

# *Delivering* like never before

2022 Annual Report



Australia Post

# Table of Contents

About us	01
How we delivered like never before	02
Chair's message	04
Group Chief Executive Officer and Managing Director's message	05
Strategic direction	06
Value creation	08
Corporate responsibility	10
Our business performance	12
Our people	20
Our customers and communities	32
Our network	44
Our innovation and expertise	50
Our environment	56
Managing our key risks	65
Materiality assessment 2022	68
About this report	69
Our Board	70
Our Executive Team	72
Corporate governance statement	74
Remuneration report	76
Financial and statutory reports	94

Our full Corporate Governance Statement and our Corporate Responsibility Indices, including Global Reporting Initiative (GRI) Content Index, are available online at: [auspost.com.au/about-us](https://auspost.com.au/about-us)



Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as a team, and recognises their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.



## About us

**12+ million**  
MyPost members

### Our Network



**4,310**  
Post Offices

**2,513**

Post Offices in rural and remote areas



**3,598**

Licensed Post Offices and Community Postal Agencies

**14,982**

street posting boxes

**4,635**

electric vehicles, Australia's largest electric delivery fleet

**902 million**  
customer digital visits

**6.9 million**

users of the AusPost app



**640**

parcel locker locations and more than 51,000 lockers



**64,900+**

team members and extended workforce members

**\$348.5 million**

cost of meeting Community Service Obligations



● Delivery points  
● Post Offices

**As Australia's postal service for more than 200 years, we're at the heart of every community.**

We deliver more than 2.7 billion items a year to 12.6 million delivery points around the country and carry out 220 million transactions in our Post Offices annually. This is made possible by our more than 64,900 team members and extended workforce in our delivery, retail and operational networks. We operate one of Australia's largest retail networks with 4,310 Post Offices, including more than 2,500 in rural and remote areas, and operate the nation's largest delivery fleet of 4,635 electric vehicles.

As a Government Business Enterprise (GBE), Australia Post is a completely self-funded business with both commercial and Community Service Obligations. Any profit we earn is either used to pay a dividend to our shareholder (the Australian Government) or is reinvested in our assets and services so that we're equipped to meet the changing needs of our customers and the community.

# How we delivered like never before

Over the course of 2021-22, we've been delivering like never before. During the global pandemic we responded and adapted to deliver. As Australia faced into natural disasters, we helped keep communities together.

We stayed safe, we stayed open and we stayed the course. Our team has always been there for Australia, and we always will be.

Over the past three years, we also invested a billion dollars to help us better deliver for our customers. We added more electric vehicles, opened new facilities and upgraded our technology to improve customer experience, while also contributing to a society that is liveable and sustainable.

As the nation came to depend on our services more than ever, our team delivered like never before.

## Performance against targets

Performance indicator	Target	Performance
Profit before tax	\$12.0 million	\$55.3 million
Shareholder return on equity	0.3%	2.0%
Dividend declared for 2021/22	\$4.5 million	\$32.1 million
Dividend paid in 2021/22	\$28.3 million	\$36.3 million
Street posting boxes	10,000	14,982
On-time letters delivery	94.0%	93.5% Not met <sup>&gt;</sup>

### Retail outlets

In total	4,000	4,310
In rural and remote areas	2,500	2,513
In metropolitan areas <sup>^</sup>	90.0%	93.7%
In non-metropolitan (i.e. rural and remote) areas <sup>#</sup>	85.0%	88.8%

### Delivery frequency per delivery point

every business day	98.0%	Not met*
at least 2 days per week	99.7%	99.99%

<sup>></sup> On-time letters delivery consistently exceeded the standard in the second half of the year, despite significant ongoing impacts to Australia Post's delivery network as a result of COVID-19. Performance was 95.5% in Q3 and 95.9% in Q4.

<sup>^</sup> % of residences located within 2.5 kms of a retail outlet

<sup>#</sup> % of residences located within 7.5 kms of a retail outlet

\* Daily letters delivery frequency consistently exceeded the standard in the last quarter of the year. Performance was 98.83% at the reporting date of 30 June 2022. The annual result reflects the progressive return to five day a week letter delivery (following the expiry on 30 June 2021 of Temporary Regulatory Relief) combined with continuing COVID-19 operational restrictions, air freight capacity constraints and the ongoing growth in the number of delivery points.



**2.7b**

items delivered ▲ 76m

**220m**

transactions in our Post Offices ▼ 7m

**107m**

federal election articles delivered

**16m** Census articles delivered

**11.9%** national growth

in online purchases supported

**10.2m+**

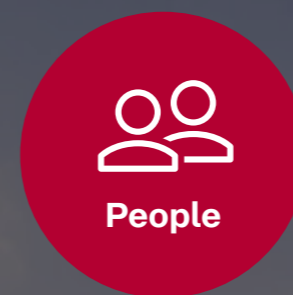
customer contacts through our call centre

**14.5m+**

Bank@Post transactions

**\$400m+**

investment into our network



**\$537m**

payments to our Licensed Post Office partners



**200,000**

small businesses supported with MyPost Business

**390m**

visits to our digital app  
64% up from last year



**512m**

visits to our website  
6% up from last year

**600** team members

nominated as "Post Heroes" during Thank You Week



**\$38m+**

spent with social enterprises and Indigenous businesses

**280,000**

books delivered to children living in remote First Nations communities since 2020

STEM resources delivered to children in

**400+**

First Nations schools and communities



**4m** prepaid postcards

promoting Beyond Blue's mental health support services delivered to regional households

**432** grants

supporting community organisations across Australia



**185m**

carbon neutral parcel deliveries made since 2019, equal to cutting 260,000 tonnes of emissions\*



Australia's largest delivery fleet of electric vehicles

**4,635**

new electric vehicles added this year

**1,900+**

**23,000**

solar panels across 71 sites

**100%**

of Australia Post plastic satchels now contain recycled plastic

**4%**

improvement in carbon intensity (Scopes 1, 2 and 3)

\* Carbon offset for international parcel deliveries is to the international hub only.

# Chair's message



Over the past year we have demonstrated our commitment to delivering for Australia, no matter what challenges we face as a nation. From natural disasters to surging COVID-19 cases, it's been a tough and extraordinary year for many communities. Social isolation and lockdowns drew Australians back into their neighbourhoods and our local services became all the more meaningful to our customers.

During this time, we've continued to see high levels of online shopping, particularly during state lockdowns, with an average of 5.6 million households buying online each month in FY22, (up 26 per cent from FY21). It's evident that the pandemic has changed the way we shop, and new habits formed over the past two years are now firmly ingrained.

## Rising to the challenges

While the rapid eCommerce growth over the past two years has been significant, we have started to see this stabilise and the tailwinds we experienced from the pandemic are now slowing. The growth in parcel volumes during this time has masked the structural challenges in our letters service which have deepened and are now impacting our enterprise performance.

In the past three years, Domestic Parcels revenue has grown 65 per cent, while Domestic Letters revenue has fallen by more than 17 per cent – now representing less than 20 per cent of trading revenue. While we are absolutely committed to honouring our Community Service Obligations and appreciate the essential role we play in communities, we need changes that can enable us to extract cost while still providing a service that meets the contemporary needs of Australian communities.

Ongoing pandemic impacts, significant flood events, global supply chain disruptions and shortages of consumer goods have, and will continue to, impact our business.

In FY22, Australia Post fell slightly short of its on-time letters delivery performance standard. This was largely due to the operational impacts of COVID-19. Extensive lockdowns in the first half of FY22, particularly in NSW and Victoria, were compounded by the direct impact of COVID-19 on our team. We worked hard to adapt to the challenges presented, and our performance reflected this, as we exceeded the standard in the second half and into the start of FY23.

We continue to experience the impacts of accelerated digital substitution, decreasing the demand for over-the-counter and in-person services, including renewals of post office boxes, agency banking, bill payments and other services.

We are investing in digital technology and capability. This will help to meet the needs and expectations of customers and communities, as digitisation continues to impact the competitive landscape.

Also at play are the rising costs that are expected to have an impact on Australia Post. Additionally, the Russia-Ukraine war and continued COVID-19 supply shortages are also creating challenges for retailers in Australia with higher marketing costs, supply chain delays and increasing competitive intensity.

## Looking ahead

As a business it is critically important we remain focused on growth opportunities – to do this we must continue to adapt and evolve to support changing customer requirements.

I am confident with the appointment of Paul Graham as Group Chief Executive Officer and Managing Director in September 2021, along with carefully selected new members joining his Leadership Team, we are well placed to forge ahead with a new strategic direction to take Australia Post into the next phase of transforming into a modern eCommerce, digital, retail and mail business.

## Transparency and sustainability

As part of our commitment to transparency and sustainable development, this Annual Report has been prepared in accordance with: the International Integrated Reporting (<IR>) Framework; the Global Reporting Initiative (GRI) Core option for sustainable reporting; and the Ten Principles of the UN Global Compact.

## Thank you

On behalf of the Board, I'd like to thank our wonderful team of people right around the country who have risen to every challenge to allow us to continue to deliver for Australia. You do a tremendous job serving the community and have made a positive contribution to the nation when Australia needed us more than ever.

I would also like to thank my fellow Directors and Australia Post's experienced Leadership Team for their dedication, focus and commitment in leading the business through these challenging and uncertain times.

Finally, I would like to pay tribute to fellow directors Jan West, Michael Ronaldson and Bruce McIver for their exceptional contribution before leaving the Board and welcome new members Launa Inman and Richard Dammery.

**Lucio Di Bartolomeo**  
Chair

# CEO's message



This financial year was hands down the busiest year in our more than 200-year history, as the nation came to depend on our services more than ever. The events of the past two years have been a defining period for us, and our TIES Values have been integral as we continued delivering for all Australians.

I'm extremely proud of the resilience and dedication our team has shown to strive through the challenges, keep each other safe and continue to serve the community. Our people have worked harder than ever to keep Australia connected and have made a positive difference to the lives of many Australians through their reliable presence in the community.

The pandemic has cemented Australians' love of online shopping and our challenge now is not only to keep pace with this rapid change, but to ensure we have the infrastructure, technology and capabilities to stay ahead into the future.

## Delivering a better tomorrow

Since joining Australia Post in September 2021, I've been visiting our team members and Licensee partners around the country, and spent time with many of our customers and stakeholders to get a good understanding of what we need to do going forward.

We're at a crossroads in our history as we start to emerge from the impacts of the global pandemic.

We're seeing parcel volumes start to stabilise but the competition intensify. While changing consumer behaviours and an accelerated shift to digital and cashless services is reducing revenue in our Post Offices and our letters service.

We must respond to these headwinds and change our course to deliver on what our customers increasingly expect of us in today's highly competitive marketplace.

Australia Post has always been a customer-driven, community-centric business which provides a great core to build upon. Into the new financial year, we will be executing on our new "Post26" enterprise strategy that will modernise Australia Post to create a 21st century e-Commerce, digital, retail and mail business.

## The year ahead

I look ahead with optimism as we take on our unique, yet challenging opportunity to reinvent what Australia Post will mean to our communities, customers, team members and all stakeholders in the years ahead.

We will need to closely manage ongoing cost pressures, uncertainty in global supply chains and parcel volumes softening by continuing to look for ways to be more efficient and remove unnecessary costs. Our people are at the core of our business and we will continue to support our team by prioritising their safety and mental health above all else.

With the guidance of our strong Leadership Team, the right core skills, the ability to invest smartly and the support of the Australian public in confirming the critical role we play every day in their community, I'm confident we will present all stakeholders with a clear path to a sustainable Australia Post.

## Driving towards a sustainable future

This year we delivered our 2020-22 Group Corporate Responsibility Plan that addressed the issues that matter most to our key stakeholders. In a first for Australia Post, the plan galvanised the business around bold public facing commitments underpinned by the UN Sustainable Development Goals and I'm proud of the broad and deep impact we have achieved.

We're now finalising our 2025 Sustainability Roadmap which amplifies our previous ambitions. I'm thrilled to champion our new sustainability initiatives, including to target Net Zero emissions by 2050 in support of the Australian Government's commitment.

Sustainability has also been embedded as a strategic imperative in our new enterprise strategy to involve the whole business in delivering a better tomorrow.

## Thank you

FY22 was a record year for Australia Post and we couldn't have done it without the support and dedication of our fantastic and passionate team. On behalf of our Leadership Team, I'd like to thank and commend you all on an incredible team effort.

I'd also like to thank our customers and the people of Australia for your support and patience as we navigated through this moment in history. We are proud to serve your communities and look forward to growing with you to help deliver a better tomorrow.

**Paul Graham**  
Group Chief Executive Officer and Managing Director

# Strategic direction FY23

While Australia continues to overcome the challenges and disruptions caused by the global pandemic, it has revealed a fundamental shift in the way we live, work and shop and further accelerated the growth in eCommerce.

The past two years have highlighted our integral and ever-changing role in delivering for Australia. This has provided an opportunity to focus on what Australia needs from us and where we can further unlock our potential to deliver a better tomorrow.

With four in five Australian households now shopping online and eCommerce representing 20 per cent of total retail spend, the pandemic has accelerated our need to transition from a postal to a parcels business. Digitisation continues to impact our business with domestic letters now contributing less than 20 per cent of our revenue and over the counter services in our Post Offices declining as more people embrace digital services for banking and paying their bills.

We've been an essential part of communities across Australia for more than 200 years and our social purpose and commitment remains focused on creating connections and opportunities that 'deliver a better tomorrow'.

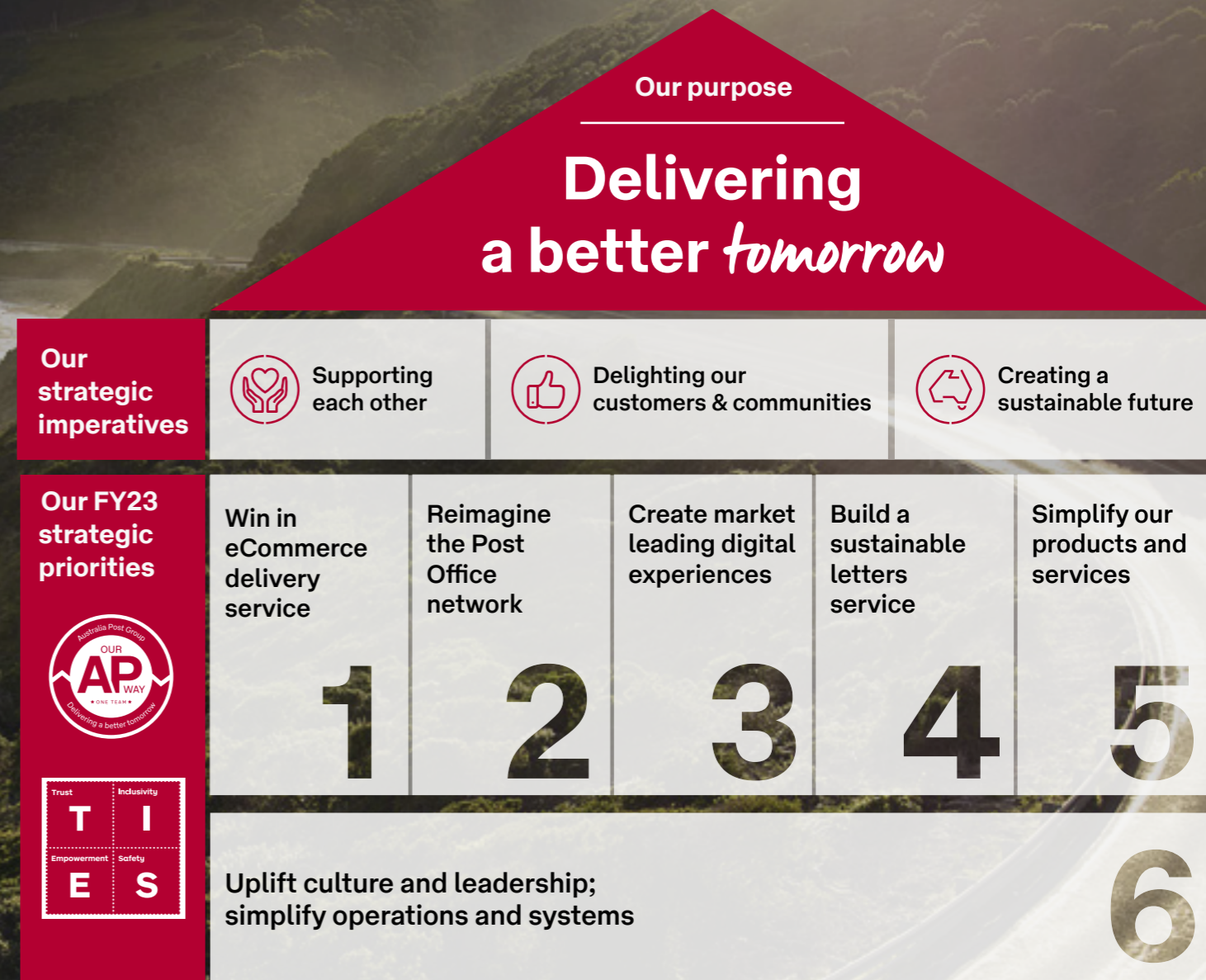
In FY23, we will execute our new "Post26" enterprise strategy that is designed to deliver three imperatives: supporting each other, delighting our customers and communities, and creating a sustainable future.

To do this we will continue to ensure we're providing the right environment for our people to feel safe to do their best work. We are committed to fostering a culture that always considers our team's wellbeing first, while investing in the skills and capabilities they need for their job.

We need to stay relevant and delight our customers and communities by making it easy for them to do business with us. We'll do this by re-focusing on what we do best by offering a simple portfolio of products and services that customers value and offering great service outcomes and brand experiences.

By getting this right, we will build a business that is sustainable in a number of ways, including financially, environmentally and socially, allowing us to continue making a positive contribution to Australian communities – now and in the future.

We need to stay relevant and delight our customers and communities by making it easy for them to do business with us.

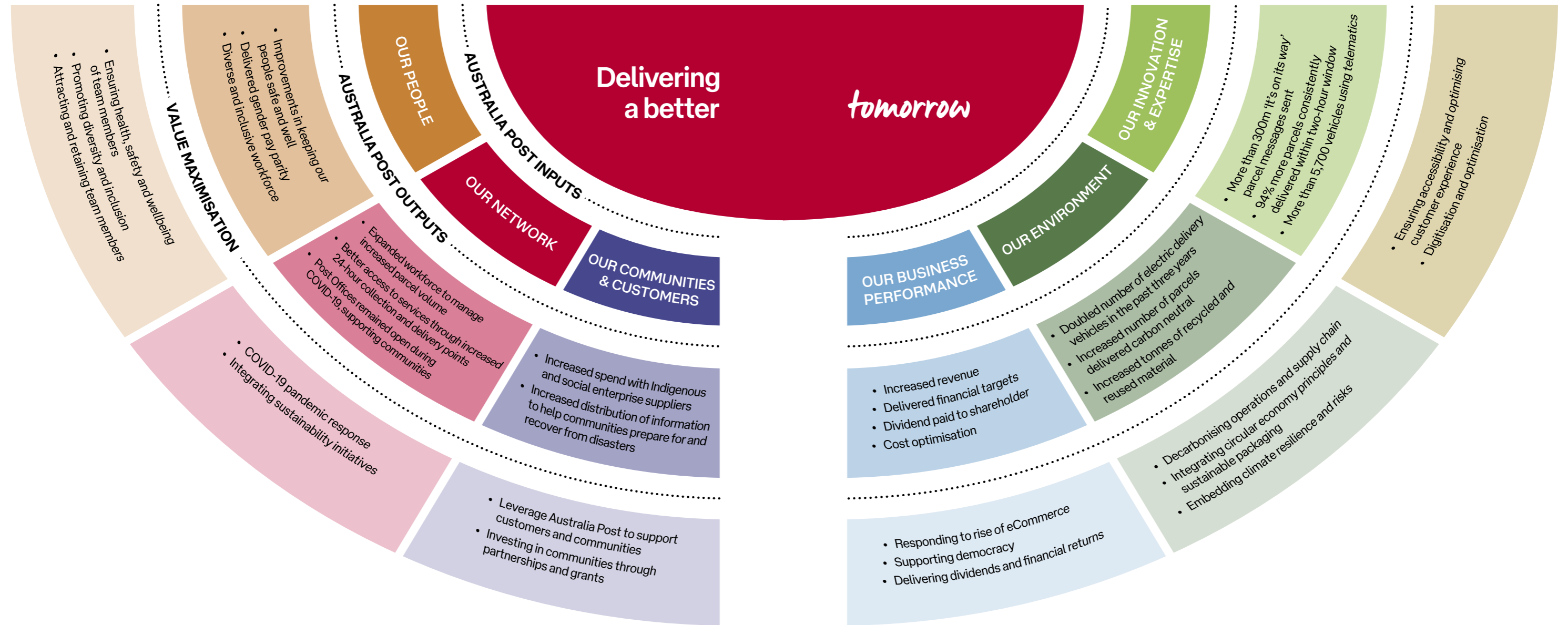


# How we create value

Australia Post is a Government Business Enterprise, differing from other organisations by being legislated to provide both a community service and deliver a financial return. It stimulates economic growth through e-commerce, supports the operation of small businesses, is one of Australia's largest employers, and is an integral part of the community. Australia Post plays a critical role in bringing physical connection to every community around Australia, and the iconic nature of our brand carries significant cultural value. We need to balance accessibility, efficiency, and heritage, along with contemporary customer needs and commercial sustainability. At a fundamental level, the process of mapping how value is created enables organisations to understand how the choices they make impact their stakeholders and the communities in which they operate. We are on a journey to mature our value creation process and narrative.

We understand the value we create, the elements that deliver benefit, and that how we create and enhance value will change over time as community needs evolve.

The diagram maps our strategy against each of our inputs, outputs and outcomes. The diagram also identifies areas where there is strong alignment between commercial and community outcomes, consistent with the importance of Australia Post taking into account both the needs of the community and its obligation to operate in a financially sustainable fashion.



**AUSTRALIA POST**

OUR PEOPLE	OUR NETWORK	OUR COMMUNITIES & CUSTOMERS
<ul style="list-style-type: none"> <li>• Capability uplift leading to improved customer service and optimised performance</li> <li>• A resilient, adaptable, empowered, diverse and inclusive workforce with a strong sense of purpose and ethics</li> <li>• Women in the workplace empowered to progress and build careers</li> </ul>	<ul style="list-style-type: none"> <li>• Largest delivery network in Australia, delivering to locations all over Australia</li> <li>• Continued growth of eCommerce, supporting small businesses and merchant viability</li> <li>• Largest retail network in Australia, enabling connection of people and a touch point for communities</li> </ul>	<ul style="list-style-type: none"> <li>• Improved access to mental health information and services</li> <li>• Improved accessibility and physical presence in rural and remote communities</li> <li>• Improved access to literacy opportunities for First Nations Communities</li> </ul>

**OUTCOMES**

OUR BUSINESS PERFORMANCE	OUR ENVIRONMENT	OUR INNOVATION & EXPERTISE
<ul style="list-style-type: none"> <li>• Ensuring commercial viability</li> <li>• Further capital investment to ensure continued growth of the organisation</li> <li>• Simplified product portfolio</li> <li>• Focus on efficiency</li> <li>• Margin management</li> </ul>	<ul style="list-style-type: none"> <li>• Assisting with the transition to a low carbon economy</li> <li>• Increased availability of sustainable packaging options</li> <li>• Increased investment in energy efficient technologies and delivery alternatives</li> </ul>	<ul style="list-style-type: none"> <li>• Streamlined first time delivery, reducing environmental impact</li> <li>• Improved customer experience</li> <li>• More data enabled decision making, improving productivity and efficiency</li> </ul>

# Corporate Responsibility

Sustainability is today a key pillar of Australia Post's enterprise strategy, underpinning everything we do for the planet, people and prosperity.

In closing out the 2020-22 Group Corporate Responsibility Plan, it's an opportune time to reflect on a range of milestones we've accomplished (see right). Despite our operations accelerating markedly and the unprecedented challenges caused by COVID-19, we're proud of our achievements.

The Corporate Responsibility Plan, a first for Australia Post, focused on programs of work towards bold public facing commitments underpinned by the UN Sustainable Development Goals (SDGs).

Our achievements over the past three years demonstrate that, by integrating sustainability into how we do business, we've brought about positive economic, social and environmental value for the community. From delivering more focused and strategic community partnerships to building Australia's largest electric delivery fleet, our power to make a difference is a responsibility we embrace.

In the first half of FY23, we will be launching our 2025 Sustainability Roadmap driven by our purpose of delivering a better tomorrow.

The SDGs, the world's sustainability agenda to 2030, will continue to form the backbone of our approach to corporate responsibility. Integrating our Post26 enterprise strategy and ambitiously extending from our 2020-2022 achievements, the Roadmap will reinforce our initiatives to reduce emissions in line with the science. Achieving our 2025 target, which has been validated by the Science Based Target Initiative, will put Australia Post on the road to Net Zero emissions by 2050.

We will also ensure our workforce reflects the society we serve, and invest in partnerships that build stronger, more inclusive and connected communities. Our intent to operate responsibly, ethically and profitably endures, alongside our pledge to positively impact our people, customers and communities, the environment and our bottom line.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## 2020-2022 Group Corporate Responsibility Achievements



We have Australia's largest electric delivery fleet of

**4,635**

Electric vehicles make up more than 30% of our entire fleet



**23,000**

solar panels across 71 sites



Diverted over

**85,000kg**

of e-waste from landfill through collaboration with our partners



**35,000**

energy efficient LED lights across 107 sites



Offset more than

**185m**

parcels. The equivalent of 108,000 cars off the road and 260,000 tonnes of emissions through our Carbon Neutral Deliveries program, which is certified by Climate Active



**Environmentally friendly packaging**

All Australia Post plastic satchels contain recycled plastic and are recyclable via REDcycle bins



All our parcel boxes are locally made and carry the Forest Stewardship Council (FSC) logo.

Our parcel boxes can be recycled via kerbside recycling bins



Achieved gender

**pay parity**

for 6 consecutive years



Strengthened our approach to physical and psychological safety and injury management, including appointing our first Chief Mental Health Officer



**45%** decrease in serious claims related to motorcycle accidents



Achieved

**3%** Aboriginal and Torres Strait Islander team member representation across our workforce



Awarded more than

**1,000** grants to support community organisations in local communities across Australia



Established and strengthened team networks representing team members that identify as Aboriginal and Torres Strait Islander, Disability, LGBTIQ+ and women



Built community prosperity and inclusion through our partnerships with Beyond Blue, Australian Red Cross and The Indigenous Literacy Foundation

**6m**

households received mental health information

**\$1.7m**

raised in response to disasters



Published 3 thought-leadership white papers to help our customers and stakeholders support the achievement of the UN Sustainable Development Goals



Created bespoke practical guidance for our small business customers and Licensee Post Offices to help them grow sustainably in a post COVID-19 world



**Won 3**

consecutive international awards for our integrated annual reports



Spent more than

**\$76.7m**

with social enterprises and Indigenous businesses, exceeding our target by over 18%



Addressed

**risks of modern slavery**

in our operations and supply chain and captured our approach in two Modern Slavery Statements

**280,000**

books delivered to children living in 356 remote First Nations Communities



# Our business performance

**\$8,974 million**

revenue

**\$55.3 million**

profit before tax

**\$427.2 million**

capital investment

**\$207.3 million**

business efficiencies

The 2021-22 financial year has been the busiest year in our 213-year history as the nation continued to depend on home deliveries and access to essential services through our Post Offices like never before.

While our business was supported by higher parcel volumes through the lockdowns and supporting national events such as the federal election and Census, our letter volumes continued to decline, and delivery points continued to rise.

## Financial performance

Australia Post recorded full year group revenue of \$8.97 billion, up 8.5 per cent on FY21 and a profit before tax of \$55.3 million, which was down 45.1 per cent on the previous year.

This result included letters losses of \$255.7 million and was supported by sales of surplus assets and revaluations, as well as favourable bond rate movements. After a strong first-half profit, the second half incurred a loss of \$144.5 million, which is considerably higher than in previous years.

Our Parcels and Services revenue for the full year was up 11.0 per cent, to \$7.2 billion, and represents a strong result achieved in a highly competitive market. Following record first-half revenue driven by lockdowns in NSW and Victoria, parcel growth moderated in the second half.

StarTrack, our road express and predominantly B2B premium service, also delivered strong results with a focus on costs and an increase in volumes.

While we continued to deliver for customers and the community, there were significant cost increases, specifically related to COVID restrictions and labour shortages that impacted the ability to turn this increased revenue into profit.

Underlying letters volumes, excluding those related to the Census and Federal Election, were down 3.7 per cent on last year and losses increased 24.3 per cent to \$255.7 million. With falling letter volumes and increasing delivery points to service, losses in this business are expected to continue accelerating into the future.

Elevated volume-related costs and COVID-19 related workforce impacts saw operational costs increase by 9.2 per cent on last year, some of which is expected to remain in the year ahead.

With a firm focus on modernisation, Australia Post has invested more than \$1 billion over three years to better service customers, with \$427 million invested in new parcels facilities, fleet and technology in the past financial year alone.

It is expected the significant growth in eCommerce experienced in early 2022 will see further moderation, alongside the ongoing decline in letter volumes. While Australia Post will continue to drive productivity gains to reduce costs, and invest for the long term, it is expected that the Group will deliver a loss next financial year.



## Record-Breaking Peak:

Delivering 52 million parcels, 20.8 million Post Office visits and 83.3 million digital visits on our website and app in December.



# Our business performance

## Responding to COVID-19 impacts

With fluctuating restrictions and 15 million Australians in lockdown at one point during the year, Australia Post's role in keeping people connected to each other and the things they needed was more important than ever.

Our Post Offices remained open through the pandemic and were often the only places providing access to essential services and human connections. We were also there for the more vulnerable in our society, especially those who struggle with digital services, and we made sure they had access to banking and bill payment services.

The pivot to online shopping also enabled us to be an important lifeline for small to medium businesses, supported by our Post Office network. Our MyPost Business platform played a central role in helping these businesses to find new ways to reach their customers and grow online.

Without a doubt, staying open and operational required us to be adaptable. We found innovative ways to keep our people safe and keep items moving through our network. We responded quickly to changing restrictions for each state/territory through split shifts, zoning, pop-up Rapid Antigen Testing stations and smart badge technology to help with social distancing and contact tracing.

We welcomed more than 4,500 team members in the lead up to Christmas, increased our daily freighter flights to 25 a day, added multiple pop-up sites to alleviate congestion and delivered on weekends for some areas to meet the huge demand over an extended peak period.

During the surging COVID-19 cases brought on by the Delta and Omicron variants, our network came under significant pressure as we managed high absenteeism – reaching 9.8 per cent at its highest in January 2022.

With international borders recently opening, we're now helping people to connect globally through a massive surge in passport applications.

Despite the disruptions to our network and consequential delays, our customers remained empathetic to our service issues and customer surveys show that we've been able to maintain trust and customer advocacy towards our brand.



Milawa Licensee Albert Colin.

## Licensees caring for their locals

Throughout COVID-19, our Post Office network was often the backbone of the community.

For Licensee Albert Colin and his team at Milawa Licensed Post Office (LPO) in Victoria, staying connected with their customers and keeping an eye out for their wellbeing was a vital aspect of their community commitment.

Operating their business for 23 years, the Milawa LPO has come to know their locals well. Noticing the absence of an elderly customer, they conducted a welfare check, with the assistance of local police and found he needed urgent medical assistance.

With the customer requiring hospice care and no family nearby due to lockdowns, Albert personally organised the delivery of the customer's mail, including magazines and sweets to ensure he felt connected.

# Delivering 80,000 RATs for the Tasmanian Government

In response to surging COVID-19 cases in January 2022, we partnered with the Tasmanian Government to quickly deliver Rapid Antigen Tests (RATs) to eligible residents across all local government areas (LGAs) in Tasmania.

Our StarTrack Courier service provided contactless courier delivery of test kits direct to eligible Australians who live in rural and remote parts of Tasmania or those unable to travel to a collection centre. Over six months, we delivered to an estimated 40,000 residences, despatching approximately 80,000 tests to those in need in Tasmania.



Five-year trends	2018	2019	2020	2021	2022
Revenue - letters (\$m)	2,433.7	2,216.3	1,996.4	1,794.4	1,783.1
Revenue - non-letters (\$m)	4,443.3	4,773.5	5,502.8	6,479.3	7,190.8
Expenditure (\$m)	6,757.6	6,950.3	7,447.5	8,174.4	8,918.7
Profit before tax (\$m)	125.7	41.1	53.6	100.7	55.3
Profit after tax (\$m)	134.2	40.6	42.9	69.6	49.5
Total assets (\$m)	5,589.1	5,542.7	6,785.3	7,064.9	6,903.1
Shareholder return on equity (%)	6.0	1.7	1.9	3.0	2.0
Return on average operating assets (%)	3.3	1.6	2.1	2.6	1.6
Debt to debt plus equity (%)	22.9	23.6	24.6	15.7	12.0
Dividends declared (\$m)	83.1	25.4	27.9	44.3	32.1
Dividends paid (\$m)	78.5	42.2	21.0	46.2	36.3
Estimated cost of Community Service Obligations (\$m)	403.5	392.2	393.3	348.3	348.5
Total taxes and government charges (\$m)	540.2	529.4	480.6	571.0	660.6
Capital expenditure (\$m)	310.2	423.9	316.1	450.0	427.2
Basic Postage Rate <sup>1</sup> (BPR) and consumer price index (CPI)	2018	2019	2020	2021	2022
BPR (cents)	100	100	110	110	110
Concession (cents)	60	60	60	60	60
CPI all groups 8 capitals base 2011-12=100	113.0	114.8	114.4	118.8	126.1
Year on year change in BPR (%)	0.0	0.0	10.0	0.0	0.0

1. Postage rates applicable to standard letters carried within Australia by ordinary post.

# Record numbers of Aussies buying online

With 9.3 million Australian households shopping online during FY22, it's clear the pandemic has changed the way we shop, and new habits formed over the past two years are now firmly ingrained.

This was up from 9.1 million the previous financial year, while online purchases grew almost 12 per cent.

The six months from July to December 2021 were particularly strong as the impacts of the pandemic lockdowns saw Australians turn to eCommerce like never before. In FY22:



More than

## 4 in 5

Australian households shopped online (81%)



Online goods spend

## \$67bn

(20% share of total retail spend)



National growth in online purchases up

## 11.9%

Year on Year



## 5.6m

households on average shopped online every month (up 26% from FY21)

Australia Post Inside Australian Online Shopping eCommerce Industry Report, April 2022.

## Investing for our customers

We always want to be delivering to meet the needs of our customers and continuing to meet their growing demand for our services. So we've invested an additional \$427 million in new parcel facilities, fleet and technology this financial year, bringing total committed investment to more than \$1 billion over three years.

This includes major parcel processing facilities in Brisbane, Sydney, Melbourne and Adelaide, as well as new facilities in Bayswater (VIC) and Botany (NSW). More facilities are currently underway in Perth (WA) and Tullamarine (VIC), and are set to open in time for our peak period later in 2022. We've also invested \$20 million into upgrading our systems to cloud-based solutions to improve parcel scanning and tracking within the network. Additionally, a \$31 million expansion of our electric delivery fleet is reducing our environmental impact and improving safety for our team members.

More than a billion parcels have been delivered via Australia Post's online parcel management platform since launching in 2016. 900 million of these were delivered in the last three years alone, demonstrating how quickly eCommerce has grown in a short amount of time.

*“With the shift to working at home, people are buying more athleisure. In 2022, customers will be expecting faster and on-demand deliveries. The ability to provide same day delivery is a huge win for us.”*

- Lisandro Paz and Benn Martiniello, Co-Founders at Elite Eleven Sporting.



Lisandro Paz and Benn Martiniello, Co-Founders at Elite Eleven Sporting.



Adelaide Parcel Facility.

## New Adelaide Parcel Facility

The \$33 million facility covers more than 15,000 square metres and processes around 130,000 parcels a day, with the highest ever volume achieved at 150,000 parcels in a day.

## Perth facility to go live for peak period

Our new parcel facility in Perth, is on schedule to go live just in time for annual cyber sales and Christmas. The facility represents an \$82 million investment and, at 23,000 sqm, it will be capable of processing 14,000 parcels per hour. This allows us to plan for daily volumes of more than 180,000 small and large parcels.

Built with sustainability in mind, this facility will include features such as a 750kW solar system, saving around \$160,000 per annum (based on current supply rates), LED lights and a lighting control system with motion detectors and timers to reduce power consumption, as well as innovative waste management systems.



Perth Parcel Facility.

## Upgrading our regional facilities

We've invested strongly in our regional network in FY22, enabling our regional facilities to help sort the huge amount of parcels tied to the increase in online shopping across Australia.

The regional network capacity program uplifted 103 network operations sites and 22 Post Offices across most states in FY22, with more planned across the country for FY23. These upgrades included major and minor works ranging from updating amenities for our teams onsite, installation of parcel automation machines to accommodate growing volumes in these areas, and in some cases a relocation into a new fit-for-purpose facility.

## Pricing changes

Published charges for postal services were unchanged in FY21 to help us continue providing a sustainable service for customers. In September 2021, new prices were introduced for domestic parcels, international parcels, international letters, business letter/bulk mail services, MyPost Business and mail redirection services.

For business letter/bulk mail customers, this was the first price change in 18 months, minimising the cost to businesses, despite increasing costs. We also simplified some of our products and pricing structures.

We've simplified our international letters pricing structure in line with domestic letter sizes and introduced a new low-weight category for International Economy Air parcels. For MyPost Business customers, we've updated hundreds of locations to better reflect population growth in outer metropolitan areas and major regional centres, making it more affordable to send items to and from these locations.

## Future outlook

The rapid growth in eCommerce over the past two years is now beginning to stabilise but shoppers' confidence and comfort with buying online will likely continue to increase. The pandemic has provided us with valuable insights into our customers' buying behaviour.

To ensure we can stay ahead of this growth – and support Australian retailers to do the same – we're investing in our team and our network to continue to deliver on our customers' changing needs and aiming to delight our customers every time they interact with us.

We're proud to be an organisation that views rural and remote Australia as a strong part of our business going forward and an area that we look to invest in. It's why, with more people moving to regional areas and a changing dynamic in some parts of the country, our goal remains to continue to provide services based on the evolving needs of our customers and communities.

# Our letters service continues to face ongoing challenges

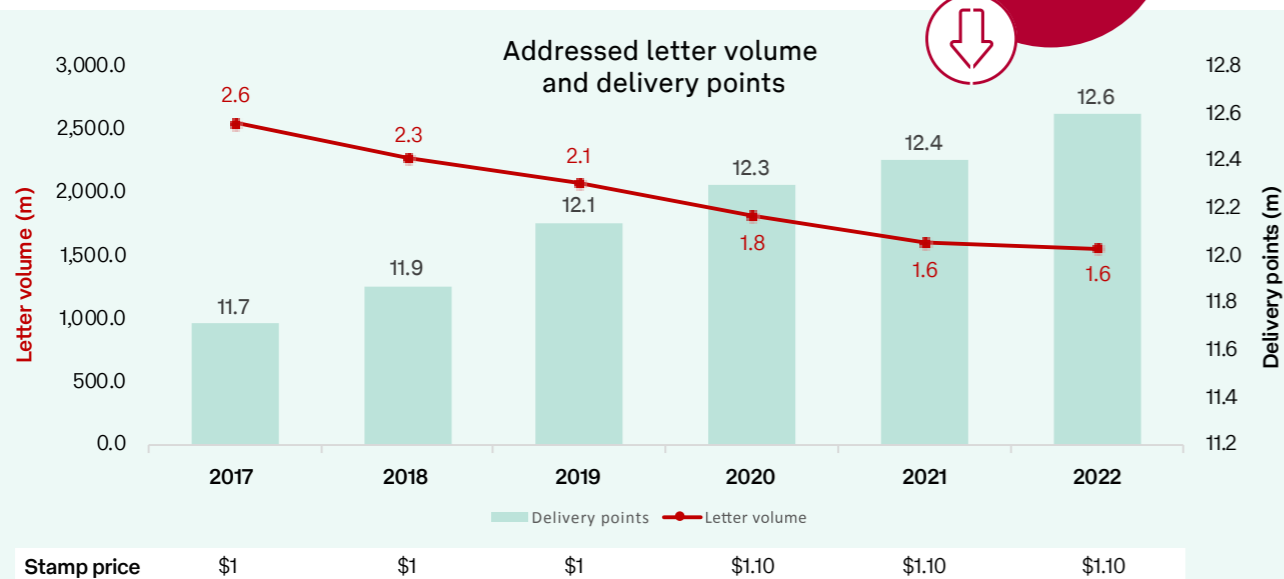
Since the evolution of digital communication channels, worldwide letter volumes have declined dramatically. In Australia, our addressed letter volumes have declined by 66 per cent since volumes peaked in 2008. This equates to an average of 8.5 addressed letters per delivery point per week in FY08, compared with an average of 2.4 addressed letters per delivery point per week in FY22.

Each year, this decline continues and over the past five years we have seen an average addressed letter volume decline of 9.5 per cent per annum.

At the same time as letter volumes continue to decrease, the number of delivery points that we need to reach is growing, with about 200,000 more delivery points added this year. Essentially, the revenue from our letters service is going down because people are sending fewer letters. At the same time, the cost of delivering our letters service to more addresses across the country is going up.

While letter volumes decline, the number of delivery points in Australia continues to grow. Consumers now send less than 3 per cent of letters.

5 year average annual letter decline: 9.5%



\* Letter volumes for 2022 include Census and government elections.

## Letters remain an important community service

Although our domestic addressed letter volumes declined, Australians continue to rely on our letter service, which was instrumental in delivering the very important Census and a number of elections, including the 2022 federal election.

**2.3m**  
returned postal votes from the federal election

**107m**  
federal election articles delivered

**16m**  
Census articles delivered

**8m**  
South Australia state election articles delivered



Digitisation continues to impact our business with letters less than 20 per cent of our revenue, but with significant fixed costs that are difficult to reduce without significant modernisation.

## Future outlook

We are committed to meeting our Community Service Obligations by ensuring that the letters service is provided at a uniform price, is reasonably accessible, and performs to standards that meet the needs of the community.

We have observed the needs of Australians change over the past two years in particular, and it is important for our services to adapt to reflect and meet the contemporary expectations of Australian communities.

The requirement to operate a fixed network to service an increasing number of delivery points five days a week, whether there is a letter to deliver or not, is contributing to letters losses now exceeding \$255 million.

We are proud to provide our essential letter service to the community and we continue to deliver efficiencies where we can. We are also committed to evolving our service to reflect modern Australian needs and will continue to make changes to make our letters service more sustainable into the future.

Letter volumes have declined 66 per cent since peaking in 2008. Digital substitution continues to be the biggest threat to the survival of letters.



# Our people



**5**  
**new**

Enterprise Agreements received a majority 'yes' vote

**365**  
**million**

manual handling touchpoints removed

**35.9%**

Female Senior Managers (Band 4 and above)

**Our teams across the country have worked tirelessly during a difficult time to provide exceptional service to our community, keep businesses afloat, and help Australia get through this moment in history.**

**Through incredible teamwork and resilience, we proudly delivered on the trust that Australia has in us and we stayed open, stayed safe and stayed the course.**

## Recognising our people

### Thanking our teams

As we do each year in February, we dedicated a week to celebrate and recognise the heroic efforts our teams made throughout the pandemic and over the peak period.

Team members were encouraged to reflect on those who lived our values over the past year and take the time to send special 'thank you' postcards or nominate their team mates for a 'Post Hero' award. We awarded 16 top nominations with a Post Hero prize pack and \$200 gift card in recognition of their efforts. All 600 team members nominated around the country received a special Post Hero pin to proudly wear.

Our business units also recognise team members every quarter for going above and beyond their everyday role to create a great experience that champions our values of Trust, Inclusivity, Empowerment and Safety.



Lena Dadson, Administration Manager at Hobart Mail Centre (TAS) was nominated for always finding a way to do the right thing. During the pandemic, she sewed face masks for her team and the community when supplies were limited, and during the bushfires she sewed pouches for rescued injured native animals. She also found a way to reduce waste and support a good cause: by donating expired first aid supplies to the Animal Rescue Cooperative so they didn't go to landfill.



# Our people



## Licensee Awards

We're fortunate to partner with local business owners in thousands of communities, allowing us to provide essential services right across Australia through our Licensed Post Office (LPO) network. The LPO's role as an important hub for local communities has never been more apparent than in the past year.

This year we recognised many of our dedicated LPO partners through our Retail Rewards program for their contribution to our business and the community.

One recipient of these awards was the Millmerran LPO in recognition for going above and beyond to support its community through fires, extreme flooding, and COVID-19. The kindness of this team has been demonstrated in countless ways from supplying a Christmas BBQ for community workforce members visiting from the Pacific Islands and supporting a drop-in centre for the Rural Communities and Social Services funded by two locals.

The generosity of the team has helped to make challenging times that little bit easier for customers and the community, all while achieving excellent sales results and meeting compliance targets.

## Safety and wellbeing

For everyone at Australia Post, safety is a core value. We'll always prioritise safety – no matter what.

Our 2025 strategy for both physical and psychological safety and injury management has been designed to deliver a positive shift in our safety performance and improve return-to-work outcomes. Our progress against the strategy was externally reviewed by industry experts with good progress made.

To allow us to better measure our progress against our strategic objectives, we commenced work in FY22 to modernise our safety and injury management systems with a new mySafety system. This will provide a seamless and integrated processing and reporting solution and will be progressively rolled out over the coming year.

Pleasingly, we've seen a reduction in injuries to team members this year, with the Total Recordable Injuries Frequency Rate (TRIFR) reducing by 15 per cent to 21.3, serious claims (five days or more off work) have reduced by 12 per cent and accepted claims by 14 per cent. This reduction in injuries has been achieved in the context of significantly higher parcel volumes, particularly throughout the first half of the financial year during COVID-19 lockdowns and peak.

## Keeping our teams safe through COVID-19



We've worked tirelessly to manage the health and wellbeing of our teams, isolation rules and travel restrictions across different states and territories, which have all carried different challenges. Throughout it all, our people remained resilient and delivered for our communities.

This year has seen enormous shifts in the management of COVID-19 in the community and in our workplaces. The Delta and Omicron COVID-19 variants represented the most significant impact on our teams and our workplaces of the pandemic to date, with almost all states and territories impacted.

Our dedicated internal contact tracing team was expanded to cope with the exponential growth in case numbers, helping to respond to frequently changing public health requirements and processes.

We moved quickly to develop and implement a mobile-enabled COVID-19 Safety Record software solution for our 64,900 strong team members and extended workforce to securely self-serve their COVID-19 Information, including vaccination records, incident management, and contact tracing processes. The solution built alongside our technology partner has been awarded a HR Excellence Award for 'Best use of Technology' as part of the Australian Human Resources Excellence Awards 2022.

We've since been able to largely automate these solutions, enabling our operational teams to self-manage COVID-19 cases in our workplaces and disband our contact tracing team in June 2022.

We continued to keep our people safe throughout this period and have adapted our COVIDSafe plan frequently to reflect the appropriate controls in line with public health approaches. Pandemic Leave has been provided to impacted team members and our policy was extended to allow paid time to receive booster shots as these became recommended and available.

## DELIVERING LIKE NEVER BEFORE

We've also continued to use Rapid Antigen Tests across the business, primarily in the event of an outbreak of multiple cases at a facility and where there is evidence of workplace transmission.

## Critical risk management

We're always looking at our key safety risk areas so that we can keep our team safe. As part of this, we have a number of key programs designed to further mitigate a number of critical and high risks including:

- Motorcycle reduction:** motorcycles are involved in catastrophic injuries for our delivery team. We've steadily been reducing motorcycle rounds since 2017, going from motorcycles delivering 76 per cent to now only delivering 45 per cent of all rounds. Where possible, we've replaced them with electric delivery vehicles (eDVs), and now have 3,125 operating across the network. This means we now have Australia's largest delivery fleet of electric vehicles. Telematics road safety technology is progressively being rolled out across our eDV and remaining motorcycle fleet to measure critical risks through alerts for driver duress, rollovers, dangerous cornering, harsh acceleration and rapid deceleration, and speed on the road.
- Load Shifting Equipment:** we've implemented cutting edge technology focusing on forklift exclusion zones and the separation of pedestrians and forklifts in 29 major facilities. Results are now showing a reduction in exposures of approximately 90 per cent.
- Dog bites:** these have increased in frequency and in severity this year, with one in three resulting in a more serious injury and an accepted workers compensation claim (compared to one in five last year). We ran our public awareness campaign called "Even good dogs have bad days" in May 2022, receiving widespread media coverage and an audience reach of over 12 million people. It remains a serious issue.
- Manual handling:** this continues to be our highest cause of injury, but we are seeing improvements with an 18 per cent decrease in serious claims over the past year. Our continued investment in automation has reduced manual handling touchpoints by 365 million. Our on-site exercise physiologists now operate in over 120 facilities and we've conducted trials during FY22 for new wearable technology to better understand specific movements with the aim to further reduce injuries.

## Safety leadership and culture

Our safety and wellbeing cultural and leadership programs are vital to the success of our overall strategy, including effective control of our critical risks. These include modules covered off in the Leadership@Post development program and the safety culture program comprised of:

- Site-Specific program:** designed to provide intensive support to select facilities. This includes an assessment of current processes and procedures, team survey about safety culture, two-day 'illuminate' training program to upskill site leaders in safety tools they can use to change culture, and then developing a site-specific safety culture plan.
- CORE program:** a series of safety topics that draw on our desired safety culture that are implemented at scale across our teams over a 12-month period using existing meeting structures or toolbox talks.

Safety performance – Australia Post Group*	2022	2021
TRIFR	21.3	25.1
Injury rate	15.1	16.9
Disease rate	6.3	8.2
Fatalities * (number)	0	0

\* Does not include controlled subsidiaries – SecurePay, Decipha, nor contractors.  
 \* Only employee fatalities are counted, where these are accepted workers' compensation claims pursuant to the Safety, Rehabilitation and Compensation Act 1988.

