

SIPC



SOLOMON POST



SCO 2025 - 2027

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STATEMENT OF CORPORATE OBJECTIVES

2025 - 2027

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1. Introduction

The Solomon Islands Postal Corporation (SIPC) plays a crucial role in the nation's communication and logistics framework as a State Owned Enterprise (SOE). Established under the Solomon Islands Postal Corporation Act 1996, it operates with a mandate defined by both its founding legislation and the State-Owned Enterprises Act 2007.

The purpose of this Statement of Corporate Objectives (SCO) for the period 2025 - 2027 is to outline the Corporation's key policy intentions, established objectives, strategic direction, and planned business activities. This document serves as a critical tool for aligning the SIPC's operations with government expectations and national policies, as it must be submitted to the Solomon Islands Government through its Accountable Ministers.

2. Nature and Scope of Business Activities

2.1 Nature and Scope

The Corporation is committed to transforming the landscape of postal services in the Solomon Islands by addressing contemporary challenges and leveraging new opportunities. The primary objectives include:

(a) Transformation of Postal Services:

The Corporation aims to enhance its economics by innovating its core mail and e-commerce businesses. This transformation is essential to meeting the community's evolving needs and competing effectively in a changing market environment.

(b) Addressing Key Disruptions:

The Corporation recognizes three critical disruptions impacting the postal sector in the Solomon Islands driven by various technological, economic, and societal changes:

- **E-commerce Growth and Changing Consumer Behaviour:** The rapid expansion of e-commerce has drastically altered the dynamics of the postal sector. Consumers increasingly expect faster and more efficient delivery services, leading postal services to pivot towards providing last-mile delivery options which has surged, prompting Solomon Post to innovate its logistics and distribution networks.



- ***Digital Transformation and Automation:***

The advancement of technology, particularly in areas like artificial intelligence, machine learning, and robotics, has led to the automation of various postal operations which is currently assisted by the ORE3 program. From sorting and processing mail to customer service, these technologies are enhancing efficiency and reducing costs. Additionally, the digitization of communication (e.g., email and messaging apps) has decreased traditional mail volumes, pushing postal services to diversify and focus on digital solutions alongside physical deliveries.

- ***Sustainability and Environmental Concerns:***

Growing awareness and concern for environmental issues are prompting postal services to adopt more sustainable practices. This includes reducing carbon footprints through electric delivery vehicles, optimizing routes to minimize energy use, and investing in greener packaging solutions. As consumers and businesses increasingly prioritize sustainability, Solomon Post must align its operations with these values to maintain customer loyalty and comply with regulatory pressures.

These disruption areas require postal services to be agile, innovative, and responsive to both market demands and broader societal shifts.

The Corporation also engages in various non-core business activities that are ancillary to its primary operations. These activities may include support services, research and development, marketing efforts, and community engagement initiatives that, while not central to the core business, contribute to overall business growth, enhance customer satisfaction, and strengthen the company's brand. By diversifying its portfolio through these incidental activities, the Corporation can create additional value, foster innovation, and adapt to changing market dynamics.

2.2 The Corporation's Vision

The Postal Service is an enabler of inclusive development to be seen as an essential component of the Solomon Islands economy.

2.3 The Corporation's Mission

Our mission is to foster the continuous development of a robust, efficient, and accessible postal network that ensures quality end-to-end delivery services for our citizens and global partners. We aim to achieve this by:



- **High-Quality Postal Services:** Delivering modern postal and related services that seamlessly connect Solomon Islanders with the domestic and broader international community.
- **Comprehensive Telecommunications and Value-Added Services:** Offering a wide range of services, including electronic mail, data interchange, internet access, electronic funds transfers, financial services, and e-commerce solutions to enhance our customers' lives.
- **Effective Last-Mile Delivery Solutions:** Establishing a reliable point-to-point platform for mail delivery across our nation and internationally, ensuring efficient access to services.
- **Technology Integration:** Promoting technological adoption within our supply chain management and innovating eCommerce and financial services to meet the evolving needs of our customers.
- **Stakeholder Engagement:** Fostering sustained connections and collaboration among stakeholders by enhancing connectivity within our operational ecosystem.
- **Customer Satisfaction:** Prioritizing customer satisfaction by remaining responsive to their changing needs and preferences in our service offerings.
- **Financial Growth and Ethical Standards:** Committing to financial advancement and profitability while upholding the highest ethical standards in all our operations.

