. We have an extensive international supply chain through partnership, and through relationships with postal organisations worldwide, which is a significant source of parcels into **EXPRESS COURIERS LIMITED** (ECL), the Group’s primary domestic parcels and logistics business. It provides courier, warehousing and distribution services through the CourierPost, Pace and Contract Logistics brands. A wholly owned subsidiary, ECL connects with New Zealand Post’s transport capabilities to deliver more than 41 million courier parcels a year.

**KIWIBANK** provides a comprehensive suite of financial services, from personal loans and bank accounts to credit cards, business banking, international banking, wealth management and insurance. It’s the fifth largest bank in New Zealand, with over 850,000 customers, more than 270 access points, a nationwide ATM network and 11% main bank market share in personal markets. Kiwibank also includes:

- **New Zealand Home Loans**, a home loan and insurance provider with more than 70 offices nationwide
- **the Kiwi Wealth KiwiSaver Scheme** (formerly the Gareth Morgan KiwiSaver Scheme), which as at 30 June 2014 has over $1 billion in investment funds under management
- **Kiwi Insurance**, which provides Kiwibank’s Home Loan Insurance and Life & Living Insurance and has a financial strength rating of A- (Excellent) from A.M. Best Company.

Other Group businesses include:

- **Converga**, a wholly owned subsidiary that specialises in data processing and business process outsourcing for customers primarily in New Zealand and Australia
- **Reachmedia**, a 50% joint venture that’s one of New Zealand’s largest distributors of unaddressed mail, including catalogues and flyers. Reachmedia delivers more than 720 million physical items each year, and provides retailers with a variety of digital marketing solutions
- **CouriersPlease**, a courier business that operates in Australia. The Group has signalled its intention to sell this business in the next financial year.

In April 2014 the Group sold its subsidiary company Localist, an online directory service.

**Focusing on value**

The Group’s mail and logistics and financial services businesses have a clear focus on value – going beyond the dollars and cents of success to exceed our customers’ and other stakeholders’ expectations in the way we develop, present and deliver products and services.
As a state-owned enterprise we must operate as a successful business and be as profitable and efficient as comparable businesses not owned by the Crown; be a good employer; and exhibit a sense of social responsibility. We support and strive wherever possible to exceed these requirements – to be a sustainable, ethical business that’s valued and trusted by our staff, shareholders and the communities in which we work.

**Responding to a dynamic environment**

We operate in a competitive and constantly evolving market. Advances in technology are changing the way our customers behave and use our services. For example, the growth in digital technology and communications has led to an irreversible decline in letter volumes, and our customers are increasingly accessing financial, mail, parcel and logistics services through digital channels rather than ‘bricks and mortar’ retail stores. Our traditional model is no longer fit for purpose, and we must change and innovate if we’re to meet the market’s changing needs.

As part of our strategic assessment process, we have reviewed and identified the things that could most materially affect our ability to implement the Group’s five-year strategy and create value in all the capitals (relationship, network, expertise, people, environment, and finances) over a 10-year period. Key inputs into this assessment included the views of a number of the Group’s senior managers, the perspectives of key stakeholders and our principal risks register. We then prioritised the identified matters according to their potential impacts. This has provided the context and framework for determining the completeness of this report.

Front of mind is the growth of digital solutions that meet customers’ needs and the emergence of disruptive technologies, with the consequential reduction on traditional business models including reliance on bricks and mortar. As a consequence of increased digitisation, we are increasing the focus on privacy and data controls.

Consistent with this, as mail volumes decline and customer preferences change, and high overheads and fixed costs reduce profitability, we have a need to execute significant change in our systems and infrastructure without compromising our service delivery. The natural environment we operate in is also changing, with noticeable increases in weather events impacting on our network operations.
As we change, we will be responding to changing customer needs, which will test our ability to remain relevant to our customers and deliver products and services that satisfy their needs in the face of increased personalisation and individualism, shifts in sender/receiver relationships, urbanisation and the demand for greater transparency.

A potential constraint to change is the availability and competition for capital to fund our business transformation programmes, emphasising the need for effective and efficient use of capital.

As with all businesses, the performance of the New Zealand and global economies, and their growth, influences our ability to grow. We’re increasingly operating in global markets that present growth opportunities as well as making us vulnerable to changes in these markets.

Essential to our ability to change and grow is ensuring that we attract, nurture and retain the best talent. We must also anticipate and respond to regulation and changes in government policy, particularly financial services regulations.

At all times we remain alert to the reality that the acceptance and approval of our customers and communities is dynamic and non-permanent and has to be earned and maintained.

We also operate in competitive markets where there are few barriers to entry and a large number of operators. This necessitates an ongoing focus on our experience and capability to compete, such as through bringing new products to market, meeting customer needs and reducing our overheads.

We’re committed to maintaining our place as a leader in the parcels, mail and logistics and financial services markets. Our refreshed five-year strategy, Delivering our Future, recognises the loyalty we’ve earned and the community presence we’ve established, while setting a new direction that builds on our proven strengths and capabilities. Our ambition is to: be the best at what we do, and do what matters.
WHERE ARE WE GOING?

The same, but different
Our strategy for the next three to five years sets the scene for a future in which what the Group delivers, and how we deliver it, will be different. It acknowledges and addresses the matters outlined on pages 8 and 9 and commits the Group to:

• investment and growth in the parcels and financial services businesses
• innovation in the mail and retail network
• cost reductions across the organisation, including in the corporate service functions
• maintaining a nationwide mail-delivery service and retail network.

The organisation has a clear ambition, which is to be the best at what we do and do what matters, across all of its business operations.

The plan for the next five years
Our five-year plan – to build a commercially strong, customer-focused business that is a great place to work – is expressed in three key themes: grow; innovate and serve; and lower cost.

We’ll grow:

• Kiwibank by expanding into new markets, with more small and medium-sized business customers, more people buying a greater range of insurance products and investing in wealth services, and more people making Kiwibank their ‘main bank’
• the packages and parcels business by making it easier for businesses to send their products to, from and around New Zealand, and consumers to get their online orders sent to them where and when they want them
• our business customers’ ability to find, reach and connect with their customers, using both our traditional and digital networks
• the proportion of direct mail and personalised advertising in our network, recognising that people are significantly more likely to respond to physical direct mail than to electronic forms of communication
• our profits, so that we can improve our returns to the Government to reinvest in New Zealand.
We’ll innovate and serve by:

• developing our physical and online channels to better meet our customers’ changing habits
• having simpler, better products and services that more readily satisfy our customers’ needs
• giving our customers options on when, where and how they get and use our products and services
• making it easy for our customers to know where their parcels are through services such as text notifications and mobile apps
• working in new and different ways, for example by integrating our mail and parcel-delivery services
• supporting our people through change, valuing their contribution and providing them with a stimulating and safe place to work
• lowering our impact on the environment.

We’ll lower costs by:

• using technology creatively to satisfy our customers’ needs
• being more efficient in our mail and parcel processing and delivery operations
• improving productivity throughout the business
• being a leaner organisation, through streamlining and integrating our support functions, eliminating role duplication, simplifying how we do things, and selling businesses that don’t fit with our strategy.

Throughout this period of change, we’ll continue to provide our customers with:

• nationwide access to world-class services
• delivery to 1.9 million delivery points
• a three-day standard mail service, and urgent next-day services through premium mail and courier services
• a presence in communities across the country
• a connection to the world through our mail and parcel relationships.

We’ll continue to apply our experience and expertise to the services that are at the core of our business – mail and logistics, and financial services – providing our customers and other stakeholders with an assurance of performance and value.
INTRODUCING INTEGRATED REPORTING

THE GROUP IS PART OF A GLOBAL INITIATIVE TO TRANSFORM THE WAY THAT BUSINESSES COMMUNICATE PERFORMANCE. THEREFORE THIS ANNUAL REPORT HAS BEEN PREPARED FOLLOWING THE CONCEPTS OF INTEGRATED REPORTING.

The Group started using this framework in its 2013 annual report. This report forms our second iteration of this style of reporting.

The concept of integrated reporting revolves around six forms of capital within the organisation, and our strategies to manage, enhance and preserve their value. This recognises that for our business to be successful we need to value all of the capitals we use, and we believe that this approach strengthens both our strategic thinking and the way we execute on our plans.

This annual report is in two parts: Volume 1 gives an overview of the Group’s performance using the Integrated Reporting framework; and Volume 2 contains the Group’s audited financial statements, director’s disclosures, and other information disclosures required under legislation.

How to read this report

This report is divided into the six capitals, as illustrated by the icons above. Each section describes what the capital is to the Group, and the activities undertaken through the year that have affected the value of that capital. Our activities are described in the capital section where they have the most impact.