For the purposes of reporting, occupational incidents are assessed to have occurred where the employee Duty Status is On Duty, Travelling on Duty, On Duty at Alternate workplace, On Break at workplace and At Work – Working From Home. Commuting (Journey to/from) and Not Work Related are not included. The reporting parameter is by the Incident Date in period from 1 July 2021 to 30 June 2022, reported as at 30 June 2022. Total Recordable Injuries (TRIs) and Frequency Rate (TRIFR) are employee occupational work-related incidents where a claim for workers' compensation has been accepted for these injuries. TRIFR is the total number of TRIs per one million exposure hours worked for employees only. The reporting period is 1 July 2021 to 30 June 2022, reported as at 30 June 2022. Exposure Worked Hours are only employees worked hours and do not include any leave hours nor contractor nor subsidiaries hours. An Injury or Disease is defined by the Type of Occurrence Classification System (TOOCS) based on their nature of injury. Injury and Disease are subsets of TRIs and their respective rates are also calculated per one million employee exposure worked hours. There have been 87 additional TRIs (accepted claims for FY2022) that have been determined as at 31 July 2022.

Note: For FY22 there were 1295 TRIs and a total of 60,795,843.99 employee exposure worked hours. Thus the TRIFR is calculated at 21.3 (rounded to 1 decimal point). The Injury Rate is 15.1 (based on 915 Injury TRIs) and the Disease Rate is 6.3 (based on 380 Disease TRIs), and these rates have been rounded to 1 decimal point respectively in the above table.

Note: The TRIFR definition was updated in FY22. The FY21 figure has been restated for comparability. The updated definition includes Total Recordable Injuries (TRIs) and Frequency Rate (TRIFR) that are employee occupational work-related incidents where a claim for workers' compensation has been accepted for these injuries.

## Mental health and wellbeing

Protecting and improving the mental wellbeing of our team is extremely important to us.

In June we appointed a Chief Mental Health Officer, the first role of its kind in a Government Business Enterprise. We've welcomed organisational psychologist and experienced senior executive, Simon Brown-Greaves, to the role. Simon will be responsible for applying the latest research and learnings in workplace mental wellbeing and psychosocial risk across the business to deliver the best support to our team.

With such a broad workforce, we've paired our holistic, enterprise-wide strategy with a tailored risk-based approach for each business area. Our Psychological Safety Working Groups launched across the business in FY21 are now well established and conducting psychosocial risk assessments with a roll-out of associated controls underway.

Our educational programs designed to raise awareness, combat stigma and build leader capability to support psychological wellbeing have been further enhanced this year with a full review and extension of our offering also underway.



Our Employee Assistance Program (EAP) uptake over the 12 months is at 6.4 per cent, well above the sector benchmark of 5.3 per cent. Our onsite EAP support program saw consultants regularly visiting selected sites in Western Australia as part of a trial, receiving excellent feedback from frontline team members. We've also run onsite EAP services in our contact centres to support team members returning to the workplace, and a series of relevant webinars for all support teams.

Australia Post's award winning Early Matched Care program, designed to reduce the risk of secondary psychological injury, is delivering a 26 per cent improvement in mental health, a 47 per cent faster return to pre-injury hours and a 46 per cent reduction in incapacity costs.

We're also a founding member of the Healthy Heads in Trucks & Sheds Foundation (HHTS), established to positively influence mental health outcomes across the road transport and logistics industries. In May, events were held in Network Operations teams across the country, to acknowledge the HHTS RU OK Day, including safety summits in NSW and Victoria.

### New Enterprise Agreements

During FY22, we were pleased to be able to negotiate five new Enterprise Agreements for more than 30,000 Award team members. The market-leading agreements have delivered a guaranteed three per cent pay rise for each of the next three years and provide our team with much-needed security and certainty as we continue to build a sustainable future for our business.

- **Australia Post Enterprise Agreement 2021** – 90 per cent of participating team members voted 'yes' in support of the agreement.
- **StarTrack National Enterprise Agreement 2021** – 93 per cent of participating team members voted 'yes' in support of the agreement.
- **StarTrack NSW/ACT Enterprise Agreement 2021** – 98 per cent of participating team members voted 'yes' in support of the agreement.
- **Decipha Enterprise Agreement 2021** – 98 per cent of participating team members voted 'yes' in support of the agreement.
- **StarTrack Clerical Enterprise Agreement 2021** – 66 per cent of participating team members voted 'yes' in support of the agreement



### Investing in our leaders

How our leaders engaged with their teams was more important than ever as we navigated through the many challenges over the past year.

As we continue to transform our business, we're focused on equipping leaders with the skills to lead change through our Leadership@Post program, a multi-year commitment to strengthening leadership capability for about 4,600 people leaders at Australia Post. Since launching in October 2020, more than 3,650 development centres have been completed, 97 per cent of participants have individual development plans established and almost 2,000 people leaders have enrolled in, or completed, the flagship "Activate" leadership development program.

The program is having a positive impact, with significant improvements already reported in the capability of our people leaders due to the program.



**"This program sparked my ambition and my hunger to want more in my career. It's an awesome opportunity that's all about building leaders from the bottom up and giving us the skills and understanding of the business."**

– Mustufa Javed, Sydney Parcel Facility.

### Modern Slavery

Sedex, one of the world's leading ethical trade membership organisations, deems postal activities in Australia to have low inherent risk of modern slavery. Nonetheless, it is critically important to continually improve our assessment and mitigation of modern slavery risk in our operations and supply chains to ensure we're not directly or indirectly causing or contributing to human rights abuse.

Each year we publish a Modern Slavery Statement to articulate the range of initiatives we invest in to address modern slavery risks and how we're contributing to a worldwide effort to prevent harm.

Our Modern Slavery elimination strategy is led by our Modern Slavery Working Group comprising representatives from across our business including sustainability, risk and compliance, procurement, retail merchandise, employee relations, security, governance and legal. Maintaining a focus on delivering the commitments in our Modern Slavery Statement, the working group meets regularly and reports to Tanny Mangos, EGM Community, Sustainability & Stakeholder Engagement, who provides updates to the Board via the People and Sustainability Committee.

### Diversity and Inclusion



### Gender equity

Over the past year we've continued our focus on advancing gender equity. In FY22 we proudly reached gender balance on our Leadership Team of 50 per cent women (excluding Group CEO and MD to align with the Workplace Gender Equality Agency (WGEA) reporting) with the appointment of three female Executive General Managers. Across the team we reached 37.1 per cent female representation and 35.9 per cent women in leadership roles, edging closer to our goal of reaching 40 per cent women in leadership by 2027.

We define gender pay parity as within a +/-2 per cent band.\* Our gender pay equity results for FY22 showed that our gender pay difference was slightly favourable to women at just above 2 per cent. We've also actively looked for ways to develop talent and challenge role structures in our recruitment processes to create a working environment that helps our team members thrive.

In January 2022 we appointed our first Executive Sponsor for Gender, Leonie Valentine, EGM Customer Experience & Digital Technology, who will be responsible for driving the progress on our new Gender Action Plan. Due for release in FY23, the plan will outline a number of actions we will take as an organisation to continue progressing gender equality across the organisation.

\*We measure pay parity with reference to the WGEA guidance by aggregating and comparing annualised full-time equivalent base salaries (gross salary before tax including salary sacrificed items, higher duties, car and car park allowances, and excluding superannuation, at-risk variable remuneration and other allowances) for female and male permanent and fixed-term employees, excluding CEO remuneration. Employees may elect to not disclose their gender and record as 'Gender Undisclosed'. The number of employees identifying as Gender Undisclosed has increased in FY22, however values remain statistically immaterial and as such are excluded from the calculation.



Teams across the country paused to celebrate International Women's Day to reflect on this year's theme of 'Break The Bias'.

### Encouraging more women into our workforce

The freight and logistics industry has traditionally been a male-dominated environment and we're working to change that. Over the past two years we've shifted our gender strategy to focus on increasing female representation across our technology and operations businesses, two areas that have previously seen lower levels of females represented. In FY22 we prioritised women from these areas of our workforce to participate in our specialised development programs, with 185 women from ProjectMe (our development and retention program for Award level women) and 37 women participate in our Elevate program (our leadership program for Band 5 women).

**"This program really elevated me and my career. It helped me find my gaps in leadership, provided the tools to build my confidence and align with my strengths. I'm so grateful for the investment in me and my skills."**

– Thangaaruna Arputham, Engineering Lead.

### Breaking through gender bias roles

Demonstrating the exemplary skills and leadership women can bring to operational roles is Helen Goodyear, Territory Manager for Deliveries in NSW. Since starting as a postie 31 years ago, Helen now oversees the operations across 730,000 delivery points, around 1,700 team members and ensures the smooth running of 18 facilities across Sydney metropolitan and New England (NSW) areas. Also identifying as LGBTIQ+, Helen broke through barriers to become a shining example of the importance of investing in talent and capability.

Helen was named winner of our inaugural Changemaker Award as part of our 2022 International Women's Day celebrations for the active role she plays in mentoring and developing women at Australia Post.

**"Over the years, I've been provided with many opportunities to develop and grow as a person. This gave me the strength and courage to be my true self, be happy and to feel like I am part of a team."**



– Helen Goodyear, Territory Manager, Deliveries NSW.

### Empowerment through ProjectMe

One of the many ways we're committed to progressing towards gender equity in the workplace is through empowering women with programs like ProjectMe.

ProjectMe, sponsored by Tanny Mangos, EGM Community, Sustainability & Stakeholder Engagement, is a career and personal development program for our award level female team members to give them the tools to build resilience, self-awareness and career agility. This year we were proud to see 185 women graduate from the program with more skills and actions they can now use to build their careers.

Before participating in ProjectMe, Jen Toa, an Operations Clerk in Sydney, described herself as someone who was stuck in an endless cycle of coming into work, doing her job, and going home often thinking 'it is what it is'. ProjectMe gave Jen the opportunity to build up her self-confidence and look at life differently.

**"This program encouraged me to look at my strengths, remove my self-doubts, prioritise what's important and become stronger."**

– Jen Toa, Operations Clerk in Sydney.

### Extra support for our LGBTIQ+ team members

This year we expanded our Rainbow Peer Support Group nationally as another way of ensuring our LGBTIQ+ team members feel included, safe and respected. This grass roots group was founded by Stu Reynolds from our Contact Centre in Brisbane and now offers a national listening and referral service made up of a group of LGBTIQ+ team members and allies to talk about issues they're struggling with.

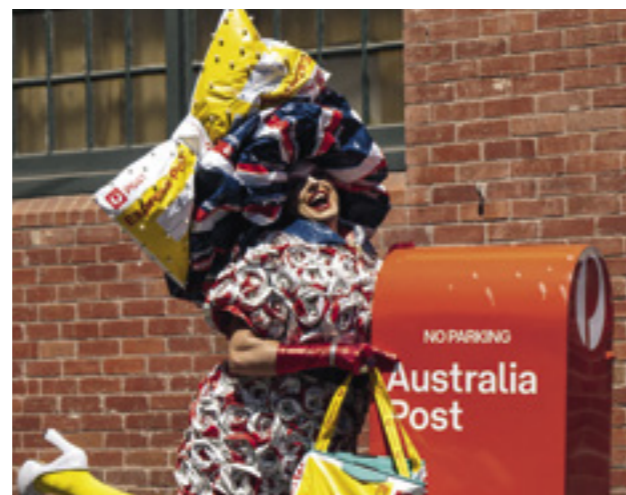
**"I set this group up with a simple mission: to provide a mate service to every corner of Australia, so that every person in our business feels they can reach out in confidence to discuss anything they need help with, and no one gets left behind."**

– Stu Reynolds, Contact Centre Brisbane.



Our PostPride network, sponsored by Gary Starr, Executive General Manager, Customer & Commercial, is our resource group of LGBTIQ+ team members and allies. The group now has more than 1,000 team members working hard throughout the year to ensure we're delivering on our commitment to driving positive change for a more inclusive workforce.

This year we celebrated our support for the LGBTIQ+ community by creating opportunities for discussion and to help elevate diverse voices through events such as Midsumma Festival, Albury Pride, International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT), Wear It Purple Day and installing a further four new Pride Rainbow Street Post Boxes in Fortitude Valley QLD (2), Melville WA (1), and Darwin NT (1), which adds to our 17 specially branded boxes nationally.



Australia Post was lucky enough to have well-known drag queen Vin Tagé march with us under our PostPride banner in a frock made from 450 Australia Post plastic satchels at the Midsumma Pride March in Victoria this year.

### Age diversity

We understand and recognise the importance of having an age diverse team and the benefits this can bring to our business.

Currently, 47.3 per cent of our team are aged over 50, with more than 6,200 team members aged between 60 years and 70 years and 249 aged over 70 years.

The aged over 50 category make up the largest group in our workforce, followed by aged 30 to 50 (42.9 per cent) and aged under 30 (9.8 per cent).



### Championing people with disability

We've continued delivering on our commitment to creating an inclusive organisation for people with disability and over 5.6 per cent of our team identify as having a disability. As well as implementing our Accessibility and Inclusion Plan, we're the largest Australian employer to be certified as a Disability Confident Recruiter.

In June 2022, we were recognised among some of Australia's biggest employers for our commitment to disability confidence and our effort to improve employment opportunities for people with disability at the inaugural Disability Confidence Awards 2022. We were recognised in three categories:

- **Top three finalist, Disability Employee Network of the Year:** for our Accessibility Matters group, which proactively provides a forum and opportunities for people with disability within our organisation.
- **Top three finalist, Disability Inclusion Changemaker Award:** Sharon Carroll, our Diversity & Inclusion Partner, was recognised for her individual contribution to driving the most impact in disability inclusion.
- **Renewed, Disability Confident Recruiter:** for our commitment to developing and maintaining an accessible and inclusive recruitment practice.

We're making a concerted effort to build disability confidence in leaders and peers across our team through regular training, with almost 800 participants completing our bespoke training package, 'Let's talk disability' and 'You CAN ask that' training in FY22. We also raised awareness at our annual 5+5 Disability Listen & Learn that's held between five Accessibility Matters members with disability and the five most senior leaders (Group CEO and MD and four Executive General Managers) to address any workplace barriers potentially holding people back.

### Hack-cessibility

In March 2022, we hosted our inaugural Hack-cessibility event to tackle challenges faced by customers with disability and find workable solutions to implement. A series of workshops were held in the lead up to the event focused on building awareness of co-creation and universal design principles. Accessibility Matters members were involved in the design, events and judging panel. The winning solutions, which included providing team members with digital identification cards rather than physical ones, automated testing for developers to improve screen-readers across our digital assets to standardise our level of AA compliance and optimising a simplified three tabs screen-reader solution to get customer parcel details on the Australia Post Track page, are now being incorporated into how we deliver a more inclusive service.



## Offering a step up for students with disabilities

Meet Aleena Ahmad. She's a university student completing her Graduate Diploma of Psychology Advanced and was one of our first interns through the Australian Network on Disability's Stepping Into Internship program.

Aleena joined the Reward and Recognition team to gain some professional human resources experience to see if HR/Organisation Psychology was the career she wanted to pursue.

Australia Post hosted 12 interns during the Stepping Into summer program (December – March) across a range of business areas. The program is designed to connect employers with talented university students with disabilities, helping to give them practical experience and confidence in the workplace ahead of finishing their studies. From 2023, we'll also be making this a pathway to the Australia Post Graduate program.

**"I've found it to be incredibly rewarding and I've really enjoyed my time working in a corporate environment. I'm definitely more open to pursuing a career in this area now that I have more knowledge and experience in it."**

– Aleena Ahmad, Psychology student.

# Investing in Indigenous leaders of tomorrow

When Charles Gale, a proud Darug man, started with Australia Post eight years ago as a freight handler, he hadn't considered career progression and was just focused on earning money. When he participated in our Indigenous Emerging Leaders Program, a trainer pointed out that he was still young, full of potential and had unique skills that could be developed. That's when he realised he wanted more for his future.

"The program inspired me to change my mindset, think about possibilities and gave me the confidence to do something about it," explained Charles.

Since completing the program two years ago, Charles worked hard to demonstrate he had the skills and experience to progress to leadership roles and is now PM Shift Manager at our Minchinbury facility (NSW).

The aim of the program is to inspire, connect and engage our Indigenous operations colleagues who aspire to become people leaders.

*"It pushed me to work harder and I wouldn't be in the role I am today if it wasn't for the program."*

– Charles Gale, Emerging Leaders Program participant.



## Actions towards reconciliation

Every day our organisation is directly engaging with our communities, and we're proud of playing a leading role in influencing greater awareness of reconciliation. This year we continued moving towards positive outcomes outlined in our third Stretch Reconciliation Action Plan (RAP) 2020-22, and fourth RAP overall. FY22 key initiatives included:

- **Indigenous employment parity:** Currently 3 per cent of our workforce identify as Aboriginal or Torres Strait Islander, working towards our target of reaching 3.15 per cent Indigenous representation by FY23. We also participated in the inaugural 'Indigenous Employment Index 2022'.
- **Leadership:** Indigenous Emerging Leaders Program over the past year has seen 98 per cent completion rate, 48 per cent retention and 48 per cent of participants have since secured promotions within Australia Post.
- **Inclusive recruitment:** In partnership with Maxima Group, we continued to offer school-based and adult part-time traineeships.
- **Support education pathways and partnerships:** Since our partnership with The Indigenous Literacy Foundation began in 2020, we've delivered 280,000 books to children living in 356 remote First Nations Communities. Our new partnership with Indigenous not-for-profit organisation, DeadlyScience, is set to deliver STEM resources to First Nations schools and Communities across Australia.
- Launched **Traditional Place Names** packaging.
- **Indigenous procurement:** Partnered with 21 Indigenous businesses with a total spend of \$26.1 million over the past year.

## Attracting and retaining the best talent

The strength of our brand is centred around our team. For us to continue building a better future, we need to offer a workplace and culture where people can thrive and achieve the best for themselves and our customers.

In response to an increasingly competitive labour market, we've worked on redefining our Team Value Proposition (TVP) and refreshing our Employer Brand to retain and attract the best talent to project our business forward. Our research and strategy is now complete, ready for external launch in July 2022.

In line with our new commercial brand campaign, we're inviting current and future team members to help us deliver like never before.

Our new TVP will be used to shape how we tell current and future talent about the opportunities that Australia Post can offer them.

Our core pillars are:

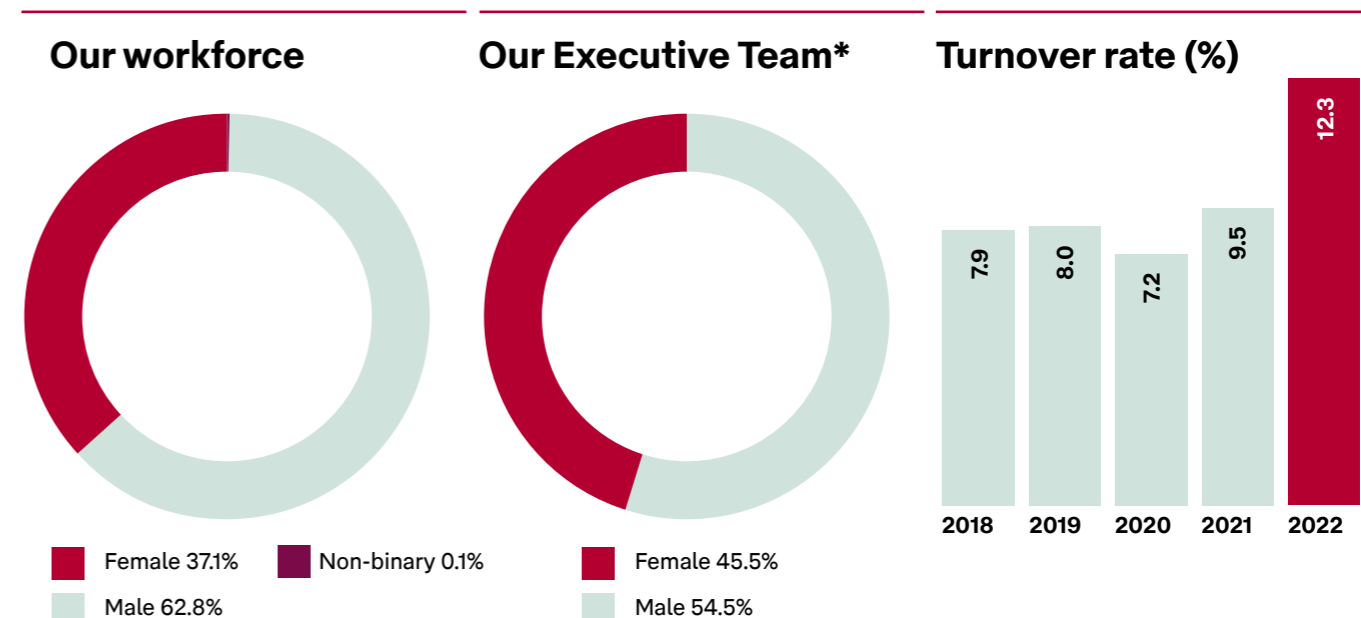
1. You bring your authentic self to work, and you can always rely on the support of your team.
2. You have the opportunity to grow, develop and succeed because your work life and personal wellbeing is invested in.
3. Work with an organisation that constantly responds to what everyday Australians need, through the good and the bad.

## Future outlook

We know that our greatest asset is our team and looking after our people is key to our success. We'll continue to invest in programs, training and improving our processes to create the right environment for our teams to be safe and in a position to do their best work.

Improving our safety culture remains an ongoing priority in our enterprise strategy for the year ahead and we will continue to focus on improving physical and psychological safety.

We look forward to rolling out 'Our AP Way', to help accelerate our cultural transformation and support the achievement of our Post 26 strategy. 'Our AP Way' is all about the culture we need to create, to ensure we're successful for another 200 years. It's also about our commitment to support each other, delight our customers and communities and build a sustainable future. In FY23 we'll be rolling out the 'Our AP Way' experience for all team members, with practical hands-on workshops to help build a strong understanding of the importance of Australia Post and the crucial role each team member plays.



\* Our Executive team is made up of Group Chief Executive Officer and Managing Director and Executive General Managers.

Diversity profile	2018	2019	2020	2021	2022
Women	36.4%	36.5%	36.9%	37.1%	37.1%
Aboriginal and Torres Strait Islander people	1.9%	1.9%	3.0%	3.0%	3.0%
People with disability	4.3%	4.0%	5.7%	5.6%	5.6%
Lesbian, Gay, Bisexual, Transgender, Intersex, Queer & Asexual people	1.2%	1.6%	3.1%	3.2%	3.5%
Culturally and linguistically diverse	22.1%	22.5%	30.0%	30.4%	31.9%
Female Senior Managers (Band 4 and above)	36.6%	38.0%	38.4%	35.4%	35.9%
Women on Australia Post Board of Directors	44.4%	44.4%	44.4%	37.5%	42.9%
Aged under 30	9.8%	10.2%	9.7%	9.2%	9.8%
Aged 30 to 50	46.1%	41.9%	41.2%	43.6%	42.9%
Aged over 50	44.1%	47.9%	49.1%	47.2%	47.3%

Note: This data is based on self-declaration and includes our casual workforce.

Total team members: Five year summary <sup>1</sup>	2018	2019	2020	2021	2022
Full-time team members	27,333	27,785	27,959	27,867	29,585
Part-time team members	7,537	7,316	7,039	6,867	6,789
<b>Total team members</b>	<b>34,870</b>	<b>35,101</b>	<b>34,998</b>	<b>34,734</b>	<b>36,374</b>

1. Excludes casuals and external contractors.

Total team members: 2022	Workforce representation		Females		Males		Non-binary	
	No.	%	No.	%	No.	%	No.	%
<b>Permanent</b>								
Full-time	28,568	78.5%	8,970	24.7%	19,584	53.8%	14	0.0%
Part-time	6,318	17.4%	3,808	10.5%	2,500	6.9%	10	0.0%
<b>Total Permanent</b>	<b>34,886</b>	<b>95.9%</b>	<b>12,778</b>	<b>35.1%</b>	<b>22,084</b>	<b>60.7%</b>	<b>24</b>	<b>0.1%</b>
<b>Fixed Term</b>								
Full-time	1,017	2.8%	358	1.0%	651	1.8%	8	0.0%
Part-time	471	1.3%	213	0.6%	254	0.7%	4	0.0%
<b>Total Fixed Term</b>	<b>1,488</b>	<b>4.1%</b>	<b>571</b>	<b>1.6%</b>	<b>905</b>	<b>2.5%</b>	<b>12</b>	<b>0.0%</b>
<b>Total Employment</b>	<b>36,374</b>	<b>100.0%</b>	<b>13,349</b>	<b>36.7%</b>	<b>22,989</b>	<b>63.2%</b>	<b>36</b>	<b>0.1%</b>

1. Excludes casuals and external contractors.



**All ongoing (permanent) team members current reporting period (2021/22)**

	Male		Total Male	Female		Total Female	Non-binary			Total
	Full-time	Part-time		Full-time	Part-time		Full-time	Part-time	Total Non-binary	
NSW	6,558	635	7,193	2,724	930	3,654	4	4	8	10,855
Qld	2,938	457	3,395	1,543	806	2,349	0	3	3	5,747
SA	1,181	219	1,400	352	279	631	1	0	1	2,032
Tas	307	35	342	97	78	175	0	0	0	517
Vic	6,420	910	7,330	3,287	1,181	4,468	8	2	10	11,808
WA	1,653	177	1,830	772	433	1,205	1	0	1	3,036
ACT	425	51	476	102	69	171	0	1	1	648
NT	78	16	94	70	31	101	0	0	0	195
External Territories	0	0	-	0	0	-	0	0	0	-
Overseas	24	0	24	23	1	24	0	0	0	48
<b>Total</b>	<b>19,584</b>	<b>2,500</b>	<b>22,084</b>	<b>8,970</b>	<b>3,808</b>	<b>12,778</b>	<b>14</b>	<b>10</b>	<b>24</b>	<b>34,886</b>

**All ongoing (permanent) team members previous reporting period (2020/21)**

	Male		Total Male	Female		Total Female	Non-binary			Total
	Full-time	Part-time		Full-time	Part-time		Full-time	Part-time	Total Non-binary	
NSW	6,260	630	6,890	2,547	962	3,509	2	1	3	10,402
Qld	2,851	429	3,280	1,455	786	2,241	0	0	0	5,521
SA	979	212	1,191	261	279	540	0	0	0	1,731
Tas	312	36	348	90	81	171	0	0	0	519
Vic	6,343	956	7,299	3,170	1,250	4,420	4	2	6	11,725
WA	1,567	179	1,746	725	457	1,182	0	0	0	2,928
ACT	429	49	478	105	70	175	0	0	0	653
NT	69	17	86	61	35	96	0	0	0	182
External Territories	0	0	-	0	0	-	0	0	0	-
Overseas	31	0	31	28	1	29	0	0	0	60
<b>Total</b>	<b>18,841</b>	<b>2,508</b>	<b>21,349</b>	<b>8,442</b>	<b>3,921</b>	<b>12,363</b>	<b>6</b>	<b>3</b>	<b>9</b>	<b>33,721</b>

**All non-ongoing (fixed term) team members current reporting period (2021/22)**

	Male		Total Male	Female		Total Female	Non-binary			Total
	Full-time	Part-time		Full-time	Part-time		Full-time	Part-time	Total Non-binary	
NSW	166	74	240	53	52	105	2	1	3	348
Qld	98	37	135	56	28	84	1	0	1	220
SA	43	22	65	10	5	15	0	0	0	80
Tas	4	5	9	5	1	6	0	0	0	15
Vic	165	64	229	144	56	200	4	2	6	435
WA	150	46	196	88	68	156	0	1	1	353
ACT	19	6	25	1	2	3	1	0	1	29
NT	6	-	6	1	1	2	0	0	0	8
External Territories	-	-	-	-	-	-	0	0	0	-
Overseas	0	0	-	0	0	-	0	0	0	-
<b>Total</b>	<b>651</b>	<b>254</b>	<b>905</b>	<b>358</b>	<b>213</b>	<b>571</b>	<b>8</b>	<b>4</b>	<b>12</b>	<b>1,488</b>

**All non-ongoing (fixed term) team members previous reporting period (2020/21)**

	Male		Total Male	Female		Total Female	Non-binary			Total
	Full-time	Part-time		Full-time	Part-time		Full-time	Part-time	Total Non-binary	
NSW	130	74	204	42	61	103	1	0	1	308
Qld	53	19	72	25	25	50	0	0	0	122
SA	39	51	90	6	21	27	1	0	1	118
Tas	1	3	4	-	-	-	0	0	0	4
Vic	80	65	145	61	52	113	0	0	0	258
WA	84	18	102	40	32	72	0	0	0	174
ACT	12	9	21	1	4	5	0	0	0	26
NT	2	1	3	-	-	-	0	0	0	3
External Territories	0	0	-	0	0	-	0	0	0	-
Overseas	0	0	-	0	0	-	0	0	0	-
<b>Total</b>	<b>401</b>	<b>240</b>	<b>641</b>	<b>175</b>	<b>195</b>	<b>370</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>1,013</b>



# Our customers and communities



**\$537 million**

payments to our Licensed Post Office partners

**200,000**

small businesses supported with MyPost Business

**\$22.7 million**

contribution to communities including cash, time and value in kind

**Our unrivalled network enables us to bring communities closer together to connect, grow and prosper.**

**We're proud to be one of the remaining services in the community to provide an in-person service, and in a time when it meant more than ever, we were there to keep Australians connected to each other and the world.**

### Strengthening our partnership with Licensees

Our Licensees are hardworking small business owners who are integral to how we deliver for Australia. They are the central hub in communities right across the country and support small businesses to grow and thrive. They provide the ties that keep people connected and are a key part of the local economy.

In recognition of the importance of the personalised and local service delivered by our valued Licensed Post Office (LPO) partners, we made improvements to how we remunerate them. This means we are paying licensees an additional \$17 million in FY22.

These improvements continue our work to support the ongoing sustainability of our licensees and LPO network, building on the changes made to the LPO Payment Scheme in 2019, which to date have contributed \$51.5 million in additional payments to licensees.

Changes include that LPO operators will now receive increased Community Service Payments in place of the current fixed Representation Allowance.

Licensees will also be eligible for new incentive payments which reward excellence in operational compliance and the achievement of performance targets.



# Our customers and communities

## Keeping banking local

Bank@Post continues to be a vital service for our community, with more than 3,500 Post Offices across Australia providing essential agency banking services.

For a growing number of Australian communities, our Post Offices are often the only access to face-to-face banking services. From cash withdrawals and deposits to business banking deposits there were more than 14.5 million Bank@Post transactions in FY22.

We remain committed to providing our Bank@Post service to communities. This year we worked with our 81 banking partners to both increase awareness of services – and deliver additional services – to support our customers, communicated via targeted local area marketing campaigns. We also delivered a Proof of Concept for a Community Banker Program which successfully supported eight communities going through local bank branch closures.

## Customer service enhancements

### Helping small businesses save time and money

We help our micro and small business customers to sell online, save on sending costs and save time through MyPost Business. This year we've made a number of improvements to our MyPost Business online portal and added some new features to make it easier for small businesses to partner with us to grow their business online:

- Easier pickup bookings:** All Micro and small business customers can now book a pickup at any time via a new 'Book a pickup' option from the online portal, no longer having to wait until they've paid for a parcel label. We've also doubled the number of items we'll collect per booking from 50 to 100.
- Simpler returns:** We introduced a new returns capability to allow our MyPost Business customers to easily create a return label with their customer details pre-populated, so that if their customers need to return an item, the label is ready to attach and lodge at a Post Office or Street Posting Box.

Throughout the year we welcomed over 50,000 new active users to MyPost Business, bringing the total number of small businesses supported to over 200,000. This is an increase of 30 per cent year on year.

### Improving the digital experience

In a year when digital platforms played such a vital role in how we connected and transacted in society, we focused on improving the digital experience for our customers.

In FY22 we had more than 902 million visits to our website and mobile app – up 25 per cent on last year – demonstrating the surge in demand for our services and the need for customers to be able to access information from us in a simple, efficient way.

In October 2021, we launched notification preferences giving MyPost consumer customers the ability to manage their notification preference channel across email, SMS and app. Customers can also choose if they would like to receive tracking notifications for a specific parcel. We also created a more consistent experience between our tracking notification across channels (email, SMS and app) and are now able to send more types of push notifications to our customers who otherwise would have received an SMS.

Our website was recognised at the *Australian Web Awards 2022*, taking out the top awards for 'Best Government website' and 'Best User Experience', as well as placing as a finalist for 'Best mobile app'.

### Support for victims of domestic violence

In March 2022, we made an important change to ensure that any parcel sent to a victim of domestic violence (who has identified themselves as such on their application for a mail redirection), will not have any locations attached to the public-facing scans if an item has been redirected.

This means the parcel location will no longer be shown via online tracking, the Australia Post app or in stores. Our Customer Service team will still be able to assist normal enquiries but will have a large alert shown to them so that they are aware of the recipient's status and can treat their information with the utmost care.

### Making things simple for our customers

We play an important role in helping businesses thrive, and our customers trust us to understand their business and challenges.

This year we introduced a digital customer relationship management (CRM) platform to make it simple for our team to keep our business customers informed about the things that matter to them. The technology has enabled us to automate administrative work, provide consistent updates on our network, and streamline enquiries so that we can focus on delivering personalised customer experiences. It's made things simpler for our team too – we've reduced the average total cycle time by 27 days and customer self-service has increased by 50 per cent.

### Customer insights and connection

In April, Australia Post delivered its second eCommerce Summit, a thought leadership event delivered in partnership with The Australian, that brought together speakers and business leaders from the retail industry. With the aim of supporting healthy growth in Australia's retail industry, the event covers topics to equip small and large retailers with insights to help them navigate through challenges and seize opportunities.

## DELIVERING LIKE NEVER BEFORE

Designed to inspire and help our customers grow their businesses and build high performing teams, we facilitated six free thought-provoking webinars. Proving to be a popular forum, attendance more than doubled from last year with over 6,000 tuning in. The topics ranged from the importance of mental health and resilience, to future predictions and how to build adaptability in your business.

An important way that we keep in step with our customers' needs is through our Customer Advisory Group program in partnership with the National Online Retail Association, which continued to meet this year online through times of lockdown. This group consists of 26 eCommerce business leaders that meet three times a year to unpack and solve industry issues and consider new opportunities.

A specific 'peak' working group was formed this year to better prepare for the surge in demand during this busy period and keep customers informed. The insights from this group fed directly into improvements to our microsite and new toolkits created to help guide customers through these important eCommerce periods.

## Digital iD™ solution for DocuSign

DocuSign customers who are asked to complete an identity check when e-signing a document, can feel confident that their data is safe and secure thanks to Australia Post's Digital iD.

As an accredited identity service provider under the Trusted Digital Identity Framework (TDIF), Digital iD allows DocuSign's customers to securely prove their identity digitally. This new approach to '100 point' ID verification addresses the security, privacy, compliance and validity requirements for identity (ID) verification across Australia. For the business itself, the solution negates the need to take a copy of every customer's ID – helping to protect their personal information and make it easier and more secure than ever to verify signer identities.



## Engaging our customers

### Spreading the Merry for Christmas

2021 proved to be another challenging year and every day one of the few things Aussies could look forward to was a visit from their local postie. Drawing inspiration from this and acknowledging the need to bring some light into Australian's lives, our Spread the Merry 2021 Christmas campaign delivered just what the country needed – a little bit of joy.

With the help of some Christmas magic, our campaign featured singing letterboxes, street posting boxes, parcel lockers and Post Office Boxes showing their excitement for the festive season. Set to Hall and Oates' iconic 'You Make My Dreams (Come True)', we got people singing along and spreading the merry far and wide.

The campaign appeared on television, radio, social media and online, and was supported in our Post Offices through point of sale activations and decoration kits.

The campaign scooped up a number of awards, winning:

- Cubery's Australia's Most Effective Christmas Ad 2021 (third year running)
- GOLD at the Shop! Annual Retail Awards for Speciality Retail, Lifestyle & Service Providers – Temporary Display
- Gold award at the Melbourne Design Awards 2022 for Advertising (Outdoor, Retail, POS).



### Delivering like never before

Our new brand campaign, 'Delivering like never before' launched in May highlights the integral and ever-changing role Australia Post plays in delivering for Australia. We're showing how we've invested in what we do and how we do it so we can support the future aspirations of all Australians.

The campaign ran from late May until July across TV, out-of-home, online video, radio, social, digital, press and in-store.

Our marketing campaigns were created with accessibility in mind:

- Spread the Merry TV commercial was audio described
- 'Delivering like never before' TV commercial was audio described, Auslan interpreted and features a customer with visible disability
- Large print format for Santa Mail for children with low vision.



### The Great Aussie Coin Hunt

For the third year running, we partnered with the Royal Australian Mint to create an all new A-Z set of collectable \$1 coins featuring classic Australian icons. Featuring much-loved Australian brands and icons including R.M. Williams, Luna Park, Great Ocean Road, Darrell Lea, and Yarra Valley, the campaign was promoted via radio, digital, social, in our Post Offices and with a comprehensive publicity campaign. More than 3,350 Post Offices participated in this year's hunt, with customers able to participate by either collecting the special \$1 coins in their change or by purchasing the complete A-Z set. For the first time, for every coin and folder set purchased, each customer also had the chance to enter into a daily draw to win \$1,000.

### Local Business Heroes

The Local Business Heroes program recognises and rewards deserving local small businesses with a Heroes Package valued at up to \$5,000. By leveraging our vast retail network and partnerships, our Heroes gain tremendous exposure to promote their business, streamline their parcel sending, as well as receive exclusive access to business coaching.

In its second year running, the 2022 program received 930 nominations across the country from Post Offices and account managers, and 57 local businesses were selected to be named 2022 Local Business Heroes across metro and regional Australia. The program has recognised and rewarded more than 100 small businesses in the past two years.

### Delivering for Australia

The "Delivering for Australia" business campaign stemmed from the need to demonstrate our support for small businesses who battled their way through the pandemic and rebuilt their businesses to take on new opportunities.

We continued to engage our small businesses and support them in their eCommerce journey through our solutions. Knowing that businesses are looking at ways to reduce their costs, we promoted how we can help small businesses save on their sending cost through MyPost Business, using an integrated marketing program across multiple channels – TV, digital, social and content to communicate the benefits and reach small businesses.

### Stamp releases to celebrate important moments

Our 2021/22 stamp issue program offered a diverse program marking celebrations, new initiatives and anniversaries of significance for the country.

Our annual Stamp Collecting Month in August encouraged young Australians and stamp collectors of all ages to learn more about science, technology, engineering, arts, and mathematics. The five stamps featured innovative areas of virtual reality, hydroponics, space study, robotics and urban design.

In our 26th annual Australia Post Legends Awards, we honoured five of Australia's most talented film directors, celebrating their powerful contributions to Australian culture and the global film industry. Film Directors – Baz Luhrmann, George Miller AO, Gillian Armstrong AM, Peter Weir AM, and Warwick Thornton had their portrait featured on postage stamps as part of the 2022 Australian Legends of Filmmaking stamp issue.

### Australia's Olympic Champions immortalised



Following the Australian Olympic Team's stellar performance at the Tokyo 2020 Olympic Games, (held in 2021), with a total of 17 gold medals, equalling its record from Athens in 2004, Australia Post recognised all of our gold medallists in a special series.

We also commemorated Australia's one Winter gold medallist – Jakara Anthony in the Freestyle Skiing Moguls event at the Beijing 2022 Winter Olympic Games. This was first gold medal won by Australia at a Winter Olympics in 12 years.

The gold medallist stamp program is an important recognition of the hard work and success of our athletes and has helped Australians to connect with this year's Olympic Games.

Australia Post was the first postal organisation in the world to produce instant stamps at the Sydney 2000 Olympics and has celebrated all of Australia's gold medal winning performances from Tokyo 2020 with a gold medallist stamp, produced within 72 hours of the medal ceremony taking place.

### Meaningful service experiences

#### Customer obsession program

We successfully launched our internal Customer Obsession program to our teams. It's a multi-year program focused on building customer culture with three streams of work:

1. Customer Connection focused on listening to and building connection with customers. Leaders across the business were encouraged to visit a customer and share their experience and learnings directly with their teams.
2. Festival of the Customer was held over two weeks. We invited team members to tune into two webinar panel discussions with members of our Leadership Team and senior leaders to share their insights and learnings from our previous peak on building customer culture. We shared what's achievable when we put the customer at the centre of our thinking.
3. Sharing customer insights, focused on finding better ways to use the rich customer data we already have and sharing this more effectively with the right team members who impact the customer experience. We surveyed teams across the enterprise to understand what already exists and identified the top five improvement opportunities.



Tanny Mangos, EGM, Community, Sustainability & Stakeholder Engagement (second from left) and Nick Antonopoulos, GM Business Sales (far right) visited the Cranky Health team in Lake Macquarie (NSW) to see their operations first-hand and understand how we can better support them to connect with customers across Australia and the globe.

To lead by example, each member of our Leadership Team sponsored a business customer.

### Customer complaints

We always aim to deliver the best experience to our customers and, when we don't get things right, we take customer complaints seriously and seek to respond to any issues promptly and fairly.

In a year when delivered volumes soared, our Customer Contact Centre dealt with 1.3 million customer complaints – representing 0.05 per cent of the more than 2.7 billion items we delivered during the financial year.

Customer complaints include any instances where a customer has contacted Australia Post Group to express dissatisfaction with a product, service, perceived failure, or an interaction with our team.

There was a change in methodology for recording customer complaints in FY22, where both Australia Post and StarTrack streamlined and aligned the complaint definition and criteria. This has resulted in a 31 per cent reduction in complaints volume as compared to the volumes that would have generated under the previous methodology.

We see each customer complaint as an opportunity to understand and improve so that we continue to make it easier for customers to connect with us.

### Privacy complaints

We're committed to keeping our customers' personal information safe and secure. This commitment is reflected in our policies and frameworks and day to day practices. Privacy compliance reporting forms part of our central governance model and privacy is an important element of our core team training. We have a dedicated privacy team to help team members and customers with privacy related queries or issues, and robust processes in place to investigate and respond to incidents as they arise.

In 2021/22 we received four new privacy complaints escalated to the Office of the Information Commissioner (OAIC). This includes complaints that had been through our internal dispute handling processes and escalated to the OAIC or raised directly with the OAIC. Of the four complaints, one was withdrawn, one was resolved and two remain in progress. Privacy complaints received from the OAIC are recorded in our Risk, Governance and Compliance system.

#### Reportable privacy incidents

During 2021/22 there were no notifiable data breaches identified under the Notifiable Data Breach scheme.

## A life-saving presence in the community

Each day, the presence of our team members in the local community can help make a difference in unexpected ways. Our posties, drivers, contractors, and retail team members are often the right people, in the right place, at just the right time.

That was the case for a Port Adelaide (SA) family recently when their two-year old daughter wandered off, only to be found in the middle of the road by Chris Hodge, the local postie on his round.



Footage of the incident was caught on camera from the telematics that are installed on our vehicles that continue to be a key safety feature and can assist posties in the event of an accident or incident.

It was the local knowledge of Chris that ultimately helped deliver the most precious of packages home.

# Traditional place names on parcels spark important conversations

‘Queen of Bling’ Kristy Dickinson, a proud Wiradjuri woman, is driving change through her quirky Indigenous jewellery, Haus of Dizzy. She is encouraging customers to use Traditional Place names on their parcels.

According to Kristy, including Traditional Place names is not only about showing respect for traditional custodians, but about education and opening up conversations.

Kristy believes all Australian businesses should be sending all mail using Traditional Place names.

“It gets people to think, then research about the traditional custodians and names... it’s all about putting it out there and finally recognising these traditional lands and traditional custodians. It’s really important for the future of Australia.”

– Kristy Dickinson, Founder Haus of Dizzy.



We also participated in various Australian Government led campaigns including the Australian Competition and Consumer Commission Scams Awareness Week (November 2021).

We continue to educate our teams in ways to help our customers in relation to scams and promote safer digital practices through facilitated cyber education.

## Delivering the 2021 Census

To support the 2021 Census in August, our teams delivered 16 million articles and reminder letters to Australian households to make it all happen.

## Protecting against scams

With Australia’s growing use of technology and time spent online, we’re doing our part to help Australians protect their personal and financial information against scammers.

This year, we’ve continued to run activities to promote awareness around potential scams that could be a risk to our business and our customers by publishing the latest scam alerts on our website and online channels. Our scam alerts webpage includes examples of recent scams targeting our customers, as well as assuring them that Australia Post will never call, text or email asking for personal or financial information; to request payment; or to ask a customer to click on an email link to print off a label to redeem a package.

While we find tremendous value in using text messages, the increasing security concerns around scams are driving us to find better ways to communicate with our customers. For this reason, we’ll continue to encourage customers to use our app as a more secure way to receive notifications from us.

## Helping Aussies vote

Our teams played an important role in this year’s federal election to ensure the timely delivery of election material to millions of Australians on behalf of political parties, candidates and the Australian Electoral Commission.

We helped Australians vote by delivering and moving:

  
**107m**  
articles

  
**2.7m**  
postal vote packs issued

  
**2.3m**  
postal vote returns

## Making a difference in communities

Through our partnerships and programs, we’re helping build stronger, more connected communities around the country.

### Our community investment

In 2021/22 our community investment was \$22,787,269. Some of these contributions were in the form of direct cash investments through our national partnerships with the Australian Red Cross, Beyond Blue and the Indigenous Literacy Foundation and our grant programs. We also contributed through time spent by our people volunteering, and through value-in-kind of products and services like charity mail. To further support the community, we have also forgone revenue of over \$24,405,430. This is revenue from products and services that we would have received but chose to waive totally or partially for community benefit.

Since 2009 we have measured the dollar value of our community investments in line with the methodology of Business for Societal Impact (B4SI – formerly known as the London Benchmarking Group), the global standard for measuring and reporting community contributions. The data we report is verified by B4SI each year and the verification statement can be found in our Corporate Responsibility Indices on [auspost.com.au/about-us](https://auspost.com.au/about-us). In addition, we facilitated more than \$729,991 in donations to community organisations from our people through our matched workplace giving program, and from customers via over-the-counter donations and ‘Round Up for Community Partners’.

## Bringing mental health support to the community



As part of our partnership with Beyond Blue, we’re using our network to connect more people with mental health information, support services and with each other.

In September 2021, as part of Mental Health Month, we distributed four million prepaid postcards to households in regional and remote areas. One section of the two-part postcard contained tips for mental wellbeing and information about Beyond Blue’s 24/7 support services. The other section was a prepaid postcard to be sent anywhere within Australia for free, encouraging people to connect with someone they care about.

“Social connection has never been more important for our wellbeing than over the past two years. This innovative postcard helped thousands to meaningfully connect with loved ones, despite border and lockdown separations.”

– Patrice O’Brien, Chief Community Officer, Beyond Blue.

We also supported Beyond Blue in FY22 through:

- “Buddy,” the co-branded Australia Post and Beyond Blue community van, which re-commenced visits to community events to connect with attendees and share mental health resources – reaching an estimated 170,000 people
- delivering information about Beyond Blue’s NewAccess for Small Business Owners mental health coaching support service to more than 367,000 business addresses nationally. These letterbox drops have proven to be an effective communication channel with an increase in bookings for the service amongst older males and 65 per cent of participants with low level mental health concerns deemed to be recovered on completing the program
- supporting the Beyond Blue speakers program, whereby people with lived experience of mental health conditions share their stories – this financial year over 220,000 people were reached via 380 speaking engagements nationally
- raising over \$70,000 via our online shop, ‘round up’, over the counter donations and the sale of Beyond Blue ‘Christmas baubles’.

## Helping communities prepare for disaster

To help communities better prepare for disaster season, we expanded on the Australian Red Cross Emergency Preparedness Campaign by distributing 380,000 ‘Ready or Not?’ checklist magnets to 83 high-risk areas nationally in October. The ‘Ready or Not?’ checklist magnets were also available in Post Offices in high-risk areas and the campaign was supported by geo-targeted social media activity.

We supported our business customers through:

- hosting a webinar on ‘Connecting Australians in times of need’, which included panellist Shane Fitzsimmons, Commissioner of Resilience NSW, John Richardson, National Resilience Advisor, Australian Red Cross, and Janette Hunt, Postal Manager at Narooma Post Office
- a refreshed ‘Business & Government Disaster Toolkit’ for Government departments and agencies, which was downloaded 1,529 times
- the launch of a ‘Businesses Disaster Readiness Guide’ for small and medium businesses was downloaded over 6,480 times.

## Supporting communities in response to floods

In late February 2022, Australia Post activated its Disaster Response Plan following the devastating floods in southern Queensland and northern NSW, raising over \$197,000 for the Australian Red Cross Floods Appeal. All donations were used by Australian Red Cross to provide cash relief grants to impacted communities.

Through our whole of business response, we supported flood impacted communities by:

- providing services such as free 12-month mail redirection to over 2,774 households
- using our Post Offices to distribute Australian Red Cross Relief Grants information and mental health postcards co-created with Beyond Blue for customers needing additional support
- using our trucks and network to facilitate deliveries for charities such as Foodbank
- deploying a Mobile Post Office van and pop up delivery facilities to the hard-hit township of Lismore (NSW)
- using social media channels to promote Beyond Blue's mental health disaster support resources.



In addition to the funds raised for the Australian Red Cross Floods Appeal, we raised \$34,500 for the Australian Red Cross Disaster Response and Recovery Fund via our online shop, 'round up' and over-the-counter donations.

We continued to participate in the Red Cross Collective, a roundtable of large corporations that collaborate to help Australians prepare for and respond to disasters.



Quick to respond, Adele McKay from nearby Ballina Post Office and Network Manager Brendan Bridge (pictured above), went to Woodburn to deploy the Mobile Post Office van and help Anika provide basic postal needs to the community while works were done to repair her business.

Australia Post's support for people struck by disaster has been well-tested in recent years following cyclones, drought and furious bushfires. In recent floods, teams like Adele's and Brendan's have been there in all sorts of ways, supporting communities and trying to lessen the impact.