By adhering to these principles, we strive to enhance the quality of life for our customers and contribute positively to the economy and society as a whole.

2.4 Service Obligation

- **Redefinition of Universal Service Obligation (USO) in the Context of Declining Mail Volumes and Increasing Use of Technology.**
- Ensure that all citizens in the Solomon Islands have equitable access to essential postal services, including letter delivery, regardless of geographic location. This includes rural and remote areas, ensuring no community is left behind.
- The definition of USO should recognize and adapt to the realities of technological transformation. This entails integrating traditional postal services with innovative digital solutions, such as e-commerce logistics and electronic communication options, to enhance service reach and efficiency.
- The commitment to carry and deliver letters with care and security remains paramount. The USO should incorporate specific guidelines and standards to ensure that postal items are handled with the utmost respect for privacy and security, fostering public trust in postal services.



- To be effective, the USO must guarantee that postal services remain affordable for all citizens. This could involve regulated pricing structures or subsidies for remote areas to ensure accessibility, thus promoting social equity.
- The USO should also emphasize sustainability by adopting eco-friendly practices in postal operations. Furthermore, it should be responsive to the evolving needs and expectations of citizens, allowing for continuous improvement in service offerings.
- As technology evolves, public awareness and education regarding postal services should be prioritized. The USO must support initiatives that inform citizens about the availability and benefits of using postal services alongside digital alternatives.

The Universal Service Obligation in the Solomon Islands must evolve to ensure that all citizens have reliable access to basic postal services in a rapidly changing environment. By embracing technology, ensuring affordability, prioritizing security, and maintaining inclusivity, the USO will continue to fulfil its essential role in the lives of all citizens, in alignment with the principles established by the Universal Postal Union (UPU).

2.5 Operational Structure

• Board of Directors

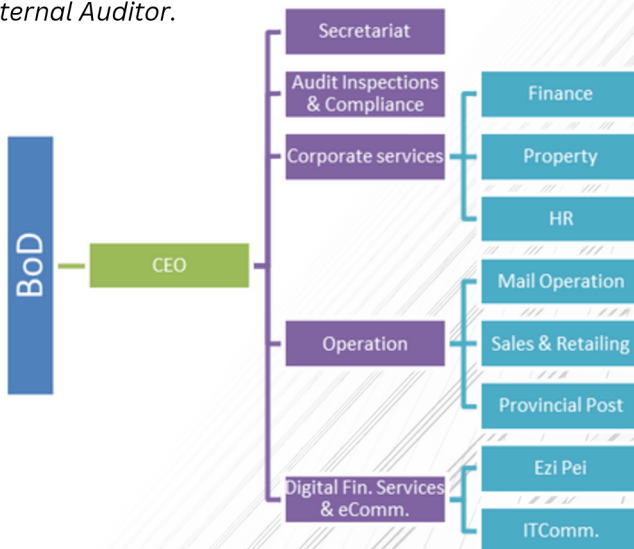
As per the SIPC Act and the SOE Act & Regulations, the Minister(s) appoint six member board of directors to manage the Corporation. The Board Composition is appointed and comprised of the following members:

1. *Chairman/Board/BHRC* – **James Apaniai**
2. *Member & Chair/BIC* – **Dr. William Parairato**
3. *Member & Chair/BFC* – **Benjie Oatasia**
4. *Member & Chair/BAD* – **Joseph Huta**
5. *Member* – **Ms Bela Simiha**
6. *Member* – **Coggan Kuare**

• Executive Office

The organization is structured with a hierarchical management system, led by the Chief Executive Officer (CEO) and supported by four Deputy Executive Officers. Among these deputies are the Directors of the various divisions:

1. *Director Corporate Services,*
2. *Director Digital Financial & Technology Services,*
3. *Mail Operations,*
4. *Chief Internal Auditor.*





This leadership team is tasked with overseeing the daily functions and management of the Corporation. Currently, the organization has seventy-four (74) established positions, which reflect the staffing needs as they stand. However, there is an ongoing initiative to conduct a needs assessment. This assessment aims to evaluate the current staffing composition and determine the optimal number of positions required to effectively meet the Corporation's objectives and demands. The results of this assessment will inform strategic decisions regarding potential realignment or reallocation of roles within the organization. While the organization currently operates with a defined structure and a fixed number of personnel, it is proactive in assessing and potentially adjusting its staffing strategy to better align with its operational requirements and goals.