Stakeholders

As a state-owned enterprise the Group’s primary stakeholder is our shareholder, the Crown. It requires us to operate on a commercial basis and return a dividend. Our shareholder expects us to be a good employer, keep them informed and ensure there are no surprises, and take into account the interests of the community.

The Delivering the Future strategy has a specific commitment to delivering for the shareholder, customer, our people and community. We actively consider all of these stakeholders in the decisions we make and the way we work.

Managing these relationships and engaging with what matters to these groups informs our day-to-day business activity, decisions and product solutions and helps the public and wider community understand the changes across the Group.
RELATIONSHIPS

THE NEW ZEALAND POST GROUP’S ‘RELATIONSHIPS’ CAPITAL IS ABOUT OUR CONNECTIONS WITH OUR CUSTOMERS AND OTHER STAKEHOLDERS – WHETHER THEY ARE THROUGH MAIL, PARCELS, LOGISTICS OR FINANCIAL SERVICES, BUSINESS PARTNERSHIPS, INVESTMENT ACTIVITIES OR COMMUNITY SUPPORT AND SPONSORSHIP PROGRAMMES.

Relationships also relate to more intangible assets, such as the strength of the New Zealand Post, Kiwibank and CourierPost brands, the trust and confidence we’ve earned, and the Group’s place as a sponsor and employer of choice. It reflects our commitment to delivering social as well as financial results.

The value of this capital depends on how we develop and maintain our relationships. These have important effects on the Group’s position as a leading player in the parcels, mail, logistics and financial services markets, and as a responsible and trusted part of our society.

Changes to the way we work and how we deliver services also mean change for the communities we operate in. We strive to keep a strong community presence by developing alternative solutions to meet their needs, and supporting and engaging with them through our volunteering and sponsorship programmes.

1,200+ staff taking part in partner programmes

international parcel traffic ↑8.9%
Preserving the value of our relationships capital

The Group’s interactions with the community are part of our role as a socially responsible organisation. They also enable us to build constructive relationships with our customers, local businesses and other stakeholders, develop new business opportunities and strengthen our brand and reputation.

Putting our customers first

The Delivering our Future strategy signals a renewed focus on putting the customer at the heart of everything we do – whether they’re individuals or multinational corporations, and whether they’re holidaymakers sending postcards, online shoppers or online traders seeking fast parcel delivery, large businesses looking to grow their customer base and wealth, or business owners needing smart banking solutions.

Our aim is to put choice and control in our customers’ hands, and make it easy for them to do business with us. We’re already working on new customer-centric approaches, which include, for example, empowering our mail and logistics sales teams to offer ‘Group-wide’ services to business customers, rather than business-specific services they’ve offered in the past.

The changes we are making will enable us to better meet the needs of New Zealanders, and to grow and innovate – offering our customers more convenience and control in their interactions with us. While the strategy includes changes to the way we operate our store network and standard-mail delivery frequency, we’ll continue to maintain a nationwide mail-delivery service and community retail presence – our services are available in every town in New Zealand.

Investing in our communities

During 2013/14 the Group contributed $3.68 million to the partners in our community engagement programme, which comprises sponsorship, volunteering and other support initiatives.

Our health and wellness community programme, ActivePost, enables us to engage with more than 120,000 people nationwide. It also offers benefits for the Group, with a survey of people who’ve participated in the programme indicating that 88% strongly support us. This helps us build relationships right across New Zealand. We also sponsor programmes focusing on literacy and education, and others that celebrate cultural diversity.

We believe in supporting our partners in ways that work for them, such as by offering them the use of our logistics capabilities. Through doing this we hope to increase their profiles to a point where they attract more commercial funding.

Highlights of the community engagement programme in 2013/14 include:

• Kiwibank sponsoring the New Zealander of the Year Awards and the New Zealand finals of the global CFA Institute Research Challenge, in which teams compete for a prestigious international award for financial analysis and research
• CourierPost becoming a Platinum sponsor of the Sanitarium Weet-Bix Kids TRYathlon, with 23,000 children participating in 14 events around New Zealand
• more than 1,200 staff taking part in partner programmes such as Waka Ama and Kia Maanu, Kia Ora, linking our people with communities.

The Group takes a long-term view of its community investments, with the aim of helping to build sustainable communities, engage our people in volunteering and ultimately forge long-lasting relationships that enhance our licence to operate. Our focus for the future is on getting the most from our investments by engaging more communities with fewer funds, and adding more value.

Enhancing the value of our relationships capital

Developing global logistics partnerships

The digital revolution may mean a decline in letter mail volumes, but the reverse is true of parcels. In the past three years the number of packages and parcels processed through our networks that have come from or are heading overseas has risen steadily by 8.9% per year. A significant proportion of these parcels are the result of online transactions, and a growing number of the transactions involve businesses moving large consignments to and from New Zealand.

This development signals a change in the focus of our business relationships and new growth opportunities for the Group. We’re now dealing more with e-traders and large, sophisticated logistics businesses keen to use the seamless, cross-border experience that we can offer through our global network. Our strategy for adding value to these relationships includes developing an e-commerce platform, through which we’ll support global traders in the entire logistics chain, from online purchases to order fulfilment and returns.
Growing Kiwibank’s customer base

Having spent 10 years focusing on acquiring customers, mainly in the retail/personal segment of the market, Kiwibank is now working on the next stage of its development – improving profitability and positioning itself for self-sustaining and scalable growth.

As part of this strategy Kiwibank aims to grow and diversify its customer base to include a balanced mix of retail, small business and wealth management customers. It also plans to build on its relationships with existing customers, with the aim of becoming their ‘main bank’ of choice.

This means moving away from a largely product-centred approach to one that recognises and responds to individual customers’ needs and enables Kiwibank to attract and retain their business for the long term. It includes investing in improving the in-bank customer experience – reducing queues and ensuring a consistent approach to customer service at every interaction.

Exploiting international links

The Group’s alliance with Australia Post has included the development of a united approach to trans-Tasman and international traffic.

The two organisations have positioned themselves as one ‘Australasia’ parcel destination with merchants and distributors in key markets around the world. Together we offer a complete, integrated logistics service, through which parcels dispatched in bulk are shipped to Australia, then, through our agreement with Australia Post, those destined for New Zealand are sent on.

We’re also working together to help Australia Post customers grow into New Zealand and New Zealand customers into Australia – another logistics initiative that highlights the benefits of the relationship.

The Group’s relationships with industry and interest groups and communities help to inform decisions and are part of the education and influencing activity to help the wider public understand how New Zealand Post is evolving.

An example of this from the past year has been the engagement and discussion over proposed changes to the Deed of Understanding with the Government targeted at organisations such as Business New Zealand, GreyPower, Federated Farmers and Rural Women New Zealand.

Work is also underway to strengthen local and regional relationships at a customer and community level to build understanding and awareness of the services the Group is providing and where we are innovating.

During 2013/14 Kiwibank continued to meet expectations of the Reserve Bank of New Zealand through work on:

- ensuring that the bank complied by the required deadline with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (in having measures to detect and deter money laundering and terrorism financing)
- enabling Kiwibank to become an Advanced Internal Ratings Based (AIRB) bank, which involved demonstrating that it has sound risk management practices, including the use of consistent and robust lending based on advanced statistical modelling techniques.
Kiwibank has found an innovative way to help its existing customers and attract new ones, while expanding its home loan portfolio. It launched the ‘Home Hunter’ app, which provides house hunters with an easy way to secure finance and find their new homes.

By downloading the app, a house hunter can use their smart device or computer to seek pre-approval for a Kiwibank home loan within just 10 minutes. Home Hunter lists houses for sale that match their pre-approved loan and provides registered values, comparable house sales and estimated sale prices. It even calculates properties’ sunshine hours.

Home Hunter is proving a popular choice in the market, with 15,000 mobile app downloads and 73,000 unique web users, $22.5 million in pre-approved home loans drawn down and good feedback from users. The app won a CANSTAR Innovation Excellence Award in 2014.

The New Zealand Post literacy and education programme delivers reading, writing and financial literacy skills to New Zealanders so that they can participate in society and their communities more fully.

During Adult Learners’ Week 2013 the Travelling Books Project distributed 7,300 new books throughout New Zealand. New Zealand Post and Literacy Aotearoa distribute books around the country, which supports Literacy Aotearoa to discuss adult literacy issues and promote a love of reading. Since our partnership was formed in 2011 over 20,000 new books have been distributed to New Zealanders.

The Howard League Prisoner literacy programme supported by New Zealand Post delivers a 12-week literacy course in six jails across the country. In 2013 the programme has been strengthened by volunteer tutors, enabling the programme to extend its reach to another six prisons by the end of 2014.