During the March 2022 floods in Queensland and Northern NSW, our operations teams did workaround deliveries to factor in safe road access, set up alternative collection points and even trucked a portable Post Office into Lismore (NSW) so people could receive care packages and other vital deliveries from outside the region.

## Mobile Post Office supports Woodburn after floods

As floods swept down the east coast of Australia in late February 2022, few could have predicted the extreme devastation that would impact Queensland and NSW.

Australia Post Licensee, Anika Stevenson from Woodburn LPO (NSW), suffered the dual blow of watching both her home and business destroyed by flood waters.

*"With the waters rising so quickly we couldn't get ourselves to safety. We found ourselves stuck, with water lapping at our floor and gushing down the street. Fortunately, an SES truck went past and rescued us."*

– Anika Stevenson, Licensee.

## Engaging with First Nations language and storytelling

We continue to work with our partner The Indigenous Literacy Foundation (ILF) to improve access to culturally appropriate books for children in remote First Nations Communities.

In August 2021, we ran a campaign celebrating Indigenous Literacy Day (1 September) and highlighting our role in delivering books to 356 remote First Nations Communities for the ILF Book Supply Program. With 280,000 books delivered since our partnership began, we are on track to deliver 300,000 books by the end of 2022.

In February 2022 we ran a second campaign to celebrate the launch of the United Nations Decade of Indigenous Languages. A bilingual book, "Moli det bigibigi" (Molly the pig) was sold in Post Offices and the Australia Post online shop for the first time.

As part of the campaign we ran a competition for our teams to visit schools and help raise awareness of the ILF's work and encourage Australians of all ages to engage with First Nations language and storytelling.



*"The opportunity to visit the local primary school and share the story of Moli det bigibigi with local students was such an honour. I was joined by my daughter, Tashiana Sambo from our Earlville Post Office. We're both Aboriginal and Torres Strait Islander women, and it's nice to show the younger generation a book like this in Kriol and English, to show them a bit of our culture."*

– Vikki Sambo, van driver from Cairns Delivery Centre.

## Supporting First Nations scientists

This year we broadened our literacy commitment through a new partnership with Indigenous not-for-profit organisation, DeadlyScience to deliver science books and equipment to First Nations schools and communities across Australia.

DeadlyScience, founded by 2020 NSW Young Australian of the Year and proud Kamilaroi man, Corey Tutt OAM, provides science, technology, engineering and maths (STEM) materials to schools and communities and celebrates Australia's first scientists, First Nations people.

To kick off the partnership, we delivered boxes of LEGO to children in more than 400 schools and communities across the country.



Corey Tutt OAM, founder of Deadly Science with Australia Post team member and Gunditjmara man, Jordan Walsh, at our Sunshine West facility (VIC).

## Celebrating our 2022 Australian of the Year, Dylan Alcott OAM



We're proud to sponsor the Australian of the Year Award as a way of celebrating fellow Aussies who, like us, are dedicated to serving their communities.

In March 2022, we invited team members and business customers to connect with 2022 recipient Dylan Alcott OAM in an exclusive webinar to learn how Dylan's personal history of perseverance and pioneering achievements can help us to build a resilient mindset in the workplace.

This was our most popular webinar yet with more than 7,700 tuning in to hear from Dylan.

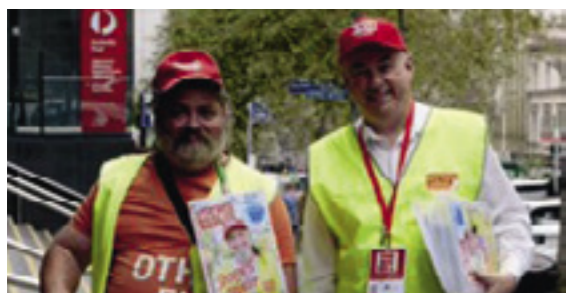
This partnership has also allowed us to offer our team members the opportunity to nominate their local school or community group to receive a visit from an inspiring Australian of the Year. Six schools in a variety of metropolitan, rural and remote locations across six states have been identified by local team members to receive a visit by an Australian of the Year alumnus to speak to a relevant theme identified by each school.

### The Big Issue's 'The Big Sell'

In March 2022, our Group CEO and MD Paul Graham rolled up his sleeves to help out at 'The Big Sell', a challenge aimed at raising awareness and funds for our partner of 26 years, The Big Issue. Paul was joined by Phil, a Big Issue vendor, outside our support office in Melbourne's CBD, where they managed to sell 56 copies of the magazine in just 30 minutes. Our team members also donated to the fundraiser.

We also supported The Big Issue through:

- offering our Santa Mail program to The Big Issue Women's Subscription Enterprise, providing employment opportunities for 13 women experiencing marginalisation and disadvantage; and providing volunteering opportunities for our team members
- continuing to increase accessibility for vendors to purchase magazines in metropolitan areas, with 21 selected Post Offices serving as magazine distribution points.



Australia Post Group CEO and MD Paul Graham (right) was joined by Big Issue vendor Phil, outside the Melbourne office to sell copies of the magazine.



### Hitting the road with Foodbank

To play our part to help fight hunger, this year we supported Foodbank, Australia's largest food relief organisation, to help get the food they source to communities throughout Australia.

Using our vast delivery network, we were able to help ease the burden they faced around transport costs and helped distribute 183 pallets of essential food and groceries through weekly transportation hauls between Melbourne, Sydney and Brisbane.

"The support from Australia Post in getting this up and running is truly outstanding and especially appreciated in these extremely challenging times around transport."

- Michael Davidson, Foodbank Australia.

### Our Stakeholder Council

The Australia Post Stakeholder Council (Council) provides a forum for Australia Post to consult with its stakeholders on a range of matters. The purpose of the Council is to:

- improve communication with Australia Post's external stakeholders
- improve external stakeholder understanding of Australia Post's business and its portfolio of products and services
- improve Australia Post's understanding of stakeholder needs and expectations
- enhance Australia Post service and product initiatives through review and feedback
- contribute, review and provide feedback on major Australia Post corporate responsibility initiatives.

At 30 June 2022 the Council had nine members and had met three times during the financial year.

Throughout the year the Council provided meaningful consultation and suggestions on and for Australia Post initiatives.

#### Council Members

Council members have roles and experience in diverse segments of Australian communities – including in connection with small and medium-sized businesses, the environment, accessibility, corporate responsibility, innovation, community services, and stakeholder relations.

Council members are:

- Graz van Egmond – CEO, Banksia Foundation
- George Etrelezis – Small Business Consultant
- Dr Ben Gauntlett – Disability Discrimination Commissioner, Australian Human Rights Commission
- Paul Greenberg – Founder & Executive Director, National Online Retailers Association
- Angela Hite – Licensee, Middlemount Licensed Post Office
- Julia Landford – Founding Director, NatureArt Lab
- The Hon Dr Kay Patterson AO – Age Discrimination Commissioner, Australian Human Rights Commission
- Geoff Rohrsheim – Co-Founder, Hatch Creations

- Tanny Mangos – Council Chair and Australia Post EGM, Community, Sustainability & Stakeholder Engagement.

Professor Colleen Hayward resigned from the Council in March 2022. We thank her for her service and contribution.

#### Council Statement

*After having had the opportunity to review sections of Australia Post's draft 2022 Annual Report, the Australia Post Stakeholder Council (Council) believes that Australia Post has demonstrated its commitment to the key issues of corporate responsibility, including social and environmental sustainability.*

*As coverage of Australia Post's material issues evolves to further integrate its social and environmental performance, the 2022 Annual Report reflects a strategic approach to a whole-of-business focus on delivering improved social, environmental and business outcomes for the Australian community.*

*The Council believes, on the basis of information provided to it, that the 2022 Annual Report will provide a transparent and clearly integrated representation of material in relation to these matters and Australia Post's performance.*

- Australia Post Stakeholder Council, 31 August 2022.

# Grant supports community to connect for better mental health

Australia Post was proud to support Williamstown Community and Education Centre with a \$10,000 Community Grant for their Willi Walking Group and Morning Tea project, a weekly walking group for local community members to connect and foster wellbeing outcomes.

Williamstown (VIC) is home to a diverse group of people from culturally diverse, refugee and low socioeconomic backgrounds, who often face challenges with isolation, inequality and access to peer support – challenges which were exacerbated by extended COVID-19 lockdowns.

The walking group provides a safe and informal environment where those from different communities can engage and learn from each other.

"Talking to people is a huge thing for mental health. When you finish your walk, you feel great."

- Caroline, Willi Walking Group participant.



### Our grant programs

Our grant programs help to fund projects that create positive opportunities and impact in communities across Australia. The 2021 Community Grants awarded 76 grants of up to \$10,000 each to support projects that helped improve connection and mental health in local communities.

The 2022 People of Post Grants program awarded grants of up to \$1,000 each to 356 community organisations nominated by Australia Post team members. This program empowers team members and celebrates local community connections.

### Encouraging a culture of giving

We continue to support and encourage our team members to donate to charities that are important to them through our Workplace Giving Program.

Donations made by eligible team members are matched by Australia Post, up to \$200 per person per year. This year more than 1,970 individuals generously participated in Workplace Giving, with much needed funds going directly to 408 charities.

A total of \$670,012 was contributed and comprised of \$431,300 in team member donations and \$238,712 matched donations by Australia Post.

### Future outlook

A core part of our strategy for the year ahead is creating seamless experiences when customers engage with us through all channels and interactions, having a clear customer promise by working towards having a simpler product range and delivering a consistent brand experience.

We will continue our strong support for small businesses, particularly our Licensee partners, helping them to grow and employ more Australians.

Into the next financial year, we will continue to support communities across Australia. We will review our Community strategy areas of focus, current partnerships and broaden our community investment measurement to help strengthen brand and community impact to support the future aspirations of all Australians.



# Our network

**2.7 billion**  
items delivered during the year

**220 million**  
transactions in our Post Offices in FY22

**4,635**  
electric vehicles

Through our unrivalled delivery and retail network, we regularly visit over 12.6 million delivery points and have a presence in most communities across the country.

Despite border closures, operating restrictions, limited freight capacity and complying with necessary COVID-19 safe measures, we adapted to the various challenges that faced our network to enable us to deliver 2.7 billion items and carry out 220 million transactions in our Post Offices.

### Delivering a bumper Christmas

We delivered another huge Christmas in 2021, with 52 million parcels delivered through the December peak and more by air than ever before.

To support this surge in demand, we had up to 25 dedicated freighters taking to the skies each night and flew more than 8.7 million kilograms of parcels across the country throughout December.

Over 20 million customers visited Post Offices to send cards and gifts and collect packages, including over 475,000 items collected from our free parcel lockers during December, the most ever in a month.

Australians managed their Christmas deliveries through the Australia Post app and website in record numbers, with over 83 million visits in December alone.





# Our network



## Ready to serve and deliver for peak

In anticipation of another record-breaking peak period in 2021, we commenced planning early by bringing together a cross-functional team to drive collaboration and greater connection across our business. This working group was dedicated to improving the customer experience through our busiest season and took insights and feedback from the previous year to proactively try new things to anticipate pain points or solve for potential issues.

To ensure we were ready to deliver for our customers and communities we:

- welcomed more than 4,500 additional people into our frontline teams
- invested in new facilities and automation to provide 30 per cent more processing capacity
- offered extended trading hours in over 380 Post Offices
- put over 270 more trucks and trailers on the road
- set up more than 70 temporary and repurposed locations for processing, deliveries and customer parcel pickups
- invested in improvements in tracking and notifications.

## Improving bulk customer collections

Seamless collection of parcels and letters is a hugely important part of our operations to get right during peak period.

So in preparation for peak this year, we've made a major investment into increasing our Unit Loading Devices (ULDs) stock nationally. In FY22, we added nearly 22,800 ULDs into our national network, with a further 90,450 expected to be delivered prior to peak 2022. This will significantly improve our capacity and represents the single biggest order ever of new ULDs coming into service in one year.

These additional ULDs will allow for more efficient use of the investment we've made into new facilities and support our parcel and letters automation to meet our customers' expectation of delivery in full and on time.

## Boosting our freighter network to power online shopping

Over the last year, we further strengthened our long-term partnership with Qantas Freight and boosted our freighter network to help meet customers' increasing demand for online shopping and speed of service.

Following the entry into service of the world's first Airbus A321 P2F in October 2020, an additional two aircraft were added to the fleet in the second quarter of FY22. Further investments will follow, with the conversion of an Airbus A330 P2F aircraft commencing next year, adding further capability and capacity to the largest freighter fleet operating in the Southern Hemisphere.

The new aircraft are part of our continued commitment to improve our customers' experience and reduce emissions. By investing in newer and larger capacity aircraft, we're able to deliver 70 per cent more parcels for our customers, using less fuel per kilo of mail uplifted.

The partnership between Australia Post and Qantas dates back to when the airline first started flying airmail in 1922. In November 2022 the two iconic Australian organisations will celebrate their 100-year anniversary of working together.

## Expanding parcel collection options

Millions of Australians, from apartment dwellers to rural residents, prefer to click and collect from a collection point when shopping online.

Australia Post operates a network of 640 parcel locker locations and more than 51,000 lockers. We are accelerating the rollout of lockers in metro, regional and rural communities to provide Australians with the convenience of 24/7 access to securely collect and send their parcels. We're engaging with retail partners to find additional locations, as well as working with our Licensee partners and Post Office teams to implement 24/7 collection at parcel locker locations.



## Enhancing the customer experience

### Improving parcel visibility for our customers

Over the past year, we've been working on solutions to improve our receivers' ability to see where their articles are and help them self-manage their deliveries to better suit their preferences. To help us do this, we've implemented a program known as 'aggregation scanning' at key processing centres around the country.

Aggregation scanning enables us to have visibility of all the individual articles that have been loaded into any container. This includes bags, ULDs, aircons and trailers. Operators scan a container barcode generating up to thousands of article-level scans for each item in that container, creating a step change in visibility.

Our aim is to reduce enquiries to our contact centre. By using aggregation scanning, customers will be more informed about where their parcel is and confident that it's on its way. If customers do contact our contact centre, we have more precise information to better support their enquiries.

Over time, this data can also be used to identify operational areas that require additional support and invest in capacity improvements to those areas directly.

### A better tracking experience

The number one thing our customers want to know is "Where's my parcel?" – so we're making it even easier for them to know exactly that with enhanced tracking that details information on every step of a parcel's journey.

We're currently rolling out 'section scanning' to enable our posties to scan parcels into 'sections' in order of their run. Once out on the run, customers can be provided with a two-hour window for their delivery.

Each week there are more than three million articles departing our processing centres via 2,600 interstate and regional transport movements. Whether a parcel is on a train, airplane or a truck, we now have visibility of the location of these articles.

This means we can now provide customers with much more transparency of where their parcel is and give them reassurance that their parcel is on its way.

## Modernising our technology

### Retail counter experience to be enhanced with POST+

The point of sale system and terminals we use to serve Post Office customers are being transformed thanks to a major program named 'POST+'.

Established in 2019, POST+ is working closely with Post Office stakeholders to make it easier for our people to serve customers and deliver an enhanced in-store experience.

A key attribute of this new point of sale system is its simple, intuitive design with clear menus, touch screen capabilities and highly adjustable stand – particularly important for team members with accessibility challenges.

The new solution is being tested in selected Post Offices and the feedback to date has been very positive. This testing is providing opportunities to collect improvement suggestions to be incorporated into the system ahead of the full launch commencing in mid-2023.

**“With our Post Office Network completing 220 million transactions each year, it's so important we provide our people with the best and most effective tools to support customers. POST+ is a great news story for our people, our business and our customers and we're looking forward to introducing it across the Post Office network.”**

– Paul Graham, Group CEO and Managing Director.





“At Australia Post we go to exhaustive lengths to ensure the vehicles are as safe as we can make them, adding as many of the additional safety features as possible to the vehicles. We also carry out extensive testing and consultation with drivers prior to any vehicles taking to the road.”

– Terry Bickerton, Head of Fleet and Equipment.

### New vehicle technology keeping our people safe

Over the past year, we’ve installed new telematics systems in our fleet of eDVs, motorcycles, vans and trucks to assist in better vehicle management, driver safety and maintenance.

The telematics provides data and video to help identify hazards, which enables us to learn more about how we can reduce risks on the road and continuously improve our approach to safety. As well as video footage, sensors help provide further safety analysis while vehicles also have a duress button which pinpoints the location of the driver in order to provide assistance in the case of an emergency or serious incident.

The in-cab safety cameras have also been introduced for heavy vehicles in our fleet which has enabled us to work with drivers, coaching and developing them to become safer road users. This has reduced the risks leading to potential collisions by 64 per cent and heavy vehicle collisions by 21 per cent.

Australia Post’s Head of Fleet and Equipment, Terry Bickerton, was awarded 2022 Fleet Manager of the Year by the Australasian Fleet Management Association (AfMA) for his leadership in the Fleet Policy he and his team have introduced.

### Transforming telecommunications across our network

Nearly 4,000 of our Post Offices, delivery facilities and support offices across Australia now have faster and more reliable internet thanks to the two-year Telecommunications Transformation Project that wrapped up in November 2021.

The improvement to our internet connectivity and network architecture delivered by the project is helping us to deliver a better service for our customers by reducing business impacting outages by 70 per cent, equipping each site with Wi-Fi capability, and doubling our internet bandwidth at each site.

It has also reduced operating costs by up to 40 per cent for some services and enabled us to move to a proactive support model where we now identify and resolve more than 80 per cent of incidents before they cause impact on site.

This program was recognised as the Australian Technology Project of the Year at the iNews Benchmark Awards for 2022, and our project team was also awarded the Best Federal Government Project for what was one of the largest projects of its kind in the country.

### New electric trucks join our fleet

This year we welcomed the first new electric trucks to our national delivery fleet, with three Fuso eCanters now delivering parcels in Melbourne and the remaining vehicles to come on board in the near future.



We’re proud to be Australia’s largest electric delivery fleet operator with 4,635 electric vehicles including:



**3,125**

electric delivery vehicles (eDVs)\*



**1,507**

electric bicycles



**3**

new Fuso electric delivery trucks\*

\*Another 500 eDVs plus 6 more electric trucks are coming on board in the near future.

The current fleet represents 31 per cent of our total vehicle fleet and completes almost half (45 per cent) of all our delivery rounds.

Expanding our electric fleet was an important part of Australia Post’s 2020-22 Group Corporate Responsibility Plan and its science based target to reduce emissions by 15 per cent by 2025.

### Protecting Australia Post from Cyber Threats

Cyber security threats continue to be significant and our approach to mitigating cyber security risk involves a range of controls relying on people, technology, and process. Australian and international organisations remain at risk of cyber security incidents that can directly impact their business operations and information. We continue to invest to protect our systems, minimise disruption and keep our customers’ data safe, working closely with the Australian Cyber Security Centre.

### Re-opening international borders

We continued to provide critical export services for Australians looking to send overseas this year, despite reduced air capacity and ongoing border closures presenting challenges for our international business. 39 international transport lanes were reopened this year, with 86 per cent of our commercial lanes now operational. We exported more than 10.1 million packets and parcels and imported more than 26.2 million packets and parcels through our gateways and ensured service was maintained to our largest export lanes – New Zealand, the United States and Great Britain.

### Future outlook

With Australia’s eCommerce market almost tripling in size over the past two years and online shopping now accounting for approximately 20 per cent of total retail spend, our focus remains on ensuring our people, technology and infrastructure are set up to meet the needs of our customers now and into the future.

In an environment of emerging new competitors, customers now have more choice on who they send parcels with and the challenge to maintain parcel share has never been greater.

To hold our position as Australia’s leading provider of eCommerce delivery services we’re focused on simplifying our parcels offering, improving the reliability of our network and increasing the visibility of parcels so customers have greater certainty about their delivery. We recognise that this needs to be supported by a seamless digital experience, so we’re focused on ways to provide easy to use online access to more components of the delivery supply chain.

Our attention in the year ahead is also firmly focused on providing seamless retail experiences through a network designed to meet the needs of Australian communities. A strong relationship with Licensee partners will be critical to providing a great customer experience.



# Our innovation and expertise



## 10x

deeper parcel forecasting insights using AI

Named

## ‘Top Overall Enterprise Innovator’

by Cloud Connectivity Innovator Awards 2021

## 62,500

small businesses supported by our Local Business Partner program

We’re focused on empowering the lives of Australians by investing in the development of digital products and services that meet their changing needs.

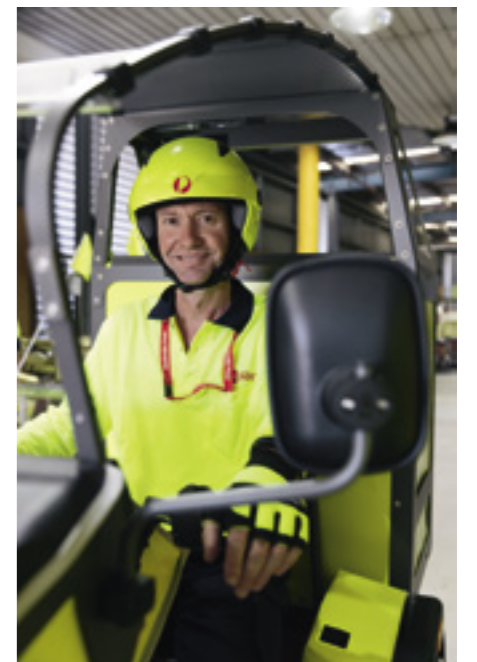
The events of the past year have reinforced our unique position of being able to service the growing digital economy while providing physical capabilities and expertise that pure digital players can’t offer. We’ve focused on bolstering this position by investing in the latest innovations to simplify the customer experience, unlock our vast data and make better use of its insights to benefit our team, our customers and the community.

### Collecting data on the go

When you’ve got vehicles going down almost every street across the country, or fixed assets such as street posting boxes and retail stores dotted across every town, it seems a waste not to use this presence to also collect valuable non-sensitive data. That’s why we’ve developed a sensor network strategy to identify opportunities to partner with organisations to collect non-sensitive data as we go about delivering.

This has resulted in two successful trials this year including a partnership with RANlytics to fit mobile network signal measurement devices on our vehicles to identify signal blackspots and a trial with the Environment Protection Authority Victoria to measure air quality across the state.

We’re also gauging interest with other service providers to provide valuable data sets to the community, such as street view mapping, traffic congestion, identifying issues with road conditions, meteorological data and other interesting environmental data.



# Our innovation and expertise

## Turning data into intelligent solutions

We're using data intelligence to generate better outcomes for our business in improving the safety of our people, customer experience and service performance. To help us better interpret the insights that we're able to gain through our vast amount of data, we've plugged in market-leading data science platform, Dataiku. This places Australia Post at the cutting edge of machine learning and Artificial Intelligence (AI).

Our Data Science team is now using this platform to develop production-ready machine learning solutions that allow for more accurate delivery predictions for our customers, forecasts for our operations and generate faster insights for our customer service teams.

Since deployment in February 2022, we've already rolled out a number of solutions used by the business today:

- **Estimated delivery date predictions:** Improving the accuracy of our delivery date predictions to increase customer trust and confidence. Leveraging the capabilities of Dataiku, and in conjunction with a new Event Management system, we're developing a model that's able to incorporate 20 times more information while making its delivery predictions automatically and in real-time.
- **Parcel demand forecasting:** Further advancing our ability to forecast parcel demands in the network, we've used Dataiku to improve accuracy and provide 10 times the depth of insights to create forecasts that are more useful to our operations teams. These advances will be rolled out to our international freight forecasting and our daily StarTrack Premium and Express Post forecasting in the next financial year.
- **Active facility management:** A daily forecast of expected processing demand in the Sydney Parcel Facility aims to provide recommendations about resourcing. This enables our facilities to optimise contractor resources, reduce costs from over-resourcing and minimise carry-over to ensure faster deliveries. This solution is currently in production testing before scaling out to other facilities.

## Research into graph data technologies

We're undertaking early research and development activities to investigate how advanced graph data capability could benefit our delivery network. This technology allows us to connect the data across our major delivery network systems to apply powerful algorithms in a new way.

If proven successful, this technology could enable:

- real-time, all-of-network, diagnostic performance monitoring
- optimisation of daily parcel processing and transport decisions to increase the speed and throughput volume of parcels
- simulation of our network to better understand the performance impacts of network changes
- the re-routing of parcels and processing demand quickly when our network encounters unexpected events.

## Tapping into future data scientists

This year we partnered with Google, Monash University, Melbourne University and Oz Grav to bring high performing PhD candidates into Australia Post for a three-month internship through our 'Students as Partners' program. Interns were welcomed into our team to help develop novel solutions to complex data challenges in our business.

As part of the program, applicants are provided with free training from Google to complete a Google Cloud Practitioner certificate, equipping them with new tools and technologies to support their successful internship.

Angela Simonovska was our first intern to complete the program in June. She worked on developing a solution that has improved our network forecasting capability, allowing us to extend our forecasts deeper into the network with more accuracy and less complexity.

Through this program, Australia Post provides crucial commercial experience for academic students, while benefitting from the expertise of highly skilled technical PhD candidates. It also helps to raise our profile within the data science community to attract data and technology graduates to work with us.



Angela Simonovska was the first intern to complete our 'Students as Partners' program.

# Boosting digital skills training and employment opportunities in First Nations communities

In partnership with Fujitsu Australia, who currently provide Australia Post with end user IT services, we launched an exciting new initiative providing work experience to people in the Indigenous community of Cherbourg (QLD) through Fujitsu's 'First Nations Service Centre'.

Jayson Maza, Fujitsu worked with Emma-Jade Turaganivalu to train her as the first Cherbourg team member to start taking calls for Australia Post in May 2022.

The service centre is part of a three-year pilot program in collaboration with the Cherbourg Aboriginal Shire Council to offer on-the-job training and work towards obtaining TAFE qualifications. As we partner with Fujitsu to run our national IT Service Desk, we jumped onboard as the first organisation to use the First Nations Service Centre to provide our "password reset" service – a help desk service frequently used by team members around the country.

We worked with Fujitsu to help establish the service with network access, devices and training to ensure we continue to provide a high-quality service to our team.

"Australia Post, in partnership with Fujitsu, is proud to provide valuable work experience to members of the Cherbourg community while extending our core IT service desk's capability and providing an uplifted end user experience to our team."

– Thomas Bryant, Head of Workplace and Technology Experience, Enterprise Enablement.

We have a total of 15 agents enrolled in the program, with eight agents now fully accredited and taking service desk calls. We're looking forward to broadening the scope of this wonderful initiative over time with Fujitsu.



Jayson Maza, Fujitsu worked with Emma-Jade Turaganivalu to train her as the first Cherbourg team member to start taking calls for Australia Post in May 2022.

## Delivering a streamlined platform onboarding experience

We've made it easier for developers to discover, access and consume our digital services through our self-served API-first platform.

Partnering with Kong Inc and using their product, Kong Konnect, for our API-management platform, we've reduced our developer onboarding time from 5-10 days to just a few minutes. We've also been able to effectively decentralise the applications across multiple clouds and enable teams to proactively resolve business challenges within their environment of choice.

"We're building a unified ecosystem of ready-to-use APIs that can be rapidly consumed into new innovative products while connecting our customers to solutions more effectively."

– Andrew Nette, Head of Platform Engineering

Recognising this innovative solution to accelerate our digital transformation, Australia Post was named "Top Overall Enterprise Innovator" at the inaugural 2021 Cloud Connectivity Innovator Awards during the Kong Summit in September 2021.

## Digitising records for Federal Government and Enterprise customers

Having helped some of Australia's largest organisations during the pandemic, Decipha has renewed a number of major multi-year contracts.

Offering our same-day mail digitisation services for critical mail has enabled organisations to service their customers during lockdowns and now in a hybrid work landscape.

Decipha's record digitisation service bulk-scans paper records, creating electronic artefacts that enable fast, secure and low-cost access to important information, achieving significant benefits for Federal Government and Enterprise customers including enhanced customer serviceability, improved team member productivity and record longevity. A modern hybrid mailroom service has also reduced real estate costs for customers.

## Estimating time of delivery

With more customers working from home, it's never been more important to know when a parcel will be delivered. Over the past year we've made enhancements to our operational processes and technology to provide more customers with an estimated time of arrival (ETA) so they can plan around a two-hour delivery window.

Following a successful pilot in FY21, we've further refined our software, scanning processes for drivers and handscanner technology and built algorithms to better predict an ETA for parcel delivery. Over the past year we've been able to set more drivers up with this capability to notify more customers across multiple channels including text message, Track & Trace and our MyPost app. This ETA prediction has also been linked into our contact centre systems to allow call agents to better assist with 'where's my parcel' enquiries.

These notifications are making a positive impact on our customer experience, with an improved average Net Promoter Score five percentage points higher than those who didn't receive an ETA notification.

**"I love that Australia Post gives a time window for delivery via text so I don't have to worry about missing my parcel or waiting around the house all day not knowing when it is going to arrive."**

— customer verbatim from NPS survey.

To keep improving the delivery experience, we've piloted a gamification app for delivery team members to encourage them to perform their daily activities better each day through a report on their prior shift, tips on how to improve time, accuracy and planning to get a better score today. This is creating friendly competition amongst peers, having fun while improving.



**91m+**

ETA delivery predictions sent in FY22

**94%**

parcels consistently delivered within two-hour window

**816,118**

predictions sent in one day (new record set on 27 June 2022)

**8,000+**

team members have capability to send ETA notifications

## Caroline scales up during COVID-19

When getting the right sales advice to pivot your small business online has never been more crucial, Kylie and Simon Stewart from the Beveridge Post Office (VIC) stepped in to help local business owner Caroline Nielsen scale her business.

Caroline had been coming into her local Post Office for over three years to purchase satchels to ship her custom-made and second-hand jewellery through her hobby business, Jewellery Past & Present. But when her husband lost his job in the airline industry at the start of the pandemic, she needed to build up her business quickly to cover the household costs.

Knowing her dilemma and being accredited through our Local Business Partner program, Kylie offered to help. She helped Caroline overcome her reluctance with technology and stepped her through signing up for MyPost Business. Taking Caroline through each step to set up the printing of labels, leveraging spend and save discounts and the time saving being able to quickly drop parcels without the need to queue. Thrilled with the support from her local Post Office, Caroline's business has grown significantly in the past year and she is happy to be saving time through MyPost Business.



**"We often see that the biggest challenge for small business owners is technology. They're highly skilled in their craft, but the lack of computer skills and business acumen can hold their business growth back. That's where we can help bridge the gap."**

— Kylie Stewart, Licensee, Beveridge Post Office (VIC).

## Keeping postal lanes open to Ukraine

Since the beginning of conflict in Ukraine, Australia Post has made all efforts to keep the postal lane open into the country to ensure that our customers and citizens can keep in touch with family and friends during this difficult time.

We have been able to use neighbouring countries to help transit items in and out of the country in the safest way possible to keep the postal services between the two countries open.

Julia Pavlenko, Director Department of International Operation, Ukraine Post HQ, wrote to Australia Post's Group CEO and Managing Director Paul Graham in April 2022 to express their thanks for the support Australia and Australia Post have provided. Pavlenko recognised that despite the distance between Australia and Ukraine, they felt close.

Australia is one of the top 10 countries that Ukrainian customers send small parcels and packets to and, prior to the conflict starting, were actively looking for ways to grow that output.

## Helping our Pacific Island neighbours

As a fellow member of the Universal Postal Union (UPU) and Asian Pacific Postal Union (APPU), Australia Post is extremely proud to work with our postal partners across the Pacific to provide expertise in an effort to support the development of quality postal services in the region.

We have assisted Pacific Island nations through informal channels in the past through the provision of equipment, technical support and sharing our knowledge and best practices. We're looking forward to formalising this partnership in FY23 through an agreement with the Australian Government to invest in improving postal services across the Pacific.

Australia Post is particularly well placed to help these nations both respond to the challenges and take advantage of opportunities from the acceleration in eCommerce, which will benefit the entire region.



In February 2022, we hosted the President of Nauru, His Excellency Lionel Rouwen Aingimea and the CEO of Nauru Post, Sasikumar Paravanoor at one of our largest facilities in Melbourne so they could learn more about our operations to help expand their postal and philatelic activities in their island nation.

## Using our local expertise to grow small businesses

We're backing the engine room of the national economy by supporting small businesses through our Licensee partners operating in communities right around the country. We know the value of trust and local knowledge; that's why we're focused on empowering Post Office teams to build on their local relationships with small business owners by having more informed customer conversations and providing sales and service support to help their businesses thrive online through our Local Business Partner (LBP) program.

As lockdowns continued to disrupt regular channels for small businesses over the past year, we bolstered our support by nearly doubling the participation in our LBP program – training an additional 777 new Licensees with the capability to directly manage a portfolio of small businesses to grow online, while in turn growing their own.

## Future outlook

Customers now expect the same level of service from Australia Post as they would from a digital pure-play company – with user-friendly interfaces through our website and applications that show transparency, reliability, and trust. For example, consumers want to be able to track their parcels in real-time in the same way they track fast food home delivery.

To make sure we're able to compete with the best, we'll continue to focus on how we can better leverage our digital technology, unlock our customer and operational data and draw on the latest innovations in our industry to drive seamless experiences to delight our customers.

We'll keep looking for ways to make it easy for merchant customers to do business with us by connecting and digitising the customer journey and simplifying and modernising our technology landscape.



# Our environment



## 100%

Australia Post plastic satchels contain recycled plastic

## 185 million

parcels delivered carbon neutral since 2019

## 23,000

solar panels across 71 sites

**With a footprint that touches every community, we recognise our unique position to make a positive contribution to a society that is liveable and sustainable.**

**This year we continued our focus on reducing our environmental impacts, helping to facilitate a circular economy and ensuring a transparent and traceable supply chain.**

### Carbon neutral delivery

Since 2019, we've offset the carbon emissions of 185 million parcels – which is equivalent to taking more than 108,000 cars off the road – or roughly 260,000 tonnes of emissions.

In partnership with Qantas Future Planet, parcel postage paid via the Post Office, Online Shop, or MyPost Business account is carbon neutral\*. Customers receiving parcels sent carbon neutral now receive a notification to let them know on their Australia Post app.

We are now also offering our contract customers an opt-in opportunity to partner with Australia Post and Qantas Future Planet to offset the carbon emissions generated from their own parcel deliveries.



\* Carbon offset for international parcel deliveries is to the international hub only.

# Our environment

## Managing emissions and climate-related risks

Australia Post recognises the significant importance of climate risk to our business and communities, and of supporting our customers to reduce absolute carbon emissions.

Changing weather patterns are disrupting businesses and lives across the country with increasing frequency, the recent floods in NSW and Queensland being the most extreme weather event endured in 2022. This catastrophe served to reinforce the importance of our initiatives to reduce our emissions in line with the science.

We continue to manage our physical and transition climate-related risks, primarily in our collections, processing, logistics, sorting and delivery services. We give consideration to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) across governance, risk management and strategy.

## Strategy

Consistent with our 2020-2022 Group Corporate Responsibility Plan, and the 2025 Sustainability Roadmap, we are focusing on transparently managing the physical and transition risks associated with climate change.

We incorporate climate change and severe weather-related risks into building design standards, property evaluations, asset management activities and network planning and integrate and maintain climate change and severe weather considerations in our safety policies, processes and considerations.

As the world shifts to a lower-carbon economy we are also identifying and managing our exposure to risks associated with this transition, such as adoption of new technology and regulation change. In this context, we continue to enhance our resilience taking into account the evolving threat and solution landscape.

## Targets, metrics and performance

We're one of the largest Australian businesses to have an emissions reduction target validated by the Science Based Target Initiative. This goal is to reduce Scopes 1, 2 and 3 emissions by 15 per cent by 2025, aligned to a 'well below 2°C' scenario, using our 2019 baseline.

Against a backdrop of unprecedented parcels growth, which spurred revenue growth of 28 per cent since the beginning of 2020, Australia Post has reduced its carbon intensity (for Scopes 1, 2 and 3) by 21 per cent. Business revenue in FY22 has grown by 8.5 per cent, while carbon intensity has reduced by four per cent. We achieved a reduction in both our Scope 1 (3.6 per cent) and Scope 2 emissions (2.6 per cent), but saw our Scope 3 emissions increase by 6 per cent as we sought to manage the growth in parcel volumes over the past year.

This year, we increased our investment in GreenPower renewable electricity to help tackle our Scope 2 emissions and help realise a decrease in absolute emissions. We also invested in Renewable Energy Certificates, with a view to steadily increasing this investment between 2022 and 2025.

Introducing LED lighting at new parcel processing facilities and solar at many of our existing facilities, notably the completion of a 750kW system at the Melbourne Parcel Facility, has contributed to improved energy efficiencies. Once an additional six sites come online, scheduled for the end of FY23, Australia Post will have a solar generation capacity of 10.34MW.

Use of loose load and larger 'A-double' vehicles also made a positive impact, along with our continued expansion of our electric delivery vehicle fleet. We have Australia's largest fleet of electric delivery vehicles that make up more than 30 per cent of our total vehicle fleet and complete almost half (45 per cent) of all our delivery rounds.

Australia Post uses over 42 million litres of fuel annually. This year, we looked for ways to reduce our fleet fuel consumption by working with AMPOL on an independently managed trial of their additised diesel fuel. Switching one of our largest trucks from regular diesel to the additised diesel resulted in a 3 per cent decrease in fuel consumption. We have now introduced this additive into all bulk tanks across the Australia Post and StarTrack fleet and estimate a saving of 700,000 litres in fuel per year.

Australia Post has continued to work with key service providers such as Qantas to reduce our Scope 3 and their Scope 1 emissions. We've also collaborated with one of our linehaul providers, Western Freight Management, and have been able to show performance improvements of 6 per cent in the services delivered to Australia Post. We will continue to partner with our providers to improve performance and reduce emissions.

## Governance

We have an Executive-chaired cross-functional Environmental Sustainability working group that monitors our environmental performance. The Leadership Team oversees climate-related opportunities and risks in accordance with the strategies, policies and targets endorsed by the People and Sustainability Committee and approved by the Board. The Audit and Risk Committee and the Board have oversight of all enterprise risks.

## Risk management

We have identified specific climate related physical and transition risks, and are on the journey to integrate and manage these risks and opportunities in our operations, our locations and our legal obligations as part of the Group risk management process in line with the Group Risk Management Framework.

The Framework comprehensively sets out the requirement for consistent identification, assessment, escalation, management (including implementation of mitigating controls) and monitoring of risks in line with strategic, operational, financial and compliance risk categories.

As a key business risk, climate change is identified, assessed and monitored in line with the Group Risk Management Policy. We continually assess the physical and transition risks and opportunities our business faces. This way we can better identify and respond appropriately, while ensuring our business is resilient, our people are safe and we can continue to sustainably serve the community.

# Where rubber meets the road – upcycling our old tyres

Australia Post has partnered with Bridgestone Australia to improve the circularity of tyres from our fleet of trucks, vans and motorcycles. In FY22, only 21 per cent of truck and van tyres were purchased as new tyres with the remaining 79 per cent being Bandag retreads. Through choosing Bandag retreads, a product comprised of up to 75 per cent recycled materials, Australia Post supports efforts to reduce Scope 3 emissions by 34 per cent and solid waste to landfill by 46 per cent when compared to the manufacture of a new tyre.

The total number of new tyres we have purchased has decreased by 35 per cent between FY19 and FY22.

When the tyres reach their end of life, Australia Post and Bridgestone partner with leading, TSA accredited, tyre recycler Tyrecycle who upcycle the rubber products into flooring, sport surfaces, playgrounds and many other products.



## Partnering for environmental outcomes

Australia Post partners strategically to create positive environmental impacts.



We've recycled more than 85,000 kilograms of obsolete technology and redistribute surplus food (67,000 meals) to community food programs through our partnership with **PonyUp for Good**.



Our customers can recycle plastic satchels nationwide via our partnership with the **REcycle** soft plastics recycling program.



We offer Carbon Neutral Deliveries solutions in partnership with **Qantas Future Planet**, investing in a mix of credible domestic and international offsets. Our retail offering is certified by Climate Active.



We work with **AMPOL** to explore fuel efficiency and make our fuel consumption more sustainable.



We divert uniforms going to landfill and promote circularity in partnership with **Upparel**.



We also continued our ongoing support for the Banksia Foundation, a not-for-profit organisation promoting the power of social and environmental impact through community engagement and sustainable business practices.

Each year, the Banksia National Sustainability Awards recognise and celebrate Australians creating opportunities for excellence, and we're proud to have sponsored the small and medium enterprise category for the past 12 years. This year's winner in that category was Enable Social Enterprises, a not-for-profit on a mission to tackle disadvantage and the digital divide by opening employment pathways.



Australia Post's Nick Antonopoulos (centre), General Manager, Small & Medium Business, presents the Banksia Award to Enable Social Enterprises.



A new bench made of 100 per cent recycled content for Goondiwindi Post Office (QLD) replaces an old weathered bench and complements their new PO Box area out the front.

## Packaging and circularity

As a signatory of the Australian Packaging Covenant Organisation (APCO) since 2011, we continued to play our role in achieving Australia's National Packaging Targets by 2025 and look for innovative ways to divert waste going to landfill and promote circularity.

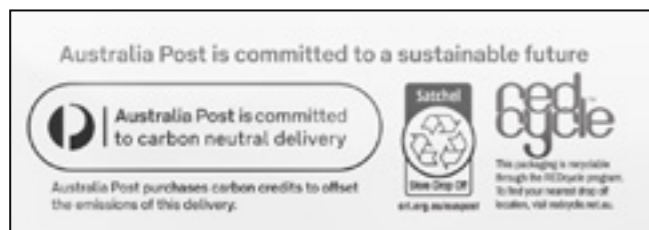
### Plastic pledge

We've delivered on our pledge, made at the National Plastics Summit in 2020, to have all Australia Post plastic satchels contain recycled plastic. This has involved transitioning over 200 packaging items to contain recycled plastic. With this, we've also fulfilled and surpassed the third 2025 National Packaging Target for soft plastic packaging, which is to have an average of 50 per cent recycled content included. We achieved this four years ahead of schedule.



### REDcycle partnership

Through our partnership with REDcycle, customers can recycle our plastic satchels in any REDcycle bin at more than 1,800 locations around the country. The plastic collected by REDcycle is given a second life and turned into new products, including indoor and outdoor furniture, bollards, signage, and asphalt. Through our partnership this year, we donated a range of outdoor seating and bike stands made from recycled plastic to fire and flood affected communities.



## DELIVERING LIKE NEVER BEFORE

### Soft plastic collection in regional areas

Since April 2021, Australia Post has trialled soft plastics collection in 12 Post Offices in regional NSW. This trial enabled customers located in areas where there is no REDcycle bin nearby, to recycle their soft plastics, including Australia Post plastic satchels. We're currently looking to expand this trial to other locations.

### Sustainable Packaging Principles

This year, we developed a set of Sustainable Packaging Principles to guide internal packaging decisions. These will ensure that our entire packaging range – comprising approximately 800 items – contains recycled content, fully recyclable, and easy for our customers to dispose of after use. These principles align to the 2025 National Packaging Target.

### Environmentally friendly parcel boxes

Our range of Parcel Boxes also contain recycled materials and feature the Forest Stewardship Council (FSC) logo, which means they are sourced from sustainably managed forests. The parcel boxes are made in Australia and can be recycled through kerbside recycling bins.

### Customer recycling information

Australia Post has adopted the Australasian Recycling Label (ARL) in almost 200 packaging items across our range to date. The ARL is an on-pack label that provides clear and simple instructions about how to correctly dispose of our packaging at the end of its life. It's aimed at increasing the recoverability of materials for recycling and supporting the second 2025 National Packaging Target, which is to have 70 per cent of plastic packaging being recycled by 2025.

### Sustainability guide for Licensees

To assist our LPO partners to take a practical approach to sustainability, we produced an easy to use guide outlining how small businesses can save money, meet customer expectations, future-proof their business and leave a positive legacy. This booklet was translated into multiple languages and distributed to all LPOs around the country.

## Containers for Change

Kat Dehavilland and Amanda Melia from our Customer & Commercial team in WA took the initiative to set up a partnership with 'Containers for Change' in WA to encourage recycling and reduce the number of containers being sent to landfill. Their idea led to us teaming up with 'Containers for Change' to give away thousands of green bags at over 255 participating Post Offices across WA.

### Reusable packaging

In 2021, we introduced a packaging product in our StarTrack range that encourages and facilitates more than a one-time use of our plastic satchels. The packaging is simply cut and resealed, complete with a new address label on top. We have been closely monitoring the performance of these satchels and will expand on this range.

### Innovative circularity

One of the ways we're diverting waste going to landfill and promoting a circular economy is through a new contract signed with Upparel in September 2021 to accept end-of-life uniforms. These will be reprocessed and repurposed into things like insulation, furniture and feedstock.

This year, we also collaborated with NSW Australian of the Year, Prof. Veena Sahajwalla and the Sustainable Materials Research & Technology (SMaRT) Centre at the University of NSW on circular solutions to repurpose old Australia Post uniforms and convert them into tiles. We hope to be able to use these tiles in our new Melbourne Support Office currently being built in Burnley (VIC). This prototype has been supplied to the designers to include as benchtops, splash backs and more.

### Awards and Recognition



This year we featured on the Australian Financial Review's 2022 'Sustainability Leaders' list, which celebrates Australasian companies that are making real progress in tackling sustainability challenges – and delivering business value along the way. We were recognised for the way we are managing our carbon emissions during a period of rapid growth, including via property efficiency programs and ongoing investment in electric vehicles.



We were also a finalist at the APCO Annual Awards for the 'Packaging Future Award for Improved Collection and Recycling Systems' for our Soft Plastics Collection Trail in 12 Post Offices in regional NSW.





Environment summary table

Indicator	2018	2019	2020	2021	2022
<b>Scope 1 Emissions (tonnes)</b>	<b>119,288</b>	<b>120,274</b>	<b>125,923</b>	<b>135,939</b>	<b>131,106</b>
Natural Gas	5,536	5,360	5,631	5,394	5,035
LPG (All)	5,897	5,723	6,732	6,127	6,681
Diesel including generation	100,354	101,941	106,808	119,194	114,578
Petrol	7,502	7,249	6,752	5,223	4,731
<b>Scope 2 Emissions (tonnes)<sup>1</sup></b>	<b>156,505</b>	<b>152,181</b>	<b>135,305</b>	<b>121,193</b>	<b>117,939</b>
Electricity Grid	156,505	152,181	138,644	133,087	128,628
<b>Scope 3 Emissions (tonnes)</b>	<b>547,645</b>	<b>634,103</b>	<b>609,214</b>	<b>611,600</b>	<b>650,132</b>
Energy and fuel losses	26,822	24,555	24,567	23,108	20,062
Sub-contracted Road Transport	199,768	215,677	217,215	239,681	261,904
Sub-contracted Air Transport <sup>2</sup>	272,389	295,602	270,938	253,973	275,621
Sub-contracted rail	9,772	9,894	9,139	9,708	7,486
Sub-contracted ship	2,851	2,354	1,778	2,362	783
Business travel	4,058	4,058	2,799	588	1,092
LPO electricity	19,644	21,880	20,509	18,943	19,467
Waste <sup>3</sup>	12,341	12,533	13,051	14,176	14,861
Material packaging and data centres	n/a	32,884	35,151	34,994	35,970
Material packaging disposal	n/a	14,666	14,067	14,067	12,886
<b>Other Indicators</b>					
Energy Consumed (GJ)	2,404,515	2,431,788	2,356,953	2,495,743	2,526,511
Renewable Energy Production (GJ)	9,818	17,001	16,645	21,384	23,984
Renewable Energy Certificates – retired and Greenpower purchased			-3,339	-11,894	-10,689
Carbon Offsets	-140	-1,543	-89,363	-150,124	-103,823
Waste to Landfill (Tonnes) <sup>3</sup>	8,815	9,381	9,615	10,753	11,315
Waste Recycled – Operational <sup>3</sup>	11,699	10,476	10,654	13,538	19,885
Water (kilolitres) <sup>3</sup>	494,851	471,959	421,829	376,581	384,687

1. This year we purchased Greenpower for the first time for our small electricity sites as well as Renewable Energy Certificates.  
 2. International Air Freight method revised to FY19 emissions baseline – detail provided in emissions methodology overview.  
 3. The historic waste and recycling data has been updated to FY19 as part of a detailed internal review.



Emissions Methodology Overview

- Scope 1 and 2 emissions have been calculated in accordance with the National Greenhouse Accounts (NGA) Factors July 2021.
- Scope 3 emissions have been calculated in accordance with the NGA Factors July 2021, an air freight factor from Qantas and our sub-contracted road transport based on the fuel efficiency of the Australia Post fleet.
- In 2021 Australia Post changed its methodology for international air freight emissions due to issues with capacity and flight planning during COVID. This year it was determined that the new methodology incorporating origin and final destination country, be used going forward and as such re-calculated for the prior years, back to the 2019 target baseline. By making this retrospective change it enables a more accurate comparison of historic data. For FY19, the target baseline year, there is an increase in emissions of 18,296 tonnes (24 per cent). Prior years' methodology for FY19 and FY20 are in our 2021 Annual Report for reference. We will look to review and update our Science Based Target to account for this change in the coming year.

Waste

While we're on target to achieve our 70 per cent recycling rate by 2025, our total waste generation has risen following the unprecedented growth in eCommerce in recent years – especially during peaks in COVID-19 impacts.

We remain committed to reducing waste going to landfill by implementing waste avoidance, reuse and recycling programs to move towards a more circular economy. We have refocused our energy on operational waste by waging a *War on Waste* at Post, building resilience into our waste systems and improving our waste practices throughout the value chain.

New recruits in the War on Waste at Post

This year, we continued our team engagement campaign launched by our Leadership Team in 2021 called *The War on Waste* at Post. This is an ongoing conversation with our team about how we can reduce our consumption, reuse products and materials, choose better options for the environment and recycle right.

We developed information fact sheets on how to dispose of items responsibly and reduce contamination of recycled materials, so they don't end up in landfill. We also encouraged team members to share their ideas on how to tackle *The War on Waste* at Post via an online form, as well as to their line managers.