- **Management Team**

The management team is structured to ensure effective implementation and monitoring of action and work plans across various departments within the division. Each departmental manager plays a critical role in driving their respective areas of responsibility while collaborating with other departments to achieve the division's overall goals. Here's a brief overview of each department within the management team:

- | | |
|---|-------------------------|
| 1. <i>Board Secretariat</i> - | Msyoungh Amasi |
| 2. <i>Manager Mail Operations</i> - | John Jnr. Kituru |
| 3. <i>Manager Sales & Retailing</i> - | McKenzie Rusa |
| 4. <i>Manager Provincial Post Network</i> - | Doris Dolaiasi |
| 5. <i>Manager Digital Financial Services</i> - | Peter Evoa |
| 6. <i>Manager Info. Tech. & Commercials</i> - | George Dennis |
| 7. <i>Manager HR & Administration</i> - | John Konofilia |
| 8. <i>Manager Finance & Accounts</i> - | Starlin Suruma |

Each manager reports to their respective Divisional Directors, who coordinate with the management team to align departmental objectives with the division's strategic goals. This hierarchical structure promotes effective communication, accountability, and collaboration across departments, facilitating the successful execution of the division's plans.



2.6 Controversial Strategic Issues

- **Declining Mail Volume**

The postal service is experiencing a significant decline in mail volume, a trend that is being observed globally. This reduction in traditional mail services has been exacerbated by the swift adoption of technology-driven communication methods, such as emails and messaging apps. This shift presents a challenge to revenue growth for SIPC as customers increasingly forego traditional mail in favour of faster digital alternatives.

- **Weak Revenue Base vs. Operational Costs**

SIPC's revenue base is limited, which presents a critical vulnerability given the ongoing and unsustainable operational costs. This imbalance has led to substantial financial losses and mounting debts over the years. The inability to diversify revenue streams further compounds this problem, making it difficult for the organization to remain financially viable.

- **Accumulated Debt, and Debt to Japan Post**

SIPC is currently burdened with an accumulated debt exceeding SBD70 million owed to Japan Post. This significant liability has severely impacted the company's financial health, resulting in a negative balance sheet. The weight of this debt limits SIPC's ability to invest in necessary improvements and innovations and poses a risk to its long-term sustainability.

- **Lack of Investment in Capital Projects**

There has been a noticeable lack of investment in capital projects that could generate additional revenue. Without strategic investment in infrastructure and technology, SIPC is unable to enhance its service offerings or modernize its operations, which is critical in retaining existing customers and attracting new ones.

- **Low Quality of Services**

The company's financial constraints have led to a deterioration of service quality. Without adequate funding to improve and modernize postal services, customers are left with subpar options, which diminishes customer satisfaction and loyalty. This low quality further discourages potential customers from choosing postal services over more efficient alternatives.

- **Unregulated Postal Sector**

The postal sector operates without adequate regulation, creating a non-level playing field among operators. This lack of oversight can lead to unfair competitive practices and stifle innovation, making it even more difficult for SIPC to compete effectively in the market. This issue complicates the organization's ability to establish a coherent strategy that ensures fairness and promotes healthy competition.



Addressing these strategic issues is vital for SIPC to stabilize and enhance its operations. It requires a balanced approach that includes restructuring debt, diversifying revenue sources, investing in modern technology, and improving regulatory frameworks within the postal sector. Without these changes, SIPC risks further decline in relevance and financial stability.

2.7 Development Pillars

- **Committing New Business Advances While Getting the Core Right**

- (a) **Organizational Structure Review:**

- Continuously assess and adjust the organization's structure to enhance operational efficiency and financial sustainability. This includes ensuring roles, responsibilities, and hierarchies align with current business needs and market demands.

- (b) **Business Platforms and Delivery Channels:**

- Regularly evaluate existing business platforms and end-to-end delivery channels. Focus on adopting innovative, technology-based initiatives that improve service delivery and customer experience.

- (c) **Profitability Review:**

- Undertake a thorough analysis of current business activities to identify areas for improvement, ensuring that all operations contribute positively to profitability.

- (d) **Efficiency Improvements:**

- Systematically review current systems, procedures, and processes to identify and eliminate inefficiencies, thereby streamlining operations and reducing costs.

- (e) **Governance in Operations:**

- Integrate governance principles into daily operational and administrative processes. Establish clear guidelines and accountability measures to ensure compliance and enhance decision-making.