The New Zealand Post and Duffy Books in Homes partnership enables the Literacy and Education programme to reach 500 Duffy Schools through the New Zealand Post Award for Great Effort in Reading and Writing. Over 1,500 Duffy children receive the award each year.
THE GROUP’S ‘NETWORKS’ CAPITAL IS OUR BRICKS AND MORTAR – THE BUILDINGS AND INFRASTRUCTURE THAT WE USE TO SERVE OUR CUSTOMERS AND FROM WHICH WE DELIVER MAIL AND PARCELS TO MORE THAN 1.94 MILLION POINTS NATIONWIDE. THE GROUP HAS THREE MAIN NETWORKS THAT SUPPORT THIS: RETAIL, PROCESSING (FOR THE LODGEMENT, SORTING AND TRANSPORT OF ITEMS), AND DELIVERY.

The value of this capital is being affected by local and international trends and developments, particularly the worldwide decline in letter mail. Here in New Zealand, the amount of mail processed by New Zealand Post dropped by 6.5% (48.5 million items) in 2013/14 to 697.5 compared to a decline of 7.5% (63 million items) in the previous year – down from 1.1 billion items in 2002.

Accompanying this change, the number of delivery points is increasing, with more homes being built on the urban fringe, more apartment blocks appearing in central cities, and a general growth in rural properties. This development, combined with inflationary pressures on the costs of servicing this network, result in high operating costs and decreasing revenue – a situation exacerbated by the rising costs of managing, maintaining and operating our nationwide store network.

Scale of the network (as of June 2014)

<table>
<thead>
<tr>
<th>Posties</th>
<th>Retail points of presence</th>
<th>Properties forming the network</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,730</td>
<td>884</td>
<td>414</td>
</tr>
<tr>
<td>Couriers</td>
<td>542</td>
<td>1,930</td>
</tr>
<tr>
<td></td>
<td>697.5M</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>delivery points</td>
</tr>
</tbody>
</table>
Preserving the value of our networks capital

While the number of parcels the Group delivers is expected to increase in the next five years, this will not make up for the revenue lost through the decline in mail. The reality is that the Group must reduce its network costs and increase its operational efficiency if it’s to continue providing New Zealanders with a parcel and mail service that meets their needs and expectations.

New Zealand Post has undertaken a number of measures to confront this challenge in recent years, including rationalising its street receiver and transport networks, and increasing prices. However, until recently the Deed of Understanding with the Government prevented a redesign of the mail processing and delivery networks as a whole. With the Deed now amended, New Zealand Post plans to begin to implement alternate-day delivery for standard mail in urban areas from July 2015.

Other initiatives designed to enable the Group to focus on core business have included the sale of Wellington’s New Zealand Post House and Auckland’s CourierPost House (now Kiwibank House). We’ve also sold our mail centres in Wellington and Dunedin and started marketing the Palmerston North sites for sale, which will release the capital locked up in these buildings and enable us to reinvest the money into the business. Overall, the Group’s property footprint has decreased by 26,000sqm over the year.

The Group continues to explore other ways to simplify and streamline the mail processing and distribution operations. We have reduced the number of locations where mail is sorted to leverage our investment in automation. For example, we’re considering investments in new sorting technology that will help to reduce, and potentially eliminate, currently manual processing practices.

Access

We run a network that allows for the competitive nature of mail and parcel deliveries. The Group’s network handles both its own product and that of some of its competitors, and allows competitors to leverage our processing and delivery capabilities. This presents a challenge as we continue to optimise our network, as we cannot optimise for just one purpose, but need to design an overall network that supports competition as well as the Group’s objectives.

Enhancing the value of our networks capital

Reshaping the mail network

In June 2013 the Group announced a major restructure of the New Zealand Post mail network, which will enable us to achieve meaningful savings while continuing to maintain a high-quality service. The restructure included:

- shifting mail processing from the Waikato, Wellington and Dunedin mail centres to three metro mail centres in Auckland, Palmerston North and Christchurch
- removing standard-mail processing activities from 30 smaller (heartland and satellite) sites.

The changes in our heartland and satellite sites are complete, while the move to the metro mail centres should be complete by May 2015. Throughout the process we’re supporting all affected staff, especially those whose jobs are changing or will cease to exist, with information, updates and access to a range of services at the Future Zone hub (see page 27 for more).

We are also looking at further investment in automation to speed up processing and reduce the number of errors and rework.

Integrating delivery teams

The Group is working to reduce costs and increase efficiency and effectiveness in the way we deliver mail and parcels, by blending the mail and courier functions in some provincial sites at leadership, support and operational levels.

This ‘one team’ approach has already been implemented in Tauranga, providing some valuable lessons in what’s required in planning for and implementing it elsewhere. The experience has confirmed that it’s the right thing to do, as the local teams are already identifying ways to work more closely together for the benefit of our customers. See page 21 for more.

To add even greater value to the new approach, we’ve recently trialled an ‘integrated delivery agent’ model in Lower Hutt. The project is about offering a single agent to deliver a range of Group products, and involves testing alternatives to bicycles and vans as delivery vehicles. The trial will provide important information on the appropriateness, economics and logistics of using the vehicles and deploying the integrated model nationwide. See page 21 for more.
Changing store operations

The Group is changing the way it delivers postal and banking services through the retail network as customers change the way they use those services. Instead of owning and running stores itself, it plans to deliver services through other businesses in local communities, creating a store-in-store experience. This helps keep the services in the local community, provides a convenient place to access services and increases the foot traffic in the business. This will reduce the number of “corporate owned” stores – also reducing the New Zealand Post property portfolio and operational costs, while still locating outlets where our customers need them.

We continue to work with third parties, including existing franchisees, to offer postal and banking services as part of their retail offering.

Changing store management

On 1 July 2014 Kiwibank took over the management accountabilities and responsibilities for the 139 Group-owned corporate stores. This enables Kiwibank to be in places where it needs to be, and New Zealand Post to remain in its communities without the overhead costs of bricks and mortar.

The move provides Kiwibank with greater control of its physical and digital distribution channels and makes it easier for customers to access Kiwibank products and services via their channels of choice. It also provides Kiwibank with an anchor point from which to provide high-value advisory services and drive product sales, and a stronger regional focus in its links with agencies, mobile mortgage managers and brokers. Meanwhile, the Group’s banking and bill payment systems are protected for Kiwibank and New Zealand Post customers.

Store composition

<table>
<thead>
<tr>
<th></th>
<th>884 total retail outlets</th>
<th>608 stores-within-stores</th>
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</thead>
<tbody>
<tr>
<td>PostShop stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>franchised</td>
<td>137</td>
<td>139</td>
</tr>
<tr>
<td>PostShop stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>corporate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In March 2014 New Zealand Post began trialling a new mode of transport for letters and parcels: battery-powered, mid-range vehicles that are already being used successfully by postal operators in Europe.

The trial vehicles – a three-wheel Kyburz, which can carry a load of up to 120 kilograms, and a four-wheel Paxster (carrying over 200 kilograms) – offer the twin benefits of being nimble enough to reach people’s letterboxes while robust enough to carry bulky parcels.

Conducted in all sorts of driving, terrain and weather conditions in Lower Hutt, the trial vehicles delivered the full range of mail, from letters to parcels and community and subscription newspapers. The results of the trial are still being analysed, but feedback from drivers, the trial team and the public has been positive.

As part of our effort to achieve ‘network integration’, the Group’s mail and courier leadership and support functions are being brought together at 14 provincial sites. In this ‘one team’ environment, a single leader, supported by an integrated leadership and administration/support team, is responsible for ensuring all mail and parcels services in the area meet local customers’ needs. Frontline roles are not affected.

The integrated network offers a number of benefits, including:

- combining the strengths of both networks to provide the best service for customers and at the lowest possible cost
- enabling us to move items based on the service levels customers have paid for
- empowering the consolidated teams to deliver a better customer experience and get the most from our operational networks
- supporting leaders and teams to develop new skills
- removing the duplication in the present traditional approach.

Launched in March, the programme will be fully implemented in all 14 provincial sites by September 2014.
THE GROUP’S ‘EXPERTISE’ CAPITAL REFERS TO THE SYSTEMS, KNOWLEDGE AND EXPERIENCE THAT ENABLE US TO ADD VALUE TO OUR PRODUCTS AND SERVICES AND DELIVER EXCELLENT OPERATIONAL PERFORMANCE. IT INCLUDES CORE COMPETENCIES SUCH AS THE SURETY OF DELIVERY THAT SEES CUSTOMERS CHOOSE US, AND ORGANISATIONAL ATTRIBUTES SUCH AS OUR PROCEDURES AND PROTOCOLS THAT ENSURE WE CAN DELIVER ON THIS PROMISE.

We’ve acquired this capital through decades of investment in our operating model and new products, services, technology and talent. This has enabled the Group to develop world-class nationwide and international mail and parcel networks supported by an integrated logistics service, and respond to changes in our environment by finding new sources of competitive advantage that exploit our capabilities and complement our brand and values.