New waste compactors and balers

Waste compactors and balers are machines that compress recyclable materials like cardboard and plastic to enable us to recover more of these valuable materials. In the last year we installed:

- a semi-automated baler at our Sydney Gateway Facility (NSW)
- a vertical baler at StarTrack Road Express, Chullora (NSW)
- three vertical balers at the Melbourne and the Sunshine West parcel facilities (VIC)
- two compactors at the Sydney Parcel Facility (NSW), and in two facilities in SA.

These investments reduce collection frequencies, contamination, and space requirements, leading to higher values for waste materials as a commodity.

Identifying our biodiversity impacts

We aspire to better understand the biodiversity impacts of our operations and deliver nature-positive solutions. For example, we're aiming to save the equivalent of over 20,000 trees by overhauling our consumer marketing catalogue to reduce paper usage and contribute to our environmental sustainability objectives.

The changes to the catalogue will result in an estimated:

- 270 million less printed pages
- Total avoidance of more than 3,600 tonnes, made up of around 1,900 tonnes of CO<sub>2</sub>-e from the paper saved, and 1,700 tonnes of CO<sub>2</sub>-e from waste disposal avoidance.

A trial from July to October 2022 will measure the performance of our printed catalogue versus digital marketing. If our digital marketing channels perform well, we will be able to further reduce our printed catalogue size and print runs.

Challenges

The rapid growth of eCommerce, compounded by COVID-19 lockdowns, has made it more challenging for Australia Post to reduce its environmental impacts over the past 18 months and achieve our 2025 environmental targets. In particular, obtaining Unit Loading Devices (ULDs) and quality timber pallets has been difficult, resulting in significant timber and cardboard waste.

In Australia, the development of electric vehicle infrastructure across the whole country continues to be a challenge. It's expected that large electric trucks will not reach our region en-masse until after 2025.

Additionally, increased customer concern about the environmental impacts of eCommerce-related packaging has coincided with conflicting and sometimes incorrect sustainability information in the marketplace, causing customer confusion.

Future outlook

We are prioritising initiatives to reduce our emissions in line with the science. We're evolving our Net Zero pathway and working to articulate and cost the impacts of climate change on our business, and will continue to embed climate risk management into our processes and Group Risk Management Framework.

Simultaneously, we'll continue to respond to the growth in absolute emissions against our 2025 target's FY19 baseline by increasing investments in renewable electricity including through Renewable Energy Certificates, investing in electric vehicles and charging infrastructure, and collaborating with customers and suppliers to reduce our Scope 3 emissions.

To accelerate the transformation to a circular economy, we'll assess how materials move through facilities by conducting audits. This will allow us to identify opportunities for waste prevention in our value chain, and develop site-specific waste management plans so we can move from mitigation and remediation towards managing waste as a resource.

We will continue to place sustainability at the forefront of our packaging products and decisions. This includes innovating to meet our new Sustainable Packaging Principles, supporting our customers to make informed choices about the best options for intended use and the environment; and expanding our product stewardship programs, especially related to soft plastics.

Additionally, we seek to build a more robust approach to mapping and measuring our impacts on biodiversity and air quality.

# Managing our key risks

## Key Risks

The following table is a summary of our major strategic and operational risks, along with the controls and mitigating actions we are adopting.

Risk Priority Area	How we are addressing this risk
<p><b>Safety and Wellbeing</b></p> <p>We strive to create a safe working environment for our people and everyone who visits or works at our locations. We place safety at the centre of everything we do and understand that our people are our most valuable resource. Safety risks are an inherent element of the Group’s operational work.</p>	<p>The Group continually invests in managing this risk. Creating a safe working environment aligns with our enterprise’s cultural objectives to build the culture we need to support and enable the delivery of our strategy and keep our people safe.</p> <p>Ongoing strategies implemented to manage this risk include:</p> <ul style="list-style-type: none"> <li>• Governance and oversight structures including a dedicated Safety Committee</li> <li>• Continual review and improvement of a comprehensive set of controls to reduce safety risks for our people</li> <li>• Investment in automation, safer delivery models, infrastructure, and technology</li> <li>• COVIDSafe plans to manage infection risk</li> <li>• Provision of safety training across the Group</li> <li>• Specific programs to address key risk areas (e.g., manual handling, psychological safety).</li> </ul>
<p><b>Achieving Long-term Sustainability</b></p> <p>The Group seeks to operate in a financially sustainable manner. Declining letter volumes paired with increasing parcel deliveries continue to impact revenue and cost structures.</p>	<p>The Group has various management strategies in place and continually reviews its operational capacity and processes to manage changing circumstances.</p> <p>Strategies implemented to manage this risk include:</p> <ul style="list-style-type: none"> <li>• Development of short, medium, and long-term budgets aligned to strategy, informed by eCommerce and retail market drivers</li> <li>• Capital investment plan derivation and monitoring processes</li> <li>• Quarterly performance review and reforecasting processes</li> <li>• Continued review of our operational and strategic capacity plans using the latest data so that we can efficiently meet volume and growth areas to maintain service levels to our customers</li> <li>• Streamlining products and services to uplift the customer experience including through easy collections and returns and enhanced visibility and tracking.</li> </ul>
<p><b>Post Office Network</b></p> <p>The Group is focused on operating an efficient Post Office Network which is of high quality and ensures customer and community expectations continue to be met.</p>	<p>The Group continues to optimise the Post Office Network and develop strategies that maximise the network’s potential.</p> <p>Strategies implemented to manage this risk include:</p> <ul style="list-style-type: none"> <li>• Ongoing provision of products and services to drive retail foot traffic, increase customer conversion, and grow basket size</li> <li>• Ongoing investment in technology and security of the Post Office Network to support growth of Bank@Post</li> <li>• Upgrade of the Point-of-Sale system</li> <li>• Implementation of a new merchandise strategy, trialling new store formats and layouts, enhancing the sending and receiving proposition, and the implementation of the Customer Centricity Program across the Corporate Post Office Network</li> <li>• Ongoing review and optimisation of incentives to drive growth in the LPO network, including a new 2030 Post Office Network plan and Retail Strategy.</li> </ul>

This page has been left intentionally blank

# Managing our key risks

Risk Priority Area	How we are addressing this risk
<p><b>Maintaining strong relationships with all stakeholders</b></p> <p>We must maintain strong relationships with our stakeholders so that we can secure support to make the changes needed to adapt to changing product mix, volume growth and customer and community expectations.</p>	<p>The Group is seeking to engage with stakeholders to articulate its current challenges, understand differing stakeholder needs and views and balance any proposed changes with our long-term sustainability and stakeholder needs.</p> <p>Strategies implemented to manage this risk include:</p> <ul style="list-style-type: none"> <li>Proactive engagement with Ministers, Senators and other Members of Parliament</li> <li>Development of an extensive enterprise-wide coordination and stakeholder engagement process</li> <li>Community and consumer engagement initiatives are in place and include media and marketing campaigns, the Stakeholder Council and broader community engagement.</li> </ul>
<p><b>Cyber Risk</b></p> <p>The Group faces a continually evolving cyber threat landscape which creates risks to its operations, business continuity and privacy/information security objectives.</p>	<p>The Group is proactively managing this risk with dedicated cyber risk resources, continued investment, and alignment to best practice frameworks such as the Australian Security Directorate Essential Eight Principles.</p> <p>Strategies implemented to manage this risk include:</p> <ul style="list-style-type: none"> <li>Security monitoring to prevent or detect a broad range of threats and alert unusual activity</li> <li>Periodic user access reviews and account activity monitoring</li> <li>Incident management processes to respond to and recover from an outage or cyber event</li> <li>Security assessment and assurance of supply chain parties in relation to information security posture</li> <li>Continued enhancement of alignment to 'Essential Eight' cyber security capabilities and controls</li> <li>Ongoing technology asset lifecycle management and investment.</li> </ul>
<p><b>Technology</b></p> <p>The Group faces risks and challenges associated with technology assets and their ability to continually provide services to the required standard. Rapid changes in technology, along with reliance for certain activities on third parties, creates risks to operational delivery as well as meeting our community and commercial obligations.</p>	<p>The Group is managing this challenge through the evolution of a Technology Strategy which will include a consolidation of existing programs and the creation of new initiatives to address this issue.</p> <p>Strategies implemented to manage this risk include:</p> <ul style="list-style-type: none"> <li>Robust change, incident, and problem processes to minimise unscheduled outages</li> <li>Risk profiling of key third parties and suppliers</li> <li>Robust monitoring and alerting systems</li> <li>Vendor contracts to provide support, patching, and technical assistance</li> <li>Multi-year technology plan to decommission legacy platforms and applications, upgrade and simplify the technology environment</li> <li>Backups performed according to agreed schedule and technical recovery plans periodically tested.</li> </ul>

Risk Priority Area	How we are addressing this risk
<p><b>Operational Network Disruption</b></p> <p>The Group's ability to maintain operations in response to several challenges, including weather events, pandemic, technology disruptions etc., is key to its ability to meet its stakeholder expectations.</p>	<p>The Group is managing these challenges through ongoing capability and capacity planning processes and business continuity/disaster recovery activities.</p> <p>Strategies implemented to manage this risk include:</p> <ul style="list-style-type: none"> <li>Business Continuity, Incident and Pandemic Management processes</li> <li>Peak period planning which forecasts operational network resourcing needs</li> <li>Network evolution to a distributed multi-hub network through investment in major processing site infrastructure</li> <li>Business Continuity Management program including contracts in place with major third-party suppliers</li> <li>Comprehensive insurance program covering facilities and assets and disruption costs.</li> </ul>
<p><b>Delivery Network</b></p> <p>Capacity management is the key challenge to the Group's ability to meet its service delivery objectives. Challenges to this objective include capacity planning and management and the ability to modernise and automate the Group's processing capacity where possible.</p>	<p>This risk is managed through the development and evolution of the Group's network plan and strategy, which focuses on identifying and resourcing the required network capacity uplift.</p> <p>Strategies implemented to manage this risk include:</p> <ul style="list-style-type: none"> <li>Multi-year program to build a network capable of servicing projected future customer volumes (letters and parcels)</li> <li>Establishment of an integrated delivery workforce and management structure</li> <li>Regular network planning to capture changes in the network, eCommerce growth and to address customer needs.</li> </ul>

# Materiality assessment 2022

## Identifying material issues

Each year, we undertake a materiality review to identify those topics that have a direct or indirect impact on Australia Post's ability to create, sustain or erode economic, environmental and social value for the enterprise, our stakeholders and society at large.

This year, we undertook an in-depth Materiality Assessment for the first time since 2019, to inform both our reporting and our forthcoming 2025 Sustainability Roadmap. Our approach aligned with the GRI Standards and the <IR> Framework and followed these steps:

**Identify:** We reviewed the list of material issues considered in 2021 and thought leadership from sustainability experts and frameworks, such as the UN SDGs, GRI Standards, the UN Global Compact and the <IR> Framework. We then undertook direct interviews with senior leaders, surveyed over 490 stakeholders (including external partners, customers, licensees and Stakeholder Council members), engaged a cross section of team members (175 team members), including our extended Leadership Team, and reviewed insights from media clippings, and relevant market research.

**Prioritise:** We juxtaposed stakeholder views with Australia Post's areas of greatest environmental, social and governance impact, which were identified by drawing on the Sustainability Accounting Standards Board (SASB) validated financially material sustainability issues for related industries (transportation – air freight and logistics, consumer goods – eCommerce and retail, financial services and IT services), as well as the MSCI ESG Industry Materiality Map.

**Review:** The consolidated list of material issues was then clustered according to six different types of capital, in line with the <IR> Framework (below). We believe our assessment reflects our current operating environment fairly.

- Manufactured Capital: Our customer network
- Financial Capital: Our business performance
- Human Capital: Our people
- Social Capital: Our customers and communities
- Intellectual Capital: Our innovation and expertise
- Natural Capital: Our environment

**Validate:** The results of the assessment were discussed with and validated by our Annual Report Steering Committee and our Leadership Team. The outcomes were used to inform decisions on the relevant disclosures for this Annual Report and our forthcoming 2025 Sustainability Roadmap.

The table below summarises the 10 most material issues for Australia Post in 2022\*.

• Employee safety, health and wellbeing
• Labour practices
• Data security and customer privacy
• Energy management
• Viable parcels business
• Post Office network viability
• Carbon emissions
• Risk management
• Community relations
• Reliable letters business

- Our business performance
- Our people
- Our customers and communities
- Our network
- Our innovation and expertise
- Our environment

\* Underlying many of these issues is the management of our letters service, as it relates to our ability to operate profitably, our Post Office network and customer experience.

# About this report

Our annual report provides an overview of our business activities and our financial, environmental and social performance for the 2021/22 financial year in a single, integrated report.

The report is prepared in accordance with legislative requirements, the Integrated Reporting <IR> framework, the Global Reporting Initiative Standards (GRI) Core option and the Ten Principles set out in the UN Global Compact. Our approach to value creation, governance, performance and future outlook are reported against the six capitals of the framework – financial, human, social, manufactured, intellectual and natural capital.

The report includes a detailed Remuneration Report explaining our approach to executive and director remuneration. It shows the key components of remuneration for our Board members, and remuneration including at-risk variable remuneration for our Group Chief Executive Officer and Managing Director and other senior executives.

The Diversity and Inclusion section demonstrates how we are developing and implementing our Equal Employment Opportunity program, meeting the requirements of the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*.

The disclosures in this report align with the main principles outlined in the Task Force on Climate-related Financial Disclosures (TCFD). Further details can be found on our CDP submission via [cdp.net](https://www.cdp.net). This report is approved by the Australia Post Board and presented to Australia Post's Shareholder Ministers in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013*.

Unless otherwise stated, the information in this report refers to the entire Australia Post Group for the 2021/22 reporting period. Any restatements of information (due to changes in cost allocations or to allow like-for-like comparisons) are clearly noted and explained throughout this report.

Other than those noted, there were no significant changes in the boundary or scope of this report in 2021/22.

## Corporate Governance Statement and Corporate Responsibility Indices

This report and supporting documentation, including the full Corporate Governance Statement and Corporate Responsibility Indices, can be found online at [auspost.com.au/about-us](https://auspost.com.au/about-us)

Our Corporate Responsibility Indices comprises a summary of how we are addressing the UN Global Compact (UNGC) and the Sustainable Development Goals (SDGs), our GRI Content Index, our Independent Limited Assurance Statement and Business for Societal Impact verification statement.

## Our Board



### Lucio Di Bartolomeo

**BE(Civil), MEngSc, MIEA**  
Chair (non-executive)

Lucio Di Bartolomeo was appointed Chair of Australia Post in November 2019 (current term expires in November 2022) and has over 40 years' experience in the transport industry. Mr Di Bartolomeo brings extensive knowledge in rail, infrastructure and engineering fields to the Australia Post Board.

He is currently Chair of Health Infrastructure NSW and Chair of Australian Naval Infrastructure. Mr Di Bartolomeo has been performing non-executive director roles for over 16 years including as a non-executive director for Downer, AustralianSuper, Australian Rail Track Corporation, Moorebank Intermodal and as Chair for Macquarie Generation and Northwest Rapid Transit.

Prior to taking on non-executive director roles, Mr Di Bartolomeo was the Managing Director of ADI Limited, Country Director of Thales (Australia) and Managing Director of FreightCorp.



### Andrea Staines OAM

**BEcon, MBA, FAICD, MCEW**  
Deputy Chair (non-executive)

Andrea Staines was appointed to the Australia Post Board in June 2020 (current term expires in June 2023). She has been a professional non-executive director for over 15 years on a range of private, public and not-for-profit entities across Australia and New Zealand. Her experience incorporates significant time in transport and logistics and retail service industries. Ms Staines is currently a director on ASX-listed companies Kelsian Group and Acumentis, and social enterprise UnitingCare Queensland.

She is a former CEO of Qantas international airline subsidiary, Australian Airlines, and has studied, lived and worked abroad in the United States and Asia.



### Richard Dammary

**BA(Hons), LLB, MBA, Ph.D, FAICD**

Director (non-executive)

Richard Dammary was appointed to the Australia Post Board in September 2021 (current term expires in September 2024).

Richard is an experienced company director and senior adviser. He currently serves on the boards of Aussie Broadband Limited (ASX:ABB), Nexus Day Hospitals Group and WiseTech Global Ltd. He is the Chairman of Doctor Care Anywhere PLC (ASX:DOC), and Creative Partnerships Australia, the Australian Government's primary body encouraging and facilitating private sector and philanthropic investment in the arts.

His previous directorships include leading data analytics group, Quantum Group, and Australian Leisure and Hospitality Group (now part of ASX-listed Endeavour Group).

Richard has held a range of senior leadership roles in major Australian companies, and was a corporate partner with Minter Ellison. He is an adjunct Professor at Monash University Business School.



### Launa Inman

**BCom (Hons), MCom, GAICD, MCEW**

Director (non-executive)

Launa Inman was appointed to the Australia Post Board in May 2022 (current term expires in May 2025).

Ms Inman is a professional non-executive director having served on the Boards of several ASX companies including Commonwealth Bank of Australia and Super Retail Group. She has significant governance experience on both Remuneration and Audit committees and brings a wealth of experience in retail, finance, restructures and transformation.

Launa is the Chair of the PayPal Melbourne Fashion Festival. She is an Advisory Board Member of Porter Davis Homes and also an Advisory Board Member of Fantastic Furniture Holdings Limited. Launa is a Director of the not-for-profit organisation, the Alannah and Madeline Foundation.

Prior to her non-executive roles, Launa was the Chief Executive Officer/Managing Director of three iconic Australian companies: Billabong International, Target Australia and Officeworks.



### Tony Nutt AO

**BA (Hons)**

Director (non-executive)

Tony Nutt was appointed to the Australia Post Board in March 2018 (current term expires in March 2024) and brings a depth of knowledge and a range of skills including public policy and budget expertise, strategy development and implementation, and stakeholder relations.

Mr Nutt has more than 35 years' experience advising both Federal and State government, including more than ten years' service as a Principal Adviser to former Prime Minister, the Hon John Howard OM AC and Chief of Staff to the former Attorney-General, the Hon Daryl Williams AM QC.

He was also Federal and State Director of the Liberal Party of Australia, Director-General (Cabinet) and Principal Adviser to the former Premier of Victoria, the Hon Ted Baillieu AO. He is currently an Adjunct Professor in the School of Arts and Sciences at the University of Notre Dame (Australia) and a member of the council of the National Museum of Australia.



### Deidre Willmott

**B.Juris, LLB (UWA), LLM (Melb), GAICD, MCEW**

Director (non-executive)

Deidre Willmott was appointed to the Australia Post Board in June 2017 (current term expires in June 2023) and brings organisational transformation, stakeholder relations and business expertise to this position.

Ms Willmott is a non executive director of Chief Executive Women, Perth USAsia Centre and Rock Art Australia in addition to being a member of the Melbourne School of Government Advisory Board and Kearney ANZ Advisory Group.

Previously Ms Willmott was CEO of the Chamber of Commerce and Industry of Western Australia. She is a former lawyer and held senior roles with Fortescue Metals Group Ltd, Melbourne 2006 Commonwealth Games and as Chief of Staff to the Premier of Western Australia.



### Paul Graham

**Group Chief Executive Officer and Managing Director (executive)**

See profile on page 72.

#### Former Directors

#### Bruce McIver AM

Term on the Board concluded on 30 June 2022.

#### The Hon Michael Ronaldson

Term on the Board concluded on 30 June 2022.

#### Jan West AM

Term on the Board concluded on 29 May 2022.

# Our Executive Team



**Paul Graham**

**Group Chief Executive Officer and Managing Director**

Paul is a supply chain industry leader, with more than 30 years' experience, starting his career at 18 in customer service in the international cargo industry.

Paul came to Australia Post from Woolworths Group, where he was Chief Supply Chain Officer and Managing Director of Primary Connect. In this role he oversaw a strategic rebuild of the supply chain network, including over \$2 billion of infrastructure investment. He has held senior roles working across logistics in Australia, the UK, Taiwan, Singapore and Germany, including as Global Chief Operating Officer and Chief Executive Officer for Europe, Middle East & Africa for DHL. Paul was presented with the Public Service Medal by the government of Singapore for services to the logistics industry and regional development in 2015.

In addition to his executive roles, Paul has also served as Chairman of a global digital marketing group based in London, served on various University and Government advisory Boards and also on Boards in the Fast-Moving Consumer Goods and farming sectors.

Passionate about mental health and wellbeing, Paul is the Chair of the Healthy Heads in Trucks and Sheds Foundation, with a goal to improve mental wellbeing within the transport and logistics industry.

Migrating from Northern Ireland, Paul knows the value of Australia Post as an essential service; trusted to connect Australians to each other and to friends and family around the world.



**Rod Barnes**

**Executive General Manager, Network Operations**

Rod joined Australia Post in January 2016, bringing three decades of experience in logistics. He has played a significant role in how Australia Post has evolved to serve the growing eCommerce market.

Rod is responsible for leading Australia's biggest logistics network, which delivers billions of items annually to millions of delivery points across Australia and 212 countries, territories and regions across the world.

With a focus on team safety and the delivery experience for customers, Rod also leads the significant investment in network automation to efficiently handle parcel volume growth, while reducing manual handling risks to protect our people's safety.

Prior to joining Australia Post, Rod spent 28 years at TNT in executive and management logistics positions, with responsibility for sales, administration, credit management, air freight charters and operations.



**Rodney Boys**

**Group Chief Financial Officer**

Rodney joined Australia Post as Group Chief Financial Officer in May 2019 after more than 25 years with Wesfarmers and a number of Wesfarmers Group subsidiaries in several Australian states and the United Kingdom.

Over the last 15 years, Rodney held a range of executive leadership positions in Bunnings. This included the executive responsible for overseeing Information Technology, Supply Chain and Chief Financial Officer for three years.

Rodney's deep financial expertise is matched by his broad experience across a range of industry sectors and in managing complex Information Technology and Supply Chain transformations.



**Susan Davies**

**Executive General Manager, People and Culture**

Sue joined Australia Post in February 2015 and was appointed to the role of EGM People and Culture in July 2018. With the strength of over 64,900 team members, community postal agents, licensees and contractors across Australia, Sue is responsible for leading Australia Post's people strategy to drive future growth by continuously meeting changing customer and community needs.

With over 30 years industry experience, Sue has held a range of senior HR and operational roles across the transport and logistics industry, in Australia and internationally. She is a purpose and values driven executive, dedicated to working with our people to create a culture where they thrive professionally and personally, while delivering value for customers, community and the business.

As an advocate for mental health and wellbeing awareness, Sue recently joined the Board of the Healthy Heads in Trucks & Sheds Foundation, an initiative between road transport, warehousing and logistics operators to support workers with issues relating to mental health and physical wellbeing.

Sue is committed to providing a workplace that is accessible and inclusive and is the Executive Sponsor of Accessibility Matters, our Employee Reference Group providing people with disability a voice, influence and support.



**Tanny Mangos**

**Executive General Manager, Community, Sustainability and Stakeholder Engagement**

Tanny joined Australia Post in December 2021 with more than two decades experience in corporate affairs, investor relations, government affairs, environmental, social, governance and customer advocacy across top ASX100 institutions and government.

Tanny has led organisational responses to major economic, regulatory and industry trends against a backdrop of changing customer and community expectations. Most recently she held a number of senior roles at Bank of Queensland and oversaw the bank's Customer Advocate function.

With extensive risk, reputation, crisis and stakeholder management experience, Tanny is passionate about driving positive change for organisations and industry. She also brings to the role significant expertise working in government to achieve strong outcomes for customers and the community.

A purpose and values driven leader, over her career she has been successful in building high performing teams.



**Catriona Noble**

**Executive General Manager, Retail**

Catriona joined Australia Post in January 2022 and has led significant growth and major restructures at some of Australia's largest organisations.

During her time with ANZ Catriona was responsible for key retail distribution channels to customers including ANZ's Australian branch network. Catriona led a team of more than 6,000 people, also spending time as an executive sponsor for several key institutional banking clients and on the board of ANZ Global Services & Operations (Manila).

At McDonald's Catriona held the role of Chief Restaurant Officer, Asia, Pacific, Middle East and Africa, based in Singapore. In this role she was responsible for more than 10,000 restaurants and 200,000 people. Previously, Catriona was CEO and Managing Director for McDonald's Australia, and Chair of Ronald McDonald House Charities for approximately five years. During her time as CEO she played an integral role in the transformation of the McDonald's brand in Australia from a pure fast food outlet to one that offers cafe and healthier options, attracting a broader customer base in the process.

Catriona has completed the Advanced Management Programme at INSEAD business school in Fontainebleau; the Macquarie Graduate School of Management Executive Program; and the Massachusetts Institute of Technology Digital Business Transformation Programme in Boston, and is a member of both the Australian Institute of Company Directors and Chief Executive Women.



**Gary Starr**

**Executive General Manager, Customer and Commercial**

As Executive General Manager, Customer and Commercial, Gary Starr is helping to transform Australia Post into a solutions-based, customer-led organisation.

Building a world class go-to-market capability, Gary leads the delivery of compelling products and customer experiences for Australia Post's diverse range of business customers - from small privately run businesses through to large corporations and government agencies.

Gary also leads the innovation and product lifecycle management of Australia Post's Parcel and Mail Products.

Gary is an accomplished business leader with more than 30 years' experience in the telecommunications and technology sectors. During this time, Gary has held a range of senior leadership and executive roles across sales, marketing and operations.

Prior to joining Australia Post, Gary spent a decade at Motorola. In this role he led the Motorola Solutions' business across South East Asia, with a particular focus on public safety, transportation, retail, supply chain and manufacturing sectors.

Gary is a board member of Mount Scopus College and a member of its Finance Committee.



**Leonie Valentine**

**Executive General Manager, Customer Experience and Digital Technology**

Leonie Valentine joined Australia Post in January 2022.

Leonie is a digital industry leader with 30 years' experience in general management, sales, marketing and operations, including 20 years in digital technology and telecommunications.

Prior to joining Australia Post, Leonie was Managing Director at Google Melbourne & Government after serving as Managing Director of Sales and Operations Google Hong Kong for 4 years.

Over the years Leonie has been an active member of a number of boards including not-for-profits and currently serves as a board member for Pro-Pac Packaging Limited (ASX: PPG) and Save the Children Australia.

Leonie holds an Executive Certificate in Business Administration from the Australian Graduate School of Entrepreneurship of Swinburne University, a Master's Degree in Communication Management from the University of Technology, Sydney, and a Bachelor of Science from Melbourne University.

She is also a graduate of the Australian Institute of Company Directors and the FT NED Diploma (Asia).

Leonie is passionate about Digital Transformation, supporting women in technology and continual improvement to customer experience.

# Corporate governance statement

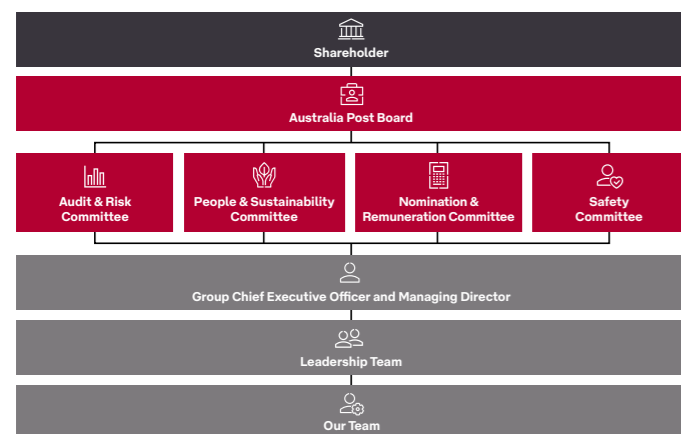
for financial year 2021/2022

This is a summary version of the Corporate Governance Statement approved by the Australia Post Board on 25 August 2022.

Australia Post maintains a comprehensive system of corporate governance practices designed to provide appropriate levels of governance, disclosure and accountability.

These practices derive principally from the provisions of the *Australian Postal Corporation Act 1989* (APC Act) and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and guidance in the *Commonwealth Government Business Enterprises – Governance and Oversight Guidelines* (GBE Guidelines).

Further details in relation to corporate governance at Australia Post, and information on how Australia Post’s corporate governance arrangements align to the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations* (4th Edition), are published on Australia Post’s website.



The Australia Post Board is responsible for the governance of Australia Post. The role of the Board is to decide the objectives, strategies and policies to be followed by Australia Post and to ensure that Australia Post performs its functions in a manner that is proper, efficient and, as far as practicable, consistent with sound commercial practice. The Board derives its authority from the APC Act.

The PGPA Act obliges the Board to govern Australia Post in a way that promotes the proper use and management of public resources, the achievement of its purposes, and its financial sustainability. The Board must also establish and maintain appropriate systems of risk management and internal control.

In financial year 2021/22 the Board had established four Committees – the Audit and Risk Committee, the People and Sustainability Committee, the Nomination and Remuneration Committee and the Safety Committee. Each Committee’s members bring a range of qualifications, knowledge, skills, and experience to assist the Committees to perform their functions and responsibilities.

The Board and its Committees each have a formal Charter that is reviewed annually (or biannually in the case of the Board). A copy of the Board and Committee Charters is available on Australia Post’s website at <https://auspost.com.au/about-us/corporate-information/our-organisation/board-and-committee-charters>. More information on the structure, functions and responsibilities of the Board and its Committees is contained in the Corporate Governance Statement on Australia Post’s website.

Non-Executive Directors are appointed by the Governor-General on the nomination of the Minister for Communications. Australia Post seeks to maintain a Board of Directors with a broad range of skills, experience and knowledge relevant to overseeing the business of a 21st century eCommerce, digital, retail and mail enterprise and managing business, risk and governance issues as they arise. Diversity of the Board, including through gender, ethnicity and geography, is also a consideration for new appointees.

Australia Post considers a Director to be independent if the Director is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity and its Shareholder. The Board has determined that each Non-Executive Director is, and was throughout the entirety of the financial year, independent.

The Board annually reviews its own performance, including its performance against the requirements of its Charter, as required by its Charter and the GBE Guidelines. An independent review of the Board’s performance is conducted every two years, while an internal review is conducted in the intervening years. Each Committee of the Board undertakes an annual self-assessment of their performance against the requirements of its Charter and provides that information to the Board.

The Board’s annual performance review for 2021/2022 was facilitated internally and the Committees’ self-assessments were completed in August 2022.

The Group Chief Executive Officer and Managing Director has responsibility for implementing Australia Post’s strategic priorities and for managing Australia Post’s day-to-day operations. The Board may impose specific limits on the authority of the Group Chief Executive Officer and Managing Director from time to time, for example matters required to be notified to Shareholder Ministers under the PGPA Act.

Australia Post has established a formal Shareholder Communication Program that records the arrangements in place that facilitate effective communication between Australia Post and its Shareholder Ministers and Shareholder Departments. The Shareholder Communication Program is published on Australia Post’s website.

Australia Post has a Group Risk Management Framework in place that describes the core strategies and processes that support our business in effectively managing risks, along with providing clarity on the roles and responsibilities for managing risk.

Australia Post has a Code of Conduct, referred to as ‘Our Ethics’, that applies to Australia Post and its Directors, people, licensees, contractors and other third parties performing services for or on behalf of the Australia Post Group (all of which are referred to as ‘our workforce participants’ in Our Ethics). Our Ethics is available on Australia Post’s website.

## Directors’ attendance at meetings 2021-22

	Australia Post Board		Audit and Risk Committee		People and Sustainability Committee		Nomination and Remuneration Committee		Safety Committee	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Lucio Di Bartolomeo	16 <sup>^</sup>	16	–	–	–	–	5 <sup>^</sup>	5	5	5
Paul Graham	11	11	–	–	–	–	–	–	–	–
Rodney Boys*	2	2	–	–	–	–	–	–	–	–
Andrea Staines OAM	16	16	5	5	6	6	5	5	–	–
Richard Dammary	11	11	–	–	5	5	3	3	4	4
Launa Inman	2	2	–	–	–	–	1	1	–	–
Bruce McIver AM	16	16	5	5	–	–	5	5	5	5
Tony Nutt AO	16	16	–	–	6	6	5	5	–	–
The Hon Michael Ronaldson	16	15	5	5	–	–	5	5	5 <sup>^</sup>	5
Jan West AM	14	14	5 <sup>^</sup>	5	–	–	4	4	–	–
Deidre Willmott	16	16	–	–	6 <sup>^</sup>	6	5	5	–	–

**Notes:** (a) Number of meetings held while a Director/Committee member. For the Group Chief Executive Officer and Managing Director, or a person acting in that role, this number excludes meetings held for Non-Executive Directors only. (b) Number of meetings attended while a Director/Committee member. Directors may also attend meetings of Committees that they are not a member of. Due to the COVID-19 pandemic, most meetings were held via videoconference. Two Board meetings were held at Australia Post operating sites and the Board undertook two further site visits to Botany Parcel Facility and Adelaide GPO. One of the Board meetings held was a dedicated strategy session. Three of the Board meetings held were teleconferences or videoconferences for Non-Executive Directors only.

<sup>^</sup> Forum Chair

\* Rodney Boys was the Acting Group CEO and MD until 23 September 2021

# Remuneration report 2022

## Message from the Chair

On behalf of the Board, I am pleased to introduce Australia Post's Remuneration Report for FY22.

The purpose of this report is to fully disclose our approach to the remuneration of our key management personnel, including the senior executives and directors of Australia Post. Our remuneration policies and practices are designed to deliver remuneration outcomes, for all of our workforce, that are fair, equitable, motivational, strategically aligned, and linked to performance whilst ensuring appropriate use of public funds and delivering outcomes for the community.

The report provides remuneration disclosures in accordance with reporting requirements under the PGPA Act and the PGPA Rule that also require Australia Post to disclose the number and remuneration levels of other highly paid staff in the Annual Report. In addition, this report seeks to align with the same governance standards that apply to ASX-listed corporations.

Australia Post acknowledges the principles of the Australian Public Service Commission's 'Performance Bonus Guidance - principles governing performance bonus use in Commonwealth entities and companies' framework and the expectation that it apply from FY22. Australia Post has reviewed its performance and remuneration policy, framework and governance for at-risk variable remuneration to ensure that it is aligned to the principles in the Guidance.

The overall financial performance of the Australia Post Group has been strong and is reflected in record earnings and strong profit before tax performance. The financial results are coupled with strong performance across most strategic objectives. The delivery of strong performance against the strategic objectives outlined in the Enterprise Scorecard of the Australia Post Group has provided significant benefit to the community, its shareholder and the economy.

The assessment of enterprise and individual performance, against challenging and robust targets, and the determination of performance-based remuneration in FY22 was governed in accordance with Australia Post's remuneration policy and variable remuneration plan rules.

There were some key changes to the composition of the Board of Directors in FY22. I would like to acknowledge Jan West (whose term concluded on 29 May 2022) and Bruce McIver and Michael Ronaldson (whose terms concluded on 30 June 2022). I sincerely thank them for their significant contributions to Australia Post over many years.

I would like to welcome Dr Richard Dammary (appointed to the Board effective 30 September 2021) and Launa Inman (appointed to the Board effective 30 May 2022).

There were also several important changes to the composition of the Executive Team during FY22.

Firstly, and most notably, I am pleased to note the appointment of our new Group Chief Executive Officer and Managing Director, Paul Graham (who commenced on 24 September 2021). Paul joins us at a pivotal time in Australia Post's history. Australia Post has a significant transformational agenda to ensure it continues to deliver for the Australian community. I look forward to continuing to work with Paul on this journey.

During the year, senior executives Ingo Bohlken, John Cox and Nicole Sheffield left the organisation. I would like to thank them for their contribution to Australia Post.

Our Group Chief Executive Officer and Managing Director appointed three new senior executives in FY22:

- Tanny Mangos was appointed EGM Community, Sustainability & Stakeholder Engagement (with effect from 1 December 2021);
- Leonie Valentine was appointed EGM Customer Experience & Digital Technology (with effect from 10 January 2022); and
- Catriona Noble was appointed EGM Retail (with effect from 17 January 2022).

I would like to congratulate them on their appointment to significant roles within our business.

Finally, I would like to acknowledge and extend our thanks to Rodney Boys, for acting in the role of Group Chief Executive Officer and Managing Director role from October 2020 until September 2021.

This Remuneration Report provides full and accurate disclosure in relation to our remuneration policies and practices for FY22. I encourage you to read what follows.



**Lucio Di Bartolomeo**  
Chair

## 1. Our organisation and key management personnel

The purpose of the Remuneration Report (report) is to set out the principles, policies and strategy the Australian Postal Corporation (Australia Post) applies to remunerate key management personnel (KMP) and other highly paid staff (OHPS). In addition, the report outlines how our remuneration strategy is aligned to our goals and strategic imperatives. This cohesive alignment with our strategic objectives best places Australia Post to deliver better outcomes whilst enabling performance-based remuneration and supporting the attraction and retention of high-calibre senior executives and other team members.

The information provided in the report has been prepared in accordance with disclosure requirements outlined in the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and the *Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)*.

The remuneration disclosure tables contained in this report are prepared in accordance with the requirements of the PGPA Rule and AASB 124 Related Party Disclosures.

The report details remuneration information for the financial year ended 30 June 2022 (FY22) as it applies to KMP, comprising non-executive directors, the Group Chief Executive Officer and Managing Director (Group CEO and MD) and senior executives. For the purposes of this report, senior executives are defined as the team members reporting to the Group CEO and MD who have responsibility or substantial input into the planning, directing and controlling of the operations of Australia Post and its controlled entities (often referred to as the 'Australia Post Group', 'Group', or the 'Enterprise'), typically titled Executive General Managers (EGM) and includes the Group Chief Financial Officer (CFO).

Also included are aggregate disclosures of OHPS of Australia Post, where their total remuneration exceeds \$235,000, in accordance with the PGPA Rule. Reporting under the PGPA Rule is provided in bands with the first band being from \$235,001 to \$245,000 and subsequent bands in increments of \$25,000.



# Remuneration report 2022

The KMPs covered in this year’s report and the details of movements throughout FY22 are outlined in the table below:

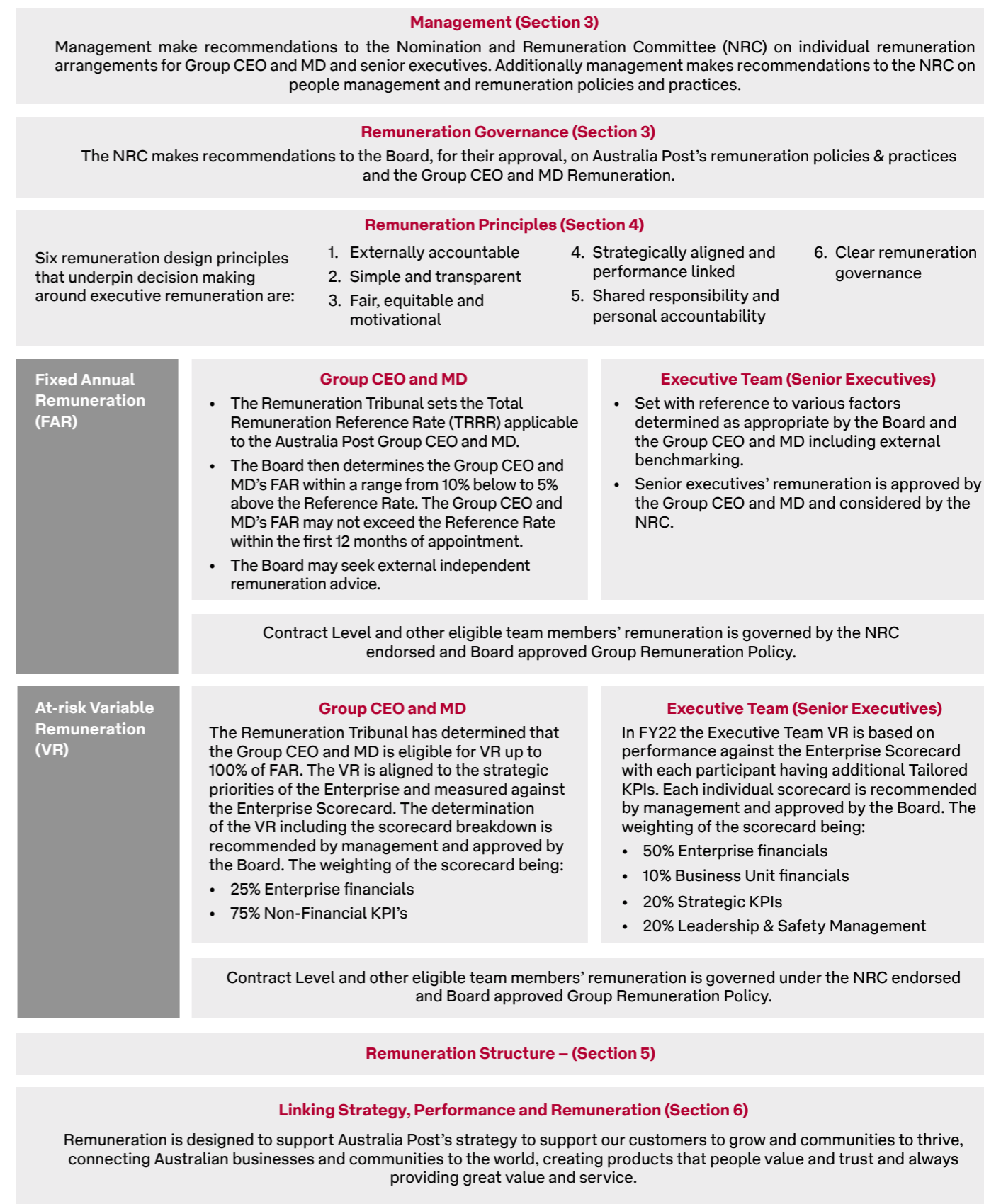
**Table 1: FY22 Key Management Personnel**

Name	Position <sup>1</sup>	KMP Status
<b>Board of Directors</b>		
Lucio Di Bartolomeo	Chair	Full Year
Paul Graham <sup>2</sup>	Group CEO and MD	Part Year
Andrea Staines OAM	Deputy Chair	Full Year
Dr Richard Dammary <sup>3</sup>	Director	Part Year
Launa Inman <sup>4</sup>	Director	Part Year
Tony Nutt AO	Director	Full Year
Deidre Willmott	Director	Full Year
<b>Former Directors</b>		
Bruce McIver AM <sup>5</sup>	Director	Full Year
The Hon. Michael Ronaldson <sup>6</sup>	Director	Full Year
Jan West <sup>7</sup>	Director	Part Year
<b>Group CEO and MD and Senior Executives</b>		
Paul Graham <sup>8</sup>	Group CEO and MD	Part Year
Rod Barnes	EGM Network Operations	Full Year
Rodney Boys	Group Chief Financial Officer	Full Year
Susan Davies	EGM People & Culture	Full Year
Tanny Mangos <sup>9</sup>	EGM Community, Sustainability & Stakeholder Engagement	Part Year
Catriona Noble <sup>10</sup>	EGM Retail	Part Year
Gary Starr	EGM Customer & Commercial	Full Year
Leonie Valentine <sup>11</sup>	EGM Customer Experience & Digital Technology	Part Year
<b>Former Executives</b>		
Ingo Bohlken <sup>12</sup>	EGM Product & Innovation	Part Year
John Cox <sup>13</sup>	EGM Transformation & Enablement	Part Year
Nicole Sheffield <sup>14</sup>	EGM Community & Consumer	Part Year

- |   |  |
|---|--|
| 1. Position reflects position title at end of financial year or at employment cessation date. | 9. Tanny Mangos was appointed EGM Community, Sustainability & Stakeholder Engagement with effect from 1 December 2021. |
| 2. Paul Graham was appointed Group CEO and MD with effect from 24 September 2021.             | 10. Catriona Noble was appointed EGM Retail with effect from 17 January 2022.  |
| 3. Richard Dammary was appointed to the Board with effect from 30 September 2021.             | 11. Leonie Valentine was appointed EGM Customer Experience & Digital Technology with effect from 10 January 2022.      |
| 4. Launa Inman was appointed to the Board with effect from 30 May 2022.                       | 12. Ingo Bohlken ceased employment with Australia Post with effect from 5 January 2022.                                |
| 5. Bruce McIver’s term on the Board concluded on 30 June 2022.                                | 13. John Cox ceased employment with Australia Post with effect from 14 August 2021.                                    |
| 6. Michael Ronaldson’s term on the Board concluded on 30 June 2022.                           | 14. Nicole Sheffield ceased employment with Australia Post with effect from 30 October 2021.                           |
| 7. Jan West’s term on the Board concluded on 29 May 2022.                                     |  |
| 8. Paul Graham was appointed Group CEO and MD with effect from 24 September 2021.             | Details of remuneration for the incumbents have been disclosed in Section 8 of the Remuneration Report.                |

## 2. Remuneration on a page

The diagram below provides an overview of the FY22 approach to Australia Post Group remuneration (with sections indicating where further information can be found within the report).



# Remuneration report 2022

## 3. Remuneration governance

### 3.1 Nomination & Remuneration Committee role

The primary role of the Nomination & Remuneration Committee (NRC) is to assist the Board in discharging its governance responsibilities in relation to Board performance and composition, succession planning and remuneration for the Group CEO and MD, incentive plans, and remuneration policy and reporting, and within the scope of its responsibility endorse certain matters for Board approval.

The NRC's Charter is reviewed on an annual basis. The NRC comprises a subset of the Non-executive Directors of Australia Post (currently 4). The current NRC Charter is available on the Australia Post website (auspost.com.au). The NRC:

- Makes recommendations to the Board, for approval, around Australia Post's remuneration policies and practices that are applied to team members.
- Makes recommendations to the Board, for approval, on the Group CEO and MD Remuneration within the guidelines determined by the Remuneration Tribunal.
- Considers the Senior executives' remuneration approved by the Group CEO and MD.

### 3.2. Engagement of external advice

To inform its decision making during FY22, the NRC sought advice on performance and remuneration related matters from the Group CEO and MD, senior executives and management.

External remuneration advice was received by Australia Post from KPMG in FY22. None of the advice received included remuneration recommendation as defined by the *Corporations Act 2001*.

### 3.3 Management

Management make recommendations to the NRC on individual remuneration arrangements for the Group CEO and MD and senior executives. Additionally management makes recommendations to the NRC on people management and remuneration policies and practices.

Upon NRC endorsement and Board approval, management document and implement Remuneration Frameworks as directed.

### 3.4 Remuneration policies

Remuneration is governed at various levels across the Group:

- Non-executive Directors' annual fees are set by the Remuneration Tribunal. Australia Post has no role in determining the level of Non-executive director remuneration.
- Group CEO and MD's remuneration is determined by the Board within a range prescribed by the Remuneration Tribunal. The Group CEO and MD's fixed annual remuneration may not exceed the Reference Rate within the first 12 months of appointment.
- Senior executives' remuneration is determined with reference to various factors, including external benchmarking, and is approved by the Group CEO and MD and considered by the NRC.
- Other contract team members' fixed remuneration review budgets are approved by the Board annually. The Australia Post Variable Remuneration Plan (APVRP) (formerly known as Australia Post Corporate Incentive Plan (APCIP)) outcome distributions (including OHPS) are considered by the NRC. Terms and conditions of employment are outlined in individual employment contracts.

The Group Remuneration Policy, approved by the Board, and the APVRP Rules, provide the framework through which remuneration is governed.

### 3.5. Group CEO and MD and senior executive contract terms

The terms of employment for the Group CEO and MD and senior executives are formalised in employment contracts with no fixed term.

The Group CEO and MD and senior executive employment contracts typically outline the components of remuneration paid to the individual but do not prescribe how much the total remuneration quantum will be adjusted year to year. The Group CEO and MD's remuneration is determined by the Board relative to a reference rate determined by the Remuneration Tribunal. These employment contracts provide for participation in an at-risk Variable Remuneration (VR) plan, (now known as APVRP), in accordance with the relevant VR plan rules.

Continuation of employment is subject to ongoing performance reviews by the Board (for the Group CEO and MD) and by the Group CEO and MD (for senior executives). A description of each employment contract termination scenario for the Group CEO and MD and senior executives is detailed in Table 2.

### 3.5. Group CEO and MD and senior executive contract terms (continued)

**Table 2: Employment contract cessation**

Scenario	Definition
Termination on notice by the senior executive	The Group CEO and MD may terminate their employment contract by providing six months' notice in writing. All other senior executives may terminate their employment contract by providing twelve weeks' notice in writing.
Termination on notice of a senior executive by Australia Post	Australia Post may terminate the Group CEO and MD's employment contract by providing six months' notice or providing payment in lieu of the full or part of the notice period. That notice period is extended to twelve months if Australia Post gives notice at any time during the first twelve months of employment.  Australia Post may terminate all other senior executives' employment contracts by providing twelve weeks' notice or provide payment in lieu of the full or part of the notice period.
Termination on notice payments	Termination on notice payments by Australia Post are compliant with legislation and designed to ensure consistent and equitable practices are applied. For the Group CEO and MD and senior executives, termination on notice payments are calculated based on length of service and are no less than an amount equal to the notice period and no more than twelve months' of fixed annual remuneration.
Termination without notice	In certain scenarios as set out in the employment contracts of the Group CEO and MD and senior executives (e.g. breach of contract, improper conduct or conviction for a criminal offence), Australia Post may terminate the employment contract at any time without notice, and Group CEO and MD or a senior executive will be entitled to payment of fixed annual remuneration only up to the date of termination.
Death or total and permanent disablement	In the event of death or total and permanent disablement of the Group CEO and MD or a senior executive, there are no financial entitlements due from Australia Post other than the payment of statutory or contractual entitlements of accrued leave and annual leave. The Board retains the discretion to make an ex-gratia payment.
Retirement	There are no financial entitlements due from Australia Post on the retirement of the Group CEO and MD or a senior executive other than the payment of statutory or contractual entitlements of accrued leave and annual leave. The Board retains the discretion to make an ex-gratia payment.

## 4. Remuneration principles

Australia Post's remuneration strategy supports the strategic objectives of the Enterprise, supporting a performance-based remuneration and recognition framework designed to drive performance whilst remaining aligned to market practice and community expectations.