- **Re-establishing and Strengthening Customer Relationships:**

- (a) **Key Customer Engagement:**

- Identify and engage with key customers, focusing on building or reinforcing strong relationships. Efforts should aim to expand the customer base and enhance loyalty.

- (b) **Business Partnerships:**

- Identify potential key business partners and foster strategic alliances. Build and strengthen these partnerships to create mutually beneficial, long-term business relationships.



(c) Addressing Customer Needs:

Conduct thorough research to identify specific customer needs and pain points. Develop targeted strategies to address these needs, thereby building trust and enhancing customer confidence in the organization.

- **Grow the Business**

(a) New Business Opportunities:

Actively seek out and analyze new viable business opportunities for investment that align with the organization's core competencies and market trends.

(b) Modernization through Technology:

Embrace and implement cutting-edge technologies to modernize postal services. Focus on enhancing speed, reliability, security, and competitiveness, ensuring high-quality postal services reach customers effectively. A well-established network will facilitate this modernization, allowing for improved service delivery across the country.

3. OBJECTIVES, PROPOSED ACTIONS, PERFORMANCE TARGETS & TIMEFRAME

The principle objective of the Corporation, as outlined in the State-Owned Enterprises (SOE) Act, emphasizes its role in functioning as a successful and profitable business entity. This involves not only generating financial returns for the government as the main share-holder but also delivering value to its customers, who are the service users.

Objectives	Proposed Actions	Performance Targets & Timeframe
3.1 Build a strong Financial and Operational foundation Base.		
Provide effective and modern postal service with quality e2e delivery channels.	i. Rebuild provincial post office infrastructures of the remaining provincial headquarters to host businesses. ii. Connect systems and networks for communication both technology-base and machine-base. iii. Groom postal agency network to reach the remote last mile. iv. Review Postal Rates to be commercially viable to support domestic and international businesses.	➤ Complete deployment of the pre-furnished building at Munda and Gizo by 1st Qtr. of 2025. Renovation of Taro post office by 2nd Qtr. to 3rd Qtr. 2025. ➤ Upgrade all computers, printers, and photocopy machines throughout the provincial post offices. All upgrades are to be completed by the 2nd Qtr. 2025. ➤ Introduce an IP-based PBX phone system centralized in Honiara for all including provincial post offices. System to be deployed by 2nd Qtr. 2025. ➤ Internet connectivity to be upgraded to facilitate Postal cloud-based systems, cloud-based Point of Sale Systems, and cloud-based domestic track & trace systems to reach all provinces. Inter-Provincial connectivity to be established on 1st Qtr. 2025. ➤ Deploy market team to groom postal agency network reaching villages. Marketing task to begin by 2nd Qtr. to be facilitated throughout year 2025. ➤ Negotiating with carriers and signing Service Level Agreements for mail distribution. ➤ By 2nd Qtr. 2025 all domestic mail rates, PO Box rates, and other service rates be revised, determined, and implemented. ➤ Establish excellent and more efficient customer service with technology-aided track & trace service to the last-mile delivery.
Provision of cost-effective and scalable financial services to citizens on both domestic and cross-border levels.	i. Introduce banking services especially at the Provincial Post Offices by partnering with known commercial banks. ii. Improve existing Domestic Money Transfer Service to reach all Provincial Post Offices. iii. Deploy Ezi Pei Service to reach all Citizens and remote rural areas. iv. Deploy Currency Exchange Services to Gizo, Munda, Auki, and GPO.	➤ Partner with known banking entities running commercially to provide point to point banking system for the people in rural area. Partnering with commercial banks will ease the issue of cash liquidity. Task be fully operational by 3rd Qtr. 2025. ➤ Set a niche market for Domestic Money Transfer and target full capacity earnings. The task is Continuous from 1st Qtr. 2025 through to the end of 2025. ➤ Deploy the Ezi Pei service to capture the full capacity of its scalability. Introduce financial literacy to minimize cash handling in rural remote areas. Empower citizens to participate in economic activities through the provision of local shopping carts using Ezi Pei as online payment. Task begin 1st Qtr. – 4th Qtr. 2025.