‘ParcelPods’ trialled

API suite provided

reach of

YouShop expanded

RealMe launched
The value of this expertise is ultimately determined by how well the Group responds to market conditions and customer needs. The current demands on the business include the need to ensure that:

- Kiwibank continues to have the systems, operating model and regulatory approvals required to become a strategically important bank
- the Group as a whole has the systems and capabilities required to be an innovative, credible and profitable operator in a digital and e-commerce dominated world.

Preserving the value of our expertise capital

Building our financial services expertise

Kiwibank’s business plan for 2015-2017 focuses on building its expertise as a bank of choice, and improving its profitability. To ensure that it has a robust platform from which to achieve this, the bank is:

- developing an efficient operating and distribution model that enables business performance and strategic transformation – both key components of building the platform for the future bank
- working to ensure the best mix of distribution channels
- building its ability to identify its customers’ needs, so that it can meet those needs, build on existing customer relationships and build advocacy
- simplifying the business via a fit-for-purpose operating model
- embedding a cost-conscious and performance-based culture
- developing strategic partnerships to benefit from scale
- replacing its ageing core banking platform with one that’s more scalable and agile, and meets the needs of a digitally driven world.

Developing digital products and capabilities

During the year the Group built on and expanded its digital capabilities for the benefit of our customers – giving them more choice about when, where and how they do business with us. For example:

- we expanded the reach of YouShop, which enables online shoppers to buy products from the websites of overseas companies that don’t ship to New Zealand. Launched in 2012/13 in the United States, YouShop is now available for people shopping online in the United Kingdom and Europe, and will soon extend to China
- we trialled the concept of ‘ParcelPods’, a subscription-based service that provides customers with an alternative physical location for parcel deliveries
- we provided a suite of APIs (application programming interfaces) free of charge to merchants selling products online and sending them to New Zealand addresses. APIs enable two different applications to communicate with each other, so in this case they integrate the merchants’ systems with our shipping technology to provide a complete quoting, labelling and tracking solution. For example, the Rate Finder API gives customers accurate shipping prices and the Label API produces labels for goods based on those prices. Future plans include launching a Group logistics API to enable customers to see the progress of their items across our full network
- together with our partner the Department of Internal Affairs we launched RealMe. This online identity verification service enables people to prove officially who they are and where they live in their online transactions with participating businesses (such as banks). The customers benefit from having a single login to multiple online services, while participating businesses gain efficiencies by minimising the need for identity checks and having real-time, self-service applications and transactions online.

Influencing the value of our expertise capital

The Group continues to explore new opportunities to use our expertise and technology to our customers’ advantage, and where appropriate invests in new technology to ensure that we stay up to date and well positioned to grow our business.

For example, our mail, parcels and logistics businesses are applying their expertise and two of our major competitive advantages – our international postal connections and nationwide reach – to offer personal and business customers added-value solutions. These include:

- through our alliance with Australia Post, helping businesses in both countries to support and develop their export markets through services such as warehousing and overnight delivery (see the Dick Smith case study [page 25])
- building a service that provides parcel recipients with delivery options to suit their preferences – whether they seek a point at which to collect their parcels or a premium approach that delivers their parcels where and when they want them. For example, evening home deliveries for courier items have been trialled in the Auckland area, with a full rollout planned for 2014/15
our capitals

• offering our expertise in warehousing and logistics to help international companies procure and ship products
• developing an e-commerce platform that will support global e-traders and logistics providers to grow their business, from online purchases through to order fulfilment and returns.

We’re also:

• applying the Group’s analysis capabilities to help businesses identify and better understand their customers
• expanding New Zealand Post’s expertise in print mail by investing in state-of-the-art equipment that simplifies our processes and expands our customers’ printing options (see the opposite page for more)
• enabling New Zealand Post customers sending invoices, statements and other documents to get more from their data, with personalised messages that enrich their relationships with their own customers while achieving benefits such as fewer call centre queries
• providing comprehensive document and data management services (especially paper to digital document conversions) via Speedscan, an independent provider of document-centric solutions that was acquired by Converga in February 2014.

Applying innovation

The competitive environment in which we work demands that we take an innovative approach to applying our expertise. Innovations of the past year included:

• Kiwibank’s ‘digital first’ programme, through which the bank aims to become the preferred channel for banking products, banking applications and everyday banking transactions. Through the programme Kiwibank is enhancing its existing (and developing new) capabilities in internet banking and its web and mobile presence, and investing in its in-house intranet and other technology, to enable a seamless sales and service experience
• two new pre-sort services, which provide bulk-mail and mail-house customers with more flexibility in envelope size, design, layout and weight. The services present mail in the order it’s delivered, so they also increase efficiency and reduce costs at our mail centre and streamline the passage of this mail through our network.
CASE STUDIES

DELIVERING FOR DICK SMITH

The Group’s relationship with Australia Post has led to a new agreement in which we manage consumer electronic retailer Dick Smith’s New Zealand warehousing and distribution operations.

Providing a one-stop service previously undertaken by multiple suppliers, the Group:

- manages Dick Smith’s product shipments into New Zealand from around the world, providing rapid entry and clearance through our inbound gateway
- distributes products from Dick Smith’s Auckland-based warehouse to its stores 61 nationwide
- distributes online orders to Dick Smith customers throughout New Zealand, via delivery options that include home, work, PO Box, ParcelPod and a local Dick Smith store.

The relationship, made possible by the Group’s expertise in managing domestic and global supply chains, has laid the foundation for the development of other initiatives, including ‘click and collect’ options for customers buying online but collecting goods in-store.

GETTING STUDENT EXAM RESULTS ONLINE

More than 2,600 secondary school scholarship students have been able to access their marked exam papers online, thanks to a partnership between New Zealand Post and the New Zealand Qualifications Authority (NZQA).

An important step in NZQA’s ‘Exams Anywhere, Anytime’ initiative, the pilot programme is the first in this digital partnership. The students simply verified their identities and created their own accounts at YouPost (a secure digital platform), then accessed their accounts to download the papers. YouPost also enabled them to request ‘reviews and reconsiderations’ of their exam papers, and markers to complete the process using the digital images.

This initiative with NZQA is part of a New Zealand Post programme to create a digital platform through which citizens can maintain their connections with government and business organisations – while being assured of the highest standards of identity and privacy protection.

EXPANDING PRINT MAIL CAPABILITIES

New Zealand Post is a market leader in printing high-volume, personalised letters such as invoices, statements, loyalty programme points balances and direct mail.

In 2013 the business responded to market demand by investing in print and inserting equipment that has both extended our capabilities and reduced the number of machines required – from 32 printers to eight, including two inkjet ‘one-pass’ printers, and 18 inserters to five. This included reducing the number of facilities from three to two, which is still underway.

For our customers, the change has meant fast, better-quality and more flexible colour printing options on plain paper. In addition, the new one-pass technology eliminates the need to warehouse thousands of boxes of branded letterhead, and enables New Zealand Post to print highly personalised booklets and other documents.
THE GROUP’S ‘PEOPLE’ CAPITAL COMPRIS
ES OUR TEAM’S EXPERIENCE, CAPABILITIES AND
CONTRIBUTIONS. IT INCLUDES THEIR ENGAGEMENT
WITH THE BUSINESS, THE SKILLS THEY BRING AND
DEVELOP WHILE THEY’RE WITH US, AND THEIR
PERSONAL AND PROFESSIONAL MOTIVATIONS.

Given the size of our organisation – we have more than 10,000
employees – our people capital is vital to our success. We’re committed
to being a good employer, and to providing all staff with a safe and
healthy environment in which to work. In line with our values, we’re
here to help them to do what they do, and support them through change.

Right now, our people capital is under pressure owing to the Group’s
changing workforce requirements. For example, corporate support
staff are affected by initiatives to reduce duplication throughout the
business, our postal and logistics teams are affected by mail centre
closures and other developments in our store network, and Kiwibank
staff are facing change as the bank builds a sustainable platform
for the future.
While these programmes will ultimately benefit the Group, they mean a significant cut in staff numbers and wide-ranging changes to people’s roles and responsibilities. This could affect the Group’s ability to attract, nurture and retain the talent we need.

In 2014 the methodology for calculating both FTE and Headcount has changed compared to previous years.

Preserving the value of our people capital


Our culture needs to make it easy for our people to adapt quickly to change and to be able to deliver value for our customers.

The leaders in the Post Group play a crucial role supporting people through change, delivering on business-as-usual operations and developing and harnessing growth opportunities. We are committed to empowering and equipping leaders to do this.

We have a specific focus on actively managing our people affected by change and equipping them for life beyond New Zealand Post.

This is being done at the same time as relentlessly building a safe environment where our people work free from harm, their differences are embraced and respected and their contribution valued and recognised.