Australia Post increasingly operates in highly competitive commercial markets and must ensure its remuneration framework is competitive to attract and retain a skilled workforce.

The Board has approved the following principles to underpin the design of the remuneration and performance management approach:

- **Externally accountable:** we will appropriately reward team members for their individual contribution to value creation and be accountable to our Shareholder and the community;
- **Simple and transparent:** our framework will be simple enough to ensure the highest levels of transparency and understanding, externally and internally;
- **Fair, equitable and motivational:** our approach to executive remuneration helps to enable the attraction and retention of executive talent, who live our values and are collectively motivated by our vision and purpose;
- **Strategically aligned and performance linked:** our executive remuneration framework supports the delivery of Australia Post's strategy, helps to create long-term value and delivers strong financial returns to our Shareholder by linking executive remuneration outcomes to relevant and measurable financial and nonfinancial goals;
- **Shared responsibility and personal accountability:** our executive remuneration framework recognises the diversity of our business by rewarding individual contribution and behaviours appropriately, reflecting the business unit and Group performance; and
- **Clear remuneration governance:** our remuneration frameworks, policies and processes are governed by clear guidelines and accountabilities balanced with the ability for the Board to apply judgement over potential unintended or unequitable outcomes.

Australia Post has considered the Remuneration Principles and their alignment to the Australian Public Service Commission's (APSC) *“Performance Bonus Guidance – Principles governing performance bonus use in Commonwealth entities and companies.”* (APSC Guidance). The Australia Post Remuneration principles continue to align with the APSC Guidance. The principles define the link between Australia Post's Corporate Plan and remuneration frameworks ensuring they are strategically aligned and linked to strong actual individual and enterprise performance. Performance targets are set to exceed normal and planned activity and deliver outcomes to our Shareholder and the community. Further detail can be found in Section 5.3.

# Remuneration report 2022

## 5. FY22 remuneration structure

For FY22 the Group CEO and MD, senior executives' and contract level team members remuneration arrangements were comprised of two key remuneration components:

1. Fixed annual remuneration (FAR); and
2. At-risk Variable Remuneration (VR) plan.

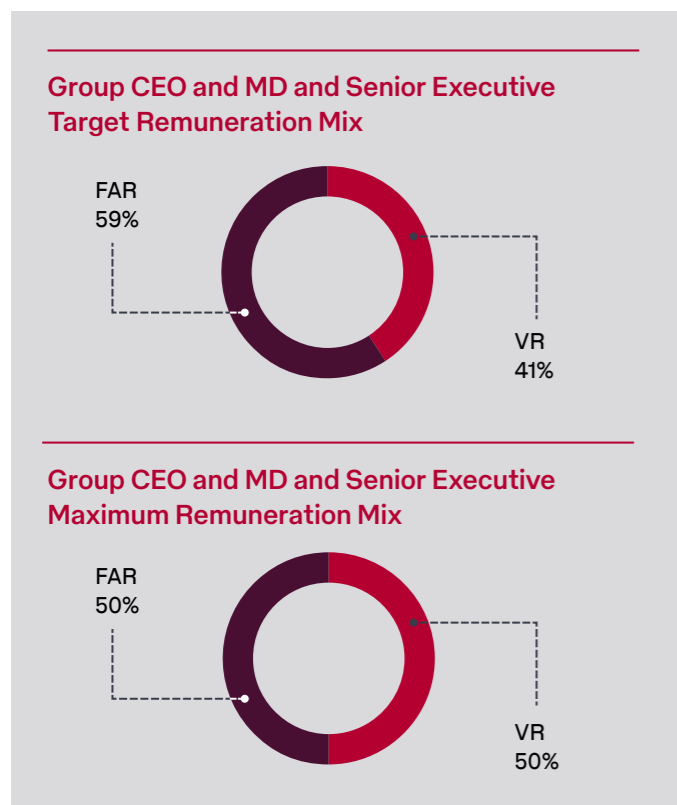
The remuneration structure is managed to ensure appropriate alignment and governance at each team member level.

### 5.1. Remuneration mix

The Board aims to ensure that the mix of FAR and VR is appropriate and that a suitable portion of remuneration remains "at risk" to ensure that the Group CEO and MD and senior executives are only rewarded when delivering performance that is aligned to the Australia Post strategy.

The variable, at-risk component of target remuneration, is 41 per cent for both the Group CEO and MD and senior executives. The Target VR opportunity is 70 per cent of FAR for the Group CEO and MD and senior executives as at 30 June 2022.

The maximum VR, at risk component of remuneration, is 100 per cent of FAR for the Group CEO and MD and senior executives:



### 5.2. Fixed Annual Remuneration (FAR)

FAR aims to reward the Group CEO and MD, senior executives and contract level team members for executing the core requirements of their role. FAR generally includes base salary, benefits and entitlements received in cash, superannuation and any salary sacrificed items. FAR is typically reviewed annually.

### Group CEO and MD FY22 fixed remuneration

The Government has determined that the Australia Post Group CEO and MD's remuneration should be set by the Remuneration Tribunal. This position was classified by the Remuneration Tribunal as a Principal Executive Officer (PEO) Band E.

The Remuneration Tribunal sets the TRRR applicable to the Australia Post Group CEO and MD. The Board then determines the Group CEO and MD's FAR within a range from 10% below to 5% above the TRRR. The Group CEO and MD FAR may not exceed the TRRR within the first 12 months of appointment.

### Senior executive and contract level fixed remuneration

FAR is positioned competitively to attract, motivate and retain senior executives and contract level team members and to reflect the individual's responsibilities, skills, performance, qualification and experience. Reviews are informed by a range of internal and external factors including:

- market comparative remuneration benchmarking to roles in companies of similar size, revenue and complexity,
- other Government Business Enterprises' remuneration positioning,
- any changes in role and responsibility,
- previous salary adjustments,
- community expectations and
- internal relativities.

To inform Australia Post in setting market competitive and sustainable remuneration budgets and ensure team members are being rewarded fairly and equitably for their roles, FAR is regularly benchmarked to multiple sources of information including external market surveys. Remuneration benchmarking is conducted relative to a series of external remuneration surveys purchased from third party providers (including Aon, Korn Ferry and KPMG) as the content of each external market survey focuses more on a specific industry sector.

When considering remuneration benchmarking and grade, Australia Post typically considers:

- Mercer IPE job evaluation methodology as the standard approach for job sizing roles
- the responsibilities and accountabilities of the role
- internal relativities and external market survey data and movements.

Remuneration packages are reviewed on an individual basis on appointment, on promotion or during the annual remuneration review.

Annually, management recommends and asks the NRC and the Board to review and approve the fixed remuneration review budget for contract level team members. The fixed remuneration review budget is apportioned through the annual review process. A recommendation on an individual's FAR increase is based on their position in the remuneration range and their performance outcome and this is provided to their Manager for decision.

### 5.3. Variable Remuneration

VR aims to reward the Group CEO and MD, senior executives and other participants for delivering performance against a range of financial and non-financial key performance indicators (KPIs) that are aligned to the strategic priorities of the Group. The VR plan is called the Australia Post Variable Remuneration Plan (APVRP).

The VR plan is an "at risk" variable remuneration opportunity where a payment may be awarded subject to the achievement of relevant individual, team, strategic and enterprise KPIs.

In FY22 the Group CEO and MD and senior executives' relative performance was assessed against the Enterprise Scorecard forming the basis for their VR outcomes. Other eligible team members have a series of individually tailored and quantitative KPI measures cascaded into their scorecard from the Enterprise and relevant Business Unit. Balanced scorecards are developed at the start of the performance period aligned to objectives and measures in the Corporate Plan and cascaded accordingly.

The weighting of each metric within the scorecard for each group of team members is outlined below:

Group CEO and MD		Non-Financial 75% (Tailored 65% Quantitative 10%)	
<b>Senior Executives</b>			
Enterprise Financial 50%	Business Unit Financial 10%	Strategic KPIs 20% (Tailored 10% Quantitative 10%)	Leadership/Safety Mgt 20% (Tailored 10% Quantitative 10%)
<b>General Managers reporting to a Senior Executive</b>			
Enterprise Financial 40%	Business Unit Financial 20%	Strategic KPIs 20% (Tailored 10% Quantitative 10%)	Leadership/Safety Mgt 20% (Tailored 10% Quantitative 10%)
<b>Band 3 and 4 team members</b>			
Enterprise Financial 30%	Business Unit Financial 20%	Strategic KPIs 40% (Tailored 30% Quantitative 10%)	Leadership/Safety Mgt 10% (Tailored 5% Quantitative 5%)
<b>All other eligible participants</b>			
Enterprise Financial 10%	Tailored KPIs 85%		Tailored Leadership Behaviours (5%)

The APVRP also includes Enterprise financial and individual behavioural gateways that must be met prior to an individual being eligible for a VR payment:

#### Financial Gateway

1. VR will only be paid to eligible APVRP participants if a Profit Before Tax (PBT) financial target gateway is met (PBT Financial Gateway).
2. VR associated with achievement of any stretch KPI will only be paid if PBT stretch (PBT Stretch Financial Gateway) is achieved.

#### Behavioral & Performance Gateways

1. Living our enterprise values and meeting minimum behaviour expectations.
2. Meeting our Code of Ethics.
3. Completion of all assigned compliance training.
4. Minimum performance rating of at least 3 (or a minimum of 2 for new starters or new to role team members).

# Remuneration report 2022

## 5.3. Variable Remuneration (continued)

In addition to setting the Group CEO and MD TRRR, the Remuneration Tribunal also confirmed performance pay arrangements for the Group CEO and MD up to a VR maximum potential of 100 per cent of FAR. The Board of Australia Post is responsible for determining the performance of the Group CEO and MD and determining any VR outcomes.

The Board has approved the release of deferred FY21 VR to eligible participants. There is no deferral in the FY22 VR plan.

The Enterprise does not generally support the provision of discretionary payments. The Board or the Group CEO and MD, as outlined in the Board approved Group Remuneration Policy, can in exceptional circumstances approve the provision of a discretionary payment opportunity (including retention arrangements) to a team member.

Such opportunities must be clearly documented outlining the reasons for the payment opportunity and the performance period and/or criteria required to be satisfied prior to receiving the payment.

### APSC Guidance

The APSC released the APSC Guidance on 13 August 2021. In designing the FY22 and FY23 VR frameworks Australia Post has considered the APSC Guidance to ensure alignment with its principles. In designing VR plans Australia Post has ensured that the KPIs are aligned to its Corporate Plan and Enterprise Strategy. Additionally targets are set to incentivise actual performance that exceeds normal and planned activity and produces improved outcomes for Australia Post, the Shareholder and the community.

The Guidance outlines 4 Key Principles and expectations, each of which is outlined below.

Key Principles	Australia Post Alignment
1. Entities exist to deliver outcomes for the public. Any VR must be carefully designed to deliver a public benefit	<ul style="list-style-type: none"> <li>The APVRP provides a performance based at-risk VR that is directly linked to the Enterprise Scorecard and Enterprise Strategy. The Scorecard is the basis for measuring performance across the whole Enterprise and ensuring VR outcomes are aligned with delivering a public benefit.</li> <li>Australia Post regularly participates in external benchmarking on our fixed and variable remuneration positions. This ensures that remuneration provided is reflective of the marketplace and in turn reflects community expectations.</li> </ul>
2. Entities have an obligation to act in line with community expectations regarding remuneration	<ul style="list-style-type: none"> <li>Australia Post, like many of its GBE peers, operates in a competitive labour market with a number of the largest and most innovative companies in the world (including Amazon and DHL). This involves competing with the private sector to hire talent from the same limited talent pools to ensure Australia Post continues to meet its strategic objectives and continue to meet community expectations.</li> </ul>
3. Entities should exercise rigour and restraint in the use of VR	<ul style="list-style-type: none"> <li>Australia Post variable remuneration is an at-risk performance-based component of total remuneration for eligible team members. Participation in these plans is typically limited to team members on individual employment contracts as part of their total remuneration package which is benchmarked externally ensuring total remuneration is aligned to the external competitive remuneration market.</li> </ul>
4. VR should be used in limited circumstances	<ul style="list-style-type: none"> <li>To compete in the labour market and restrict the level of participation in the APVRP, Australia Post would be required to significantly increase fixed remuneration, reducing performance drivers available through VR.</li> </ul>

Additionally, section 17 of the Guidance acknowledges that Commonwealth entities that primarily operate in commercial markets, including Australia Post, may have greater justification to use at-risk remuneration. When considering the use of at risk variable remuneration the appropriateness of these arrangements should be carefully considered and reviewed regularly.

When considering the use of VR Australia Post considered the following key aspects.

- Australia Post has an obligation to deliver public outcomes and demonstrate the appropriate use of public funds.
- Australia Post has legal obligations, through employment contracts with eligible team members, to provide a VR opportunity.
- Management and Board considered other alternative remuneration frameworks, when considering the FY23 VR design, including the conversion of the existing VR arrangements, for some eligible participants, to fixed remuneration. However, conversion of VR to fixed remuneration would limit the enterprise's ability to drive performance via at-risk performance based VR and to limit payment where performance hurdles were not met. Additionally, the converted VR costs would create a fixed remuneration cost in ongoing enterprise costs.

- Australia Post meets extensive transparency and reporting requirements regarding remuneration, and maintains robust governance in the management of the Performance and VR Framework.

The APVRP is reviewed regularly in detail on an annual schedule that includes the Enterprise Scorecard review, VR Plan design, KPI determination and regular communication on performance to target performance throughout the plan year. Robust targets are determined at the beginning of the performance year in alignment with the Corporate Plan and set at a stretch level designed to drive outperformance aligned both to the Enterprise Scorecard and Individual tailored performance. Targets are designed to drive performance that exceeds normal and planned activities producing improved outcomes for Australia Post, the Shareholder and the community.

Weighing up operating in a competitive commercial marketplace within a constrained labor talent pool, contractual obligations to provide a VR opportunity, recognition of the appropriateness of GBEs using at-risk VR, and the limitations of a higher fixed cost framework, via conversion of the existing VR to fixed remuneration, Australia Post believes the most appropriate use of public resources is to retain the current VR framework.

## 6. Linking strategy, performance and remuneration

### 6.1. How we assessed the Enterprise Scorecard in FY22

#### Enterprise Scorecard

The Enterprise Scorecard contains a range of KPIs that are aligned to the strategic priorities of the enterprise. The FY22 Enterprise Scorecard KPIs and performance against those KPIs, are detailed in the table below:

Overall financial performance against the Enterprise Scorecard was strong in FY22, including the achievement of our stretch targets for a number of key financial KPIs.

Table 3: FY22 Enterprise Scorecard

Measure	KPI	Link to Strategy	Performance	Outcome
Enterprise Financials	Profit Before Tax (PBT)	Australia Post maintains both a community and a commercial regulatory purpose. We are required, where possible, to make a commercial return on our assets.	PBT of \$55.3m is well ahead of Target. Revenue was up on Target but offset in part by higher costs with Network Operations incurring higher volume variable costs from the strong parcel volumes, increased unit cost rates from higher fuel prices and contractor costs and COVID and flood impacts requiring additional cost investment to reduce network disruption. Domestic operational cost headwinds were offset by stringent focus on cost controls to deliver the savings in the Business Efficiency Program as well as favorable outcomes in BU Controllable Support Costs.	Met Stretch
	Group Revenue	Australia Post needs to protect our revenue base in letters, grow in parcels, and seek additional new revenue streams to grow the business.	Revenue outperformance was predominantly driven by domestic parcel revenue and AP Global with both benefitting from eCommerce growth particularly in the first half with extended COVID lockdowns. Domestic letter volumes continued to experience higher than expected lodgments. Additionally Revenue upside was seen in Identity, Payments & Financial Services.	Met Stretch
Business Unit Financials	Enterprise Business Efficiency	Continually challenging ourselves to execute on efficiencies across the business enables Australia Post to be able to invest more in longer-term growth.	Enterprise Efficiency has delivered sustainable efficiencies in line with Target. Efficiencies were mainly generated in Network Operations relating to productivity improvements and efficiencies within Support Office Teams.	Met Target
	Total Controllable Support Costs	Ongoing focus on reducing Controllable Support Costs drives profitability within the Enterprise.	Favorable to Target primarily due to a focus on labour associated savings and a focus on discretionary spend.	Met Target
	Cash	Cash position of the enterprise allows us to invest heavily in our people, the networks and for the future.	Cash is below Target, driven by lower cash from Trading Activities, timing of supplier payments and higher tax paid.	Not Met

# Remuneration report 2022

Measure	KPI	Link to Strategy	Performance	Outcome
Strategic KPIs	Consumer NPS	Customer advocacy and loyalty is critical in order to win in a competitive eCommerce market.	For the year, the Consumer NPS result is above target of Q4. The Consumer NPS for Q4 reflects the stability in our performance over the quarter, as DIFOT remained consistent for the April to June period. Consumer trust in our letters and parcels network continues to improve over time with the reliability in our operational performance and as consumers' experiences with our channels continues to improve.	Met Target
	Business NPS	NPS is a key metric in measuring customer advocacy and is a lead indicator of customer retention.	For the year the Business NPS result is below target. Q4 Business NPS slightly declined compared to the previous quarter. Despite gains in Business NPS after the Christmas peak, April to June customer sentiment indicated an expectation that operational conditions return to pre-pandemic levels.	Not Met
	Delivery In Full On Time (DIFOT)	DIFOT drives customer advocacy through timely delivery of parcels whilst reducing cost due to multiple parcel handling.	PDO Parcel Post capacity due to competing delivery activities was reduced coupled with increased COVID related absenteeism has had an impact team member capacity. Additionally recruitment challenges resulted in vacancies contributing to reduced performance. In an extremely challenging year with volatile parcel volumes, delivering both the Census and Federal Election and difficulties maintaining adequate resourcing, the FY22 annual DIFOT Target was not Met.	Not Met
	Domestic Parcel Complaints per 1,000 articles	Customer Complaint levels are indicative of network health, delivery standards and issue management.	There was a substantial growth in Domestic Parcel volumes which in turn led to an increase in Domestic Parcels complaints in FY22. The increase in complaints was primarily due to the significant operational challenges experienced due to the COVID and weather events. This had a direct impact on customer deliveries and was reflected in customer enquiries into the Contact Centre with customer cases for every 1000 Domestic Parcel articles up slightly compared to last financial year. Despite the increase in Domestic Parcel case volumes, the Customer Services has been largely successful in managing the increased demands and effecting a positive impact to our customers.	Met Stretch
	Tailored Strategic Milestones	A series of strategic objectives and milestones that seek to measure performance against the strategic priorities of the Enterprise.	Performance was strong against key strategic milestones.	Met Stretch & Met Target

Measure	KPI	Link to Strategy	Performance	Outcome
Leadership & Safety Management	Group People Engagement	Team member engagement drives performance.	The Group People Engagement Survey targeted for April 2022 was delayed in light of the impending election and operational pressures on our business, hence no specific measure was captured. The Scorecard KPI weightings related to Target Group People Engagement were attributed to the other KPIs within the Enterprise Scorecard.	Not Measured
	Safety Index	Safety of our team members, contractor, work partners, customers and the broader community is of paramount importance to the enterprise.	The FY22 Group Safety Index is 100% and the Data Quality Result is Met Target.	Met Target
	Tailored Leadership and Safety Management milestones	A series of strategic objectives that seek to measure performance against the leadership and safety management priorities of the enterprise.	Performance was measured against all individual Tailored Leadership and Safety Management milestones with a range of performance outcomes.	Not Met / Met Target / Met Stretch

# Remuneration report 2022

## 6.2 FY22 Performance outcomes

For FY22 the Group CEO and MD and senior executive relative performance was assessed against the Enterprise Scorecard. Based on those outcomes the Group CEO and MD and senior executives were eligible to and awarded VRs up to 84.8 per cent of their maximum VR opportunities.

## 7. Non-executive Board director fees

All Australia Post Non-executive directors are appointed by the Governor-General on the nomination of the Minister for Communications. Non-executive Directors' fees are set by the Remuneration Tribunal. Australia Post has no role in determining the level of Board director fees.

The Remuneration Tribunal regularly reviews and sets Non-executive director fees for the roles of Chair, Deputy Chair and other Non-executive directors (Members) (excluding statutory superannuation contributions which are paid in addition to the fees set by the Remuneration Tribunal). Non-executive director fees cover all activities including Board membership and participation of most sub-Committees unless otherwise stated in the table below.

The following table sets out the Non-executive directors' fees (excluding superannuation) as set by the Remuneration Tribunal and covering the financial years FY22 and FY23.

**Table 4: Non-executive director fees**

Role	Annual Fee with effect from:	
	1 July 2021 <sup>1</sup>	1 July 2022 <sup>2</sup>
Chair	\$193,710	\$199,040
Deputy Chair	\$108,100	\$111,080
Non-executive Directors Members	\$96,890	\$99,560
Audit & Risk Committee Chair	\$22,430	\$23,050
Audit & Risk Committee Member	\$11,220	\$11,530
People & Sustainability Committee Chair <sup>3</sup>	\$19,110	\$19,640
People & Sustainability Committee Members <sup>3</sup>	\$9,560	\$9,830

1. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2021.
2. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2022.
3. Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees if they are members of this Committee.

## 8. FY22 statutory remuneration tables

### 8.1. Overview of statutory requirements

For the purposes of these disclosures, the information provided in the report has been prepared and is aligned to disclosure requirements outlined in the PGPA Act and PGPA Rule.

This sees disclosure made in two areas:

1. KMP with non-executive director fees and senior executive remuneration being separately disclosed; and
2. Aggregate reporting of OHPS.

Australia Post has defined KMP as Non-executive directors, the Group CEO and MD and senior executives who report directly to the Group CEO and MD and who have responsibility or substantial input into the planning, directing and controlling the operations of Australia Post.

These team members are the only team members considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of Australia Post. Remuneration received directly or indirectly by KMP is provided under an accrual basis for the years ending 30 June 2021 and 30 June 2022. All remuneration is provided in Australian Dollars. There are no senior executives who are not KMP.

In 2019 the PGPA Rule was amended to require a number of Commonwealth Entities to report on OHPS who are neither KMP nor senior executives. (Note Australia Post has assessed senior executives to also be KMP). The disclosures are provided on an aggregated banded basis for those team members of Australia Post whose total remuneration exceeds \$235,000 in FY22. The initial band being a range from \$235,001 to \$245,000 with subsequent bands in \$25,000 increments.

Reporting is provided on an accruals basis, with the following average remuneration components disclosed:

- Base salary
- At-risk variable remuneration
- Other benefits & allowances
- Superannuation
- Long service leave
- Other long-term benefits
- Termination benefits.

## 8.2. Statutory Tables

Remuneration received directly or indirectly by KMP under an accrual basis for the most recent financial year FY22 and previous financial year FY21 is as follows:

**Table 5: Non-executive Director Remuneration:**

Non-executive directors	Year	Director fees <sup>1</sup> \$	Other Benefits and Allowances <sup>2</sup> \$	Superannuation <sup>3</sup> \$	Total Remuneration \$
Lucio Di Bartolomeo (Chair)	2022	193,710	462	19,371	213,543
	2021	192,819	-	18,318	211,137
Andrea Staines OAM (Deputy Chair)	2022	119,320	462	11,932	131,714
	2021	118,454	-	11,253	129,707
Dr Richard Dammerly <sup>4</sup>	2022	79,134	-	7,913	87,047
	2021	-	-	-	-
Launa Inman <sup>5</sup>	2022	10,113	-	1,011	11,124
	2021	-	-	-	-
Tony Nutt AO	2022	106,450	-	10,645	117,095
	2021	105,960	-	10,067	116,027
Deidre Willmott	2022	116,000	-	11,600	127,600
	2021	115,274	-	10,951	126,225
<b>Former Board Directors</b>					
Mario D'Orazio <sup>6</sup>	2022	-	-	-	-
	2021	104,502	-	9,929	114,431
Bruce McIver AM <sup>7</sup>	2022	108,110	-	10,811	118,921
	2021	107,613	-	10,223	117,836
The Hon. Michael Ronaldson <sup>8</sup>	2022	108,110	-	10,811	118,921
	2021	107,592	-	10,222	117,814
Jan West AM <sup>9</sup>	2022	108,348	-	10,835	119,183
	2021	118,771	-	11,284	130,055
<b>Total (9 Non-executive directors)</b>	<b>2022</b>	<b>949,294</b>	<b>924</b>	<b>94,929</b>	<b>1,045,147</b>
<b>Total (8 Non-executive directors)</b>	2021	970,984	-	92,247	1,063,231

1. Non-executive director fees are set by the Remuneration Tribunal and paid in cash.
2. Other benefits and allowances comprises reportable and non-reportable fringe benefit amounts as determined for taxation.
3. Minimum superannuation contributions are provided as prescribed under Superannuation Guarantee legislation.
4. Richard Dammerly was appointed to the Board with effect from 30 September 2021.
5. Launa Inman was appointed to the Board with effect from 30 May 2022.
6. Mario D'Orazio's term on the Board concluded on 26 June 2021.
7. Bruce McIver's term on the Board concluded on 30 June 2022.
8. Michael Ronaldson's term on the Board concluded on 30 June 2022.
9. Jan West's term on the Board concluded on 29 May 2022.

# Remuneration report 2022

Remuneration received directly or indirectly by KMP under an accrual basis for the most recent financial year FY22 and previous financial year FY21 is as follows:

**Table 6: Group CEO and MD and senior executives' base salary, short-term benefits and post-employment benefits (accruals basis).**

Group CEO and MD and Senior Executives and Position Titles	Year	Short-Term Benefits			Post Employment Benefit	Other Long-Term Benefits			Total Remuneration \$
		Base salary <sup>1</sup> \$	At-risk variable remuneration <sup>2</sup> \$	Other benefits & allowance <sup>3</sup> \$	Superannuation <sup>4</sup> \$	Long service leave <sup>5</sup> \$	Other long-term benefits <sup>6</sup> \$	Termination benefits <sup>7</sup> \$	
Paul Graham <sup>8</sup> Group CEO and MD	2022	1,154,665	885,022	647	19,874	27,745	-	-	2,087,952
	2021	-	-	-	-	-	-	-	-
Rod Barnes EGM Network Operations	2022	773,872	662,463	497	23,568	20,613	300,000	-	1,781,013
	2021	722,529	706,875	461	21,694	20,930	100,000	-	1,572,489
Rodney Boys <sup>9</sup> Group Chief Financial Officer	2022	905,930	661,819	-	23,568	(14,590)	-	-	1,576,727
	2021	1,099,417	730,438	461	21,694	19,922	-	-	1,871,932
Susan Davies EGM People & Culture	2022	753,862	674,499	902	23,568	9,762	-	-	1,462,592
	2021	766,659	713,944	1,410	21,694	21,622	-	-	1,525,329
Tanny Mangos <sup>10</sup> EGM Community, Sustainability & Stakeholder Engagement	2022	400,936	303,468	506	15,780	7,490	-	-	728,179
	2021	-	-	-	-	-	-	-	-
Catriona Noble <sup>11</sup> EGM Retail	2022	381,110	304,811	18	11,784	7,575	-	-	705,297
	2021	-	-	-	-	-	-	-	-
Gary Starr EGM Customer & Commercial	2022	771,853	665,765	-	23,568	10,355	-	-	1,471,542
	2021	758,196	713,944	461	21,694	21,144	-	-	1,515,439
Leonie Valentine <sup>12</sup> EGM Customer Experience & Digital Technology	2022	397,125	294,783	-	11,784	7,575	-	-	711,266
	2021	-	-	-	-	-	-	-	-
<b>Former Senior Executives</b>									
Christine Holgate <sup>13</sup> Group CEO and MD	2022	-	-	-	-	-	-	-	-
	2021	538,929	-	366	10,847	(111,694)	-	1,000,000	1,438,448
Ingo Bohlken <sup>14</sup> EGM Product & Innovation	2022	371,348	-	-	14,351	(968)	-	382,574	767,306
	2021	765,745	686,618	461	21,694	20,154	-	-	1,494,672
John Cox <sup>15</sup> EGM Transformation & Enablement	2022	82,693	-	18	5,892	2,102	-	-	90,705
	2021	635,368	585,325	461	21,694	18,088	-	394,610	1,655,546
Nicole Sheffield <sup>16</sup> EGM Community & Consumer	2022	246,520	-	-	11,784	(46,167)	-	-	212,137
	2021	780,764	713,944	3,213	21,694	20,037	-	-	1,539,652
<b>Total (11 senior executives)</b>	<b>2022</b>	<b>6,239,914</b>	<b>4,452,630</b>	<b>2,587</b>	<b>185,521</b>	<b>31,491</b>	<b>300,000</b>	<b>382,574</b>	<b>11,594,716</b>
Total (8 senior executives)	2021	6,067,607	4,851,088	7,294	162,705	30,203	100,000	1,394,610	12,613,507

1. Base salary comprises the cash salary, including amounts paid on sick leave, net annual leave benefits, purchased leave and amounts salary sacrificed.
2. At-risk variable remuneration comprise accrued performance based at-risk variable remuneration payable within 12 months of the end of the period.
3. Other benefits and allowances comprises cash allowances and reportable and non-reportable fringe benefit amounts as determined for taxation.
4. Superannuation is calculated in accordance with the requirements prescribed in the Superannuation Guarantee legislation.
5. Long service leave (LSL) comprises the amount of leave accrued for the period, with reference to actuarial assessments. Where the LSL vesting requirements have not been met on separation, the reversal of the cumulative LSL accrual is reported as a non-cash adjustment to remuneration.
6. Other long-term benefits comprise the paid and accrued cost of long-term retention arrangements for certain key team members.
7. Termination benefits are payments made on separation of the senior executive role.
8. Paul Graham was appointed Group CEO and MD with effect from 24 September 2021.
9. Rodney Boys was appointed Group Chief Financial Officer since 27 May 2019 and was also Acting Group CEO and MD with effect from 23 October 2020 to 23 September 2021.
10. Tanny Mangos was appointed EGM Community, Sustainability & Stakeholder Engagement with effect from 1 December 2021.
11. Catriona Noble was appointed EGM Retail with effect from 17 January 2022.
12. Leonie Valentine was appointed EGM Customer Experience & Digital Technology with effect from 10 January 2022.
13. Christine Holgate ceased employment from Australia Post in the position of Group CEO and MD with effect from 2 November 2020. An agreed taxable employment termination payment of \$1,000,000 was settled in August 2021 and is reflected as part of total remuneration. Australia Post also agreed to pay \$100,000 of Ms. Holgate's legal costs pertaining to mediation activities, which does not form part of remuneration.
14. Ingo Bohlken ceased employment with Australia Post with effect from 5 January 2022.
15. John Cox ceased employment with Australia Post with effect from 14 August 2021.
16. Nicole Sheffield ceased employment with Australia Post with effect from 30 October 2021.

# Remuneration report 2022

## Other Highly Paid Staff Remuneration reported in FY22 (Accruals Basis)

Table 7 represents the accruals basis of remuneration received directly or indirectly by Australia Post's OHPS. Total reportable remuneration disclosed is the average compensation received by team members in each remuneration band for the duration of employment within the reporting

Table 7: FY22 Other highly paid staff – Aggregate reporting

Remuneration band	Number of highly paid staff	Short-term benefits			Post Employment benefits	Other long-term benefits	Termination benefits	Average total remuneration	
		Average base salary <sup>1</sup> \$	Average at-risk variable remuneration <sup>2</sup> \$	Average other benefits & allowances <sup>3</sup> \$	Average superannuation <sup>4</sup> \$	Average long service leave <sup>5</sup> \$	Average other long-term benefits <sup>6</sup> \$		Average termination benefits <sup>7</sup> \$
\$235,001 to \$245,000	37	159,380	42,815	2,565	13,834	(318)	-	20,999	239,276
\$245,001 to \$270,000	86	174,773	49,562	1,604	15,606	(517)	-	16,129	257,157
\$270,001 to \$295,000	67	193,232	49,955	790	17,295	509	-	20,676	282,457
\$295,001 to \$320,000	51	202,793	54,908	1,150	18,909	1,540	174	26,430	305,905
\$320,001 to \$345,000	34	220,981	66,668	584	19,135	1,649	-	20,571	329,588
\$345,001 to \$370,000	16	217,394	78,631	1,856	18,590	2,910	393	35,816	355,590
\$370,001 to \$395,000	9	201,253	82,028	3,419	17,682	1,815	1,203	69,672	377,072
\$395,001 to \$420,000	10	240,427	97,748	-	21,103	1,979	-	47,676	408,934
\$420,001 to \$445,000	10	224,578	70,113	-	16,926	1,526	-	115,202	428,345
\$445,001 to \$470,000	5	264,930	86,703	-	22,090	5,784	-	77,364	456,871
\$470,001 to \$495,000	8	299,020	119,887	190	21,929	5,202	-	35,495	481,723
\$495,001 to \$520,000	7	321,468	127,883	-	19,944	460	-	43,155	512,910
\$520,001 to \$545,000	1	338,691	161,291	-	23,568	5,058	-	-	528,609
\$545,001 to \$570,000	2	285,202	142,092	-	22,597	18,466	-	87,495	555,852
\$570,001 to \$595,000	1	246,289	47,330	-	12,890	(2,366)	-	280,000	584,143
\$595,001 to \$620,000	2	333,552	238,540	175	21,465	(2,029)	12,706	-	604,407
\$645,001 to \$670,000	3	397,618	209,180	-	23,568	5,231	27,810	-	663,408

Remuneration band	Number of highly paid staff	Short-term benefits			Post Employment benefits	Other long-term benefits	Termination benefits	Average total remuneration	
		Average base salary <sup>1</sup> \$	Average at-risk variable remuneration <sup>2</sup> \$	Average other benefits & allowances <sup>3</sup> \$	Average superannuation <sup>4</sup> \$	Average long service leave <sup>5</sup> \$	Average other long-term benefits <sup>6</sup> \$		Average termination benefits <sup>7</sup> \$
\$670,001 to \$695,000	2	367,237	161,159	-	23,568	(13,696)	18,090	124,975	681,333
\$695,001 to \$720,000	2	374,347	122,887	-	20,622	(7,431)	34,988	159,106	704,519
\$720,001 to \$745,000	2	379,189	128,371	-	19,276	(5,896)	12,561	210,000	743,502
\$745,001 to \$770,000	2	369,168	289,190	-	23,568	3,270	75,234	-	760,430
\$770,001 to \$795,000	2	456,818	247,061	-	23,568	(14,000)	76,064	-	789,512
\$795,001 to \$820,000	1	384,109	237,052	-	23,568	5,648	152,130	-	802,507
\$870,001 to \$895,000	1	336,957	11,496	278	17,676	(11,413)	39,367	490,141	884,501
\$1,045,001 to \$1,070,000	1	411,194	148,922	-	21,288	(10,315)	16,477	460,000	1,047,567
<b>Total<sup>8</sup></b>	<b>362</b>								

1. Base salary comprises the average cash salary, including amounts paid on sick leave, net annual leave benefits, higher duties, purchased leave and amounts salary sacrificed.
2. At-risk variable remuneration comprises accrued performance based at-risk variable remuneration payable within 12 months of the end of the period.
3. Other benefits and allowances comprises cash allowances and reportable and non-reportable fringe benefit amounts as determined for taxation.
4. For team members who are members of the defined benefit fund, the superannuation benefit represents the contribution paid to the fund by Australia Post (employer contribution). If the team member is a member of a superannuation contribution scheme, the benefit is calculated in accordance with the requirements prescribed in Superannuation Guarantee legislation.
5. Long service leave (LSL) comprises the movement in the LSL provision based on actuarial assessment. Where the LSL vesting requirements have not been met on separation, the reversal of the cumulative LSL accrual is reported as a non-cash adjustment to remuneration.
6. Other long-term benefits comprises the accrued cost of long-term retention arrangements for certain key team members, as well as the accrued portion of deferred at-risk variable remuneration that is not payable within 12 months of the end of the period it relates to. This represents 50% of the deferred component of the at-risk variable remuneration awarded for the relevant year. The total deferred amount will be payable subject to certain performance conditions being met.
7. Termination benefits are payments made on separation of employment.
8. For the purposes of this note, senior executives are not disclosed as part of these disclosures but reported within Table 6 of the Remuneration Report.



# Financial and statutory reports

## Contents

### Signed reports

Statement by Directors, Group Chief Executive Officer and Managing Director and Group Chief Financial Officer	95
Annual performance statement for the year ended 30 June 2022	96
Financial statement audit report	99

### Financial statements

Consolidated statement of comprehensive income	104
Consolidated balance sheet	105
Consolidated statement of changes in equity	106
Consolidated statement of cash flows	107

### Notes to the financial statements

About the financial statements	108
--------------------------------	-----

Our business performance	A1 Revenue and other income	A4 Cash flows
	A2 Expenses	A5 Dividends
	A3 Taxation	
Our asset platform	B1 Receivables	B5 Impairment of non-financial assets
	B2 Property, plant and equipment	B6 Investment property
	B3 Intangible assets	B7 Payables
	B4 Leases	B8 Other provisions
Our people	C1 Employee provisions	C3 Post-employment benefits
	C2 Key management personnel remuneration benefits	
Our funding structure and management of our financial risks	D1 Capital management	D3 Using derivatives to hedge risks
	D2 Managing our financial risks	D4 Fair value measurement
Other information	E1 Our subsidiaries	E4 Contingencies
	E2 Australian Postal Corporation	E5 Other accounting policies
	E3 Auditor's remuneration	

### Other important information

Community Service Obligations	149
Auditor-General's report – performance standards	150
Domestic letter service monitor	152
Survey certification	154
Letters/non-letters services	158
Statutory reporting requirements index	159
Statutory reporting requirements	162
Corporate directory	167

# Statement by Directors, Group Chief Executive Officer and Managing Director and Group Chief Financial Officer

## 2021/22 Financial Statements

In our opinion:

- (a) the accompanying financial statements for the year ended 30 June 2022:
  - (i) present fairly the entity's financial position, financial performance and cash flows;
  - (ii) comply with the accounting standards and any other requirements prescribed by the *Public Governance, Performance and Accountability Act 2013* and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
  - (iii) have been prepared based on properly maintained financial records.
- (b) at the date of this report, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors.



**Lucio Di Bartolomeo**  
Chair  
Board of Directors  
(on behalf of Directors)  
Melbourne  
25 August 2022



**Paul Graham**  
Group Chief Executive Officer  
and Managing Director  
Melbourne  
25 August 2022



**Rodney Boys**  
Group Chief Financial Officer  
Melbourne  
25 August 2022

# Annual performance statement

for the year ended 30 June 2022

## Statement of Preparation

I am pleased to present, on behalf of the Board of Directors (Board) of the Australian Postal Corporation (Australia Post) and in accordance with a resolution of the Board, Australia Post's Annual Performance Statement (Statement) for the financial year 2021-22 reporting period.

The Statement is prepared for paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013*.

In the Board's opinion, based on information provided to the Board, the Statement accurately reflects the performance of Australia Post in financial year 2021-22, and complies with section 39(2) of the *Public Governance, Performance and Accountability Act 2013*.



**Lucio Di Bartolomeo**  
Chair

25 August 2022

## Purpose

Australia Post's purpose is expressed in the *Australian Postal Corporation Act 1989 (Act)* which, among other matters, sets out Australia Post's commercial obligation, Community Service Obligations and general governmental obligations.

As expressed in the Act, the principal function of Australia Post is to supply postal services within Australia and between Australia and places outside Australia. While carrying out this principal function and other subsidiary functions, Australia Post aims to provide high-quality, efficient services to the Australian community, and operate commercially and achieve a reasonable return on assets.

Australia Post has Community Service Obligations under the Act. It must make the letter service available at a uniform rate for standard letters carried by ordinary post within Australia. Australia Post is required to ensure that letter service is reasonably accessible to all Australians on an equitable basis and that its performance standards reasonably meet the social, industrial and commercial needs of the Australian community. Australia Post is also subject to prescribed performance standards (made under regulations) relating to the letter service, including standards relating to the frequency, accuracy and speed of delivery, and standards relating to accessibility of services via retail outlets (ie post offices), and via street posting boxes and other mail lodgement points.

Australia Post is now much more than a postal service. We aspire to be a 21st century e-commerce, digital, retail services and mail provider. Serving all Australians in every community with a financially sustainable future.

We maintain a purpose of Delivering a better tomorrow.

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

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

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

Australia Post's 2021-22 Statement of Corporate Intent, which sets out non-commercially sensitive information relating to Australia Post's 2021-22 Corporate Plan, was published on Australia Post's website ([auspost.com.au](http://auspost.com.au)) in August 2021 and remains available on that website at the date of this Statement.

## Results

Australia Post's performance against key commercial measures in financial year 2021-22 is summarised below:

Measure	Performance
Profit before tax	\$55.3 million
Shareholder return on equity	2.0%
Dividends declared in respect of 2021-22	\$32.1 million
Dividends paid in 2021-22	\$36.3 million

Australia Post's performance against key prescribed performance standards in financial year 2021-22 is summarised below:

Prescribed Performance Standard	Performance
<b>On-time letters delivery</b>	94.0% 93.5% Not met#
<b>Delivery frequency per delivery point</b>	
• every business day	98.0% Not met*
• at least 2 days per week	99.7% 99.99%
<b>Delivery timetables</b>	Maintain Maintained
<b>Street posting boxes</b>	10,000 14,982
<b>Retail outlets</b>	
• in total (rural, remote and metropolitan areas)	4,000 4,310
• in rural and remote areas	2,500 2,513
• in metropolitan areas, residences to be located within 2.5 kms of an outlet	90.0% 93.7%
• in non-metropolitan (ie rural and remote) areas, residences to be located within 7.5 kms of an outlet	85.0% 88.8%

# On-time letters delivery consistently exceeded the standard in the second half of the year, despite significant ongoing impacts to Australia Post's delivery network as a result of COVID-19. Performance was 95.5% in Q3 and 95.9% in Q4.

\* Daily letters delivery frequency consistently exceeded the standard in the last quarter of the year. Performance was 98.83% at the reporting date of 30 June 2022. The annual result reflects the progressive return to five day a week letter delivery (following the expiry on 30 June 2021 of Temporary Regulatory Relief) combined with continuing COVID-19 operational restrictions, air freight capacity constraints and the ongoing growth in the number of delivery points.

## Analysis

Financial year 2021-22 was another year of significant achievement for Australia Post, amidst continuous change and ongoing challenges. Notwithstanding these challenges, we again delivered on our key objectives of providing an accessible and reliable letter service, while achieving a commercial rate of return for our shareholder, the Australian Government.

The year saw the highest number of households buying online in Australian history. Online purchases grew 11.9 per cent year-on-year, with 9.3 million households purchasing online.

The first half of the year was highlighted by the extraordinary efforts of team members to deliver for all Australians through state-wide lockdowns in NSW and Victoria without the benefit of any regulatory relief from our letter service obligations. These lockdowns resulted in extraordinary parcel volumes preceding another busy pre-Christmas peak period. Following two years of pandemic related parcels growth, we have realised a 38.4 per cent volume growth in Australia Post branded parcels over the previous twenty-four months.

With the expiry of the Temporary Regulatory Relief on 30 June 2021 we returned to delivering letters five days a week in metro areas with significant ongoing COVID-19 operational disruption. In an environment of daily letter deliveries and significantly higher parcel volumes, we realised a pleasing reduction in injuries to team members. We continue to recognise motorcycles as the major cause of catastrophic injuries for our delivery workers and our clear objective is to reduce the number of motorcycles in our Delivery fleet.

We achieved our commercial objective with a profit before tax of \$55.3 million. In the first half of the year significantly reduced access to air transport and COVID-19 related workforce challenges resulted in the on-time letters delivery standard being unachievable. In each month from January to June 2022, with a return of additional passenger flights and reducing COVID-19 operational and related workforce challenges, we have clearly exceeded our 94% on time delivery target.

The two-year growth we have experienced in parcels is now normalising. The volume tailwinds from the pandemic are now dissipating and the relentless declines in our letters business, that existed before COVID-19, contributed to a second half loss before tax of \$144.5 million and will present significant challenges moving forward.

We have now set our Post26 enterprise strategy to deliver a sustainable business in the medium-term. It is designed to deliver three strategic imperatives that are enduring, and reflect how we will deliver a better tomorrow; by Supporting each other, Delighting our customers and communities, and Creating a sustainable future.

# Annual performance statement

for the year ended 30 June 2022

We continued to deliver for Australia, including keeping communities connected through natural disasters and keeping our people safe. We have provided more access to lodgement and collection points for customers by growing our parcel locker network, through partnerships with other retailers.

The unwavering focus of our people in delivering for our customers and responding to challenges has ensured we continue to achieve, across all areas of our business:

- Safety: A reduction in injuries to team members, with TRIFR reduced year on year from 25.1 to 21.3, in the context of significantly higher parcel volumes – particularly throughout the first half of the financial year during COVID-19 lockdowns
- continued to remove motorcycles and introduce more electric delivery vehicles into our delivery fleet
- delivered record parcel volumes as extended lockdowns in NSW and Victoria took hold during first quarter
- processed and delivered 16 million Census lodgements and returns, and delivered over 100 million federal election articles
- increased parcels capacity through new facilities in Adelaide, Bayswater Botany and Tullamarine, and further automation at Sydney and Sydney West
- engaged 4,600 additional team members and established 83 pop-up centres to assist with significant operational disruption as a result of the Omicron wave
- received strong endorsement of the Australia Post and StarTrack enterprise agreements
- supported flood affected communities through NSW and Queensland

- appointed first Chief Mental Health Officer in acknowledgement of the importance of our team members' wellbeing
- established the AP Way, embedding a culture that will ensure we are successful for another 200 years, and a commitment to support each other, delight our customers and communities, and create a sustainable future for all Australia Post team members
- launched Delivering Like Never Before television campaign, highlighting some of the important steps we're taking to help deliver for Australia – including our commitment to sustainability, the AusPost app, and how we've invested \$1 billion to help Aussies and their businesses and
- introduced Traditional Place names on Parcel Post satchels and in partnership with The Indigenous Literacy Foundation delivered 280,000 books to children living in 356 remote First Nations Communities since our partnership began in 2020.

In a year marked by continued growth in parcel volumes and challenge and change the world over, the safety and wellbeing of our people remained our highest priority. We are proud of the way our people continued to work together, supporting each other and the communities we operate in across the country, to keep businesses thriving and keep people connected.

# Financial statements audit report



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Communications

#### Opinion

In my opinion, the financial statements of the Australian Postal Corporation and its subsidiaries (together the Group) for the year ended 30 June 2022:

- comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- present fairly the financial position of the Group as at 30 June 2022 and its financial performance and cash flows for the year then ended.

The financial statements of the Group, which I have audited, comprise the following as at 30 June 2022 and for the year then ended:

- Statement by the Directors, Group Chief Executive Officer & Managing Director and the Group Chief Financial Officer;
- Consolidated Statement of Comprehensive Income;
- Consolidated Balance Sheet;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows; and
- Notes to the financial statements comprising a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

# Financial statements audit report



## Key audit matters

### Key audit matter

#### Valuation of unearned revenue liability

Refer to Note A1 'Revenue and other income' and Note B7 'Payables'

The Group has recognised an unearned revenue liability of \$296.4 million, which includes a provision for the estimated value of postage products sold but not yet used at 30 June 2022.

The Group defers revenue to reflect the postage products sold which are either unused or undelivered at reporting date, where service will be provided in future accounting periods. The Group's estimate of unearned revenue is considered subjective. It is reliant on key assumptions and inputs including, estimating the amount of postage products sold which are still unused at reporting date and estimating the expected timing and amount of future utilisation of those unused postage products. This requires judgement and expertise to be applied in the calculation.

Due to its subjectivity, I consider the valuation of unearned revenue liability to be a key audit matter.

### How the audit addressed the matter

To audit the valuation of unearned revenue liability, I performed the following procedures:

- assessed the design, implementation, and operating effectiveness of key controls over revenue recognition by testing a sample of transactions;
- conducted analytical procedures, including monthly trend analysis, on revenue transactions during the period to confirm year-end unearned revenue balances. Where material variances were identified against set expectations, such as parcel and mail volumes and seasonality of business, supporting documentation has been examined and enquiries made of the Group to obtain explanations for the variances; and
- assessed the actuarial calculation of postage products sold but not yet used. This involved:
  - testing the integrity of the underlying postage product revenue data used in the actuarial calculation; and
  - assessing the reasonableness of the key assumptions related to the expected timing and amount of future utilisation of those unused products, through comparison to historical balances and past practice.

### Key audit matter

#### Valuation of goodwill

Refer to Note B3 'Intangible assets' and Note B5 'Impairment of non-financial assets'

The Group has recognised \$507.6 million in relation to goodwill. These assets are required by the Australian Accounting Standards to be tested annually for impairment.

The estimation process includes the use of a valuation model which is complex, involves significant judgement, and is based on assumptions about the future, such as the discount rate adopted and cash flow forecasts. As such, I consider this to be a key audit matter.

### How the audit addressed the matter

To audit the valuation of goodwill, I performed the following procedures:

- evaluated the appropriateness of the methodologies used by the Group to perform the valuation;
- assessed the reasonableness of the composition of the discount rate adopted by the Group, by independently determining the discount rate;
- agreed the cash flow forecasts used in the impairment test to the business plans approved by the Board;
- assessed the Group's historical accuracy in

GPO Box 707, Canberra ACT 2601  
38 Sydney Avenue, Forrest ACT 2603  
Phone (02) 6203 7300

The Group provides details on the assumptions used in the impairment tests, including those regarding the level at which the assets are tested, the discount rate, the expected future cash flows and the type of valuation model used, in Note B5 to the financial statements.

meeting its forecasts, through comparison of actual results to original budgets; and

- assessed the adequacy of the financial statements disclosures. The assumptions that have the most significant effect on the determination of the recoverable amount of its assets were evaluated. These disclosures were considered with reference to the applicable Australian Accounting Standards requirements.