	v. Deploy Unsecured Lending Services	- Deploy Currency Exchange Services expanding from the current locations at the General Post Office and Munda Post Office, to Gizo tourism hub, Auki tourism hub, and the other 3 locations in Honiara. The project should begin by the 1st Qtr. of 2025 and deployment to be completed within the same Qtr. - Research, establish, and deploy unsecured micro-loan and lending services to the public.
Acquisitive improvement to the financial capacity of the Corporation.	i. Forming more businesses; revive provincial business opportunities, create chain-services to improve earning capacity at minimal costs.	Improve the Corporation's earning capacity by 50% from all existing businesses beginning 1st Qtr. 2025.
Build cumulative business growth in a sustainable manner.	i. Review existing business activities and improve & expand on the gainful few and review the non-profitable ones.	- Review all existing businesses, improve where necessary, and abandon loss-making businesses. - Engage in grooming and marketing profitable businesses maximising earning capacity. - Business review to begin 2nd Qtr. 2025.
Build a firm relationship with the Solomon Islands Government to gain support on both political and commercial foundations.	i. Constant dialogue with the Economic Reform Unit on business continuity and regulatory issues. ii. Continuous dialogue with Ministry of Communication on regulatory and compliance issues.	- Compliance with SIPC Act 1996 the Corporation be at constant dialogue with Supervising Ministries – MoF and MCA on: ✓ SIPC Budget Approval ✓ SIPC SCO ✓ SIPC CSO ✓ SIPC Strategy ✓ Work Plans - Build strong partnership with Ministry of Communication to ensure constant dialogue established with the ministry in consultation with Universal Postal Union country mandates, affiliations, regulations and business commitments.
Create partnership with other stakeholders.	ii. Build partnership that will harness business growth, standardizations and popularity	- Partner with Banks to create strong bond in FinTech business creating ESCROW Account and supporting liquidity needs. - Partner with other FinTech operators as Super Agents distributing agent services at various provincial post offices. - Partner with Telecommunication Service providers as main-stream access providers. - Partner with other Carriers and be able to do forwarding businesses. - Partner with Government entities & SOE to facilitate services needed.
Diversify to reach more people in the provinces and remote rural areas as major suppliers of commercial goods, delivery services, and financial inclusion through financial services.	i. Continue to work on diversifying into new products & services to broaden revenue base due to declining mail business: - Ezi Pei Service to reach the entire country - Internet Services roll out into Provinces - Post Shop supply chain to establish a presence in all provinces - Delivery service to reach the last mile with track & trace.	- Complete deployment of Ezi Pei service to the provincial post offices as super agents. On boarding of other agents through to last-mile delivery to cover the entire nation. Deployment from 1st Qtr. rolled on to 4th Qtr. 2025. - Commit Starlink connection for cheaper access rate for each and every post office location throughout the country, establish viable connectivity to facilitate cloud-based postal systems and other systems to be employed. Task to be completed by 1st Qtr. 2025. - Establish supply chain & chain shop throughout the country with a centralized cloud-based system managed point of sale for optimized performances, control of inventory, and real-time management of wholesaling & retailing. Pilot Auki newly acquired property to build a modern post shop including all items to supply to the growing demands from the Malaita niche market. Task to begin by 1st Qtr. 2025.