Enhancing the value of our people capital

We understand that while the changes in the business offer professional development opportunities for many, they also mean fear and uncertainty for others, some of whom have been working with us for decades.

The Group’s response is to stay true to our values: be open and honest, respect and acknowledge our people’s service and loyalty to the business, and offer them practical advice and support when they need it.

We also work to ensure a positive culture, high standards of performance, maximum productivity, and a safe and healthy workplace for all.

Future Zone – enabling choices about the future

In September 2013 the Group launched an in-house, online service called ‘Future Zone’, primarily for people whose jobs are changing or will cease to exist.

Future Zone provides access to a comprehensive resource of information, support and services, covering everything from personal wellbeing to managing money, understanding and developing skills, considering work and lifestyle choices and planning career paths.

It includes opportunities to:

- undertake work experience in other jobs in the Group
- gain formal qualifications that recognise previous experience (see page 29)
- complete online computer skills training
- access free Kiwibank-provided financial reviews
- talk to independent career consultants
- connect with local employers who are looking to recruit
- attend seminars on retirement
- take part in workshops on topics such as personal resilience, budgeting, career development, and CV and interview preparation.
Investing in skills

The Group is committed to investing in the talent in our business, so that our people have the skills and capabilities needed to deliver on our strategy. This includes equipping team leaders with tools to help their people through change, and enhancing the leadership development programme, so that as well as the Activate! (for team leaders), Motivate (for mid-level leaders) and Navigate (for senior leaders) programmes, we now offer Generate to ensure we respond effectively to potential new leaders.

Connecting across the business

As a responsible employer we believe it’s important to encourage our people to explore the range of career opportunities available within the Group, and to expand their horizons by getting involved with our community – such as through volunteering and supporting our sponsorship programmes.

We also invest time and resources in helping our people to understand how they fit within the organisation and the opportunities we offer for personal and professional development.

Encouraging results

The 2014 staff engagement survey, in which 8,000 employees (85% of the total) told us how connected they felt to the business, revealed an across-Group engagement level of 73.3%. This is 0.5% down on the 2013 figure. Given the changes to the Group over the past 12 months, these engagement survey results are very encouraging.

The Group also achieved a remarkable turnaround in the key health and safety measure: our ‘lost time injury frequency rate’ (LTIFR), which indicates how long people have been off work due to workplace injuries. The Group-wide LTIFR dropped to 4.2 from last year’s 7.21 – a huge improvement that reflects both a leadership commitment to zero harm and our people’s capacity to change their practices.

Highlights include the Auckland mail processing centre, which recorded zero lost-time injuries for the second year in a row, and ECL and the Hamilton mail processing centre, which have both been injury-free for 12 months. The group retained its (LEVEL) ACC accreditation through the year.

Outside of our own facilities, many of our people operate in a high-risk, uncontrolled environment. This poses risks to both our people and the public, with accidents occurring from time to time.

NEW ZEALAND POST GROUP TOTAL GROUP (NZ) LTIFR & TFIR PERFORMANCE

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<tr>
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<tbody>
<tr>
<td>Lost Time Injury Frequency Rate</td>
<td>5.2</td>
<td>4.2</td>
<td>42%</td>
</tr>
<tr>
<td>Total Recordable Injury Frequency Rate</td>
<td>50.2</td>
<td>49.4</td>
<td>16%</td>
</tr>
</tbody>
</table>

* Per million hours worked
Staff affected by the closures of our heartland and satellite sites and the Waikato, Wellington and Dunedin mail centres were offered the opportunity to explore relocation options in October and November 2013.

They and their families were invited to attend open days at the metro mail centres in Auckland, Christchurch and Palmerston North. The open days enabled them to explore the sites and their locations, meet the people currently working there, and learn, through expo presentations, about the local areas and their health, education, recreation and other amenities, as well as the home rental and buying markets.

While the open days gave no guarantee of employment, they’ll help our staff to make informed decisions about positions coming up in future.

The Group’s Future Zone programme includes the opportunity for those leaving the Group to gain nationally recognised qualifications, which might help them to find and secure roles elsewhere.

The New Zealand Qualifications Authority-approved Skills Recognition Programme responds to the fact that many of our staff have years of on-the-job experience, but lack formal recognition of their skills and value as employees. It enables mail officers to study for a National Certificate in Employment Skills, and team leaders a National Certificate in Business (First Line Management).

The programme is offered in partnership with The Skills Organisation, an industry training organisation that specialises in training for people in the public sector.

The programme has been made available at the Waikato, Dunedin and Te Puni metro mail centres and at heartland sites in Rotorua, Hawke’s Bay, Taranaki, Masterton, Greymouth, Invercargill and Blenheim. As at 30 June 2014, 93 staff had registered for the programme.
THE GROUP’S ‘ENVIRONMENT’ CAPITAL COMPRISSES THE NATURAL RESOURCES, PARTICULARLY FOSSIL FUELS, THAT WE USE TO OPERATE OUR NATIONWIDE AND INTERNATIONAL LOGISTICS NETWORKS. USING THESE RESOURCES RESPONSIBLY AND EFFICIENTLY, AND MITIGATING THE ENVIRONMENTAL IMPACTS OF OUR ACTIVITIES, ARE KEY TO MAINTAINING ITS VALUE.

We’re aware that changes to our logistics networks and product mix, and the growth in international parcels’ traffic, are likely to increase our overall carbon dioxide (CO₂) emissions over the next few years. It is becoming increasingly important for us to focus on ensuring that we are as efficient as we can be to minimise the impact per item through our network. Our focus is shifting to minimising our emissions per item carried, rather than overall reductions in impacts.

Several years of investment in improving our environmental performance have left few opportunities for easy savings; instead, they may need to come from larger investments or be delivered as part of the strategic change initiatives underway across the Group.

Preserving the value of our environment capital

For the past seven years the Group’s environmental programme has focused on reducing the CO₂ emissions generated by transportation, energy use, waste generation and disposal. Our performance has continued to improve, with overall emissions reducing by 6% to 118,817 tCO₂e in 2013/14 compared to our goal of a 2% improvement on the 2012/13 level. This significant reduction is mainly a result of improvements in energy consumption, and also favourable changes to emission factors through the year.

Growth in our parcels business means we need to focus on the efficiency of our networks to ensure that we move more items using the same or fewer resources. Our efficiency metrics show that overall the group has achieved an improvement in this regard. This will become our core focus in future years.

<table>
<thead>
<tr>
<th></th>
<th>2012–13</th>
<th>2013–14</th>
<th>YOY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Emissions per Item through network</td>
<td>1.70</td>
<td>1.68</td>
<td>1%</td>
</tr>
<tr>
<td>Emissions per dollar revenue</td>
<td>0.75</td>
<td>0.72</td>
<td>4%</td>
</tr>
</tbody>
</table>
The Group has now joined, and been certified by, the Certified Emissions Management and Reduction (CEMARS) programme. As a result we’ve set a baseline year of 2012/13 and 125,867 tonnes of CO₂ equivalent against which to measure future improvements.

The Group also participated in the annual International Postal Corporation Environmental Measurement and Monitoring Survey, which benchmarks member postal operators’ environmental management. As confirmation of our approach, we improved on our 2012 score in ranking twelfth among member operators worldwide.

Saving fuel
Fuel use is the Group’s largest source of emissions and a significant focus area. In the past 12 months we’ve continued our programmes of driver training and progressive fleet renewal. Focusing on efficiency includes employing high-productivity motor vehicles in our line-haul operations, which enable fewer vehicles to carry more freight.

We also continue to look at innovation opportunities, such as electric vehicles and biofuels, that may enable us to make further improvements in fuel efficiency.

Ensuring energy-efficient buildings
The Group uses energy in every aspect of our site operations, from lighting to running mail processing machinery and recharging battery packs for forklifts. In 2013/14 our total building energy consumption reduced to 38.6 Gigawatt hours (GWh), an 11% reduction on the 2011/12 base year, and the energy efficiency of our buildings remained steady at 113kWh per square metre of footprint.

Our energy efficiency initiatives during the year included implementing LED lighting and HVAC (heating, ventilation and air conditioning) controls at new sites, and continuing to invest in improving energy efficiency at existing sites. This builds on our ongoing energy audit and investment programme.

Reducing waste
With the aim of minimising waste, all New Zealand Post sites apply a ‘reduce, reuse and recycle’ policy. In 2013/14 this resulted in 676 tonnes of waste being sent to landfill and approximately 77% of our waste being diverted from landfill. Our goal is to reduce waste to landfill by 9% from the 2011/12 base year by 2015. We’ve already exceeded that target having achieved a 30% reduction at the end of 2013/14 – we will continue to seek savings where available.

Our corporate wardrobe ‘upcycling’ initiative – in which we work with a range of partners to remake obsolete uniforms into children’s wear and designer items – continues to deliver results, with more than 20,000 uniforms diverted from landfill. We’ve maintained our focus on ensuring that the initiative is a sustainable solution for the uniforms.