### Key audit matter

#### Valuation of net superannuation asset

Refer to Note C3 'Post employment benefits'

The Group recognised a net superannuation asset of \$950.5 million at 30 June 2022 which comprises a superannuation asset and defined benefit scheme obligations. The measurement of the net superannuation asset involves significant judgement.

The measurement of the Group's superannuation asset includes investments which are recognised at fair value.

The measurement of the defined benefit scheme obligations liability involves the selection and application of multiple complex assumptions such as salary growth, discount and inflation rates.

The valuation of the net superannuation asset is sensitive to long-term assumptions consistent with those disclosed in Note C3. Movements in these assumptions for the defined benefits obligations together with the fair value movement of the investments carried by the defined benefit scheme can result in material movements in the net superannuation asset. As such, I consider this a key audit matter.

The Group provides disclosures in Note C3 on how the changes in the present value of the defined benefit obligations are recognised and measured in the statement of comprehensive income.

### How the audit addressed the matter

To audit the valuation of the net superannuation asset I performed the following procedures:

- assessed the design, implementation and operating effectiveness of internal controls over the management of the defined benefit scheme, including management of the members' data used for the valuation;
- assessed and evaluated the independence and competency of the Group's actuary;
- tested the superannuation contribution data provided to the Group's actuary for accuracy and completeness including assessing the quality assurance processes used by the Group to confirm the integrity of the data;
- evaluated the appropriateness of the methodology and reasonableness of the key assumptions applied when performing the valuation by:
  - comparing economic assumptions to long-term expectations over the term of the defined benefit obligation, based on the Government's economic forecasts;
  - assessing the detailed analysis undertaken by the Group's actuary for consistency with historical membership experience in relation to:
    - rates of mortality, redundancy, resignation, disability and retirement;
    - the proportion of members who will select each form of payment option available under the plan terms; and
    - promotion and future salary increases;
- assessed the reasonableness of the results of the valuation by confirming the appropriateness of the reconciliation of changes in the valuation of the scheme asset and defined benefit

# Financial statements audit report

obligations;

- tested the fair value of the investments including agreement of amounts to supporting documentation such as external confirmations; and
- evaluated the appropriateness of the disclosure of the significant assumptions applied and of the uncertainties that impact the key assumptions, including the sensitivity analysis.

## Other matter – Auditor's Report for the year ended 30 June 2021

My Independent Auditor's Report for the Group's financial statements for the year ended 30 June 2021 referred to the incorrect financial reporting framework. The report referred to the Directors of the Group having responsibility for the preparation of the annual financial statements under the *Corporations Act 2001* rather than the *Public Governance, Performance and Accountability Act 2013*.

## Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Group, the Board of Directors is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Accountable Authority is also responsible for such internal control as the Accountable Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Authority is responsible for assessing the ability of the Group to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Accountable Authority is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

## Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Grant Hehir  
Auditor-General  
Canberra  
25 August 2022

# Consolidated statement of comprehensive income

for the year ended 30 June 2022

Consolidated (\$m)	Note	2022	2021
<b>Revenue</b>			
Goods and services	A1	8,864.1	8,208.1
<b>Other income</b>			
Interest	A1	4.7	6.4
Rental	A1	35.2	41.2
Other income and gains	A1	69.9	18.0
	A1	109.8	65.6
<b>Total income</b>	A1	<b>8,973.9</b>	<b>8,273.7</b>
<b>Expenses (excluding finance costs)</b>			
Employees	A2	3,377.9	3,314.8
Suppliers	A2	4,890.6	4,200.8
Depreciation and amortisation	A2	543.6	516.7
Other expenses	A2	68.7	96.8
<b>Total expenses (excluding finance costs)</b>	A2	<b>8,880.8</b>	<b>8,129.1</b>
<b>Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees</b>		<b>93.1</b>	<b>144.6</b>
Finance costs	A2	(37.9)	(45.3)
Share of net profits/(losses) of equity-accounted investees		0.1	1.4
<b>Profit/(loss) before income tax</b>		<b>55.3</b>	<b>100.7</b>
Income tax (expense)/benefit	A3	(5.8)	(31.1)
<b>Net profit/(loss) for the year attributable to equity holders of Australian Postal Corporation</b>		<b>49.5</b>	<b>69.6</b>
<b>Other comprehensive income/(loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit plans	C3	110.4	373.8
Income tax on items that will not be reclassified to profit or loss	A3	(33.1)	(112.1)
<b>Total items that will not be reclassified to profit or loss, net of tax</b>		<b>77.3</b>	<b>261.7</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Other items		(1.2)	4.4
Reclassifications to profit or loss		(0.6)	(4.1)
Income tax on items that may be reclassified to profit or loss	A3	0.6	(0.6)
<b>Total items that may be reclassified to profit or loss, net of tax</b>		<b>(1.2)</b>	<b>(0.3)</b>
<b>Other comprehensive income/(loss) for the year</b>		<b>76.1</b>	<b>261.4</b>
<b>Total comprehensive income/(loss) for the year attributable to equity holders of Australian Postal Corporation</b>		<b>125.6</b>	<b>331.0</b>

This statement should be read in conjunction with the accompanying notes.

# Consolidated balance sheet

as at 30 June 2022

Consolidated (\$m)	Note	2022	2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	A4	380.9	653.1
Trade and other receivables	B1	820.0	770.5
Prepayments		130.7	122.4
Inventories		76.9	72.3
Income tax receivable		15.9	-
Other current assets		4.6	5.0
<b>Total current assets</b>		<b>1,429.0</b>	<b>1,623.3</b>
<b>Non-current assets</b>			
Net superannuation asset	C3	950.5	931.2
Property, plant and equipment	B2	1,906.7	1,909.3
Intangible assets	B3	798.6	714.6
Right-of-use assets	B4	957.9	1,026.9
Investment property	B6	160.5	157.8
Deferred tax assets	A3	656.7	668.4
Equity-accounted investees		9.9	9.3
Other non-current assets		33.3	24.1
<b>Total non-current assets</b>		<b>5,474.1</b>	<b>5,441.6</b>
<b>Total assets</b>		<b>6,903.1</b>	<b>7,064.9</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current lease liabilities	B4	240.3	213.6
Trade and other payables	B7	1,208.9	1,152.7
Employee provisions	C1	764.1	791.9
Interest-bearing liabilities	D2	-	100.0
Other provisions	B8	15.9	20.8
Income tax payable		-	30.4
<b>Total current liabilities</b>		<b>2,229.2</b>	<b>2,309.4</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	D2	350.3	363.4
Employee provisions	C1	246.2	275.5
Other provisions	B8	60.8	48.2
Non-current lease liabilities	B4	825.7	920.4
Deferred tax liabilities	A3	609.7	660.1
Other non-current liabilities		4.0	-
<b>Total non-current liabilities</b>		<b>2,096.7</b>	<b>2,267.6</b>
<b>Total liabilities</b>		<b>4,325.9</b>	<b>4,577.0</b>
<b>Net assets</b>		<b>2,577.2</b>	<b>2,487.9</b>
<b>Equity</b>			
Contributed equity		400.0	400.0
Reserves		17.8	19.0
Retained profits		2,159.4	2,068.9
<b>Equity attributable to equity holders of the parent</b>		<b>2,577.2</b>	<b>2,487.9</b>

This statement should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

for the year ended 30 June 2022

Consolidated (\$m)	Contributed equity	Reserves	Retained profits	Total equity
<b>Balance at 30 June 2020</b>	<b>400.0</b>	<b>19.3</b>	<b>1,783.8</b>	<b>2,203.1</b>
<b>Comprehensive income</b>				
Profit/(loss) for the year	-	-	69.6	<b>69.6</b>
Other comprehensive income/(loss)	-	0.3	373.8	<b>374.1</b>
Tax on other comprehensive income	-	(0.6)	(112.1)	<b>(112.7)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(0.3)</b>	<b>331.3</b>	<b>331.0</b>
<b>Transactions with owners</b>				
Distribution to owners (refer to note A5)	-	-	(46.2)	<b>(46.2)</b>
<b>Balance at 30 June 2021</b>	<b>400.0</b>	<b>19.0</b>	<b>2,068.9</b>	<b>2,487.9</b>
<b>Comprehensive income</b>				
Profit/(loss) for the year	-	-	49.5	<b>49.5</b>
Other comprehensive income/(loss)	-	(1.8)	110.4	<b>108.6</b>
Tax on other comprehensive income	-	0.6	(33.1)	<b>(32.5)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(1.2)</b>	<b>126.8</b>	<b>125.6</b>
<b>Transactions with owners</b>				
Distribution to owners (refer to note A5)	-	-	(36.3)	<b>(36.3)</b>
<b>Balance at 30 June 2022</b>	<b>400.0</b>	<b>17.8</b>	<b>2,159.4</b>	<b>2,577.2</b>

Contributed equity is the issued capital. Reserves include asset revaluation, foreign currency translation, hedging reserves and other reserves. This statement should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows

for the year ended 30 June 2022

Consolidated (\$m)	Note	2022	2021
<b>Operating activities</b>			
<b>Cash received</b>			
Goods and services		9,669.5	9,052.7
Interest		3.3	4.5
<b>Total cash received</b>		<b>9,672.8</b>	<b>9,057.2</b>
<b>Cash used</b>			
Employees		(3,340.2)	(3,218.4)
Suppliers		(5,422.6)	(4,624.8)
Financing costs <sup>1</sup>		(33.5)	(42.8)
Income tax		(123.7)	(47.8)
Goods and services tax paid		(301.9)	(314.2)
<b>Total cash used</b>		<b>(9,221.9)</b>	<b>(8,248.0)</b>
<b>Net cash from operating activities</b>	A4	<b>450.9</b>	<b>809.2</b>
<b>Investing activities</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment and investment properties		61.1	9.3
<b>Total cash received</b>		<b>61.1</b>	<b>9.3</b>
<b>Cash used</b>			
Purchase of property, plant and equipment and investment properties		(258.2)	(376.1)
Purchase of intangibles		(169.0)	(73.9)
<b>Total cash used</b>		<b>(427.2)</b>	<b>(450.0)</b>
<b>Net cash from investing activities</b>		<b>(366.1)</b>	<b>(440.7)</b>
<b>Financing activities</b>			
<b>Cash used</b>			
Repayment of borrowings		(100.0)	(250.0)
Cash payments for the principal portion of lease liabilities		(221.0)	(194.0)
Dividends paid		(36.3)	(46.2)
<b>Total cash used</b>		<b>(357.3)</b>	<b>(490.2)</b>
<b>Net cash used by financing activities</b>		<b>(357.3)</b>	<b>(490.2)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(272.5)</b>	<b>(121.7)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>			
		<b>0.3</b>	<b>(0.5)</b>
Cash and cash equivalents at beginning of year		653.1	775.3
<b>Cash and cash equivalents at end of the year</b>		<b>380.9</b>	<b>653.1</b>

1. At 30 June 2022 financing cost includes interest paid on lease liabilities of \$18.5 million (2021: \$20.3 million).

This statement should be read in conjunction with the accompanying notes.

# Notes to the financial statements

for the year ended 30 June 2022

## About the financial statements

This section outlines the basis on which the Australian Postal Corporation and its controlled entities (the 'Group') financial statements have been prepared, including discussion on any new accounting standards or government rules that directly impact financial statement disclosure requirements. In this section, we also outline significant events and transactions that have occurred after balance date affecting the Group's financial position and performance.

The Australian Postal Corporation (the Corporation) is incorporated under the provisions of the *Australian Postal Corporation Act 1989* as amended, and is an Australian Government owned for-profit entity.

Australia Post headquarters:  
111 Bourke Street  
Melbourne VIC 3000  
Australia

The consolidated general purpose financial report of the Group for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 25<sup>th</sup> August 2022.

The consolidated financial report is a general-purpose financial report which:

- is required by clause 1(a) of Paragraph 42 of the *Public Governance Performance and Accountability Act 2013* (PGPA Act);
- has been prepared in accordance with the requirements of:
  - Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
  - Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on an accrual basis and in accordance with the historical cost convention, except for:
  - investment property and derivative financial instruments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedge relationships are adjusted to record changes in the fair values attributable to the risks that are being hedged; and
  - where stated, no allowance is made for the effect of changing prices on the results or the financial position.
- is presented in Australian dollars with all values rounded to the nearest hundred thousand dollars unless otherwise stated;
- presents reclassified comparative information where required for consistency with the current year's presentation;

- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2021. Refer to note E5 (d) for further details; and
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note E5 (e) for further details.

As per the prior comparative period, the Leadership Team contemplates business decisions on the basis of Group profitability, with the Group viewed as a single operating segment, comprising the provision of delivery and related services to customers across a shared network. Consistent with the manner in which the chief operating decision makers view performance information, total income and net profit or loss after tax are the relevant measures of performance.

In accordance with AASB 8 *Operating Segments*, segment information is not required as the Group's equity and debt instruments are not traded in a public market, nor does the Group file the consolidated financial report with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. It is noted that performance information within the single operating segment is available at a profit before tax level for reserved and non-reserved product lines. However, the business is not managed on this basis, and the information is made available only to satisfy regulatory requirements within the *Australian Postal Corporation Act 1989*. The Directors will continue to monitor, in future periods, the need to present any additional Group profitability information.

### Key judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates and assumptions to future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note	Note description
A1	International mail revenue
B1	Allowance for expected credit losses
B4	Leases
B5	Impairment
B6	Investment property
B7	Unearned delivery revenue
B8	Other provisions
C1	Employee provisions
C3	Post-employment benefits

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in note E1.

A subsidiary is an entity that the Group controls. Control is deemed when the Group is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are consolidated from the date on which control is obtained through to the date on which control ceases. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to align any inconsistent accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

### Foreign currency translation

The functional currency of the Corporation and its Australian subsidiaries is Australian dollars.

The Group has four overseas subsidiaries, as discussed in note E1. On consolidation, those entities:

- assets and liabilities are translated into Australian dollars at the rate of exchange prevailing at the reporting date; and
- the statement of comprehensive income is translated at exchange rates prevailing at the dates of the transactions.

The exchange rate differences arising are recognised in other comprehensive income.

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the presentation currency spot rate of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in the fair value of the item.

### Other accounting policies

Significant other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

### The notes to the financial statements

The notes to the financial statements include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps explain the impact of significant changes in the Group, for example, acquisitions and restructuring activities; and
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes have been grouped into sections to help readers understand how the Australia Post strategy, as outlined in the Annual Report, is reflected in the financial performance and position of the Group. These sections comprise:

- Our business performance:** Our Group strategy focuses on creating a modern mail, eCommerce, digital services and retail business to ensure we're sustainable for the future. Our financial performance section provides the key financial performance measures of these business areas, as well as group level financial metrics incorporating revenue, taxation, cashflow and dividends.



# Notes to the financial statements

for the year ended 30 June 2022

## About the financial statements

### The notes to the financial statements (continued)

- **Our asset platform:** Delivery of our Group strategy requires optimising the use of our balance sheet including streamlining and integrating certain operations. Our asset platform section outlines the key operating assets owned and liabilities incurred by the Group.
- **Our people:** To support the execution of our Group strategy we must embed our values of Trust, Inclusivity, Empowerment and Safety and align and engage our workforce. This requires us to continue to invest in our people so that we may achieve an inclusive and capable workforce. This investment includes remuneration activities outlined in this section of the financial report.
- **Our funding structure and managing our risks:** The Group is exposed to a number of financial risks. Our funding structure and managing our financial risks section sets out the strategies and practices the Group utilises to minimise the exposure to these risks in order to execute our Group strategy in a prudent way, as well as outlining the current Group funding structure.
- **Other information:** This section includes mandatory disclosures required by Australian Accounting Standards and the Australian Government's *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, all of which Australia Post must comply with.

### Events after balance date

There are no matters or circumstances that have arisen since balance date which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Our business performance

This section analyses the financial performance of the Group for the year ended 30 June 2022. The focus is on Group revenue streams, expenses, taxation, cashflows and dividend performance.

### A1 Revenue and other income

#### Revenue and other income for the year

The components of revenue and other income for the year ended 30 June are as follows:

Consolidated (\$m)	2022	2021
<i>Rendering of services to:</i>		
- Related entities <sup>1</sup>	192.0	136.0
- External entities	8,385.0	7,764.7
	8,577.0	7,900.7
Sale of goods to external entities	287.1	307.4
<b>Revenue from contracts with customers</b>	<b>8,864.1</b>	<b>8,208.1</b>
<i>Interest income from:</i>		
- Cash and cash equivalents	1.1	2.7
- Loans and receivables	0.3	0.2
- Interest rate swaps	3.3	3.5
<b>Interest income</b>	<b>4.7</b>	<b>6.4</b>
<i>Rental income from:</i>		
- Operating lease income from owned properties	15.8	21.8
- Operating sub-lease income	19.4	19.4
<b>Rental income</b>	<b>35.2</b>	<b>41.2</b>
Net gain from sales of investment property	6.6	0.8
Net revaluation gain on investment property	14.6	-
Gain on disposal of property, plant and equipment	30.0	0.2
Gain on lease reassessments/modifications (lessee)	-	0.5
Gain on reversal of expected credit loss provision	-	1.7
Other income	18.7	14.8
<b>Other income and gains</b>	<b>69.9</b>	<b>18.0</b>
<b>Total other income</b>	<b>109.8</b>	<b>65.6</b>
<b>Total income</b>	<b>8,973.9</b>	<b>8,273.7</b>

1. Related entities - related to the Australian Government.

### Revenue from contracts with customers

Within the Group's contracts with customers, the Group identifies its performance obligations for each of the distinct goods or services it has promised to provide to the customer. The expected consideration in the contract is allocated to each performance obligation identified based on their relative standalone selling prices, and is recognised as revenue when or as performance obligations are satisfied by transferring the promised goods or services to customers. Revenue is recognised on a commission basis where the Group acts as an agent rather than a principal. Estimates of variable consideration are constrained where it is not highly probable they would not be reversed when the cause of variability is resolved.

For the Group's domestic mail products, parcels and express services and international letters and parcels, the Group's collection, processing and distribution of articles is identified collectively as a single performance obligation to deliver the series of articles lodged to the specified destination in the manner requested by the customer. In respect of a single delivery, the Group has assessed that another entity would not need to re-perform previously completed collection, processing or distribution activities if it were to fulfil the remainder of a partially complete delivery. Accordingly, the delivery performance obligation is satisfied progressively over time and revenue is recognised on this basis. Time elapsed (delivery days) since lodgement is used to reflect progress towards satisfaction of each delivery performance obligation.

#### KEY ESTIMATES:

The Group recognises an accrual for revenue earned from international deliveries where statements have not been received. Revenue is determined based on a number of factors including the volume of articles delivered, the international postal organisation counterparty and with reference to the Universal Postal Union guidelines. At 30 June 2022, the international mail related accrual was \$50.7 million (2021: \$54.5 million).

# Notes to the financial statements

for the year ended 30 June 2022

## Our business performance

### A1 Revenue and other income (continued)

For the Group's retail, agency and other products and services, the Group identifies the following performance obligations:

- For services the Group provides consumers on behalf of the Group's customers, including payment, banking, identity and insurance offerings, the Group identifies a single performance obligation to perform the agency services over the agreed duration of the customer contract. The performance obligation is satisfied over time as each individually distinct day of service elapses, with variable transactional revenue recognised on the day that the specific agency services are provided.
- For retail services including post office box and mail redirection offerings, the Group identifies a single performance obligation to provide the service over the agreed contract duration. As the benefit of these services is simultaneously received and consumed by customers over time, revenue is recognised over time on a straight-line basis.
- For sale of merchandise, the Group identifies a single performance obligation to supply the product (inclusive of delivery). Revenue is recognised at the point of completion of the delivery to the customer, when control of the product is deemed to have been transferred.

#### Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by products and services, as well as the manner in which the Group satisfies its performance obligations and recognises revenue:

Consolidated (\$m)	2022	2021
<b>Over time</b>		
- Domestic mail products, parcels and express and international	7,890.4	7,217.1
- Retail, agency and other	686.6	683.6
<b>Point in time</b>		
- Retail, agency and other	287.1	307.4
<b>Revenue from contracts with customers</b>	<b>8,864.1</b>	<b>8,208.1</b>

#### Remaining performance obligations

The Group's contracts with customers for certain products and services include performance obligations which the Group has either not satisfied, or partially satisfied, at 30 June 2022.

Excluding estimated amounts of variable consideration which are constrained, revenue from completing these performance obligations that is expected to be recognised in future periods commencing more than one year from reporting date is \$211.1 million (2021: \$39.6 million).

The Group has elected not to disclose the amount of revenue expected to be recognised from unsatisfied performance obligations with a remaining contract duration of less than one year from reporting date.

#### Other income

##### Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method and if not received at balance date, is reflected in the balance sheet as a receivable.

##### Rental income

Rental income consists of rentals from investment properties and sub-lease rentals. Rentals received under operating leases and initial direct costs are recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

### A2 Expenses

#### Expenses for the year

The components of expenses for the year ended 30 June are as follows:

Consolidated (\$m)	2022	2021
Salaries and wages	2,768.4	2,639.4
Leave and other entitlements	228.0	253.6
Superannuation expenses	297.9	290.6
Other employee expenses	83.6	131.2
<b>Employee expenses</b>	<b>3,377.9</b>	<b>3,314.8</b>
Purchase of services from external entities	4,689.1	3,989.6
Purchase of goods from external entities	201.5	211.2
<b>Supplier expenses</b>	<b>4,890.6</b>	<b>4,200.8</b>
Depreciation		
- Property, plant and equipment	239.9	232.2
- Right-of-use assets	224.4	207.9
Amortisation	79.3	76.6
<b>Depreciation and amortisation expenses</b>	<b>543.6</b>	<b>516.7</b>
<i>Impairment of assets:</i>		
Receivables	11.8	-
Inventory	5.9	8.1
Property, plant and equipment	3.7	11.7
Right-of-use assets	6.0	5.9
Computer software	-	3.2
	27.4	28.9
Loss on lease reassessments/modifications	0.8	-
Net revaluation loss on investment property	-	2.6
Sundry expenses	40.5	65.3
<b>Other expenses</b>	<b>68.7</b>	<b>96.8</b>
<b>Total expenses (excluding finance costs)</b>	<b>8,880.8</b>	<b>8,129.1</b>

The components of finance costs for the year ended 30 June are as follows:

Consolidated (\$m)	2022	2021
Bonds	17.3	22.8
Interest on lease liabilities	18.5	20.3
Other interest	2.1	2.2
<b>Total finance costs</b>	<b>37.9</b>	<b>45.3</b>

#### Finance costs

Finance costs are recognised as an expense as they are incurred, except for certain interest charges attributable to major projects, for which interest is capitalised into the cost of the asset. Interest expense is calculated using the effective interest method.

Provisions and lease liabilities are measured at their present value. Interest on lease liabilities and the impact of unwinding of discounted provisions and any changes in discount rate adjustments are also recognised in finance costs. The impact of unwinding of discounted employee provisions and changes in discount rate adjustments are recognised as employee benefits expense.

# Notes to the financial statements

for the year ended 30 June 2022

## Our business performance

### A3 Taxation

#### Taxation for the year

The major components of tax expense are:

Consolidated (\$m)	2022	2021
<b>Statement of comprehensive income</b>		
- current income tax charge	49.9	77.9
- adjustments for current income tax of previous years	27.0	0.4
- deferred income tax relating to origination and reversal of temporary differences	(44.1)	(47.4)
- adjustments for deferred income tax of previous years	(27.0)	0.2
<b>Income tax expense/(benefit) reported in the statement of comprehensive income</b>	<b>5.8</b>	<b>31.1</b>
<b>Other comprehensive income</b>		
Net remeasurement on defined benefit plans	33.1	112.1
Sundry items	(0.6)	0.6
<b>Income tax expense/(benefit) reported in other comprehensive income</b>	<b>32.5</b>	<b>112.7</b>

#### Tax reconciliation:

Consolidated (\$m)	2022	2021
<b>Profit/(loss) before income tax</b>	<b>55.3</b>	<b>100.7</b>
At the Group's statutory income tax rate of 30%	16.6	30.2
Adjustments relating to prior years	-	0.6
Investment revaluation	(0.2)	2.9
Capital gains tax impact of property disposals	(14.0)	(0.6)
Associate and overseas subsidiary tax impacts	2.5	(2.3)
Other	0.9	0.3
<b>Income tax expense/(benefit) on profit/(loss) before tax</b>	<b>5.8</b>	<b>31.1</b>

Deferred income tax in the balance sheet relates to the following:

Consolidated (\$m)	2022	2021
Accrued revenues	(17.5)	(22.1)
Right-of-use assets	(289.5)	(311.3)
Intangibles	(7.8)	(9.3)
Research and development	(0.3)	(27.8)
Net superannuation asset	(285.1)	(279.4)
Other	(9.5)	(10.2)
<b>Deferred tax liabilities</b>	<b>(609.7)</b>	<b>(660.1)</b>
Property, plant and equipment	24.5	13.0
Lease liabilities	329.1	342.8
Accrued expenses and other payables	22.3	20.5
Provisions	259.6	274.5
Make good	21.2	17.4
Other	-	0.2
<b>Deferred tax assets</b>	<b>656.7</b>	<b>668.4</b>
<b>Net deferred tax assets</b>	<b>47.0</b>	<b>8.3</b>

Deferred income tax relates to the following:

Consolidated (\$m)	2022	2021
Provisions	14.9	(9.8)
Research and development	(27.5)	(1.4)
Intangibles	(1.5)	(1.2)
Right-of-use assets and lease liabilities	(8.1)	(4.0)
Property, plant and equipment	(11.5)	(7.8)
Accrued expenses	(1.8)	9.3
Accrued revenue	(4.6)	(13.3)
Net superannuation asset	(27.4)	(20.9)
Make good	(3.7)	(1.2)
Other	0.1	3.1
<b>Deferred income tax expense</b>	<b>(71.1)</b>	<b>(47.2)</b>
Net superannuation asset	33.1	112.1
Other	(0.6)	0.6
<b>Deferred tax charged to other comprehensive income</b>	<b>32.5</b>	<b>112.7</b>

### Recognition and measurement

#### Income tax

Current income tax is calculated based on tax laws that are substantively enacted at reporting date. For deferred income tax, consideration is given to the tax laws expected to be in place when the related asset is realised or the liability is settled.

Current tax assets and liabilities reflect the amount expected to be recovered from or paid to taxation authorities. In some instances, income tax is recognised directly in other comprehensive income rather than through the income statement.

#### Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for all assets and liabilities that have different carrying values for tax and accounting purposes, except for:

- the initial recognition of goodwill; and
- any undistributed profits of subsidiaries, associates or joint ventures where either the distribution of those profits would not give rise to a tax liability or the timing of reversal of the temporary differences can be controlled.

Deferred tax assets are:

- recognised only to the extent it is probable that there is sufficient future taxable amounts to recover these assets. This assessment is reviewed at each reporting date.
- offset against deferred tax liabilities only if a legally enforceable right exists to do so and the deferred tax assets and liabilities relate to the same taxation jurisdiction.
- acquired as part of a business combination but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would be treated as a reduction to goodwill (as long as it does not exceed goodwill), if it was incurred during the measurement period, or reflected in profit or loss.

### Tax consolidation

Australian Postal Corporation (the head entity) and its 100 per cent owned Australian resident subsidiaries (members) formed a tax consolidated group effective 1 July 2002.

Members of the tax consolidated group continue to account for their own current and deferred tax amounts and have entered into a tax sharing arrangement in order to allocate income tax expense to the subsidiaries on a pro-rata basis. This agreement allows the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Members have also entered into a tax funding agreement which provides for the allocation of current taxes to members of the tax consolidated group in accordance with their contribution to the actual tax payable by the head entity for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes* and UIG 1052 *Tax Consolidation Accounting*.

# Notes to the financial statements

for the year ended 30 June 2022

## Our business performance

### A4 Cash flows

Consolidated (\$m)	2022	2021
Cash and cash equivalents	380.9	653.1
<b>Total cash and cash equivalents</b>	<b>380.9</b>	<b>653.1</b>

The reconciliation of net profit after tax to net cash provided by operating activities for the year ending 30 June is as follows:

Consolidated (\$m)	2022	2021
<b>Net profit/(loss) for the year</b>	<b>49.5</b>	<b>69.6</b>
<i>Impairment of assets:</i>		
Property, plant and equipment	3.7	11.7
Intangibles (including goodwill)	-	3.2
Inventory	5.9	8.1
Right-of-use assets	6.0	5.9
Receivables	11.8	(1.7)
	27.4	27.2
<i>Other non-cash/investing items:</i>		
Depreciation and amortisation	543.6	516.7
Net revaluation (gain)/loss on investment property	(14.6)	2.6
Net gain from sale of investment property	(6.6)	(0.8)
Net gain from sale of property, plant and equipment	(30.0)	(0.2)
Loss / (gain) on lease reassessments/modifications (lessee)	0.8	(0.5)
Sundry items	(5.7)	(7.4)
<i>(Increase)/decrease in assets:</i>		
Receivables	(59.1)	22.8
Other current assets	(24.9)	24.3
Deferred income tax asset	11.8	(15.5)
Superannuation asset	91.1	69.5
<i>Increase/(decrease) in liabilities:</i>		
Creditors, other payables and accruals	50.2	74.8
Employee entitlements	(53.4)	27.0
Income tax payable	(45.7)	30.4
Deferred income tax liability	(83.5)	(31.3)
<b>Net cash from operating activities</b>	<b>450.9</b>	<b>809.2</b>

### Recognition and measurement

Cash and cash equivalents comprise cash at bank, on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as part of operating cash flows.

### A5 Dividends

The breakdown of dividends paid during the year ended 30 June is as follows:

Consolidated (\$m)	2022	2021
Final ordinary dividend (from prior year results)	26.1	26.6
Special dividend	-	1.3
Interim ordinary dividend	10.2	18.3
<b>Total dividends paid</b>	<b>36.3</b>	<b>46.2</b>
Dividend not recognised as a liability	21.8	26.1

## Our asset platform

This section analyses the primary elements of our asset platform used to generate the Group's financial performance and operating liabilities incurred as a result.

### B1 Receivables

The composition of trade and other receivables at 30 June is:

Consolidated (\$m)	2022	2021
Trade receivables	713.8	644.5
Accrued revenue	121.0	137.0
Allowance for expected credit losses	(21.6)	(16.7)
	813.2	764.8
Other receivables	6.8	5.7
<b>Total current trade and other receivables</b>	<b>820.0</b>	<b>770.5</b>

Total trade receivables are aged as follows:

Consolidated (\$m)	2022	2021
Not past due	650.5	601.1
Past due 1 - 30 days	36.3	20.8
Past due 31 - 60 days	5.4	2.7
Past due 61 - 90 days	1.5	1.3
Past due 91 days	20.1	18.6
<b>Total trade and other receivables</b>	<b>713.8</b>	<b>644.5</b>

### Recognition and measurement

Receivables for the sale of goods or performance of services (trade receivables) are recognised initially at the price on the invoice issued to the customer and subsequently at the amount considered receivable from the customer (amortised cost using the effective interest rate method) less any expected credit loss. Receivables are written off when deemed uncollectable. Factors indicating there is no reasonable expectation of recovery include insolvency and ageing of the invoice issued.

Accrued revenues in relation to the sale of goods or performance of services are recognised when the good has been transferred or the service has been performed, but an invoice has not yet been issued.

These receivables are interest-free and for Australian customers, they normally have settlement terms of between 10 and 30 days. International customers are settled in accordance with Universal Postal Union arrangements that may be longer than 30 days.

### KEY ESTIMATE: ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Group recognises lifetime expected credit loss allowances on initial recognition of receivables and accrued revenue using the simplified approach with a provision matrix based on the historical credit loss experience within invoice ageing categories, adjusted for the Group's forward-looking estimate of recovery conditions based on macroeconomic data specific to receivable and accrued revenue profiles.

The Group also considers broader macroeconomic impacts, recognising the uncertainty that exists in relation to the evolving nature of domestic and international economic factors. Expected credit loss allowances are not recognised on receivables or accrued revenue from entities related to the Australian Government with a carrying value of \$51.6 million (2021: \$41.0 million) for which the probability of default is negligible.

At 30 June 2022, the total receivables determined to be impaired is \$21.6 million (2021: \$16.7 million).

# Notes to the financial statements

for the year ended 30 June 2022

## Our asset platform

### B2 Property, plant and equipment

The reconciliation of the opening and closing balances of owned property, plant and equipment at 30 June is as follows:

Consolidated (\$m)	Land	Buildings	Total land and buildings	Plant and equipment	Total
Gross book value	224.0	1,590.4	1,814.4	1,802.1	<b>3,616.5</b>
Accumulated depreciation	-	(945.8)	(945.8)	(886.5)	<b>(1,832.3)</b>
<b>Net book value at 30 June 2020</b>	<b>224.0</b>	<b>644.6</b>	<b>868.6</b>	<b>915.6</b>	<b>1,784.2</b>
Additions	0.1	72.2	72.3	316.7	<b>389.0</b>
Depreciation	-	(87.6)	(87.6)	(144.6)	<b>(232.2)</b>
Disposals	-	(1.8)	(1.8)	(6.2)	<b>(8.0)</b>
Sundry items <sup>1</sup>	-	(6.2)	(6.2)	(17.5)	<b>(23.7)</b>
Gross book value	224.1	1,637.0	1,861.1	2,040.6	<b>3,901.7</b>
Accumulated depreciation	-	(1,015.8)	(1,015.8)	(976.6)	<b>(1,992.4)</b>
<b>Net book value at 30 June 2021</b>	<b>224.1</b>	<b>621.2</b>	<b>845.3</b>	<b>1,064.0</b>	<b>1,909.3</b>
Additions	0.3	76.3	76.6	183.7	<b>260.3</b>
Depreciation	-	(78.2)	(78.2)	(161.7)	<b>(239.9)</b>
Disposals	(0.9)	(0.3)	(1.2)	(1.4)	<b>(2.6)</b>
Sundry items <sup>1</sup>	-	(7.6)	(7.6)	(12.8)	<b>(20.4)</b>
Gross book value	223.5	1,728.2	1,951.7	2,299.4	<b>4,251.1</b>
Accumulated depreciation	-	(1,116.8)	(1,116.8)	(1,227.6)	<b>(2,344.4)</b>
<b>Net book value at 30 June 2022</b>	<b>223.5</b>	<b>611.4</b>	<b>834.9</b>	<b>1,071.8</b>	<b>1,906.7</b>

1. Sundry items comprised of:

2022 - \$14.2 million of net transfers to intangible assets, \$2.5 million net transfers to investment properties and \$3.7 million of impairment losses.

2021 - \$12.0 million of net transfers to intangible assets and \$11.7 million of impairment losses.

### Recognition and measurement

Owned property, plant and equipment assets are measured at the cost of the asset, less depreciation and impairment. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation, and the cost of major inspections. Where the replacement of part of an asset is considered significant, the Group recognises these as separate assets with specific useful lives. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred. The expected cost for decommissioning an asset after its use is included in the cost of the respective asset at its present value, if the recognition criteria for a provision are met.

### Depreciation

Owned property, plant and equipment assets, excluding land and any assets under construction, are depreciated to their estimated residual values over the expected useful lives using the straight-line method of depreciation. Useful lives and residual values are reviewed annually considering key assumptions including forecast usage, changes in technology, physical condition and potential climate change implications which are recognised in the current or future reporting periods, as appropriate.

A summary of the useful lives of owned property, plant and equipment assets is as follows:

Asset	Useful life
Buildings	General post offices: 70 years Other facilities: 40 - 50 years
Plant and equipment	Motor vehicles: 3 - 10 years Specialised plant and equipment: 7 - 20 years Leasehold improvements: lower of lease term and 10 years Other plant and equipment: 3 - 10 years

### Derecognition

An item of owned property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no further future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

### Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Consolidated (\$m)	2022	2021
Owned property, plant and equipment	91.6	59.9

# Notes to the financial statements

for the year ended 30 June 2022

## Our asset platform

### B3 Intangible assets

The reconciliation of the opening and closing balances of intangible assets at 30 June is as follows:

Consolidated (\$m)	Computer software	Goodwill	Brand names and trademarks	Customer relationships	Total intangibles
Gross book value	1,188.5	507.7	36.0	19.2	1,751.4
Accumulated amortisation	(1,024.0)	-	(13.0)	(5.9)	(1,042.9)
<b>Net book value at 30 June 2020</b>	<b>164.5</b>	<b>507.7</b>	<b>23.0</b>	<b>13.3</b>	<b>708.5</b>
Additions	73.1	-	-	-	73.1
Amortisation expense	(71.6)	-	(2.9)	(2.1)	(76.6)
Sundry items <sup>1</sup>	9.5	0.1	-	0.1	9.7
Gross book value	1,255.0	507.8	36.0	19.3	1,818.1
Accumulated amortisation	(1,079.6)	-	(15.9)	(8.0)	(1,103.5)
<b>Net book value at 30 June 2021</b>	<b>175.4</b>	<b>507.8</b>	<b>20.1</b>	<b>11.3</b>	<b>714.6</b>
Additions	164.7	-	-	-	164.7
Amortisation expense	(74.4)	-	(2.8)	(2.1)	(79.3)
Sundry items <sup>1</sup>	(1.1)	(0.2)	-	(0.1)	(1.4)
Gross book value	1,417.4	507.6	29.6	19.1	1,973.7
Accumulated amortisation	(1,152.8)	-	(12.3)	(10.0)	(1,175.1)
<b>Net book value at 30 June 2022</b>	<b>264.6</b>	<b>507.6</b>	<b>17.3</b>	<b>9.1</b>	<b>798.6</b>

1. Sundry items comprised of:

2022 - \$14.2 million of transfers from property, plant and equipment, (\$15.0 million) of transfers from intangible assets to other non current assets and foreign currency translation of (\$0.6 million).

2021 - \$12.0 million of transfers from property, plant and equipment, software impairment of (\$3.2 million) and foreign currency translation of \$0.9 million.

### Recognition and measurement

#### Goodwill

Goodwill is initially measured at the excess of the aggregate consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

#### Brand names, trademarks, computer software and customer relationships

Brand names, trademarks, computer software and customer relationships that are acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. After initial recognition, intangible assets are measured at cost less amortisation and any impairment losses. Intangible assets with finite useful lives are tested for impairment whenever there is an indication of impairment while intangible assets with indefinite lives are tested for impairment in the same way as goodwill, as discussed in note B5 Impairment of non-financial assets.

#### Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

#### Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Consolidated (\$m)	2022	2021
Intangible assets	11.0	5.5

#### Amortisation

Intangible assets with finite lives are amortised over their useful life. Amortisation is calculated on a straight-line basis over the anticipated useful lives. The amortisation period and the amortisation method for each intangible asset with a finite useful life is reviewed annually.

A summary of useful lives of intangible assets is as follows:

Asset	Useful life
Computer software	Finite between 4 - 8 years
Brand names and trademarks	Finite not exceeding 10 years
Customer relationships	Finite up to 8 years

Goodwill with indefinite useful lives acquired through business combinations have been allocated to individual cash generating units (CGU's) as follows:

Consolidated (\$m)	2022	2021
Goodwill - Parcels	492.9	492.9
Goodwill - Other CGUs	14.7	14.9
	<b>507.6</b>	<b>507.8</b>

# Notes to the financial statements

for the year ended 30 June 2022

## Our asset platform

### B4 Leases

This note provides information on the Group lease arrangements, as a lessee and lessor, including where the Group is an intermediate lessor.

#### As a lessee

The Group primarily leases commercial buildings, industrial sites, retail stores and parcel lockers. Additionally, the Group leases other assets including a dedicated freighter network, vehicles fleet, load-shifting equipment and IT equipment. The leases for which the Group is a lessee are shown below along with a maturity analysis of the corresponding lease liabilities.

#### Right-of-use assets

The reconciliation of the opening and closing balances of right-of-use assets at 30 June is as follows:

Consolidated (\$m)	Property	Plant and equipment	Total
<b>Balance at 1 July 2020</b>	<b>800.8</b>	<b>231.4</b>	<b>1,032.2</b>
Additions	129.2	15.0	<b>144.2</b>
Depreciation	(160.8)	(47.1)	<b>(207.9)</b>
Reassessments and modifications	62.0	2.3	<b>64.3</b>
Impairment	(5.9)	-	<b>(5.9)</b>
<b>Balance at 1 July 2021</b>	<b>825.3</b>	<b>201.6</b>	<b>1,026.9</b>
Additions	124.4	19.3	<b>143.7</b>
Depreciation	(176.6)	(47.8)	<b>(224.4)</b>
Reassessments and modifications	38.4	(20.7)	<b>17.7</b>
Impairment	(6.0)	-	<b>(6.0)</b>
<b>Balance at 30 June 2022</b>	<b>805.5</b>	<b>152.4</b>	<b>957.9</b>

#### Lease liabilities

The Group's lease liabilities at 30 June are as follows:

Consolidated (\$m)	2022	2021
Current lease liabilities	240.3	213.6
Non-current lease liabilities	825.7	920.4
<b>Total lease liabilities</b>	<b>1,066.0</b>	<b>1,134.0</b>

The table below detailed the contractual undiscounted cash flows for arrangements where the Group is a lessee:

Consolidated (\$m)	2022	2021
Less than 1 year	255.8	229.8
1 to 2 years	214.2	219.2
2 to 5 years	398.0	466.1
Over 5 years	285.5	307.8
<b>Total undiscounted lease liabilities</b>	<b>1,153.5</b>	<b>1,222.9</b>

Other amounts recognised in the statement of comprehensive income for the year ended 30 June are as follows:

Consolidated (\$m)	2022	2021
Depreciation expense for right-of-use assets	224.4	207.9
Interest expense on lease liabilities	18.5	20.3
Expenses relating to short-term leases	1,350.6	1,126.7
Expenses relating to leases of low-value assets	21.9	22.5
(Income) from sub-leasing of right-of-use assets	(19.4)	(19.4)

Amounts recognised in the statement of cash flows for the year ended 30 June are as follows:

Consolidated (\$m)	2022	2021
Interest paid on lease liabilities	18.5	20.3
Principal portion of lease payments	221.0	194.0
<b>Total cash outflow for leases</b>	<b>239.5</b>	<b>214.3</b>

### KEY JUDGEMENT: DETERMINING WHETHER AN ARRANGEMENT IS OR CONTAINS A LEASE

The Group has applied judgement when assessing commercial arrangements as to whether it is or contains a lease. Specifically, the Group has considered whether or not it has the right to direct how and for what purpose any identified assets related to such commercial arrangements are used throughout the period of use.

Where it is determined that the Group has a right to direct how and for what purpose an identified asset can be used in an arrangement, the Group accounts for the identified asset subject to the agreement as a lease, and, to the extent it has not applied any short-term or low-value practical expedients, a lease liability and corresponding right-of-use asset is recognised from the commencement date of the lease.

### Recognition and measurement

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the date of inception. A contract is or contains a lease when there is an identified asset, and the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the contract term. Furthermore, the lessee must be able to direct the use of the asset throughout the period of use.

Where the Group is a lessee, at the lease commencement date, the Group recognises lease liabilities and right-of-use assets for all leases with a term of more than 12 months, unless the underlying asset is of low value (AUD 10,000 or less).

#### Right-of use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any incentives received and an estimate of the cost of removing or dismantling the underlying asset. Right-of-use assets are subsequently depreciated on a straight-line basis over the lease term.

#### Lease liabilities

Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid under residual value guarantees.

Variable lease payments not included in the measurement of the lease liability are recognised as an expense in the period in which it is incurred.

In calculating the present value of lease payments, the Group uses an Incremental Borrowing Rate (IBR) where the interest rate implicit in the lease is not readily available, which considers the asset type, the lessee's credit quality and level of indebtedness, the lease term and macroeconomic factors such as currency and the general economic environment.

After the commencement date, the amount of lease liabilities is adjusted to reflect the accretion of interest and lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or re-assessment of lease terms after the commencement date.

### KEY JUDGEMENT: DETERMINING THE LEASE TERM

The Group determines a lease term as the non-cancellable period of a lease, together with both:

- Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option;
- Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option; and
- If a significant penalty or economic disincentive exists for either party to the lease agreement on termination.

When assessing whether an option to extend or terminate a lease is reasonably certain, the Group considers several factors including the nature of the asset, its location and its strategic significance to the Group.

At 30 June 2022, the Group's lease arrangements contain options to extend leases. However, the Group has assessed that there are extension options that are not reasonably certain to be exercised and the Group has not committed any cash flows in respect of these optional terms. Accordingly, these cash flows have not been included in the measurement of the Group's lease liabilities as at 30 June 2022. The undiscounted cash flows of these extension options not considered reasonably certain of being exercised are estimated to be \$1,484.4 million (2021: \$1,329.0 million).

The Group regularly re-assesses its determination of lease terms for leases that include options to ensure that any exposure to these options which is reasonably certain of being exercised is reflected in the Group's lease liabilities.

# Notes to the financial statements

for the year ended 30 June 2022

## Our asset platform

### B4 Leases (continued)

#### As a lessor

The Group leases or sub-leases commercial buildings, industrial sites and retail stores to external parties. The total operating lease income received from these arrangements is \$35.2 million (2021: \$41.2 million).

#### Operating leases

Lease payments receivable generally comprise a base amount plus an incremental contingent rental based on movements in the Consumer Price Index and reviews to market-based levels.

The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

Consolidated (\$m)	2022	2021
within 1 year	34.8	36.1
from 1 year to 2 years	22.1	32.0
from 2 years to 3 years	11.0	19.4
from 3 years to 4 years	6.7	8.5
from 4 years to 5 years	5.6	5.2
over 5 years	19.5	22.8
<b>Total lease receivable under operating leases</b>	<b>99.7</b>	<b>124.0</b>

### Recognition and measurement

Where the Group is a lessor or an intermediate lessor in a sub-lease arrangement, it is required to classify each of its leases as either an operating or finance lease. The Group is a lessor where the Group is the entity providing the right to use an underlying asset for a period in exchange for consideration, or an intermediate lessor in sub-leasing arrangements, where the Group has entered into a lease as a lessee and subsequently re-leases the underlying asset to a third party.

As a lessor, a lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all of the risks and rewards incidental to ownership of an underlying asset.

As an intermediate lessor, a sub-lease is classified as a finance lease or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the Group, as a lessee, has accounted for applying the short-term practical expedient, the sub-lease is classified as an operating lease.

### B5 Impairment of non-financial assets

#### Assessing for impairment

The Group tests property, plant and equipment, right-of-use assets, intangible assets, intangible assets not yet available for use and goodwill for impairment:

- at least annually for indefinite life intangible assets, intangible assets not yet available for use and goodwill; and
- where there is an indication that the asset may be impaired (which is assessed at least each reporting date); or
- where there is an indication that previously recognised impairment (on an asset other than goodwill) may have changed.

If the asset does not generate largely independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the CGU to which it belongs. Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less cost of disposal or value in use. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

#### CGUs containing goodwill

There was no impairment recognised during the 2022 financial year for CGUs containing goodwill (2021: nil).

#### Impairment testing for CGUs containing goodwill

The recoverable amount of each CGU is determined using a value in use calculation based on a discounted cash flow model. Cash flow forecasts are extracted from four year corporate plans approved by senior management and the Board. The corporate plans are developed annually with a four year outlook and, for the purpose of value in use calculations, are adjusted on the understanding that actual outcomes may differ from the assumptions used. The forecasts are extrapolated for a further one year and a terminal value applied based on Group estimates, taking into consideration historical performance and consensus forecasts of the long-term average growth rate for the industry of each CGU or asset.

A pre-tax discount rate applicable to the specific cash generating unit has been applied. Discount rates used are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. Other assumptions are determined with reference to external sources of information and use consistent, risk adjusted estimates for variables such as terminal revenue growth rates. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to fall below carrying values.

### KEY ASSUMPTIONS FOR IMPAIRMENT TESTING FOR CGUs CONTAINING GOODWILL

The value in use calculations used to determine the recoverable amount of all CGUs includes management estimates to determine income, expenses, capital expenditure and cash flows for each CGU. The revenue growth rate applied to the one year period outside the Corporate Plan, terminal growth rate and pre-tax discount rate applicable to each CGU are as follows:

Consolidated	Revenue growth rate one year outside Corporate Plan (%)		Terminal growth rate (%)		Discount rate (%)	
	2022	2021	2022	2021	2022	2021
Parcels CGU	7.4	6.2	2.0	2.0	12.8	12.4
Other CGUs <sup>1</sup>	4.4 - 5.4	3.9 - 6.0	2.0	2.0	13.0 - 21.8	13.0 - 18.0

1. In the 2022 and 2021 financial years, Other CGUs include the POLi Payments and Australia Post Global CGUs.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of any CGUs containing goodwill to change materially.



# Notes to the financial statements

for the year ended 30 June 2022

## Our asset platform

### B6 Investment property

Investment property as at 30 June is as follows:

Consolidated (\$m)	2022	2021
Investment property	160.5	157.8

Investment property is held by the Group for leasing to third parties for rental return as well as capital appreciation. Approximately 65.0 per cent (2021: 69.0 per cent) of the Group's investment properties generate rental return with the remainder being held for development and capital appreciation. Rental income is disclosed in note A1.

In addition, the Group has no restrictions on the use of its investment property portfolio but is subject to an annual maintenance requirement on a number of properties subject to heritage requirements.

#### Recognition and measurement

Investment property is measured initially at cost, including transaction costs. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation, but excludes the costs of day-to-day servicing.

Subsequent to initial recognition, investment property is measured at fair value, with gains or losses arising from changes in the fair value recognised in the statement of profit and loss.

#### Derecognition

When investment properties are disposed of, they are derecognised with the difference between the net disposal proceeds and the carrying amount of the investment property recorded in the statement of comprehensive income.

#### Transfers

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to a third party. Where an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where an investment property is reclassified to owner-occupied property, the deemed cost of the property for subsequent accounting is its fair value at the date of change in use.

### KEY JUDGEMENT: CLASSIFICATION

The classification of property as investment property requires management judgement, with the determination subject to change over time depending on how the property is being used by the Group. The Group has determined that these properties classified as investment property are held for the primary purposes of generating rental income or for capital appreciation. Where a property is also occupied by the Group, it is classified as an investment property where the floor space occupied for internal use is an insignificant portion of total floor space.