		➤ Revive postal network delivery and empower with technology for users to track & trace their packages through the use of web, apps, and social network connectivity. Task to begin by Qtr1. to Qtr2. 2025.
• Improve and expand property investment activities and asset-base.	i. Improve existing properties to regain asset value. ii. Develop new investment properties such as Taro, Munda & Gizo to reach full revenue potential and value proposition.	➤ Schedule renovation program to upgrade postal facilities in the provincial centres to be at par with services offered. Task to begin by 1st Qtr. 2025 through to 3rd Qtr. 2025. ➤ Complete renovation work for Auki newly acquired property, maximize the use to accommodate capacity potential businesses for all postal services. Task to complete by 1st Qtr. 2025. ➤ Commit to Munda pre-furb project to match the demand as new and second office of exchange for Solomon Islands. Work to begin by 1st Qtr. 2025. ➤ Establish building conceptual pre-furb plan for the Gizo post office land to be vetted by the Board, convert concept plan to architectural plan to be pursued as new building project. Work to continue through to 2nd Qtr. 2025.
3.2 Customer Service Improvement		
• Improving and modernizing mail service query response time and delivery response time.	i. Improve customer service emphasizing efficient real-time phone-response, web-response and counter response. ii. All GCS queries to be answered within timeframe.	➤ 95% on time mail delivery rate to customers to be achieved in 2025, 99% in 2026 and 100% in 2026 ➤ 95% on time customers-response to be achieved in 2025, 99% in 2026 and 100% in 2026 ➤ 100% delivery on every event scanning from A to H by 2025.
• Building customer trust & confidence to use the Postal Services	i. Improve systemized customers response, allow excellent rates and handling of businesses.	➤ Reach 90% customer satisfaction rate in 2025, 99% in 2026 and 100% in 2026.
• Provide and drive accessible financial Services to the unbanked population within the country, answerable to all financial queries and instant query calendars.	• Deploy Ezi Pei eWallet, DMTS, Foreign Currency Exchange, and be agent or super agents for other operators in the market.	➤ 90% response rate in customer services through call centres in 2025, 95% in 2025 and 100% in 2026. ➤ 100% accuracy in data capturing and data disseminations. ➤ Marketing, financial literacies, information kiosks and apps tools to be made available to customers.
3.3 Community Service Obligation		
• Provide "Universal Postal Services" to citizen throughout the country as obligated by the Universal Postal Service under the UPU charter. • Deliver essential social and economic services to the people and businesses in the country through postal network.	i. All post offices to be operational and to be of service to citizen at all time. ii. Revive and strengthen Postal Agency services to reach remote communities throughout the country. iii. Strengthen delivery capacity to reach people, such as provision of more PO Boxes, home delivery and postal agency delivery.	(a) 70% of citizen to have easy access to modern and quality postal services as of 2025 onward. (b) 80% of citizen to have access to financial services as of 2026 onward. (c) Partnering with more Postal Agency and Ezi Pei agency throughout the country.

- Contribute towards achieving Government's Development Policy objectives within SIPC's relevant areas and mandates. - Contribute towards Government and CBSI Financial Inclusion Policy and financial inclusion target 2025 and beyond. - Work in consultation with Ministry of Communication & Aviation to settle on specific addressing system and postcode pattern policies.	- Facilitate government objective to reach citizen throughout the nation with modes and levels of known communication channels. - Allow economic activities to flourish nation-wide through availability of e2e delivery networks in terms of financial services and physical items delivery. - To roll out the National Postcode & National Addressing System throughout the country.	- Provide 90% communication and eCommerce capacity to citizen nation-wide by 2025 and beyond. 60% of the population be able to transact financially by 2025 and included to the formal financial services. 60% of population to be able to transact eCommerce by 2025 and be able to buy and sell goods online. - Postal Sector to be fully compliance to regulator[s] both in fiscal policy and monetary policy to cover mandatory businesses. - Post Code & National Addressing Frameworks to be implemented by 2nd Qtr. 2025.
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3.5 Shareholder (SIG) Support

- Continue to act in the best interest of the shareholder; presenting commitments to operate as a profitable and successful business organization through fostering closer and stronger working relationship with the Government. - Demonstrate "Accountability, Transparency and strong Financial acumen" to attract shareholders' support.	- Dialog with the Government on how best to deal with the Japan Post and UPU debt. - Ensure to maintain Government support through Community Service Obligation funds - Request funding for project-based initiatives that will gain major impact to citizens in rural areas.	- Continue to discuss with SIG on Japan Post debt and the option to take the discussion forward at Political level with objective to find debt-financing solution. - Submit thoughtful proposals for Community Service Obligation Funds. A project-based proposal to drive establishment of lasting end-to-end delivery channels, communication infrastructures and property improvements.
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3.6 Asset Development & Management

- SIPC to continue to work towards having ownership of all Provincial Post Offices Land and Buildings and to have a proper Asset Data Base for Assets improvement & maintenance purposes - Improve Office Buildings to achieve strong Asset Base.	- Consult with Provincial Premiers on transfer of Provincial Post Offices Land and Buildings to the SIPC. - To develop a proper Asset maintenance & improvement program to maintain assets value in accordance with International Financial Reporting Standards (IFRS)	- All Provincial Post Offices lands and buildings to be transferred to the SIPC during the period 2025 to 2026. - About \$1.2m to be allocated for improvement & building of pre-furb property for Gizo and Taro Post Offices.
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3.7 To Regulate the Postal Sector