The Group closed the Paraparaumu-based New Zealand Post Recycle Centre in June. Although successful in its waste minimisation goals, the Recycle Centre was unable to operate on a commercial basis. Its services to the Group have since been replaced by a new relationship with a third party that provides non-landfill options for old furniture and equipment.

Enhancing the value of our environment capital
Streamlining mail printing
Investments in the Group’s printed mail business during the past year have seen us remove a major source of waste: pre-printed paper that we stored on behalf of our business customers, which often became redundant as their branding changed. New technology enables us to print branding and other customer requirements as part of a single printing process, both eliminating a step in the supply chain and improving our environmental and logistics performance. This activity is the Group’s most significant source of paper waste; this investment will help improve our efficiency in the use of paper stocks.

Managing impacts in the network
The Group is increasingly using electricity as a fuel source for mail delivery, having trialled battery-powered delivery vehicles in urban areas and introduced e-bikes in the wider network. We’ve also increased our posties’ carrying capacity and integrated a number of different delivery networks, therefore reducing route duplication and removing vehicles.

The Group’s focus on growing parcel volumes may mean that our overall environmental impacts increase over time, with more items being flown and moved around New Zealand and the world. We’re committed to ensuring that we transport parcels as efficiently as possible, moving more items using the same or fewer resources.
OUR FINANCIAL CAPITAL RELATES TO THE VALUE IN FINANCIAL TERMS OF THE ENTERPRISE, BOTH TODAY AS REPRESENTED BY ITS BALANCE SHEET, AND IN THE FUTURE AS REPRESENTED BY THE VALUATION OF THE BUSINESS, WHICH TAKES INTO ACCOUNT THE ABILITY OF THE BUSINESS TO EARN FUTURE CASH FLOWS AND THE RISKS ASSOCIATED WITH REALISING THOSE CASH FLOWS.

Financial capital is measured in dollar terms and has a range of well-developed international standards that govern how various economic flows or stores of real or potential financial value in an organisation should be measured and disclosed. There is also a sophisticated assurance regime in place, involving the engagement of external auditors who perform various procedures to give assurance to users of financial reports as to the measurement and representation of financial value.

New Zealand Post Group’s disclosures of financial capital include:

- statutory reporting requirements under law such as Full Year and Half Year financial statements
- regulatory disclosure requirements (e.g. Reserve Bank of New Zealand [RBNZ] requirements)
- continuous disclosure obligations under stock exchange rules relating to our listed debt securities on issue
- disclosures as required under commercial arrangements with financial counterparties, credit rating agencies, suppliers, customers.

Preserving the value of our financial capital

The New Zealand Post Group works in a stewardship capacity to preserve the value of financial capital. We consider value in two ways:

- the financial value of existing financial assets and liabilities, relating to protecting the current value of assets and ensuring risk of future liabilities crystallising is minimised
- the headroom, or financial capacity of the business. This relates to the ability of the business to access future or additional financial capability to meet risk or unforeseen circumstances.
It does this in many ways, the major components being:

**Risk management**

The Group ensured that there is an appropriate Enterprise Risk Management Framework in place, which regularly identifies key strategic and operational risks that the businesses in the Group are facing. Within the framework, work is then performed to ensure that appropriate risk mitigation actions are in place, and that management is actively managing those actions.

A similar risk management approach is then streamed down into each business unit and functional support area, so that business unit-specific risks are being addressed. One such set of risks in the financial capital area relates to interest rate, currency and commodity price risks. A comprehensive Treasury policy has been developed in conjunction with external experts. The policy is reviewed periodically by the Finance Risk and Investment Committee of the Board, and is reported against monthly, with appropriate timely escalation for any non-compliance.

In the financial capital, we also consider the concept of headroom in risk management, which is essentially the "spare capacity" of the business to absorb financial shocks or adverse financial events. Kiwibank in particular has comprehensive risk management policies, processes and procedures at the heart of many of its operational activities, and decision-making processes. One example is the Internal Capital Adequacy Policy (and associated processes to review the policy), which deals with the levels and limits that are delegated to management to manage the levels of capital (as defined by the RBNZ) in the bank. While the RBNZ prescribes regulatory minima for the amount of capital that a bank must hold for a given level of lending activity (risk), the Kiwibank Board sets limits that create a buffer above that as internal limits, and associated levels of headroom above that, at which to monitor and manage to. In this way there is appropriate time to put in place actions should any of those limits be approached.

Another example is the Group’s uncalled capital facility with the Crown up to $300 million. This was put in place in 2010 to provide a mechanism in which capital support from the Crown can be swiftly accessed should the Group require it (as a consequence of any event that imperils Kiwibank’s Capital Adequacy ratios).

**Credit rating**

Credit ratings are independent assessments of the creditworthiness of businesses, principally aimed at debt security participants, as an indicator of the ability of a company to service and ultimately repay the debt it issues.

The New Zealand Post Group has an objective to maintain a strong credit rating, as it is a key determinant of Kiwibank’s competitiveness in funding costs. The closer that Kiwibank can maintain a credit rating within contact of the ratings of its main peers and competitors, then the easier it is for Kiwibank to access funding at similar levels and costs to the other banks.

The bank’s credit rating is linked to that of the Group, which in turn benefits (in terms of recognising the importance of the Group to the economic fabric of the country) from the Crown ownership.

Some elements in credit ratings methodologies relate to broad macro-economic factors that the Group has little ability to influence. Some, however, relate to business-specific elements, and it is these that the Group works hard to maintain within acceptable limits to protect the credit rating. Examples of this are the ratio of free cash flows generated by the business (excluding Kiwibank) as a proportion of total debt.

**Maintenance of appropriate internal controls**

The Group ensures that it has the appropriate internal controls in place to manage the risks inherent in operating financial processes. Segregation of duties, review and supervision, and documentation of processes are all key to maintaining good quality internal controls.

This begins with good governance and supervision, reporting to Board and Board committee levels, flows through management attestation programmes, and links into internal and external audit of the controls.
Forecasting and planning

Other ways that financial capital is managed is using quality planning and forecasting to estimate future financial scenarios based on external environmental and competitive forces, customer behaviour, existing business trajectories, and planned business change programmes.

The Group prepares a three-year business plan each year, which is submitted, along with a Statement of Corporate Intent (SCI), to shareholding Ministers. The business plan and SCI detail various performance targets and goals, and outline future financial scenarios that management are working to achieve. Those accountability documents provide a framework against which to compare regular forecasts and business activities. Performing these regular planning activities with the business creates a discipline to question the future financial potential scenarios that could occur, and put risk management in place around them.

Enhancing the value of our financial capital

Our current strategies are focused on improving the performance of the financial value that the Crown has invested into the Group. This is being achieved through:

- improving the financial performance of the Group through increasing the level of profits earned from our trading activities to generate sufficient free cash flows to service our debt and pay the shareholders a return on their investment
- managing the level of financial capital invested in the business from which we are expected to deliver a return to the shareholder on. We also seek to ensure that where the capital is deployed is appropriate given our level of risk appetite and expected financial returns from those businesses.

During the 2013/14 financial year, we increased our operating financial performance by 12% as a result of reduced costs. On the following pages, which display our performance against key targets, the shareholder return of 16% for 2014 (versus 0.5% in 2013) is a direct reflection of the improvement in the underlying valuation of the mail business (from negative to positive), as well as the overall profit contribution. Our return on capital employed of 4.4%, however, was not as good as last year although last year was impacted by the significant one-off gain realised from the sale of our investment in Datacom. At an operating level, the return on capital employed was 5.5% driven by the improved operating financial performance only being slightly offset by the $1,444 million increased financial capital invested in the Group. The total financial capital employed in the Group was $17,583 million at 30 June 2014 consisting of $16,391 million total liabilities ($1,076 million excluding specific banking liabilities) and $1,192 million total equity (of which $1,045 million is attributable to the Crown).

During the year we redeployed financial capital by:

- investing a further $40 million into Kiwibank as it continues to grow
- divesting our non-performing Localist investment by way of sale to management
- continuing our policy of selling properties with the following properties sold during the 2013/14 financial year:
  - Courier Post House (Akd) – leased back
  - Te Puni Mail Centre (Wgtn) – leased back
  - Dunedin Mail Centre – leased back
  - Lower Hutt Office Building – sold vacant
  - Wanganui Post Shop – external tenant in place

Looking ahead, the Group is looking to:

- achieve a 12% return on capital employed as set out in our Statement of Corporate Intent by way of improved financial performance and minimising the level of capital tied up in the Group
- further re-deploy financial capital away from non-strategic assets into our core businesses. This will include further property sales and disposal of our courier business in Australia.
One of NZ Post’s financial strategies is to free up capital in non-productive or non-strategic assets. As part of the change programme in the mail network, some of our properties became available for sale – our Te Puni property in Lower Hutt being one of these.