### KEY ESTIMATE: VALUATION

At each period end, the Group reassesses the fair value of its investment property portfolio. In the 2022 financial year, this assessment was conducted by Opteon Property Group (Opteon) (2021: CBRE), an accredited, external and independent valuer. Opteon is an industry specialist in valuing these types of investment properties in accordance with Australian Valuation Standards. The fair value for each property has been determined by reference to the highest and best use of the property taking into account the specific characteristics and location of the assets and the economic environment as at the reporting date.

#### Level 3 key inputs

Inputs to the level 3 fair value hierarchy are the capitalisation of income and discounted cash flow valuation methods that require assumptions to be made to determine certain inputs that are not based on observable market data. At reporting date, the key unobservable inputs used by the Group's valuer in assessing the fair value of the investment property measured under level 3 are summarised below, all key assumptions have been taken from the latest external valuation reports:

Unobservable inputs	2022	2021
Capitalisation rate <sup>1</sup>	6.75%	6.50%
Discount rate <sup>2</sup>	7.00%	7.00%
Terminal yield <sup>3</sup>	7.00%	6.75%

- The capitalisation rate is the required annual yield of net market income used to determine the value of the property. The rate is determined with regards to comparable market transactions.
- The discount rate is a required annual total rate of return used to convert the forecast cash flow of an asset into present value terms. It should reflect the required rate of return of the property given its risk profile relative to competing uses of capital. The rate is determined with regards to comparable market transactions.
- The terminal yield is the capitalisation rate used to convert forecast annual income into a forecast asset value at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regards to comparable market transactions and the expected risk inherent in the cash flows at the end of the cash flow period.

### KEY VALUATION INPUTS AND SENSITIVITIES

The Group's valuer has considered the effects of increased economic uncertainty and has reported on the basis that market uncertainty exists at the reporting date which may affect future valuation assessments, where relevant.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, information is considered from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; or
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

At 30 June 2022, the measurement of fair value for most of the investment properties has been categorised as level 2 with the exception of a General Post Office owned by the Group which has been categorised as level 3 as there is no active market for similar properties. Refer to note D4 for fair value categories.

At reporting date, the investment property that is measured at level 3 is carried at \$78.0 million (2021: \$78.0 million).

#### Level 3 sensitivities

Sensitivity is considered with regard to the tabled unobservable inputs. The higher the capitalisation rate, discount rate and terminal yield, the lower the fair value.

### B7 Payables

The components of payables at 30 June are as follows:

Consolidated (\$m)	2022	2021
Trade creditors	594.8	546.5
Agency creditors <sup>1</sup>	63.8	59.4
Salaries and wages	119.5	114.7
Unearned revenue		
- Unearned delivery revenue	130.3	127.1
- Other advance receipts	166.1	172.6
Borrowing costs	1.6	1.7
Other payables	132.8	130.7
<b>Total current trade and other payables</b>	<b>1,208.9</b>	<b>1,152.7</b>

1. Non-interest bearing and normally settled on next business day terms.

#### Unearned revenue

Current year unearned revenue comprises both unearned delivery revenue of \$130.3 million (2021: \$127.1 million) and other advance receipts of \$166.1 million (2021: \$172.6 million), representing obligations to transfer goods or services to customers for which the Group has received consideration (contract liabilities). The reconciliation of the opening and closing is as follows:

Consolidated (\$m)	2022	2021
<b>Balance as at 1 July</b>	<b>299.7</b>	<b>260.3</b>
Additions (consideration received)	367.8	388.5
Utilised (recognised as revenue)	(371.1)	(349.1)
<b>Balance as at 30 June</b>	<b>296.4</b>	<b>299.7</b>

#### Recognition and measurement

Trade and other payables are carried at the amount owing to counterparties for goods and services provided, which is usually the invoice amount, and remains unpaid. Trade creditors includes both domestic and international non-interest bearing creditors. Domestic creditors are normally settled on 30-day terms, while international creditors are settled in accordance with Universal Postal Union arrangements, which may be longer than 30 days. Salaries and wages are accrued for in accordance with note C1.

Unearned delivery revenue arises where payment has been received from an external party, but the associated delivery performance obligation (refer to note A1) has yet to be fully satisfied.

Other advance receipts is comprised predominantly of consideration received from external parties for post office boxes and bags which are rented out to the public, where the performance obligation has yet to be fully satisfied.

Other payables includes amounts accrued for capital expenditure, GST obligations and other accruals of the Group.

### KEY ESTIMATE: UNEARNED DELIVERY REVENUE

With respect to revenue generated from postage product sales, an allowance is made at balance date where products have not yet been used. An actuarial valuation is undertaken every three years incorporating updates to key input assumptions including changes to product mix and patterns of purchase and use. The actuarial valuation also makes certain assumptions including applying an average initial credit balance before each postage meter reset, constant postage meter usage between resets and that the timing of resets follows a reasonably random process for business customers. The provision is reassessed every six months and where necessary, an update to the actuarial factors is made where a significant change in assumption is observed.

With respect to revenue generated from delivery related products and services, the Group performs a cut-off adjustment on balance day to allow revenue for partially completed delivery related services to be recognised over time. The adjustment is calculated using time elapsed since lodgement against delivery timeframes, as indicated by delivery survey performance data and published delivery timetables.

# Notes to the financial statements

for the year ended 30 June 2022

## Our asset platform

### B8 Other provisions

The Group's other provisions at 30 June are as follows:

Consolidated (\$m)	Property make good provision	Legal provision	Total
<b>Balance at 30 June 2020</b>	<b>60.4</b>	<b>6.4</b>	<b>66.8</b>
- current provision	13.0	6.3	19.3
- non-current provision	47.4	0.1	47.5
Reassessments and additions	4.7	4.7	9.4
Unused amount reversed	-	(5.2)	(6.2)
Utilised	(0.1)	(1.0)	(1.1)
Discount rate adjustment	0.1	-	0.1
<b>Balance at 30 June 2021</b>	<b>64.1</b>	<b>4.9</b>	<b>69.0</b>
- current provision	15.9	4.9	20.8
- non-current provision	48.2	-	48.2
Reassessments and additions	15.5	0.9	16.4
Unused amount reversed	(4.2)	(0.8)	(5.0)
Utilised	(0.9)	(3.5)	(4.4)
Discount rate adjustment	0.7	-	0.7
<b>Balance at 30 June 2022</b>	<b>75.2</b>	<b>1.5</b>	<b>76.7</b>
- current provision	14.4	1.5	15.9
- non-current provision	60.8	-	60.8

#### Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

#### KEY ESTIMATES: PROPERTY MAKE GOOD PROVISIONS

Property make good provisions represent the estimated cost to make good leases entered into by the Group. The estimated cost is based on management's best estimate of the cost to restore a square metre of floor space and is dependent on the nature of the building being leased. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised by adjusting both the asset and provision. The expected timing of the make good cost is based on the expiry of each underlying individual lease agreement.

## Our people

This section describes a range of employment and post employment benefits provided to our people.

### C1 Employee provisions

The components of employee provisions at 30 June are as follows:

Consolidated (\$m)	2022	2021
<b>Current provisions</b>		
Annual leave	240.2	212.3
Long service leave	383.6	421.1
Separations and redundancy	12.5	24.5
At-risk variable remuneration	70.6	79.0
Workers' compensation	48.5	47.4
Other employee	8.7	7.6
<b>Balance at 30 June</b>	<b>764.1</b>	<b>791.9</b>
<b>Non-current provisions</b>		
Long service leave	55.3	65.2
Workers' compensation	190.9	210.3
<b>Balance at 30 June</b>	<b>246.2</b>	<b>275.5</b>

#### Recognition and measurement

Employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### Annual leave

The liability for annual leave benefits expected to be settled within 12 months of reporting date is recognised in current provisions, measured as the present value of expected future payments for the services provided by employees up to the reporting date. Liabilities for benefits which are expected to be settled beyond 12 months are discounted to present value using market yields on corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows, and are also recognised in current provisions. On-costs included within the liability for the year amounted to \$24.9 million (2021: \$18.8 million).

#### At-risk variable remuneration

The Group recognises a liability and expense for at-risk variable remuneration plan payments to be made to employees. The Group recognises a provision where current performance indicates that a probable constructive obligation exists.

#### Separation and redundancy

Separation and redundancy provisions are recognised when the recognition criteria for provisions is fulfilled, and steps have been taken to implement a detailed plan and discussions with affected personnel have created a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

The provision recognised comprises the expected severance payments, employee entitlements (including notice period), outplacement costs and payroll tax based on the location of the employee, team member level affected by the restructuring and their anticipated years of service. In estimating the expected severance payments, historical severance payments have also been considered.

#### Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to key assumptions as below. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. On-costs included within the liability for the year amounted to \$26.4 million (2021: \$28.3 million).

#### KEY ESTIMATES:

The long service leave provision at balance date required management judgement and independent actuarial assessment of key assumptions including, but not limited to:

- future salaries and wages increases;
- future on-cost rates; and
- period of service and experience of employee departures.

#### Workers' compensation

The Group self-insures the majority of its liability for workers' compensation as a licence holder under the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act). A provision is recognised in the financial statements based on claims reported, and an estimate of claims incurred but not reported. The provision is measured using an independent actuarial assessment at each balance date, with the estimate of present value taking into account key assumptions as below, as well as pay increases, attrition rates, interest rates and the time over which settlement is made.

The liability for workers' compensation at balance date includes \$56.3 million of claims made in the 2022 financial year (2021: \$65.7 million).

#### KEY ESTIMATES:

The self-insured risk liability required management judgement and independent actuarial assessment of key assumptions including, but not limited to:

- future inflation;
- interest rates;
- average claim size;
- claim development; and
- claim administration expenses.

# Notes to the financial statements

for the year ended 30 June 2022

## Our people

### C2 Key management personnel remuneration benefits

This note has been prepared in accordance with the requirements of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* and AASB 124 *Related Party Disclosures*.

For the purposes of this note, the Group has defined key management personnel as Board Directors, the Group Chief Executive Officer and Managing Director (GCEO & MD) and senior executives who report directly to the GCEO & MD and who have authority and responsibility for planning, directing and controlling the activities of the organisation. These employees, typically titled Executive General Managers, are the only employees considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of the Group. Executive directors are classified as senior executives and are disclosed in this note.

#### Key management personnel remuneration by category

Remuneration received directly or indirectly by key management personnel under an accrual basis for the year ended 30 June is as follows:

Corporation and consolidated (\$)	Key management personnel	
	2022	2021
Short-term employee benefits <sup>1</sup>	11,645,348	11,896,973
Post-employment benefits	280,453	254,952
Other long-term benefits <sup>2</sup>	331,491	130,203
Termination benefits <sup>3</sup>	382,574	1,394,610
<b>Total key management personnel remuneration</b>	<b>12,639,863</b>	<b>13,676,738</b>

1. Short-term employee benefits comprises cash salary, accrued annual leave, at-risk variable remuneration (if payable within twelve months of the end of the period), allowances and non-monetary benefits comprising reportable and non-reportable fringe benefit amounts.

2. Other long-term benefits comprises accrued long service leave and paid and accrued cost of long-term retention arrangements for certain key employees.

3. Termination benefits are payments made on separation of the senior executive role. The comparative period includes the agreed taxable employment termination payment of \$1,000,000 paid to the former GCEO & MD and is reflected as part of individual total remuneration disclosed in the Remuneration Report.

### Total number of key management personnel

The total number of key management personnel who held office at any time during the year is disclosed below:

Corporation and consolidated (number)	Key management personnel	
	2022	2021
Senior executives	11	8
Directors	9	8
	<b>20</b>	<b>16</b>

### Related party transactions

Transactions entered into directly by directors or director-related entities with the Australian Postal Corporation have been either domestic or trivial in nature.

A number of directors of the Australian Postal Corporation are also directors of or have interests in other entities which have transacted with the Australian Postal Corporation Group. These transactions have occurred on terms and conditions no more favourable than those which it is reasonable to expect the Group would have adopted if dealing with any third party on normal commercial terms.

### C3 Post-employment benefits

Until 1 January 2012 for Contract employees and 1 July 2012 for Award employees, employees could choose to join either the Australia Post Superannuation Plan (APSS - the Scheme) or an accumulation fund. After these dates, the APSS closed to new employees and from that point, all new employees have joined accumulation funds. All employees who are members of an accumulation fund receive Superannuation Guarantee employer contributions. Australia Post and StarTrack Award employees receive 12.0 per cent of their ordinary time earnings. All other employees receive 9.5 per cent of their ordinary time earnings for the year ended 30 June 2021, 10.0 per cent of their ordinary time earnings for the year ended 30 June 2022 and 10.5 per cent of their ordinary time earnings effective from 1 July 2022.

#### Defined benefit post-employee benefits

##### Amount recognised in the statement of comprehensive income and in the balance sheet

The amount recognised in the statement of comprehensive income for the year ended 30 June is as follows:

Consolidated (\$m)	2022	2021
Current service cost	156.6	159.3
Interest cost on benefit obligation	92.7	88.5
Interest income on plan assets	(114.2)	(101.5)
Plan expenses	11.9	11.7
<b>Defined benefit superannuation expense</b>	<b>147.0</b>	<b>158.0</b>

The reconciliation of the changes in the present value of the amounts recognised in the balance sheet at 30 June is as follows:

#### Changes in the present value of defined obligation

Consolidated (\$m)	2022	2021
Opening defined benefit obligation at 1 July	3,495.7	3,429.2
Interest cost	92.7	88.5
Current service cost	156.6	159.3
Benefits paid and payable	(272.7)	(241.1)
Actuarial (gain)/loss due to changes in financial assumptions	(338.6)	50.2
Actuarial (gain)/loss due to changes in demographic assumptions	-	(6.4)
Other remeasurements	8.9	16.0
<b>Closing defined benefit obligation at 30 June<sup>1</sup></b>	<b>3,142.6</b>	<b>3,495.7</b>

#### Changes in the fair value of the plan assets

Consolidated (\$m)	2022	2021
Opening fair value of plan assets at 1 July	4,426.9	4,056.1
Return on plan assets excluding interest income	(212.6)	445.1
Interest income on plan assets	114.2	101.5
Contributions by employer	55.8	88.5
Benefits paid and payable	(272.7)	(241.1)
Plan expenses	(11.9)	(11.7)
Contributions tax reserve	(6.6)	(11.5)
<b>Fair value of plan assets at 30 June<sup>1</sup></b>	<b>4,093.1</b>	<b>4,426.9</b>

#### Amount recognised in other comprehensive income

Consolidated (\$m)	2022	2021
Remeasurements on liability	329.7	(59.8)
Return on plan assets excluding interest income	(212.6)	445.1
Contributions tax	(6.6)	(11.5)
<b>Total amount to be recognised in other comprehensive income</b>	<b>110.5</b>	<b>373.8</b>

1. Excluded from the 30 June 2021 obligation and plan assets above is \$3,870.9 million relating to member financed accumulated benefits previously managed by the APSS Scheme. The 30 June 2022 obligation and plan assets relate wholly to the APSS Plan as the member financed accumulated benefits is managed separately by Australian Retirement Trust effective 30 April 2022.

# Notes to the financial statements

for the year ended 30 June 2022

## Our people

### C3 Post-employment benefits (continued)

#### Recognition and measurement

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating the terms of the related obligation.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised in the statement of comprehensive income as past service costs at the earlier of the date on which the amendment or curtailment occurs or when associated restructuring costs are recognised. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

#### Superannuation plan

During the year on 30 April 2022, the members and assets of the APSS Scheme were transferred to Australia Retirement Trust (ART) and operated as a sub-fund within ART, thereafter referred to as the APSS Plan.

The Corporation is an employer sponsor of the APSS Plan. In addition, certain employees of Star Track Express Pty Limited, StarTrack Retail Pty Ltd and Decipha Pty Ltd are also members of the APSS Plan. The APSS Plan provides employer-financed defined benefits to all employees who are members of the APSS Plan. Defined benefits provide a lump sum benefit on leaving employment which are based on a formula taking into account length of service and final average salary. The APSS Plan also provides accumulation benefits to members who choose to pay additional contributions to the APSS Plan, but accumulation benefits are not included in these disclosures. The APSS Plan is closed to new entrants.

The APSS Plan is governed by the following documents:

- The Trust Deed of the Australian Retirement Trust;
- The Benefit Deed, Participation Deed and Services Agreement between Australian Retirement Trust, Australian Postal Corporation, StarTrack Retail Pty Ltd, Star Track Express Pty Limited and Decipha Pty Ltd dated 3 March 2022; and
- The Successor Fund Transfer Deed and Deed of Indemnity between Australian Retirement Trust and PostSuper Pty Ltd dated 3 March 2022.

The APSS Plan is a sub-fund within ART, the latter of which is a “regulated fund” under the provisions of the *Superannuation Industry (Supervision) Act 1993* (SIS). ART is treated as a complying defined benefit superannuation fund for taxation purposes. The APSS Plan is operated by the ART Trustee, with an APSS Committee advising the Trustee on matters specific to the APSS Plan. In prior year and up to 30 April 2022, the APSS Scheme was operated by the APSS Trustee in accordance with the APSS Trust Deed. The Trustee is required to act in good faith and in the best financial interests of the members, and operate in accordance with the governing rules of the APSS Plan. By law, the APSS Committee is required to be comprised of equal number of member representative directors and employer-appointed directors.

#### Funding arrangement and requirements

The APSS Plan is funded by the Corporation and its associated employers, with the funding requirements being based on the recommendations of the APSS Actuary. The current funding recommendations are based on a methodology that calculates a long-term normal cost to provide the APSS benefits, plus additional contributions being required in the event that the assets are not sufficient to meet members’ vested benefits. The Group is expected to make employer contributions (excluding salary sacrifice contributions in respect of Members Savings) of \$57.1 million for the year ended 30 June 2023 (2022: \$55.8 million).

As under the current arrangements, the Corporation can cease making contributions at any time to the APSS Plan, the Corporation has no legal requirement to contribute to the APSS Plan. As such, the Corporation does not currently have any minimum funding requirements in respect of the APSS Plan.

#### Categories of plan assets (\$m)<sup>1</sup>

The fair value of total plan assets is as follows:

Consolidated (\$m)	2022	2021
Cash and cash enhanced	547.1	234.9
Australian public equities	340.6	194.3
International public equities	174.1	734.5
Emerging markets public equities	-	45.2
Private equity	1,076.2	567.8
Property	396.6	272.4
Infrastructure	260.3	260.4
Fixed income	1,250.8	1,701.7
Alternative credit	-	330.3
Real assets	-	85.4
Other	47.4	-
<b>Total fair value of plan assets</b>	<b>4,093.1</b>	<b>4,426.9</b>

1. There are no in-house assets included in the fair value of the APSS assets, however there may be an immaterial amount of indirect investments in shopping centres where the Corporation has leased certain areas for retail outlets.

#### Fair value of plan assets

**Active market:** Investments for which values are based on quoted market prices in active liquid markets, e.g. recognised stock exchanges and therefore classified as level 1 investment (consistent with note D4 on fair value categories), include listed equities and exchange traded derivatives.

**Inactive or unquoted market:** ART’s financial assets and liabilities are a combination of directly held investments and indirectly held investments made via unlisted trusts which in turn invest in a variety of underlying investments. These include investments in infrastructure, private credit, private equity and property that are domiciled in Australia and overseas.

ART has adopted a valuation policy, the purpose of which is to ensure it has an appropriate framework to value investment assets in a manner that ensures they are valued on an equitable and consistent basis. ART ensures that valuation techniques are consistent and may utilise independent parties to undertake reviews of the investment valuation framework controls and procedures on a periodical and as needs basis.

**(i) Directly held assets:** ART or its investment manager appoints independent external valuation experts and property appraisers to provide regular investment valuations with most material investments being valued at least annually. ART has policies and procedures governing the appointment and rotation of third-party valuers. The expertise, knowledge and familiarity with local market conditions, market transactions and industry trends of the independent valuation experts and property appraisers are important inputs to the valuation process. Valuations performed by third party valuers are reviewed by internal teams within ART to confirm that an appropriate valuation methodology has been used and that key inputs, assumptions and judgements made by the valuer are appropriate.

ART has a management committee (Valuation Review Committee) which provides assistance to the Audit, Finance & Risk Committee to fulfil its responsibilities to manage valuation risk of the ART’s investments. During the year, the Valuation Review Committee may review valuations of the investments with significant unobservable inputs (level 3 investments) more frequently to ensure that the most current valuations are reflected in member balances. This is to improve the responsiveness and accuracy of the current valuation process in both normal and stressed market circumstances. Where valuations are performed at a date other than balance sheet date, ART considers whether the valuation continues to remain appropriate as at the balance sheet date.

**(ii) Indirectly held assets:** ART generally values interests in level 3 investments managed by external investment managers using the valuation provided by the relevant external investment manager. As ART’s underlying interest in these investments are not actively traded in a public market, the valuation provided by the external investment manager is considered unobservable and is therefore classified as a level 3 investment. ART reviews the valuation methodology adopted by the relevant investment manager and makes further enquiries, as appropriate, relating to valuation methodology and key inputs used to determine valuations.

#### Amount recognised in the balance sheet

The amount recognised in the balance sheet as at 30 June is as follows:

Consolidated (\$m)	2022	2021	2020	2019	2018
Present value of benefit obligation (wholly funded)	(3,142.6)	(3,495.7)	(3,429.2)	(3,408.5)	(3,279.4)
Fair value of plan assets	4,093.1	4,426.9	4,056.1	4,258.8	4,198.1
<b>Net superannuation asset/(liability)<sup>1</sup></b>	<b>950.5</b>	<b>931.2</b>	<b>626.9</b>	<b>850.3</b>	<b>918.7</b>

1. The Corporation’s entitlement to any surplus in the APSS Plan is limited by the terms of the relevant Trust Deed and applicable superannuation laws. On termination, any money and other assets remaining in the APSS Plan after the payment of benefits and expenses of the Scheme would ultimately be realised and the proceeds distributed to the employers (including the Corporation) in such shares as determined by the Corporation. Outside termination, there is scope for the Corporation to request a return of surplus, which may be no more than the amount (as determined by the APSS Plan Actuary) by which the total fund value exceeds the total accrued benefit value. In addition, the Corporation benefits from the surplus through reduction in future superannuation expense and contributions.

# Notes to the financial statements

for the year ended 30 June 2022

## Our people

### C3 Post-employment benefits (continued)

#### Management of the plan risks

The funding of the plan is dependent upon future experience. Material adverse risks in respect of funding include market risk, salary inflation risk, liquidity risk, and the risk of higher than expected death and disability benefits.

#### KEY ASSUMPTIONS AND SENSITIVITIES

The significant actuarial assumptions used in determining superannuation obligations for the Group's plan are shown below (expressed as weighted averages), as well as the sensitivity for each significant assumption:

Consolidated	Actuarial assumption (% per annum)		Sensitivity (\$m)			
	2022	2021	Rate increase of 1%		Rate decrease of 1%	
	2022	2021	2022	2021	2022	2021
Discount rate	5.2	2.7	(183.2)	(234.1)	207.6	268.8
Average future inflationary salary increases*	6.5 to 30 June 2023; 3.0 thereafter	3.0 to 30 June 2024; 2.0 thereafter	128.1	145.0	(115.4)	(129.3)

\* Excludes promotional salary increases.

The determination of the defined benefit obligation requires a number of other assumptions to be made regarding the future including the demographic profile of membership and level of benefits to be provided by the fund.

#### Related party transactions

The Group performed administrative services on behalf of the APSS Scheme up to 30 April 2022. These services are provided on normal commercial terms. Payment received by Australia Post for these services for the year ended 30 June 2022 is \$13.1 million (30 June 2021: \$15.0 million).

#### Accumulation post-employment benefits

Australia Post pays the Superannuation Guarantee contribution (9.5 per cent up to 30 June 2021 and 10.0 per cent up to 30 June 2022, except Australia Post and StarTrack Award level employees who receive 12.0 per cent of ordinary time earnings) to the nominated superannuation funds of employees who have employer contributions paid to an accumulation fund on their behalf. Effective 1 July 2022, the Superannuation Guarantee contribution will increase from 10.0 per cent to 10.5 per cent.

Accumulation post-employment benefits are expensed by the Group as service is rendered by the Group's employees. The accumulation superannuation expense recognised in respect of post-employee benefits is as follows:

Consolidated (\$m)	2022	2021
Accumulation superannuation expense	150.9	132.6

#### Maturity profile

The duration of the liabilities is approximately 7 years (2021: 8 years), calculated using expected benefit payments on an accrual basis.

#### Superannuation Act 1976

Some of the Corporation's current and past employees are also entitled to benefits under the *Superannuation Act 1976*, but the Group has no contribution obligation in respect of these benefits. The superannuation asset or liability relating to the Commonwealth Superannuation Scheme (CSS) under the *Superannuation Act 1976* is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course. The Commonwealth takes full responsibility for the CSS liabilities for any Australia Post employees (past and present) remaining in the CSS. Disclosures regarding the CSS Scheme are located in the Department of Finance Annual Financial Report.

## Our funding structure and management of our financial risks

As a result of its operations, the Group is exposed to multiple forms of risk. This note sets out the nature of the financial risks and their quantification and management. This section also sets out the strategies and practices the Group utilises to minimise the exposure to these risks in order to execute our Group strategy as well as outlining the current Group funding structure.

The Group measures and manages liquidity risk by forecasting liquidity and funding requirements for the next three years as a minimum, which is reviewed annually by the Board. The treasury group also prepares and reviews a rolling daily cash forecast for the quarter to manage short-term liquidity requirements.

#### Financing facilities

The Group has a 3 year and 1 month revolving credit facility of \$450 million expiring 31 July 2024, which is available for draw down for a minimum of 30 days. (2021: 3 year and 1 month revolving credit facility of \$450 million expiring 31 July 2024). These facilities are used to manage short-term liquidity requirements and have remained undrawn at 30 June 2022.

### D1 Capital management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern while maximising the return to the Australian Government. The Group recognises the impact on shareholder returns of the level of equity capital employed and seeks to maintain a prudent balance between the advantages and flexibility afforded by a strong capital position and the higher returns on equity possible with some leverage. A further consideration when managing capital is maintenance of an investment grade rating. The Group holds an A+ rating (2021: A+, Negative Outlook) from the independent ratings agency Standard & Poor's.

The capital structure of the Group consists of debt, which comprises bonds payable and syndicated revolving committed facilities, cash and cash equivalents, lease liabilities and equity attributable to equity holders of the Corporation, comprising contributed equity, reserves and retained profits. The capital structure is reviewed annually as part of the Corporate Plan, which includes analysis of the return on equity, return on average operating assets and debt to debt plus equity ratios implicit in the Corporate Plan.

#### Credit risk

The Group makes sales on credit terms and therefore it is exposed to the risk that a customer may not repay their entire obligations in full as required. In addition to the above, the Group provides financial guarantees to third parties, which commit the Group to make payments on behalf of these parties upon their failure to perform under the terms of the relevant contract. At 30 June 2022, the maximum credit risk in respect to guarantees is \$347.8 million (2021: \$284.2 million) which mainly relates to bank guarantees over projected workers' compensation liabilities provided by the Group.

#### Credit risk management: financial instruments

Counterparty limits are reviewed regularly by the treasury group with recommended limits endorsed by the Board. Investment of surplus funds are made only with approved investment grade counterparties as rated by either Standard & Poor's or Moody's. Surplus funds are invested with bank counterparties and other Australian deposit-taking institutions that have an investment grade rating of BBB or better (2021: BBB or better).

The Group's 12-month expected credit loss allowances for financial assets other than those measured at fair value through profit and loss are calculated as the product of the assessed probability of counterparty default, the size of the credit loss given default (taking into account collateral arrangements & guarantees), and the exposure to default at reporting date. Probability of default is assessed using historical and forward looking internal information about the counterparty, as well as available external information including credit ratings. For financial assets that are considered to have increased in credit risk since original recognition, lifetime expected credit loss allowances are recognised.

The maximum exposure to credit loss for the Group's financial assets is considered equivalent to their carrying amount.

### D2 Managing our financial risks

#### Financial risk management objectives

The Board reviews and agrees policies for managing the Group's financial risks. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. Exposure to commodity risk in relation to the bulk purchase of fuel and third party contract pricing mechanisms, managed through the use of hedging derivatives, is considered not significant.

#### Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its obligations, such as the payables, provisions and lease liabilities outlined in notes B7, B8 and B4 respectively, when they fall due. The Group's liquidity risk management seeks to ensure that there are sufficient funds available to meet financial commitments in a timely manner and plan for unforeseen events which may cause pressure on liquidity.

# Notes to the financial statements

for the year ended 30 June 2022

## Our funding structure and management of our financial risks

### D2 Managing our financial risks (continued)

#### Credit risk management: trade and other receivables

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating, financial position, past experience and industry reputation. In addition, individual receivable and accrued revenue balances are monitored on an ongoing basis for increases in credit risk based on repayment history and collection status, with the result that the exposure to credit loss is historically not significant.

#### Interest rate risk management

The Group's objective in managing interest rate risk is to minimise interest rate exposure by matching asset and liability positions to achieve a natural hedge, whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements. Interest rate risk is measured by regularly reviewing the net exposure from interest-bearing assets and liabilities. The risk can be managed by the use of interest rate swap contracts wherein the Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on agreed notional principal amounts.

#### Interest bearing liabilities

The consolidated borrowing position of the Group at 30 June comprises the following fixed-rate unsecured bonds, which are repayable in full with \$175 million maturing on 13 November 2023 and \$180 million maturing on 1 December 2026. In December 2021, the Group repaid the \$100 million of maturing unsecured bond in full.

On this basis, the weighted average duration of debt is 2.9 years (2021: 3.1 years).

Consolidated (\$m)	2022	2021
Payable in less than 1 year <sup>1</sup>	-	100.0
<b>Current loan liabilities</b>	<b>-</b>	<b>100.0</b>
Payable in 1 - 5 years <sup>2</sup>	350.3	178.0
Payable in over 5 years <sup>2</sup>	-	185.4
<b>Non-current loan liabilities</b>	<b>350.3</b>	<b>363.4</b>
<b>Total</b>	<b>350.3</b>	<b>463.4</b>

1. Measured at amortised cost.

2. Designated in fair value hedge relationships at amortised cost and adjusted by the gain/loss attributable to interest rate risk.

The table below sets out the changes in interest bearing liabilities:

Consolidated (\$m)	Bonds payable	Lease liability <sup>1</sup>	Total
<b>As at 30 June 2020</b>	<b>717.3</b>	<b>1,130.9</b>	<b>1,848.2</b>
Changes in fair value	(3.9)	-	(3.9)
New leases	-	137.0	137.0
Cash flows	(250.0)	(214.3)	(464.3)
Other non-cash movements	-	80.4	80.4
<b>As at 30 June 2021</b>	<b>463.4</b>	<b>1,134.0</b>	<b>1,597.4</b>
Changes in fair value	(13.1)	-	(13.1)
New leases	-	135.0	135.0
Cash flows	(100.0)	(239.5)	(339.5)
Other non-cash movements	-	36.5	36.5
<b>As at 30 June 2022</b>	<b>350.3</b>	<b>1,066.0</b>	<b>1,416.3</b>

1. Refer to note B4 for further information on lease liability.

#### Interest rate risk sensitivity

An interest rate sensitivity analysis of the Group at the reporting date has been performed, using a 79 basis point (2021: 74 basis point) change to quantify the possible risk based on Australian Government Department of Finance guidance and holding all other variables constant.

Using the exposure to interest rates from financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and being held constant throughout the period, the sensitivity analysis indicated that the impact on profit after tax at reporting date would be \$2.0 million (2021: \$2.8 million) increase in profit after tax.

#### Exposure

The Group's primary exposure to interest rate risks of interest-bearing financial assets and financial liabilities is set out below. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

Consolidated (\$m)	Carrying amount	
	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents (floating rate)	219.9	508.0
<b>Financial liabilities</b>		
Bonds payable (fixed rate)	350.3	363.4
Bonds payable (floating rate)	-	100.0
Interest rate swaps (fixed rate)	(136.1)	(150.0)
Interest rate swaps (floating rate)	140.0	140.0

### Maturity of financial liabilities and financial assets

The tables below detail the Group's remaining contractual maturity for its material non-derivative financial liabilities, cash outflows arising from derivative financial instruments and financial assets used in managing its liquidity risk associated with its material non-derivative financial liabilities.

The table presents undiscounted cash flows based on the earliest date on which the Group can be required to pay comparing against the carrying amount of the relevant financial liabilities. The tables include both interest and principal cash flows. Where interest flows are floating rate, the undiscounted amount is derived from the interest rate curves at the end of the reporting period.

The table also includes cash inflows and outflows arising from derivative financial instruments, based on the undiscounted net cash inflows or outflows on derivative instruments that settle on a net basis and the undiscounted gross cash inflows or outflows on those derivatives that require gross settlement. The amount disclosed has been determined by reference to the projected cash inflows or outflows illustrated by the yield or forward curves existing at reporting date.

Consolidated (\$m)	Contractual maturity (nominal cash flows)					Carrying amount (assets)/liabilities
	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total nominal cash flows	
<b>As at 30 June 2022</b>						
Trade and other payables	705.0	-	-	-	705.0	705.0
Lease liabilities	255.8	214.2	398.0	285.5	1,153.5	1,066.0
Bonds payable	16.8	187.0	198.0	-	401.8	350.3
Interest rate swaps (net settled)	0.3	1.4	2.3	-	4.0	3.9
Hedge foreign exchange contracts (net settled)	0.9	(0.3)	-	-	0.6	0.6
	<b>978.8</b>	<b>402.3</b>	<b>598.3</b>	<b>285.5</b>	<b>2,264.9</b>	<b>2,125.8</b>
<b>As at 30 June 2021</b>						
Trade and other payables	645.5	-	-	-	645.5	645.5
Lease liabilities	229.8	219.2	466.1	307.8	1,222.9	1,134.0
Bonds payable	117.3	16.8	201.4	183.6	519.2	463.4
Interest rate swaps (net settled)	(3.4)	(3.1)	(4.1)	-	(10.7)	(10.0)
Hedge foreign exchange contracts (net settled)	(1.4)	0.1	-	-	(1.3)	(1.3)
	<b>987.8</b>	<b>233.0</b>	<b>663.4</b>	<b>491.4</b>	<b>2,375.6</b>	<b>2,231.6</b>

### Foreign currency risk management

The Group has obligations with overseas postal administrations which are invoiced in Special Drawing Rights (SDR) and settled in Euros (EUR) and United States Dollars (USD). The SDR is a basket currency composed of fixed quantities of the five major traded currencies (USD, Japanese Yen, EUR, British Pound Sterling and Chinese Renminbi). The composition of the basket is set by the International Monetary Fund. International mail receipts and payments are highly variable in amount and timing as well as being ongoing in nature. For the Group, the requirement to settle in a foreign currency exposes it to the risk that future cash payment amounts may fluctuate due to changes in the foreign exchange rates.

The Group undertakes hedging strategies with respect to the SDR exposure using forward exchange contracts, options and collars. These aim to mitigate the volatility experienced in the income statement caused by movements in the SDR/AUD exchange rate. Each foreign currency exposure, other than SDR, is measured and managed on an item by item basis and individual exposures over \$0.5 million are hedged through the use of forward currency contracts.

# Notes to the financial statements

for the year ended 30 June 2022

## Our funding structure and management of our financial risks

### D2 Managing our financial risks (continued)

#### Exposure

The carrying amount of monetary assets and monetary liabilities as at balance date is shown in the table below.

Other major sources of foreign exchange transaction risk are as a result of foreign sourced and priced capital equipment, purchases or sales in foreign currencies (including fuel purchases) and foreign currency bank accounts.

#### Foreign currency sensitivity

The following table also details the effect on profit after tax and equity as at 30 June from a 8.3 per cent (2021: 7.9 per cent) favourable/unfavourable change in the Australian dollar based on Australian Government Department of Finance guidance with all other variables held constant. The sensitivity analyses below have been determined based on the exposure to foreign currencies from financial instruments at the reporting date.

Consolidated AUD (\$m)	Exposure	Exchange +8.3%		Exchange -8.3%	
		Impact on profit	Impact on equity	Impact on profit	Impact on equity
<b>2022</b>					
<b>Financial assets</b>					
Cash on hand	31.3	(1.7)	-	1.7	-
Trade and other receivables	73.2	(4.4)	-	4.4	-
Other assets	0.6	-	(0.6)	-	0.6
<b>Financial liabilities</b>					
Trade and other payables	(100.4)	5.8	-	(5.8)	-
Other liabilities	(1.2)	-	3.1	-	(3.1)
<b>Net exposure</b>	<b>3.5</b>	<b>(0.3)</b>	<b>2.5</b>	<b>0.3</b>	<b>(2.5)</b>
		Exchange +7.9%		Exchange -7.9%	
	Exposure	Impact on profit	Impact on equity	Impact on profit	Impact on equity
<b>2021</b>					
<b>Financial assets</b>					
Cash on hand	22.9	(1.2)	-	1.2	-
Trade and other receivables	104.4	(5.7)	-	5.7	-
Other assets	2.0	-	2.3	-	(2.3)
<b>Financial liabilities</b>					
Trade and other payables	(95.0)	5.2	-	(5.2)	-
Other liabilities	(0.7)	-	(0.3)	-	0.3
<b>Net exposure</b>	<b>33.6</b>	<b>(1.7)</b>	<b>2.0</b>	<b>1.7</b>	<b>(2.0)</b>

Of the total \$3.5 million of foreign currency denominated exposures, the receivable amounts relate to \$11.0 million in USD, \$8.9 million in GBP, \$7.6 million in HKD, \$2.9 million in NZD, \$1.3 million in EUR, \$0.1 million in CNH and \$28.3 million in SDR payables. (2021: Total of \$33.6 million of foreign currency denominated exposures, \$8.5 million is SDR, \$7.5 million in USD, \$7.4 million in HKD, \$5.7 million in GBP, \$3.6 million in EUR and \$0.9 million in NZD).

The receivables and payables denominated in SDR, on which the sensitivity is shown in the table above, are not necessarily representative of the Group's exposure to currency risk for the years ended 30 June 2022 and 30 June 2021. The receivables and payables denominated in SDR are highly variable in amount and timing, in particular due to the timing of receipts and settlements with overseas postal administrations.

#### Commodity price risk management

Commodity price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The Group's objective on commodity price risk management is to ensure that movements in commodity prices do not adversely affect operating costs. The hedging strategy is set annually as part of the planning process and the hedging activities are evaluated monthly.

#### Exposure

The Group is exposed to commodity prices directly through the bulk purchase of fuel, and indirectly arising from contractual pricing mechanisms with third party providers. The risk is measured by reviewing forecast commodity exposures monthly and managed by entering into long term supply contracts and the use of fuel surcharges.

### D3 Using derivatives to hedge risks

#### Types of hedging instruments

The Group uses the following types of derivative financial instruments as part of its risk management strategy:

#### Foreign currency derivatives

All foreign currency contracts are entered into on the basis of known or projected exposures. The Group has elected to adopt hedge accounting in respect of some of its foreign currency hedging exposures. The fair value of foreign currency contracts designated as hedging instruments is a net liability of \$0.6 million (2021: net asset of \$1.3 million) for the Group.

The portion of the gain or loss on the designated forward currency contracts that are determined to be effective hedges is deferred in other comprehensive income and will be recognised in the measurement of the underlying transaction.

As at balance date, the aggregate amount of unrealised gains/losses under foreign forward currency contracts deferred in the hedging reserve related to contracted future payments for inventory, capital expenditure and exposures for SDR revenue receipts. It is anticipated that the payments will mostly take place within 24 months after reporting date at which stage the amount deferred in equity will be included in the initial cost of the inventory and capital equipment.

It is anticipated that the hedged amounts in relation to inventory will impact the statement of comprehensive income over the next one year and amounts in relation to equipment capital expenditure will impact the statement of comprehensive income over the next 5 to 20 years after the assets are available for use.

The Group hedges its expected SDR revenue flows and the hedged exposures are in a hedge accounting relationship with monthly revaluations recorded in the cashflow hedge reserve.

The following tables detail the foreign currency contracts outstanding as at balance date:

Consolidated	Notional amount (foreign currency) (\$m)		
	USD	EUR	SDR
<b>2022</b>			
<b>BUY<sup>1</sup></b>			
0-12 months	6.4	7.7	-
Over 12 months	7.8	-	-
	<b>14.2</b>	<b>7.7</b>	<b>-</b>
<b>SELL<sup>2</sup></b>			
0-12 months	-	-	(17.4)
Over 12 months	-	-	(3.0)
	-	-	<b>(20.4)</b>

1. Average buy exchange rates to the Group's functional currency AUD are: USD 0.711 and EUR 0.623

2. Average sell exchange rates to the Group's functional currency AUD are: SDR 1.923.

Consolidated	Notional amount (foreign currency) (\$m)		
	USD	EUR	SDR
<b>2021</b>			
<b>BUY<sup>1</sup></b>			
0-12 months	-	7.9	5.7
Over 12 months	-	-	-
	-	<b>7.9</b>	<b>5.7</b>
<b>SELL<sup>2</sup></b>			
0-12 months	-	-	24.2
Over 12 months	-	-	4.0
	-	-	<b>28.2</b>

1. Average buy exchange rates to the Group's functional currency AUD are: EUR 0.617 and SDR 2.006.

2. Average sell exchange rates to the Group's functional currency AUD are: SDR 1.906.

# Notes to the financial statements

for the year ended 30 June 2022

## Our funding structure and management of our financial risks

### D3 Using derivatives to hedge risks (continued)

#### Interest rate swaps

Interest rate swaps are used to manage the exposure to interest rate movements arising from the Group's borrowings. Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held.

During the year, the Group had several interest rate swap contracts which all settled on a quarterly basis, totalling \$140 million, hedging debt maturing in 2023 and 2026.

The following table details the notional principal amounts and remaining terms of fixed for floating interest rate swap contracts as at balance date.

	Fixed interest rate	Notional principal amount
Consolidated	(%)	(\$m)
<b>2022</b>		
From 1 - 5 years	5.5	70.0
Over 5 years	4.0	70.0
<b>2021</b>		
From 1 - 5 years	5.5	70.0
Over 5 years	4.0	70.0

Interest rate swap contracts are designated as fair value hedges in respect of interest rates. The gain or loss from remeasuring the hedging instrument at fair value is recorded in profit or loss and to the extent that the hedge is effective, the carrying amount of the borrowing is adjusted by the gain or loss attributable to the hedged risk through profit or loss.

#### Recognition and measurement of derivatives

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for derivatives designated in a cash flow hedge arrangement with the effective portion recognised in other comprehensive income. The fair value of non-optional derivatives is determined based on discounted cash flow analysis using the applicable yield curve or forward curve (commodity) for the duration of the instrument. The fair value of optional derivatives is determined based upon valuation techniques consistent with accepted industry practice.

Derivative instruments are classified as current or non-current based on an assessment of the facts and circumstances pertaining to the derivative (i.e. the underlying contracted cash flows) and whether it is designated in a hedge relationship

#### Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine their effectiveness.

#### Hedge accounting designations

##### Cash flow hedges

Used by the Group to hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a highly probable forecast transaction.

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts recognised in equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale occurs or the asset is consumed. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency fluctuations over the hedging period associated with foreign exchange business activities. The maturity profile of cashflow hedges is shown in note D2.

##### Fair value hedges

Used by the Group to hedge the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment.

The carrying value of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also remeasured to fair value, with the net gain or loss recognised in the statement of comprehensive income.

If the hedged item is a firm commitment (and therefore not recognised), the subsequent cumulative change in the fair value of the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of comprehensive income.

The Group discontinues fair value hedge accounting if the hedge instrument expires or is sold, is terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

If the hedged item is a financial instrument for which the effective interest method is used, the accumulated changes in its carrying value are amortised to profit or loss over the remaining life of the instrument from the point at which hedge accounting is discontinued.

The Group uses fair value hedges to mitigate the risk of changes in the fair value of borrowings from interest rate fluctuations over the hedge period. The Group has used interest rate swap contracts to convert fixed-rate interest exposures to floating rate exposures.

The maturity profile of fair value hedges is shown in note D2.

## D4 Fair value measurement

### Valuation of financial instruments

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

#### Cash

The carrying amount is fair value due to the asset's liquid nature.

#### Receivables/payables

Due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.

#### Derivatives

The fair values are calculated as the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major currencies. Accordingly, these financial instruments are classified as level 2.

The fair value of forward contracts is calculated by reference to forward exchange market rates at reporting date for contracts with similar maturity profiles. As market rates are observable they are classified as level 2.

#### Interest-bearing loans and borrowings

Quoted market prices or dealer quotes for similar instruments are used to value long-term debt instruments except corporate bonds based on discounting expected future cash flows at market rates.

### Fair value measurements recognised in the balance sheet

Except as detailed in the table below, the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated balance sheet approximates their fair value.

Consolidated (\$m)	Carrying amount	Fair value
<b>2022</b>		
<b>Financial liabilities</b>		
Bonds payable	350.3	356.2
<b>2021</b>		
<b>Financial liabilities</b>		
Bonds payable	463.4	495.8

The financial liabilities not measured at fair value in the consolidated balance sheet disclosed above are categorised as level 2 with the fair value of each financial liability determined by discounting the expected future cash flows using the applicable yield curve for liabilities with similar risk and maturity profiles.

There were no transfers between levels during the year.



# Notes to the financial statements

for the year ended 30 June 2022

## Other information

This section includes additional financial information that is required by either accounting standards or the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*.

### E1 Our subsidiaries

The below is a list of the Group's controlled entities at 30 June, all of which are incorporated in Australia unless otherwise noted:

	2022 %	2021 %		2022 %	2021 %
AP Global Holdings Pty Ltd <sup>12</sup>	100	100	Australian Express Transport Pty. Limited <sup>1,10</sup>	100	100
AP International Holdings Pty Ltd <sup>12</sup>	100	100	AUX Investments Pty Ltd <sup>12</sup>	100	100
APost Accelerator Pty Ltd <sup>1</sup>	100	100	Decipha Pty Ltd <sup>12</sup>	100	100
APost Innovation Pty Ltd <sup>1</sup>	100	100	Mardarne Pty. Ltd. <sup>1,13</sup>	100	100
Australia Post Digital iD Pty Ltd <sup>1</sup>	100	100	POLi Payments Pty Ltd <sup>1</sup>	100	100
Australia Post Licensee Advisory Council Limited <sup>3</sup>	50	50	POSTLogistics (Hong Kong) Pte Limited <sup>6</sup>	100	100
Australia Post Services Pty Ltd <sup>4</sup>	100	100	SecurePay Holdings Pty Ltd <sup>2</sup>	100	100
Australia Post Transaction Services Pty Ltd <sup>5</sup>	100	100	SecurePay Pty. Ltd. <sup>2</sup>	100	100
Australia Post Global eCommerce Solutions Private Limited <sup>7</sup>	100	100	StarTrack Express Holdings Pty Limited <sup>12</sup>	100	100
Australia Post Global eCommerce Solutions (Aust) Pty Ltd <sup>12</sup>	100	100	StarTrack Express Investments Pty Limited <sup>12</sup>	100	100
Australia Post Global eCommerce Solutions (UK) Limited <sup>8</sup>	100	100	StarTrack Express Pty Limited <sup>12</sup>	100	100
Australia Post Global eCommerce Solutions (USA) Inc. <sup>9</sup>	100	100	StarTrack Retail Pty Ltd <sup>12</sup>	100	100
Australian Express Freight Pty. Limited <sup>1,11</sup>	100	100			

- Small proprietary company not required to prepare and lodge audited financial statements with Australian Securities and Investments Commission (ASIC).
- Small proprietary company not required to prepare and lodge audited financial statements with ASIC. Entity is party to the deed of cross guarantee with Australia Post Transaction Services Pty Ltd as the holding entity.
- A public company limited by guarantee required to prepare and lodge audited financial statements with ASIC. Australia Post has undertaken to meet all expenses of the entity and consolidates the entity as it has influence over decision making as a result of having effective 50% voting rights on the board of directors of the entity and effective 50% membership voting rights.
- Small proprietary company which holds an Australian Financial Services Licence and is required to prepare and lodge audited financial statements with ASIC.
- Large proprietary company required to prepare and lodge audited financial statements with ASIC.
- Entity incorporated in Hong Kong and not audited by the Australian National Audit Office (ANAO). Audited by Moore Stephens CPA Limited, Hong Kong.

- Entity incorporated in Singapore and not audited by the ANAO. Audited by Ernst & Young LLP, Singapore.
- Entity incorporated in UK and not audited by the ANAO. Audited by Ernst & Young LLP, UK.
- Entity incorporated in the USA and not audited by the ANAO. Audited by RSM US LLP, USA.
- Trustee of Darra No 1 Trust and Minchinbury No 1 Trust.
- Trustee of Darra No 2 Trust and Minchinbury No 2 Trust.
- Large proprietary company that is party to the deed of cross guarantee with Australia Post Transaction Services Pty Ltd as the holding entity and has opted-in to take advantage of the financial reporting relief under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
- Trustee of Mardarne No 1 Trust.

### E2 Australian Postal Corporation

Corporation (\$m)	2022	2021
Current assets	2,381.4	2,196.3
Total assets	8,003.1	7,758.7
Current liabilities	3,366.8	3,051.6
Total liabilities	5,355.9	5,198.6
<b>Net assets</b>	<b>2,647.2</b>	<b>2,560.1</b>
Contributed equity	400.0	400.0
Retained profits	2,229.9	2,141.5
Asset revaluation reserve	17.7	17.7
Hedging reserve	(0.4)	0.9
<b>Total equity</b>	<b>2,647.2</b>	<b>2,560.1</b>
Net profit/(loss) of the parent entity	47.4	54.4
Total comprehensive income/(losses) of the parent entity	77.3	261.6
Dividends paid	(36.3)	(46.2)
Other	-	0.1

Australian Postal Corporation, which is the Group's ultimate parent and controlling entity of the Australian Postal Corporation Group, also has:

- Contingent liabilities which relate to legal liability claims that have been lodged against the corporation, including motor vehicle accident and personal injury claims in the amount of \$0.7 million (2021: \$0.4 million);
- Issued bank guarantees amount to \$289.5 million (2021: \$227.9 million) which represent guarantees supporting workers compensation self-insurance licences in various jurisdictions;
- Contract operating lease receivables which relate to sub-lease arrangements in the amount of \$99.7 million (2021: \$124.0 million); and
- Capital commitments of the parent entity in relation to land and buildings and plant and equipment amount to \$90.7 million (2021: \$52.2 million).