- To see that the Government to properly regulate the Postal Sector - Assist the Government to take control of the Postal Sector - Assist the Government to realise the benefits the Postal Sector can provide - To provide a level playing field for the players/operators in the sector	- To assist in preparing a draft Postal Sector Policy Framework for discussion with the stakeholders including the Government. - To discuss with the Government the need to review the current SIPC Act and other relevant legislations - To engage Technical Experts from the UPU to develop a National Postal Sector Policy to guide Postal Sector Development in the country.	- Put in place relevant Postal Sector Policy to guide Postal Sector Development in the country by 2025/2026 - Put in place relevant legislations to regulate postal sector in the country by 2025/2026 to create a level playing field for all the operators in the postal sector. - The Government to realise the benefits from the sector in the near future when appropriate postal sector policy framework and postal sector legislation framework are put in place.
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4. FINANCIAL PERFORMANCE TARGET

Financial Performance Target		2025	2026	2027	2028
1.	Rate of return on net fixed assets in service (%)	4.023%	4.084%	4.146%	4.211%
2.	Operating Ratio	2.20	1.74	1.38	1.09
3.	Current Ratio	0.121	0.129	0.136	0.142

5. ESTIMATE OF COMMERCIAL VALUE OF THE CORPORATION (COMPANY)

Solomon Islands Postal Corporation is currently facing significant financial challenges, as reflected in the negative commercial value of approximately \$45 million, based on unaudited financial statements for the first nine months of 2024. The primary issue stems from legacy debt inherited from Japan Post, in addition to existing commercial debts.

Overall, while the current financial situation is challenging, the management's proactive strategy to address debts, explore new opportunities, and improve operational efficiencies indicates a commitment to turning around the company's financial health over the next few years. Continuous monitoring of the execution of these strategies and adjustments as necessary will be vital to achieving the desired outcomes.

6. STATEMENT OF ACCOUNTING POLICIES

The Corporation is making efforts to comply with Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS).

Compliance with these standards is essential for maintaining transparency and accountability in financial reporting, enhancing the credibility of financial statements, and ensuring comparability across different organizations and industries.

By focusing on these areas, the Corporation can enhance its compliance with GAAP and IFRS, fostering greater trust among investors, stakeholders, and regulatory authorities.

7. DIVIDEND POLICY

The Board of the Corporation will assess the appropriate rates for profit retention and dividend distribution each year, in line with Section 16 of the SIPC Act 1996 and Section 14 of the SOE Act 2007.

8. INFORMATION TO BE PROVIDED TO THE ACCOUNTABLE MINISTERS

The following Statutory Information to be provided to the Accountable Ministers:

- (a) Draft Statement of Corporate Objectives (SCO)
- (b) Half Yearly Financial Report (Statements)
- (c) Annual Financial Report (Statements)
- (d) Annual Audited Financial Statements

9. ACTIVITIES FOR WHICH THE BOARD SEEKS COMPENSATION FROM THE CROWN (STATE)

This text outlines three specific activities for which the Board seeks compensation from the crown (state):

- (a) Provision of Postal Services in Unprofitable Areas
 - Subsidizing operational costs of loss-making Provincial Post offices.
Compensation levels:
 - i. \$3 million in 2025
 - ii. \$2.5 million in 2026
 - iii. \$2 million in 2027
 - Includes costs for:
 - i. Improving existing business activities
 - ii. Introducing new business activities (stationery supplies, postal boxes, logistics)
 - iii. Systems, equipment, and staff training
 - Excludes costs for improving Provincial Post Office Buildings
- (b) Reorganization and Restructuring of Staffing Setting up attractive remuneration packages
 - Recruiting the right people for key positions
 - Providing appropriate employee training
 - Requires external funding sources
 - Considered crucial for the Corporation's future survival
- (c) Compensation for Policy-Directed Actions
 - Any policy directed by the Crown (SIG) that will:
 - i. Reduce the Corporation's profit
 - ii. Reduce the Corporation's net worth

The text details the specific compensation requests and the rationale behind each activity.

10. SUCH OTHER MATTERS AS MAY BE AGREED BY THE ACCOUNTABLE MINISTERS AND THE BOARD

Continue to pursue the following matters/issues with the Accountable Ministers for possible Financial Assistance:

- (a) Japan Post Debt Resolution
 - Seek support for negotiating and potentially restructuring outstanding debt.
 - Explore potential bilateral financial arrangements.
 - Request mediation for favorable repayment terms.
- (b) Infrastructure & Facilities Developments.
 - Funding for modernizing postal infrastructure.
 - Supporting SIPC's role as the national designated postal operator.
 - Upgrading technological and operational capabilities.
- (c) National Interest Projects.
 - Gizo pre-furbish office building.
 - Munda pre-furbish office building.
 - Taro pre-furbish office building.
 - Emphasize potential contributions to the national tourism development.
 - Demonstrate economic and community benefits.