Under a Treaty of Waitangi settlement with the Port Nicholson Block Settlement Trust (PNBST) we were obliged to offer the site to them under a Right of First Refusal (RoFR). This process requires New Zealand Post to make them a formal offer stating the terms and conditions of the sale.

The PNBST had an exclusive period of one month to accept the offer. If the offer was not accepted we were free to sell the property on the open market. If the best open market offer was less than the RoFR terms, we were obliged to re-offer the property to PNBST for those same terms. If not accepted, New Zealand Post was entitled to sell.

An offer was made to PNBST which was turned down, meaning the property was marketed by Bayleys Real Estate through a tender resulting in an unconditional offer of $15.4m. This price was slightly above book value but less than that offered to PNBST, meaning the property was reoffered to PNBST who again turned down the offer thus the property was sold to a local investor for $15.4m.

Couriers Please is New Zealand Post’s Australian courier business which, until 2012, was in a joint venture with DHL.

The Group’s view is that it’s not strategically sound to have capital deployed in Australia in a business that competes head-to-head with Australia Post, an organisation we are taking a partnership approach with.

Also, if Couriers Please was to require investment capital, that would be a lower priority than funding change in our core mail and logistics businesses, and a lower priority than supporting Kiwibank. Consequently New Zealand Post announced its intention to sell in July 2014 with the process expected to complete before the half year results in FY 2015.
THE GROUP HAS SET A SERIES OF TARGETS IN OUR STATEMENT OF CORPORATE INTENT. THIS SECTION SHOWS HOW WE HAVE TRACKED AGAINST THOSE TARGETS IN THE 2013/14 FINANCIAL YEAR.

SCORECARD TARGETS

<table>
<thead>
<tr>
<th>Shareholder Returns</th>
<th>2014 Actual</th>
<th>2014 Plan</th>
<th>2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Total shareholder return</td>
<td>% 16.0%</td>
<td>0.5%</td>
<td>1.8%</td>
</tr>
<tr>
<td>(b) Dividend yield (excl Kiwibank)</td>
<td>% 0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>(c) Return on equity</td>
<td>% 10.8%</td>
<td>9.3%</td>
<td>13.6%</td>
</tr>
<tr>
<td>(d) Return on equity adjusted</td>
<td>% 10.4%</td>
<td>9.3%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

Profitability/Efficiency

<table>
<thead>
<tr>
<th>Profitability/Efficiency</th>
<th>2014 Actual</th>
<th>2014 Plan</th>
<th>2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e) Return on capital employed</td>
<td>% 5.5%</td>
<td>5.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>(f) Operating margin</td>
<td>% 13.5%</td>
<td>12.5%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

Leverage and Solvency

<table>
<thead>
<tr>
<th>Leverage and Solvency</th>
<th>2014 Actual</th>
<th>2014 Plan</th>
<th>2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(g) Gearing ratio (net)</td>
<td>% 86.8%</td>
<td>87.3%</td>
<td>86.9%</td>
</tr>
<tr>
<td>(h) Interest cover</td>
<td>times 9.7</td>
<td>10.2</td>
<td>8.9</td>
</tr>
<tr>
<td>(i) Solvency (Current ratio)</td>
<td>times 1.2</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Good Employer

<table>
<thead>
<tr>
<th>Good Employer</th>
<th>2014 Actual</th>
<th>2014 Plan</th>
<th>2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(j) People engagement index (raw engagement score per the Annual Employee Engagement Survey)</td>
<td>% 73.3%</td>
<td>74.9%</td>
<td>73.8%</td>
</tr>
<tr>
<td>(k) Lost Time Injury Frequency Rate (lost time injuries per million hours worked)</td>
<td>per M 4.2</td>
<td>5.6</td>
<td>7.2</td>
</tr>
</tbody>
</table>

Corporate Responsibility

<table>
<thead>
<tr>
<th>Corporate Responsibility</th>
<th>2014 Actual</th>
<th>2014 Plan</th>
<th>2013 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(l) Standard letter service performance (letters delivered to standard (Testpo Survey))</td>
<td>% 95.1%</td>
<td>96.5%</td>
<td>92.4%</td>
</tr>
<tr>
<td>(m) Customer favourability (% who rate NZP as 'excellent' or 'very good')</td>
<td>% 36.0%</td>
<td>59.0%</td>
<td>48.0%</td>
</tr>
<tr>
<td>(n) Emissions reduction</td>
<td>% 6.0%</td>
<td>2.0%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

* A significant drop in the customer favourability result in the 09/10 financial year followed a change in July 2009 to the survey methodology used. The methodology has been consistent since that time, however, the target of 59% has not been revisited.
SCORECARD TARGETS

2014
Actual
Plan
2013
Actual

Shareholder Returns

(a)
Total shareholder return
% 16.0% 0.5% 1.8%

(b)
Dividend yield (excl Kiwibank)
% 0.5% 0.5% 0.5%

(c)
Return on equity
% 10.8% 9.3% 13.6%

(d)
Return on equity adjusted
% 10.4% 9.3% 13.6%

Profitability/Efficiency

(e)
Return on capital employed
% 5.5% 5.0% 7.5%

(f)
Operating margin
% 13.5% 12.5% 12.6%

Leverage and Solvency

(g)
Gearing ratio (net)
% 86.8% 87.3% 86.9%

(h)
Interest cover
times 9.7 10.2 8.9

(i)
Solvency (Current ratio)
times 1.2 1.1 1.1

Good Employer

(j)
People engagement index
(raw engagement score per the Annual Employee Engagement Survey)
% 73.3% 74.9% 73.8%

(k)
Lost Time Injury Frequency Rate
(lost time injuries per million hours worked)
per M 4.2 5.6 7.2

Corporate Responsibility

(l)
Standard letter service performance
(letters delivered to standard (Testpo Survey))
% 95.1% 96.5% 92.4%

(m)
Customer favourability
(% who rate NZP as ‘excellent’ or ‘very good’)
% 36.0% 59.0% 48.0%

(n)
Emissions reduction
% 6.0% 2.0% 0.7%

5-YEAR TREND SUMMARY

Operating revenue
($m) 1,661 1,688 1,309 1,280 1,204

Operating expenses
($m) 1,505 1,623 1,224 1,310 1,180

Profit / (loss) before tax
($m) 140 122 190 -35 34

Operating margin before tax
(%) 9.4 3.9 14.5 -2.7 2.0

Earnings per share
(cents) 55.7 63.0 88.0 -18.5 1.4

Total assets
($) 17,583 16,140 15,851 14,682 13,076

Average shareholders’ funds
($) 994 878.0 731 667 678

Return on average shareholders’ funds after tax
(%) 10.8% 13.8 23.2 -5.3 0.39

Net asset backing per share
($) 6.2 5.7 5.0 3.37 3.91

Average shareholders’ funds to total assets
(%) 5.7 5.4 4.6 4.5 5.7

Interim dividend per share
(cents) 1.3 1.3 1.3 0.9 3.0

Final dividend per share
(cents) 1.3 1.3 1.3 0.1 0.004
LOOKING AHEAD

IN THE NEXT 12 MONTHS THE NEW ZEALAND POST GROUP MUST KEEP A SINGLE FOCUS ON EXECUTING THE COMPONENTS OF THE DELIVERING OUR FUTURE STRATEGY.

While we need to keep lowering the cost of how we work, we also need to do more to deliver growth in packages and parcels, and across our financial services. We expect to see more innovation in the way we do things and how we serve our customers so we better meet their needs in the future.

We will have issues to address, theories to test and adjustments to make, but we fully intend to stay on course – our future depends on it.

The same, but different
The Group in 2018 will be the same – but different. We’ll still deliver letters, but not as many. We’ll still be a letters, parcels, logistics and financial services business with nationwide and international reach and presence with a ubiquitous network. We’ll still put our customers first and be trusted to deliver. The New Zealand Post Group will remain as one of the country’s biggest employers.

But our customers, stakeholders and the public should expect us to be different in many other ways. We’ll deliver different things to them in different ways, through many different channels. We’ll provide smarter ways to manage their finances. If someone wants a parcel delivered to their home at 9pm, and is prepared to pay for this premium service, we’ll be there – probably in a vehicle that handles documents and packages of all shapes and sizes.

We’ll be a leaner, more agile and cheaper-to-run organisation providing better returns to our shareholders, and we’ll offer fewer but simpler and better products and services. Our mail and logistics businesses will be growing within New Zealand and helping New Zealanders export and import from around the world. Kiwibank will have the platform it needs to become the bank of choice for small business and personal customers and a respected provider in the wealth and insurance services. Our staff will have work worth doing, teams worth belonging to, and leaders worth following.