### E3 Auditor's remuneration

The Corporation's auditor is the Australian National Audit Office who has retained Ernst & Young (Australia) to assist with the assignment.

Amounts received or due and receivable by the Corporation's auditors for the following:

Consolidated (\$)	2022	2021
An audit or review of the financial report of the entity and any other entity in the consolidated entity	2,105,986	2,101,000
• assurance related	156,000	156,000
• other non-audit related <sup>1</sup>	456,000	234,000
<b>Total auditor's remuneration</b>	<b>2,717,986</b>	<b>2,491,000</b>

- These services are performed by Ernst & Young (Australia) directly and include governance and compliance services.

# Notes to the financial statements

for the year ended 30 June 2022

## Other information

### E4 Contingencies

The Group has the following contingent assets and liabilities as at 30 June. Due to the nature of the Group's contingent liabilities, the Group is not able to ascertain with any certainty the expected timing of any cash outflow that may arise, or the probability of reimbursement.

Consolidated (\$m)	Guarantees		Claims for damages or other costs		Total	
	2022	2021	2022	2021	2022	2021
Balance from previous period	284.2	254.3	0.4	2.6	284.6	256.9
New contingent liabilities	3.6	4.5	1.1	0.1	4.7	4.6
Re-measurement	60.0	25.4	(0.1)	(1.9)	59.9	23.5
Liabilities realised	-	-	(0.3)	(0.4)	(0.3)	(0.4)
<b>Total contingent liabilities</b>	<b>347.8</b>	<b>284.2</b>	<b>1.1</b>	<b>0.4</b>	<b>348.9</b>	<b>284.6</b>
Balance from previous period	37.4	18.9	-	-	37.4	18.9
New contingent assets	4.2	32.9	-	-	4.2	32.9
Re-measurement	-	(0.1)	-	-	-	(0.1)
Obligations expired	(28.9)	(14.3)	-	-	(28.9)	(14.3)
<b>Total contingent assets</b>	<b>12.7</b>	<b>37.4</b>	<b>-</b>	<b>-</b>	<b>12.7</b>	<b>37.4</b>
<b>Net contingent liabilities</b>	<b>335.1</b>	<b>246.8</b>	<b>1.1</b>	<b>0.4</b>	<b>336.2</b>	<b>247.2</b>

### Recognition and measurement

Contingent liabilities and contingent assets arise when:

- there is sufficient uncertainty as to the existence of a liability or asset; or
- an existing liability or asset where settlement is not probable; or
- the amount of a liability or asset cannot be reliably measured.

They are not recognised in the balance sheet but are reported in the relevant schedules and notes. Contingent assets are disclosed when settlement is probable, and contingent liabilities are disclosed when settlement is not considered remote.

#### Guarantees

Relate to non-financial guarantees, including bank guarantees over projected workers' compensation claims liabilities arising from the Group's self insurance of its liability for workers' compensation as a licence holder under the *Safety, Rehabilitation and Compensation Act 1988*.

#### Claims for damages or other costs

Arise from legal liability claims that have been lodged against the Corporation and subsidiaries, including motor vehicle accident and personal injury claims.

#### Insurance

Generally, the Corporation self-insures its own risks. However, with respect to catastrophic losses appropriate insurance coverage for both the Corporation and its subsidiaries has been arranged with general insurers. Payments received on account of losses in any year are recognised in other income or as an offset against cost incurred, as is appropriate. Insurance premiums are recognised in other expenses as incurred. Where appropriate, the subsidiaries insure their other risks with general insurers. At 30 June 2022, there is no material contingent liability with respect to the Group's self insurance activities (2021: nil).

### E5 Other accounting policies

#### a) Accounting for goods and services taxes

Revenues, expenditures and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

#### b) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Initial cost of inventories also includes the transfer of gains and losses on qualifying cash flow hedges, recognised in other comprehensive income. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials on a first-in, first-out basis. The cost of purchase comprises the purchase price including import duties and other taxes (other than those subsequently recoverable by the Group from the taxation authorities), transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase; and

- finished goods and work-in-progress - cost of direct materials and labour and a proportion of variable and fixed overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where this is lower than cost, inventory impairment is recognised.

#### c) Current/non-current classification

Assets are disclosed as current when they are expected to be converted to cash or receivable within 12 months of 30 June 2022. Liabilities are disclosed as current when they are due within 12 months of 30 June 2022 or when there is no unconditional right to defer settlement of the liability for at least 12 months after 30 June 2022.

# Notes to the financial statements

for the year ended 30 June 2022

## Other information

### E5 Other accounting policies (continued)

#### d) New and amended Australian Accounting Standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2021:

Reference	Description
AASB 2020-8 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2</i>	In September 2020, the AASB made amendments to AASB 9 <i>Financial Instruments</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 7 <i>Financial Instruments: Disclosures</i> , AASB 4 <i>Insurance Contracts</i> and AASB 16 <i>Leases</i> to address issues that arise during the reform of an interest rate benchmark (IBOR), including the replacement of one benchmark with an alternative one. There were no material changes to the Group's financial statements from the application of these amendments.
AASB 2021-3 <i>Amendments to Australian Accounting Standards – Covid-19- Related Rent Concessions beyond 30 June 2021</i>	AASB 2021-3 extends the relief by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 but earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021. There were no material changes to the Group's financial statements from the application of these amendments.

#### e) New and amended Australian Accounting Standards not yet adopted by the Group

The following standards, amendments to standards and interpretations are relevant to current operations but have not been applied by the Group in these financial statements.

Reference	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 2020-3	<i>Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments</i>	The AASB has made narrow scope amendments to: <ul style="list-style-type: none"> <li>AASB 116 <i>Property, Plant and Equipment</i> in relation to proceeds before intended use;</li> <li>AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> in relation to onerous contracts and the cost of fulfilling a contract;</li> <li>AASB 9 <i>Financial Instruments</i> in relation to the test for derecognition of financial liabilities;</li> <li>AASB 3 <i>Business combinations</i> in relation to references to the Conceptual Framework, and annual improvements to AASB 16, AASB 1, AASB 9 and AASB 141.</li> </ul> Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2022	1 July 2022

Reference	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 2020-1	<i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	The AASB issued a narrow-scope amendment to AASB 101 <i>Presentation of Financial Statements</i> to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2023	1 July 2021
AASB 2021-5	<i>Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2023	1 July 2023
AASB 2021-2	<i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	This Standard amends: <ol style="list-style-type: none"> <li>AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;</li> <li>AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;</li> <li>AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;</li> <li>AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and</li> <li>AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</li> </ol> Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2023	1 July 2023
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	The amendments to AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2025	1 July 2025

# Community Service Obligations

for the year ended 30 June 2022

Australia Post's Community Service Obligations (CSOs) are set out in section 27 of the *Australian Postal Corporation Act 1989*, which requires that:

- Australia Post provide a letter service at a single uniform rate for standard letters carried by ordinary post within Australia;
- the letter service Australia Post is obliged to provide be reasonably accessible to all Australians on an equitable basis, in view of the social importance of the letter service;
- ensures that the performance standards (including delivery times) for the letter service reasonably meet the social, industrial and commercial needs of the Australian community.

## Prescribed Performance Standards

The Australian Postal Corporation (Performance Standards) Regulations 2019 prescribe standards required to be met in connection with Australia Post's CSOs, commonly referred to as 'Prescribed Performance Standards.' Performance against the Prescribed Performance Standards is subject to independent audit by the Australian National Audit Office.

As summarised in the table below, Australia Post met or exceeded all of the Prescribed Performance Standards in 2021/22, with the exception of On-time delivery and daily Delivery frequency. On-time delivery consistently exceeded the standard in the second half of the year. Daily delivery frequency consistently exceeded the standard in the last quarter of the year.

Performance Standard		2021/22 Performance
On-time delivery	94.0%	93.5% Not met <sup>#</sup>
Delivery frequency per delivery point		
- every business day	98.0%	Not met*
- at least 2 days per week	99.7%	99.99%
Delivery timetables	Maintain	Maintained
Street posting boxes	10,000	14,982
Retail outlets		
- in total	4,000	4,310
- in rural and remote areas	2,500	2,513
- in metropolitan areas, residences to be located within 2.5 kms of an outlet	90.0%	93.7%
- in non-metropolitan (i.e. rural and remote) areas, residences to be located within 7.5 kms of an outlet	85.0%	88.8%

<sup>#</sup> On-time letters delivery consistently exceeded the standard in the second half of the year, despite significant ongoing impacts to Australia Post's delivery network as a result of COVID-19. Performance was 95.5% in Q3 and 95.9% in Q4.

\* Daily letters delivery frequency consistently exceeded the standard in the last quarter of the year. Performance was 98.83% at the reporting date of 30 June 2022. The annual result reflects the progressive return to five day a week letter delivery (following the expiry on 30 June 2021 of Temporary Regulatory Relief) combined with continuing COVID-19 operational restrictions, air freight capacity constraints and the ongoing growth in the number of delivery points.

This page has been left intentionally blank

# Auditor-General's report – performance standards



Auditor-General for Australia



## INDEPENDENT ASSURANCE REPORT

To the Minister for Communications

### Qualified opinion

The Australian Postal Corporation (Australia Post) is required to meet the performance standards prescribed by the Australian Postal Corporation (Performance Standards) Regulations 2019, which are made under section 28C of the *Australian Postal Corporation Act 1989* (the prescribed performance standards). I have undertaken a reasonable assurance engagement, pursuant to section 28D of the *Australian Postal Corporation Act 1989*, on the extent to which Australia Post met the prescribed performance standards that were in force during the year ended 30 June 2022.

In my opinion, except for the matters described in the Basis for Qualified Opinion paragraph, Australia Post has met the prescribed performance standards in force for the year ended 30 June 2022.

### Basis for qualified opinion

Australia Post did not meet the performance standards prescribed by Regulations 7 and 8 of the Australian Postal Corporation (Performance Standards) Regulations 2019.

Regulation 7(1)(a) requires Australia Post to service 98% of all postal delivery points daily (except on a Saturday, a Sunday or a public holiday). Australia Post serviced less than 98% of all postal delivery points daily (except on a Saturday, a Sunday or a public holiday).

Regulation 8 requires Australia Post to deliver at least 94% of reserved services letters to the indicated or appropriate address within the delivery time mentioned for the address according to the timetable prescribed in Regulation 8. Australia Post delivered less than 94% of reserved services letters to the indicated or appropriate address within the delivery time mentioned for the address.

I conducted the engagement in accordance with the Australian National Audit Office Auditing Standards, which comprise Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board in respect of a performance audit which I elect to wholly or in part conduct as a compliance engagement.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Directors' responsibilities

The Directors of the Australia Post are responsible for the following:

- (a) undertaking activities to meet the prescribed performance standards; and
- (b) identifying risks that threaten meeting the prescribed performance standards and controls which will mitigate those risks and monitor ongoing compliance.

The prescribed performance standards require Australia Post to:

- service 98% of all postal delivery points daily (except on a Saturday, a Sunday or a public holiday) (Regulation 7(1)(a));
- service 99.7% of all postal delivery points at least two days each week (Regulation 7(1)(b));
- deliver at least 94% of reserved services letters to the indicated or appropriate address within the delivery time mentioned for the address according to the prescribed timetable (Regulation 8);
- maintain mail lodgement points in Australia for the lodgement of postal articles (other than bulk mail) at each of its retail outlets and maintain at least 10,000 street posting boxes (Regulation 10); and

GPO Box 707, Canberra ACT 2601  
38 Sydney Avenue, Forrest ACT 2603  
Phone (02) 6203 7300

- maintain at least 4,000 retail outlets at which Australia Post products and services can be purchased; locate at least 50% of the retail outlets in zones classified as rural or remote, and in any event, not fewer than 2,500 retail outlets; locate a retail outlet in a metropolitan area such that at least 90% of residences are within 2.5 kilometres of a retail outlet; and locate a retail outlet in a non-metropolitan zone such that at least 85% of residences are within 7.5 kilometres of a retail outlet (Regulation 11).

### Independence and quality control

I have complied with the independence and other relevant ethical requirements relating to assurance engagements and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

### Assurance Practitioner's Responsibilities

My responsibility is to express an opinion on the extent to which Australia Post met the prescribed performance standards that were in force during the financial year ended 30 June 2022. The Australian National Audit Office Auditing Standards require that I plan and perform my procedures to obtain reasonable assurance about whether Australia Post met the prescribed performance standards for the year ended 30 June 2022.

An assurance engagement to report on the extent to which Australia Post met the prescribed performance standards involves performing procedures to obtain evidence about the controls implemented to meet the prescribed performance standards. It also involves assessing whether the procedures performed by Australia Post were reasonable. The procedures selected depend on my judgement, including the identification and assessment of risks of Australia Post not meeting the prescribed performance standards.

### Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error or not meeting the prescribed performance standards may occur and not be detected.

A reasonable assurance engagement for the year ended 30 June 2022 does not provide assurance on whether the prescribed performance standards will be met in the future.

Australian National Audit Office

Grant Hehir  
Auditor-General

Canberra  
21 September 2022

# Domestic letter service monitor (Kantar)

KANTAR

Level 2/16 Palmer Parade  
 Cremorne, VIC 3121

T +61 (3)8862 5900

July 22, 2022

To The Board of the Australian Postal Corporation

**Re: Yearly Basic Monitor Result Certification**

We have undertaken an independent monitor of Australia Post's domestic letter service (Priority and Regular) against its delivery undertakings for the year ended June 2022 in accordance with the requirements of the Australian Postal Corporations Act 1989.

Our monitor was based on a properly prepared, statistically valid sample of approximately 211,242 test letters. The sample size was determined with regard to information that Australia Post supplied about the postal network design parameters.

Our testing involves comparing the delivery time taken for each test letter with Australia Post's delivery undertaking for the mail path concerned.

Test letters represented the full range of letter sizes and types recognised as ordinary mail, posted in locations having a daily clearance to locations having a daily delivery, from small to large letters. They were addressed by hand and machine fonts, reflecting the varied mailing practices of postal users.

All addressing was in accordance with Australia Post's specifications for the proper preparation of letter mail. The letters, as specified under the terms of our contract, were indistinguishable from other mail flowing through the Australia Post network.

Our process for calculating the delivery performance was independently audited by Deloitte.

For the year ended June 2022 the sample used by Kantar Australia, Insights Division was consistent with the sample frame provided by Australia Post. For the quarter ended June 2022 the sample used by Kantar Australia, Insights Division was consistent with the sample frame provided by Australia Post. The attached Independent Limited Assurance Report from Deloitte states that "nothing has come to our attention that causes us to believe that the results reported by Kantar Australia on Australia Post's performance metric are not prepared, in all material respects, in accordance with the Agreed Business Rules between Australia Post and Kantar Australia for the period 1 July 2021 to 30 June 2022."

**Results**


For the year ended June 2022, the monitor showed that Australia Post delivered 93.5 per cent of all letters early or on time, and 97.5 per cent of letters were delivered on time or not more than one working day after your delivery undertakings.

KANTAR


**Opinion**

In our opinion based upon the audit procedures conducted, at a 95 per cent confidence level and with a maximum weighted actual precision limit of 0.2 per cent, these results present fairly the performance of Australia Post's domestic letter service for the year ended June 2022 against the scope provided.

Yours faithfully,



Jon Foged  
 Managing Director  
 Kantar Australia & New Zealand  
 Insights Division



Margaret Persico  
 Senior Director  
 Kantar Australia  
 Insights Division

## Survey certification



Deloitte Risk Advisory Pty Ltd  
ACN 611 748 184

477 Collins Street  
Melbourne VIC 3000  
GPO Box 78  
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000  
www.deloitte.com.au

### **Independent Limited Assurance Report on Kantar Australia recalculation of Australia Post Performance Metric for Basic letter services to the Management of Kantar Australia.**

#### **Conclusion**

We have undertaken a limited assurance engagement on Kantar Australia's accompanying recalculated results of Australia Post's performance metric for the period 1 July 2021 to 30 June 2022.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the results reported by Kantar Australia in appendix A on Australia Post's performance metric are not prepared, in all material respects, in accordance with the 'Agreed Business Rules' between Australia Post and Kantar Australia for the period 1 July 2021 to 30 June 2022.

#### **Basis for Conclusion**

We conducted our limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ASAE 3000"), issued by the Australian Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### **Management of Kantar Australia's Responsibilities**

The Management of Kantar Australia are responsible for:

- ensuring that the Australia Post performance metric calculation and reporting of the performance metric to Australia Post is in accordance with the Agreed Business Rules;
- confirming the evaluation of the performance metric relating to Basic Letters against the applicable Agreed Business Rules, including that all relevant matters are reflected in Australia Post's performance metric;
- designing, establishing and maintaining an effective system of internal control to monitor the accuracy of the calculation of the performance metric in accordance with the Agreed Business Rules, including, without limitation, systems designed to assure achievement of its control objectives and its compliance with applicable laws and regulations.

Liability limited by a scheme approved under Professional Standards Legislation.  
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.  
© 2022 Deloitte Touche Tohmatsu. All rights reserved.



#### **Our Independence and Quality Control**

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* in undertaking this assurance engagement.

#### **Assurance Practitioner's Responsibilities**

Our responsibility is to express a limited assurance conclusion on the results reported by Kantar Australia of the Australia Post Performance Metric based on the procedures we have performed and the evidence we have obtained. ASAE 3000 requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the results reported by Kantar Australia for the period are not properly prepared, in all material respects, in accordance with the Agreed Business Rules.

A limited assurance engagement in accordance with ASAE 3000 involves identifying areas where a material misstatement of Kantar Australia's reported results of Australia Post performance metric is likely to arise, addressing the areas identified and considering the process used to prepare and calculate Australia Post performance metric. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the results reported by Kantar Australia for the year ended 30 June 2022 have been properly prepared in all material respects, in accordance with the Agreed Business Rules.

Our procedures included:

- Understanding the process used to prepare and calculate Australia Post performance metric;
- Independent re-performance of the calculation of the delivery performance metric using data;
- Selection of a random sample of invalidated ('dudded') transactions, and obtaining supporting evidence to identify for those transactions in the sample, whether the process (as agreed to between Kantar Australia and Australia Post) for 'dudging' transactions was adhered to.

#### **Inherent Limitations**

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal control there is an unavoidable risk that it is possible that fraud, error, or non-compliance with laws and regulations, where there has been concealment through collusion, forgery and other illegal acts may occur and not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements.

A limited assurance engagement is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

# Survey certification



Any projection of the operation of the monitoring processes to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The conclusion expressed in this report has been formed on the above basis.

**Restricted use**

The applicable criteria used for this engagement were designed for a specific purpose of reporting the performance metric to Australia Post as calculated by Kantar Australia in accordance with the Agreed Business Rules, as a result, the Australia Post's performance metric may not be suitable for another purpose.

This report has been prepared for use by Kantar Australia for the purpose of assisting Kantar Australia to meet its reporting obligations to Australia Post. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of Kantar Australia or for any purpose other than that for which it was prepared.

However, we understand that a copy of the report have been requested by Australia Post for the purpose of their information only. We agree that a copy of the report may be provided to Australia Post for their information in connection with this purpose, only on the basis that we accept no duty, liability or responsibility to Australia Post in relation to the report.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of Kantar Australia or for any purpose other than that for which it was prepared.

DELOITTE RISK ADVISORY PTY LTD

**Erik Kronborg**  
Partner  
Melbourne Australia, 22 July 2022



**Appendix A**

**Findings:**

The table below compares the national average of the delivery performance metric as calculated by Kantar Australia and by Deloitte:

Type of Letter	Kantar Australia figure	Deloitte figure
Basic	93.5 (± 0.2)	93.5



# Letters/Non-Letters Services

(including reserved services)

	Letters <sup>1</sup>		Non-Letters		Total	
	\$m	%	\$m	%	\$m	%
<b>2022</b>						
Revenue	1,783.1	19.9%	7,190.8	80.1%	8,973.9	100.0%
Expenditure	2,038.8	23.0%	6,842.0	77.0%	8,880.8	100.0%
<b>Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees</b>	<b>(255.7)</b>	<b>(274.7%)</b>	<b>348.8</b>	<b>374.7%</b>	<b>93.1</b>	<b>100.0%</b>
Finance costs					(37.9)	
Share of net profits of equity-accounted investees					0.1	
<b>Profit before income tax</b>					<b>55.3</b>	
Income tax (expense)/benefit					(5.8)	
<b>Net profit for the year</b>					<b>49.5</b>	

	Letters <sup>1</sup>		Non-Letters		Total	
	\$m	%	\$m	%	\$m	%
<b>2021</b>						
Revenue	1,794.4	21.7%	6,479.3	78.3%	8,273.7	100.0%
Expenditure	2,000.1	24.6%	6,129.0	75.4%	8,129.1	100.0%
<b>Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees</b>	<b>(205.7)</b>	<b>(142.3%)</b>	<b>350.3</b>	<b>242.3%</b>	<b>144.6</b>	<b>100.0%</b>
Finance costs					(45.3)	
Share of net profits of equity-accounted investees					1.4	
<b>Profit before income tax</b>					<b>100.7</b>	
Income tax (expense)/benefit					(31.1)	
<b>Net profit for the year</b>					<b>69.6</b>	

1. Letters includes reserved letters (Revenue \$1.5 billion (2021: \$1.5 billion) and loss before income tax expense and share of net profits of equity-accounted investees of \$95.8 million (2021: loss before income tax expense and share of net profits of equity-accounted investees of \$60.3 million)), non-reserved letters (including unaddressed mail), international letters and small packets (i.e. regulated packets less than 2kg).

# Statutory reporting requirements index

for the year ended 30 June 2022

This Report is compliant with the reporting requirements of, and contains information required to be included by, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the *Australian Postal Corporation Act 1989* (APC Act), and other applicable legislation. To assist readers to locate information in this Annual Report that is required to be included by legislation, the following index identifies where relevant information can be found.

Section	Subject	Pages
<b>Australian Postal Corporation Act 1989</b>		
s43(1)(d)	Strategies and policies relating to Community Service Obligations (CSOs)	96, 149
s43(1)(e)	Directions by the Minister under s40(1) of the APC Act (CSOs)	162
s43(1)(f)	Assessment of appropriateness and adequacy of strategies and policies for CSOs	149
s43(1)(fa)	Performance standards relating to CSOs	149
s43(1)(g)(i)	Notifications by the Minister under s22 of the PGPA Act	n/a
s43(1)(g)(ii)	Directions by the Minister under s49 of the APC Act	n/a
s43(1)(h)(i)	Impact of Ministerial notifications under s22 of the PGPA Act and directions under s49 of the APC Act	n/a
s.43(1)(h)(ii)	Impact of other Government obligations	162
s43(1)(j)	Ministerial power under s33(3) of the APC Act to disapprove postage determinations	n/a
s43(1)(k)	Companies and other associations established or sold	142
s43(1)(m)(i)&(ii)	Shares and other interests purchased and disposed of	142
s43(1)(m)(iii)	Subsidiaries	142
s43(1)(n)	Exercise of authority to open or examine the contents of postal articles	164
s43(1)(o)	Disclosure of information	164
s44(1)(a)	Financial targets	96
s44(1)(b)	Ministerial direction under s40(1) of the APC Act to vary a financial target	162
s44(1)(c)	Progress in achieving the financial targets	96
s44(1)(d)	Dividend paid or payable to the Commonwealth	2, 15, 97, 107, 109, 116, 143
s44(1)(e)	Ministerial direction under s54(3) of the APC Act as to dividend	162
s44(1)(f)	Capital repaid to the Commonwealth	n/a
s44(1)(g)(i)	Cost impact of CSOs	149
s44(1)(g)(ii)	Cost impact of Ministerial notifications under s22 of the PGPA Act	n/a
s44(1)(g)(iii)	Cost impact of Ministerial directions under s49 of the APC Act	n/a
s44(1)(g)(iv)	Cost impact of other Government obligations	162
s44(1)(h)(i)&(ii)	Financial information requested by the Minister in relation to the reserved services and other activities	n/a
<b>Environment Protection and Biodiversity Conservation Act 1999</b>		
s516A(6)(a)&(b)	Report on the compliance with and contribution to the principles of ecologically sustainable development	9-11, 56-63
s516A(6)(c)	Effect of activities on environment	9-11, 56-63
s516A(6)(d)	Measures taken to minimise environmental impact	9-11, 56-63
s516A(6)(e)	Mechanisms for reviewing and increasing the effectiveness of measures	9-11, 56-63

# Statutory reporting requirements index

for the year ended 30 June 2022

Section	Subject	Pages
<b>Equal Employment Opportunity (Commonwealth Authorities) Act 1987 (EEO Act)</b>		
s9(1)(a)	Development and implementation of equal employment opportunity program	25-31
s9(2)(a)	Action taken to develop and implement the equal employment opportunity program	25-31
s9(2)(b)	Effectiveness of the equal opportunity program and achievement of its objectives	25-31
s9(2)(c)	Ministerial Directions under s12 (Performance) of the EEO (CA) Act	162
<b>Public Governance, Performance and Accountability Act 2013</b>		
s39(1)(b)	Annual Performance Statement	96-98
s43(4)	Annual financial statements and Auditor-General's report	99-148
<b>Public Governance, Performance and Accountability Rule 2014</b>		
s17BB(b)	Accountable Authority signature	95
s17BB(c)	Approval of Annual Report by Accountable Authority	69, 95
s17BB(d)	s46 Compliance Statement	69
s17BE(a)	Establishing Legislation	69, 74, 96, 108, 149, 162
s17BE(b)(i)	Objects and functions of the entity as set out in legislation	96, 162
s17BE(b)(ii)	Purposes of the entity as included in the entity's corporate plan	96
s17BE(c)	Names and titles of responsible Ministers	162
s17BE(d)	Any directions given to the entity by a Minister under an Act or instrument	162
s17BE(e)	Any government policy orders that applied under section 22 of the PGPA Act	n/a
s17BE(f)	Particulars of non-compliance with a direction or order referred to in paragraph (d) or (e)	n/a
s17BE(g)	Annual Performance Statement	96-98
s17BE(h)	Non compliance with the finance law reported under section 19(1)(e) of the PGPA Act	n/a
s17BE(i)	An outline of actions taken to remedy any non compliance under s17BE(h)	n/a
s17BE(j)	Details of the Accountable Authority and each member, including: name, qualifications, experience, number of meetings attended and whether executive or non-executive	70, 71, 75
s17BE(k)	Organisational Structure (including subsidiaries)	142, 166
	Employee statistics for the current and previous reporting period for:	29-31
	(i) full-time employees;	
s17BE(ka)	(ii) part-time employees;	
	(iii) gender; and	
	(iv) location.	

Section	Subject	Pages
s17BE(l)	Location of major activities or facilities	167
s17BE(m)	Main corporate governance practices	74
s17BE(n)	Related Commonwealth entity transactions	n/a
s17BE(o)	Details of related Commonwealth entity transactions	n/a
s17BE(p)	Significant activities and changes affecting the operation or structure of the entity	n/a
s17BE(q)	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on operations	n/a
s17BE(r)	Reports made by the Auditor-General, a House of Parliament, the Commonwealth Ombudsman or the Office of the Australian Information Commissioner	n/a
s17BE(s)	Information not obtained from subsidiaries	n/a
s17BE(t)	Indemnity for officers	162
s17BE(taa)	Information about the audit committee (direct electronic address of the charter; member names, qualifications, knowledge, skills or experience of each member; meeting attendance; remuneration of each member)	70,71,74, 75,88
s17BE(ta)	Information about executive remuneration	76-93
s17BE(u)	List of 'Schedule 2A' annual report requirements	159-161
s17BF(1)(a)(i)	Significant changes in financial structure and financial conditions	n/a
s17BF(1)(a)(ii)	Events or risks that may affect future operations or financial conditions	65-67
s17BF(1)(b)	Dividends paid or recommended	2, 15, 97, 107, 109, 116, 143
s17BF(1)(c)	CSOs, including actions taken and an assessment of the cost	96, 149
s17BF(2)	Commercially sensitive exclusion statement	n/a
s17CE(4)	Particulars of any executive remuneration information exemptions / requirements	n/a
<b>Work Health and Safety Act 2011</b>		
Sch.2, s4(2)(a)	Health, safety and welfare initiatives	22-24
Sch.2, s4(2)(b)	Health and Safety outcomes	22-24
Sch.2, s4(2)(c)	Statistics requiring the giving of notice	163
Sch.2, s4(2)(d)&(e)	Details of investigations and other matters as prescribed	163
<b>Superannuation Benefits (Supervisory Mechanisms) Act 1990</b>		
s6(1)(b)	Report on operation of superannuation arrangements	163

# Statutory reporting requirements

for the year ended 30 June 2022

## Introduction

Australia Post is subject to various statutory reporting requirements, including under the *Australian Postal Corporation Act 1989*, the *Public Governance, Performance and Accountability Act 2013*, the *Public Governance, Performance and Accountability Rule 2014*, the *Work Health and Safety Act 2011*, the *Superannuation Benefits (Supervisory Mechanisms) Act 1990*, the *Environment Protection and Biodiversity Conservation Act 1999* and the *Equal Opportunity (Commonwealth Authorities) Act 1987*.

The index on pages 159 to 161 shows where information relating to statutory reporting requirements can be found in this annual report. A number of items are dealt with in the main body of the report. Others are covered below.

## Legislation

The powers and functions of Australia Post are set out in sections 14-19 of the *Australian Postal Corporation Act 1989* (APC Act).

## Shareholder Ministers

The Minister for Communications, the Hon Michelle Rowland MP, has portfolio responsibility for Australia Post. Under a dual shareholder model, overall responsibility for Australia Post is exercised jointly by the Hon Michelle Rowland MP and the Minister for Finance, Senator the Hon Katy Gallagher.

## Indemnities and insurance premiums for directors and officers

Australia Post has in place a directors' and officers' liability insurance policy. The policy provides cover in respect of any person who is or was a director or officer of Australia Post, when acting in these capacities. Confidentiality requirements within the insurance contracts prohibit further disclosure.

Directors of Australia Post are also indemnified by Australia Post, to the extent permitted by law, against liability incurred in their capacity as a director.

## Government policies

In February 2004, the Minister of Communications, Information Technology and the Arts provided formal notification under section 28 of the *Commonwealth Authorities and Companies Act 1997* that the Government's National Code for the Construction Industry and associated implementation guidelines were to apply to all construction-related activity undertaken by and on behalf of Australia Post. The notification has had no major impact on the corporation as Australia Post has, since its introduction in 1997, made compliance with the code and guidelines a condition of all of its construction related tenders.

Section 40(1) of the APC Act empowers the Minister to give the board written directions in relation to the Australia Post corporate plan, to vary either the statement included in the plan of the strategies and policies that Australia Post is to follow to carry out its Community Service Obligations or the financial target included in the plan. No directions have been issued under this provision.

Section 49 of the APC Act empowers the Minister to give the board written directions in relation to the performance of Australia Post's functions as appear to be necessary in the public interest. No directions have been issued under this provision.

Section 54(3) of the APC Act empowers the Minister to give the board written directions in relation to the payment of dividends or different specified dividends (as the case may be) by Australia Post. No directions have been issued under this provision.

Section 22 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) empowers the Minister for Finance to make an order specifying a policy of the Australian Government that is to apply in relation to one or more corporate Commonwealth entities. No orders with application to Australia Post have been issued under this provision.

Section 12(1) of the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* (EEO(CA) Act) empowers the Minister to give the board written directions about Australia Post's performance if its obligations under the EEO(CA) Act. Section 12(2) of the EEO(CA) Act empowers the Minister to give the board written directions to revise Australia Post's corporate plan to give effect its obligations under this Act. No directions have been issued under either of these provisions.

## Impact of other obligations

### Border clearance and security activities

Australia Post assists other Government agencies in ensuring the integrity of Australian border security by participating in border clearance and security activities in relation to the postal system. The cost of Australia Post's participation in border clearance and security activities in 2021/22 is estimated to be \$30.0 million.

### Postal Industry Ombudsman

Australia Post (including StarTrack) is a mandatory member of the Postal Industry Ombudsman Scheme. The Postal Industry Ombudsman has estimated the costs of investigating complaints relating to Australia Post (including StarTrack) during 2021/22 to be in the range of \$1.6-1.7 million.

### ACC record keeping rules

The cost of compliance with the ACCC's record keeping rules in 2021/22 is estimated to be \$150,000.

### Maintaining heritage properties

The cost of repairing and maintaining heritage listed properties in 2021/22 was approximately \$3 million.

### Medical/Educational Remote Area Parcel service

The Medical/Educational Remote Area Parcel service provides for the delivery of medical or education supplies to or from approximately 300 eligible postcodes across Australia at a reduced rate.

In 2021/22, revenue foregone in relation to the service is estimated to be \$66,495.

## Superannuation

All Australia Post employees are provided superannuation benefits of at least the minimum required by law. Until 2012, Australia Post offered membership of the Australia Post Superannuation Scheme (APSS), which pays a lump sum defined benefit. The APSS was closed to new employees engaged under a management contract of employment from 1 January 2012 and to all other employees from 1 July 2012. Since those dates, new Australia Post employees have been able to join AustralianSuper, Australia Post's new default defined contribution superannuation fund or nominate a complying superannuation fund of their choice. On 30 April 2022, the APSS underwent a successor fund transfer into Australian Retirement Trust. Employee defined benefits are unchanged by the fund transfer and continue to accrue with related entitlements in a dedicated APSS sub-plan within Australian Retirement Trust.

## Work Health and Safety report

Our Work Health and Safety report is contained on pages 22 – 24 of this report with the following additional statutory information:

- one hundred and thirty seven incidents were notified to Comcare under section 38 of the *Work Health & Safety Act 2011* (WHS Act);
- no seizures made under section 175 or 176 of the WHS Act;
- one improvement notice was issued under section 191 of the WHS Act;
- no prohibition notices issued under section 195 of the WHS Act;
- no non-disturbance notice was issued under section 198 of the WHS Act;
- no remedial action was taken under section 211 or 212 of the WHS Act;
- no written undertakings were accepted by Comcare under section 216 of the WHS Act;
- no applications for internal review were made under section 224 of the WHS Act;
- no applications for external review were made under section 229 of the WHS Act;
- no infringement notices were given under section 243 of the WHS Act; and
- no prosecution was instituted under the WHS Act.

There were 16 (initial) Health and Safety Representative (HSR) training courses and 9 refresher HSR training courses run during the year, with a total of 108 participants trained.

## Freedom of information report

In 2021/2022 Australia Post received 208 applications under the *Freedom of Information Act 1982* (FOI Act).

Including the five applications on hand at 30 June 2021, and with nine applications outstanding at 30 June 2022, at total of 204 applications were resolved in the financial year.

These were handled as follows:

Access granted in full	62
Access granted in part	8
Access refused	120
Requests withdrawn	14
Total resolved	204

There were eight applications for internal review received during the year.

## Categories of documents

The categories of documents maintained by Australia Post include those relating to:

- commercial activities;
- corporate organisation and administration;
- Australia Post's financial management;
- management of assets;
- internal administration including policy development and program administration, reports, briefings, correspondence, minutes, submissions, statistics and other documents;
- Board submissions relating to the business of Australia Post;
- reference material used by team members including guidelines and manuals;
- legal advice; and
- operational documents.

## Access to documents

Access to documents under the FOI Act can be obtained by making a written request to:

Freedom of Information Officer  
Legal Group  
Australia Post Headquarters  
GPO Box 1777  
MELBOURNE VIC 3001

or

foi@auspost.com.au

# Statutory reporting requirements

for the year ended 30 June 2022

## Privacy and access to personal information

Australia Post will, upon request, and subject to applicable privacy laws, provide an individual with access to their personal information held by us.

Individuals may apply for access to their personal information held by Australia Post by:

writing to us at:

Australia Post Group  
 Privacy Contact Officer  
 GPO Box 1777  
 Melbourne Vic 3000

or

calling us at our Customer Contact Centre on 13 POST (13 76 78) between 9.00am and 5.00pm EST Monday to Friday.

Our Privacy Statement, available on [www.auspost.com.au/privacy](http://www.auspost.com.au/privacy) includes more information on how Australia Post handles personal information.

## Fraud control

The Group does not tolerate fraud and is committed to the highest level of integrity. Our purpose is to reduce fraudulent activity by developing a sustainable anti-fraud culture, building resilience in our systems, processes, and behaviours through improved insights, whilst delivering better outcomes for the Group and our customers.

Fraud governance, prevention, detection, and response for the Group is governed by our Group Fraud Policy (Policy), which is fundamental component of the Group's Fraud Management Control System and other related policies. Roles and responsibilities for the Board, management and team members are articulated in the Policy, which was last updated in June 2022. The PGPA Act provides the principles of fraud risk management and outlines our responsibility to mitigate, detect and respond to fraudulent activity. We have identified the key provisions as they relate to fraud management and have aligned our Group Fraud Management Framework (Framework) as appropriate.

The Framework aligns with the Group's Risk Management Policy, and other related policies, and adopts a methodology consistent with the Australian Standard for Fraud and Corruption Control (AS 8001:2021). Application of the Framework is facilitated by the Chief Risk Officer. The Framework is reviewed at least every two years, but a review can be triggered at any time by changes in the Australian Standard or by other legislative and operational requirements.

## Examination of mail

### International mail

Australia Post is authorised under the APC Act to open mail, as required by the Australian Border Force (ABF), in the following circumstances:

- when it is suspected that articles may contain prohibited substances; or
- to determine that appropriate duties/taxes are met.

ABF personnel have also been authorised under section 90T of the APC Act to remove and open articles in excess of a particular weight which ABF reasonably believes may contain drugs or other chemical compounds being carried in contravention of a law of the Commonwealth. The ABF has also been authorised under section 90FB (3) of the APC Act to act as an authorised examiner for the purpose of examining mail without opening (ie by x-ray or with drug detection dogs).

Australia Post is authorised under the *Aviation Transport Security Act 2004* (ATS Act) to examine items using x-ray and open items unable to be cleared by x-ray to help manage threats to international aviation.

### Domestic mail

Biosecurity Inspection and Quarantine officers from a prescribed state or territory (i.e. Western Australia, Tasmania or Northern Territory) are authorised under section 90U of the APC Act to request Australia Post to open, for inspection, any article for delivery in that prescribed state or territory; where the inspection officer has reasonable grounds to believe the item consists of, or contains, quarantine material.

Section 90UA authorises Australia Post to remove articles from the mail stream where it is suspected that the article consists of, or contains scam mail. Suspected scam mail may also be withdrawn from the mail upon receipt of a written request from a consumer protection agency.

In accordance with Section 90FB, Australia Post has appointed authorised examiners at designated locations where mail can be opened for inspection.

Authorised Australia Post team members may open articles in the following circumstances:

- undeliverable articles at approved locations for the purpose of identifying intended recipient or return addresses; or
- to repair an article or its contents so that the article can be made safe for carriage by post.

Australia Post is authorised under the ATS Act to examine items using X-ray and open items unable to be cleared by X-ray.

## Disclosure of information

The Corporation is authorised to disclose information to agencies which have the legislative power to obtain such information. This includes instances relating to enforcement of the criminal law, the protection of the public revenue, the reduction of threats to life and notification of next of kin.

As required under sections 43(1)(o)(i) and (ii) of the APC Act, Tables 1 and 2 detail the number of times that such information was disclosed during the year and the authorities or bodies to which it was disclosed.

**Table 1. Disclosure of information/documents (Section 90J “Authority”)\***

Authority for disclosure	Number of disclosures	Disclosures made to
Disclosure under warrants [s. 90J(3)]	0	<ul style="list-style-type: none"> <li>• Australian Border Force</li> <li>• Australian Federal Police</li> <li>• Police (New South Wales)</li> <li>• Police (Queensland)</li> <li>• Police (South Australia)</li> <li>• Police (Tasmania)</li> </ul>
Disclosure under a law of the Commonwealth [s. 90J(5)]	3,944	<ul style="list-style-type: none"> <li>• Australian Border Force</li> <li>• Australian Pesticides and Veterinary Medicines Authority</li> <li>• Australian Taxation Office</li> <li>• Department of Agriculture, Fisheries &amp; Forestry</li> <li>• Department of Foreign Affairs &amp; Trade</li> <li>• Australian Federal Police</li> <li>• Therapeutic Goods Administration</li> </ul>
Disclosures under certain laws establishing commissions [s. 90J(6)]	104	<ul style="list-style-type: none"> <li>• Australian Commission for Law Enforcement Integrity</li> <li>• Australian Crime Commission</li> <li>• Australian Crime Intelligence Commission</li> <li>• Crime and Corruption Commission (QLD)</li> <li>• Australian Securities &amp; Investments Commission</li> </ul>

\* Notes: Commonwealth agencies unless otherwise stated.

**Table 2. Disclosure of information/documents (Section 90K “Authority”)\***

Authority for disclosure	Number of disclosures	Disclosures made to
Disclosure to authorised ASIO officer [s. 90K(4)]	0	<ul style="list-style-type: none"> <li>• Australian Security Intelligence Organisation</li> </ul>
Disclosure for the enforcement of laws or protection of public revenue [s. 90K(5)]	1,437	<ul style="list-style-type: none"> <li>• Department of Fair Trading (NSW)</li> <li>• Department of Primary Industries (WA)</li> <li>• Department of Justice (WA)</li> <li>• Department of Justice (QLD)</li> <li>• Department of Primary Industries (QLD)</li> <li>• Department of Justice – Court &amp; Tribunal</li> <li>• Department of Mines, Industry Regulation</li> <li>• Department of Biodiversity and Conservation (WA)</li> <li>• Services Australia</li> <li>• Commonwealth Department of Prosecutions (SA)</li> <li>• Liquor and Gambling NSW</li> <li>• Gold Coast Health</li> <li>• Independent Broad Based Anti-Corruption Commission</li> <li>• Moreton Bay Regional Council</li> <li>• National Indigenous Australians Agency</li> <li>• Office of Fair Trading (QLD)</li> <li>• State Revenue (NSW)</li> <li>• State Revenue (VIC)</li> <li>• Victorian Fisheries Authority</li> <li>• Police (New South Wales)</li> <li>• Police (Northern Territory)</li> <li>• Police (Queensland)</li> <li>• Police (South Australia)</li> <li>• Police (Tasmania)</li> <li>• Police (Victoria)</li> <li>• Police (Western Australia)</li> </ul>

\* Notes: Commonwealth agencies unless otherwise stated.

# Statutory reporting requirements

for the year ended 30 June 2022

## Reports of outside bodies

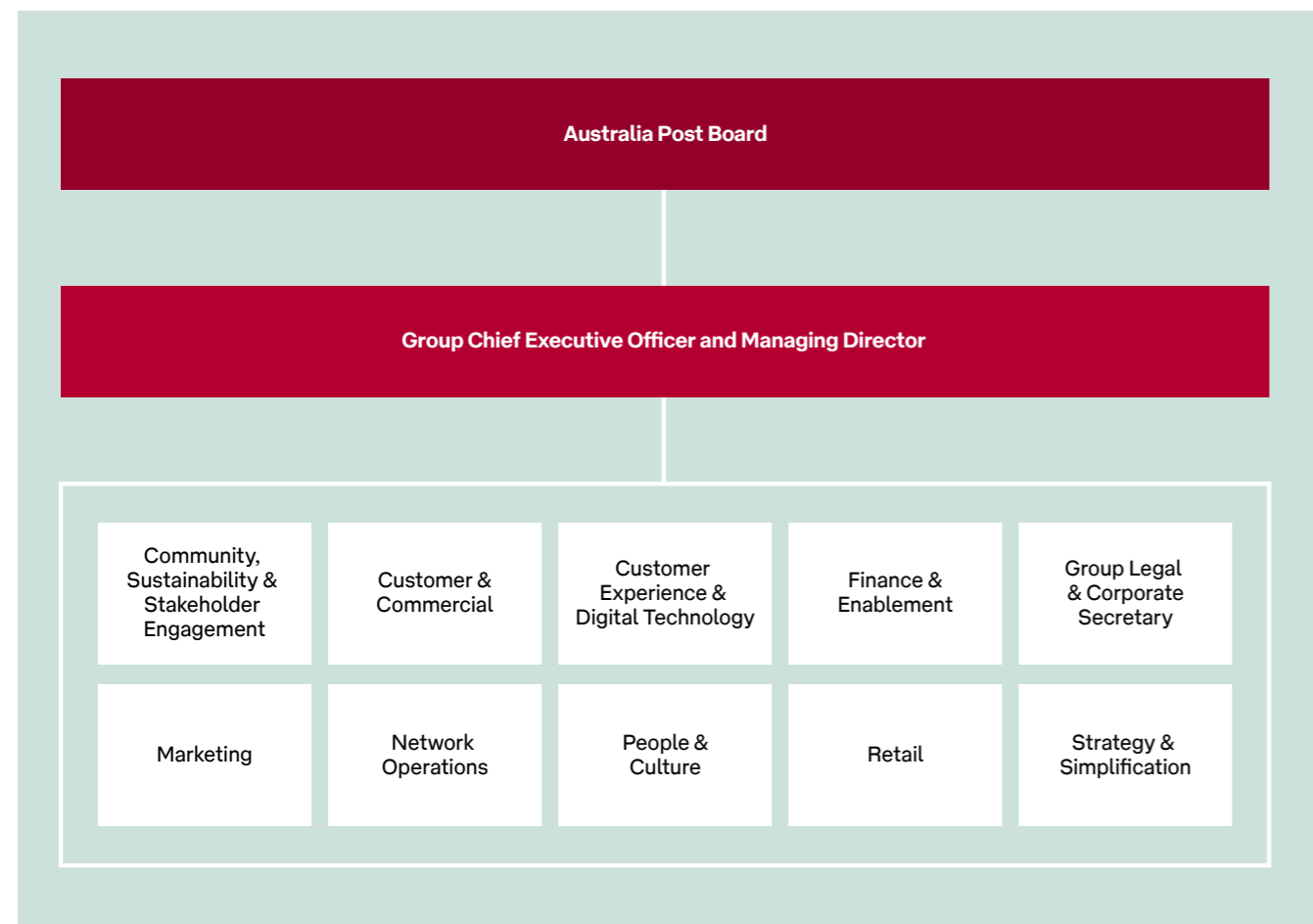
No reports were delivered by outside bodies on Australia Post for the period 2021/22.

## CSO Costs

There is a financial cost associated with meeting the Community Service Obligations (CSOs). Australia Post is required to provide certain domestic and international products to customers at a uniform price but costs can vary considerably, primarily as a result of the higher operational unit costs to service more remote destinations.

The cost of providing the CSO for 2021/22 is estimated at \$348.5 million (2020/21: \$348.3 million), including \$181.8 million in rural and remote locations (2020/21: \$197.1 million).

## Our organisational structure



# Corporate directory

## Copies of the report

The 2022 Annual Report and supporting documentation can be found online at [auspost.com.au](https://auspost.com.au)

To order a printed copy of the Report email [annual.report@auspost.com.au](mailto:annual.report@auspost.com.au) or phone 13 POST (13 76 78).

## Feedback

We'd like to hear your feedback so we can continue to improve our business, including how we report on our performance.

To provide feedback, visit our website or email [annual.report@auspost.com.au](mailto:annual.report@auspost.com.au)

## Contact details

### Australia Post Support Office

111 Bourke Street  
Melbourne VIC 3000

GPO Box 1777

[auspost.com.au/contactus](https://auspost.com.au/contactus)

Twitter: @auspost

## Commitments to external initiatives

We are an active supporter of leading national and international sustainability initiatives, including:

- Australian Human Rights Commission IncludeAbility Employer Network (member since 2021)
- Australia Network on Disability (member since 2012)
- Australian Packaging Covenant (a signatory since 2011)
- Australian Red Cross Collective (member since 2021)
- Business for Societal Impact (formerly known as the London Benchmarking Group) (member since 2009)
- CDP (formerly known as the Carbon Disclosure Project) (since 2015)
- Disability Confident Recruiter with the Australian Network on Disability (since 2021)
- Earth Hour (supporter since 2007)
- Equal Employment Opportunity Network (EEON) (member since 2016)
- Global Reporting Initiative (reported in line since 2010)
- Healthy Heads in Trucks and Sheds (Board Chair and inaugural member since 2019)
- International Post Corporation (member)

- International Integrated Reporting <IR> Framework (reported in line since 2016)
- National Association of Women in Operations (NAWO) (since 2010)
- Reconciliation Australia - Reconciliation Action Plan program (member since 2011)
- Pride in Diversity (member since 2021)
- Safety and Rehabilitation and Compensation Licensees Association (SRCLA) (Executive committee representation and member since 2009)
- Social Traders Connect (member since 2015)
- Supply Nation (member since 2010)
- United Nations Global Compact (signatory since 2010)
- UN Sustainable Development Goals and the Global Compact Network Australia's CEO Statement of Support (signatory since 2016)

## Awards

- Winner – National Safety Council Awards for Excellence – Best Return and Recovery at Work System Award
- Winner – Australasian Fleet Management Association (AfMA), 2022 Fleet Manager of the year, Terry Bickerton
- Winner – iTnews Benchmark Awards 2022 – Australian Technology Project of the Year
- Winner – 2022 Australian Web Awards – best Government website and best overall User Experience
- Winner - Australian Rising HR Star of the Year award, Emma Quirk, Australian HR Awards
- Winner – Australian HR Awards 2022
  - Best Leadership Development Program: Leadership@Post program
  - Employment Hero – Best use of Technology: Australia Post COVID-19 Safety Record
  - Best Health and Wellbeing Program: Early Matched Care at Australia Post (EMCAP) program

## Credits

**Writing:** Lana Grace

**Project management:** Sarah Butcher & Lana North

**Design:** John Stilla