11. FUNDING SOURCES

The three (3) main likely sources of funds are:

- (a) Government and/or Aid Donors through grants
- (b) The SIPC (Internal Revenue Sources)
- (c) Universal Postal Union - Quality Service Funds
- (d) Universal Postal Union – DCDEV Project
- (e) Commercial Banks through loan

12. CONCLUSION

The Accountable Ministers are asked to;

- (a) TAKE NOTE of the Board's endorsement of the 2025 - 2027 Statement of Corporate Objectives
- (b) CONSIDER the 2025 – 2027 Statement of Corporate Objectives Document and its Contents
- (c) APPROVE the 2025 – 2027 Statement of Corporate Objectives Document and its Contents
- (d) DIRECT that the SCO Document be implemented during the 2025 – 2027 period
- (e) DIRECT that a report be produced at the end of each year on the implementation of the SCO Document and be submitted to the Accountable Ministers for their information and appropriate action.

Attachment A

Business/Financial Plan 2025-2027

(A) SIPC Funded Activities:

PLANNED ACTIVITIES		COST AND TIMEFRAME	FUNDING SOURCE	REMARKS/COMMENTS
		2025		
1.	Improve mail delivery system; (a) Deployment of IPS.POST System to the Provincial HQs. (b) Implementation of CDS System to Provincial HQs.	\$50,000	SIPC Budget Allocation	These systems deployments are necessary to comply with UPU requirements for the efficiency of the mail operations and enhancement of the business revenue. This will be funded by SIPC's Recurrent Budget and this System has been implemented as from June 2016 and is mandatory.
1.	Diversification of Services & Products; (a) Domestic Money Transfer (DMTS) & Currency Exchange roll out to the Provincial Centres. (b) Ezi Pei Mobile Wallet System roll out provincial HQs. (c) Postal chain shop throughout the provincial HQs.	\$50,000 \$500,000 \$500,000	SI Postal Corporation SI Postal Corporation SI Postal Corporation	The Solomon Post must diversify its services and products to broaden and strengthen its revenue base to support its core business which is on a decline globally as directed by the Director General of the UPU. This is to be funded under the SIPC Recurrent Budget for 2025 to 2027 period. SIPC to meet the cost from its Recurrent Budget in 2025 and beyond.
2.	Customer Service Counter Project (POS)	\$500,000	SI Postal Corporation	Solomon Islands Postal Corporation is need of automating its counter sales by acquiring a point of sales [POS] system. This proposition is very important for the Corporation to appropriately manage its retailing and mail operations businesses. POS system will allow management to gain access into to the data system where reports can be automated in real time.
3.	Improvement & Development of Key Assets/Properties; (a) Munda Pre-Furb Building (b) Gizo Pre-Furb Office Building (c) Taro Pre-Furb Office Building	\$300,000 \$300,000 \$300,000	SI postal Corporation SI postal Corporation SI Postal Corporation	This is very important because the office buildings are now very old and do not provide conducive working environment for the employees. Not only that but they are also very import assets that have great potential to earn steady revenues for the SIPC. This is an important investment in Malaita Province to allow Auki Post Office accessible to customers as well as providing office space rental income and accommodation revenue

Attachment B

(B) SIG/Donor Funded Activities

PLANNED ACTIVITIES		COST AND TIMEFRAME		FUNDING SOURCE	REMARKS/COMMENTS
		2025			
4.	Provincial Post Offices operations subsidization	\$3m	SIG (CSO Funding)		CSO funding is needed to enable all the Provincial Post Offices to continue to operate to provide Universal Postal Services to the people in the rural areas as required by the UPU Conventions etc. This will also cater for costs of improving existing services and introduction of new services such as stationery supplies, Postal Boxes and other logistics business activities, Systems and equipment etc.
4.	Computers, Printers & Scanners	\$143,000	UPU		Funded under UPU DCDEV Project for Pacific Countries
6.	National Post Code & Addressing Frameworks for E-Commerce.	\$1,200,000	SI Government & QSF Funds UPU		To meet the cost of developing the National Post Code & Addressing Frameworks for E- Commerce under SIG Funding and the Universal Postal Union Quality of Service Funds.