Change is never easy, but it’s part of the dynamic world we live in. Our people, customers and the public need to accept it as part of the way we do business and deliver services.

We plan to stay focused and execute on our refreshed strategy as we evolve with our constantly changing environment.

Hon Sir Michael Cullen, KNZM
Chairman
New Zealand Post Group

Brian Roche
Chief Executive Officer
New Zealand Post Group
GOVERNANCE

THE NEW ZEALAND POST BOARD OF DIRECTORS IS RESPONSIBLE FOR THE OVERALL DIRECTION OBJECTIVES AND STRATEGIES OF THE GROUP. AS SUCH, IT IS COMMITTED TO GOOD CORPORATE GOVERNANCE AND MAINTAINING THE HIGHEST ETHICAL STANDARDS, INCLUDING AS REFLECTED IN THE “CODE OF PRACTICE FOR DIRECTORS”, ISSUED BY THE INSTITUTE OF DIRECTORS IN NEW ZEALAND.

The Board monitors the Group’s performance against our three-year strategy, in the context of our financial and non-financial capitals. Subsidiary company boards operate across the Group, with the New Zealand Post Board providing oversight. In addition, the Board has established two standing committees (Finance, Risk and Investment, and Human Resources) to assist it in fulfilling its responsibilities. With the Board having in the previous year broadened the mandate of the Human Resources Committee from the more traditional remuneration responsibilities, throughout the year the Human Resources Committee has placed significant focus on the Group’s people strategy and culture development.

The Board is responsible to New Zealand Post’s two shareholding Ministers, the Minister of Finance and the Minister for State Owned Enterprises. Day-to-day management of the Group has been delegated by the Board to the Group Chief Executive.

Our full Statement of Corporate Governance can be found in Volume 2.
NZ Post Group Board
New Zealand Post Group Board as at 30 June 2014

Hon Sir Michael John Cullen KNZM
MA, PhD, Chairman | Ohope

Carol Anne Campbell
BCom, CA | Auckland

Alan Michael Dunn
Mapua

William Temuera (Tem) Hall
BSS, AFA | Taupo

Julia Cecile Hoare
BCom, FCA | Auckland

Richard Ian Leggat
BSc | Auckland

Jacqueline (Jackie) Marie Lloyd
BA, BCom | Wellington

David Stephen Willis
BCA (Wellington), ICA (New Zealand), ICA (Australia) | Sydney

Finance, Risk and Investment Committee:
Carol Campbell (Chair)
Hon Sir Michael Cullen
David Willis
Julia Hoare

Human Resources Committee:
Jackie Lloyd (Chair)
Hon Sir Michael Cullen
Tem Hall
Alan Dunn
Richard Leggat
Kiwibank Board
Robert William Bentley Morrison, BCom
Chairman, Independent Director

Alison Rosemary Gerry, MAp. Fin, BMS (Hons)
Deputy Chair, Independent Director

Carol Anne Campbell, BCom, CA

Hon Sir Michael John Cullen, KNZM, MA, PhD

Brian Joseph Roche, BCA, FCA

Catherine Maria Savage, BCA, CA
Independent Director

David Stephen Willis, BCA (Victoria), ACA (NZ), ICA (Australia)

Lindsay Megan Wright, BCom (Hong Kong)
Independent Director
NZ Post Group leadership team (as at 30 June 2014)

Brian Roche, BCA, FCA
Chief Executive Officer – New Zealand Post Group

Before joining New Zealand Post Group in 2010, Brian was a partner in PricewaterhouseCoopers.

Jo Avenell, BCom, MSc
Group General Manager – People & Capability

Jo joined the New Zealand Post Group in December 2012. She brought with her a wealth of experience designing corporate strategies, leading cultural change and transformation programmes and delivering enhanced employee engagement, productivity and performance. Jo was most recently General Manager, Human Resources at Westpac and has held executive and senior roles at PricewaterhouseCoopers in New Zealand, and at Ernst and Young and Credit Suisse in New Zealand and the United Kingdom.

Paul Brock, BBS
Chief Executive Officer – Kiwibank

Paul has an extensive background in the New Zealand banking industry and joined Kiwibank in 2000 as part of the team that created the bank.

Paul Reid, BSc (Hons)
Chief Operating Officer – Channels & Digital Platforms

Paul is responsible for designing and leading the way our customers interact with our products and services across our range of channels – retail network, contact centres and digital platforms. Prior to joining New Zealand Post Group in 2011 Paul held senior positions at MetService, Air New Zealand and Carter Holt Harvey.

Malcolm Shaw, LLB (Hons)
Group General Manager – Assurance

As General Counsel and Company Secretary for the New Zealand Post Group, Malcolm is responsible for our Assurance Group which, as well as providing assurance in relation to risk and compliance, plays a leadership role in building and supporting the Group’s brand and reputation. Prior to joining the New Zealand Post Group in 2000, Malcolm had an extensive background in both in-house legal roles and working for law firms in New Zealand and overseas.

Ashley Smout, BBS, MBA
Chief Operating Officer – Mail & Communications

Since joining New Zealand Post Group from Airways in early 2011, Ashley has made his mark in building a strong culture in the Operations business. Ashley leads the newly formed Mail and Communications business in New Zealand Post – looking after the end-to-end process from customer solutions through to operations for our domestic and international business.

Paul Trotman, BCom, ASCPA
Chief Operating Officer – Express Couriers Limited (ECL)

Paul started with New Zealand Post Group in 2003 in the Express and Logistics Finance group. Between 2011 and 2013 Paul was Operations Director in the Telecommunications services industry helping build the Ultra Fast Broadband network in Auckland. Paul returned to the New Zealand Post Group in 2013 as Chief Operating Officer.

Mark Yeoman, BCA, CA
Chief Financial Officer – New Zealand Post Group

Mark joined New Zealand Post Group in 2009. He was previously CFO at Airways and before that CEO of Samoa’s telecom and postal company, where he managed its transformation from a government department to a state-owned enterprise.
DIRECTORY

Chairman
Hon Sir Michael Cullen

Deputy Chair
Jackie Lloyd

Members
Carol Campbell
Alan Dunn
Temuera Hall
Julia Hoare
Richard Leggat
David Willis

Group Leadership Team
Group Chief Executive Officer: Brian Roche
Group General Manager, People & Capability: Jo Avenell
Chief Executive Officer, Kiwibank Limited: Paul Brock
Chief Operating Officer, Channels & Digital Platforms: Paul Reid
Chief Operating Officer, Express Couriers Limited: Paul Trotman
Group General Manager, Assurance: Malcolm Shaw
Chief Operating Officer, Mail & Communications: Ashley Smout
Chief Financial Officer: Mark Yeoman

Bankers
Bank of New Zealand Limited

Auditor
Paul Clark assisted by PricewaterhouseCoopers, Wellington, on behalf of the Auditor-General

Solicitors
Buddle Findlay
Russell McVeagh

Registered Office
12th Floor
New Zealand Post House
7 Waterloo Quay
Wellington
New Zealand

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Wellington Mail Centre
Lower Hutt 5045
New Zealand
Telephone: +64-4-496 4999
Facsimile +64-4-496 4479
Email: post.communications@nzpost.co.nz

For more information about New Zealand Post’s products and services, please contact
New Zealand Post Customer Services Centre
Telephone toll free: 0800 501 501
Email: enquiry@nzpost.co.nz
Website: www.nzpost.co.nz

For information about our collectable stamps and coins, please contact:
Collectables and Solutions Centre
Private Bag 3001
Whanganui 4540
New Zealand
Telephone: +64-6-349 1234
Facsimile: +64-6-345 7120
Website: www.stamps.co.nz
1840  First official post office opened in Russell (formerly known as Kororāreka)

1855  First postal stamps are issued

1911  Post and telegraph (P&T) Corps created within Territorial Force

1912–1914  Temporary post offices are run by P&T staff at annual military training camps

1914  Start of WWI

1918  WWI ends

1917  Six-stamp victory series issued

1920  925 bags of mail en route to NZ are lost when ship strikes mine and sinks

1920  Six-stamp victory series issued

1989  CourierPost launched

1991  First NZ company to introduce Track & Trace – second in the world

1991  Converga is established

2002  Kiwibank is formed

2005  150 years of NZ stamps edition released

2005  Express Couriers is created, a joint venture between NZ Post & DHL

2006  Braille stamp used for the first time in NZ

2006  Mobile banking is launched – a NZ first

2009  Auckland Operations Centre opens and is larger in size than Eden Park

2011  First 3D stamp released in celebration of the Rugby World Cup

2012  NZ Post introduces ParcelPod

2012  NZ Post buys back DHL’s shares in Express Couriers – now 100% Post owned

2013  Online verification service RealMe goes live

2013  Award-winning app Home Hunter is launched

2013  Deed of understanding amended