Annual Report

DELIVERING FOR AUSTRALIA

2021

Australia Post

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

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

Performance highlights

Our business performance

- Record revenue of $8.27 billion, up 10.3 per cent
- Profit before tax of $100.7 million, up 87.7 per cent
- $450.0 million invested in our network
- Secured agreements with Commonwealth Bank of Australia, NAB and Westpac securing the future of Bank@Post in communities

Our customers and communities

- Delivered mental health resources to more than 1.4 million households
- Raised over $1.6 million for Australian Red Cross since the partnership began
- Delivered 160,000 books to children in 325 remote Indigenous communities
- 720 million digital customer visits, up 45 per cent on last year
- Supported 148,000 small business customers to reach their customers, streamline their shipping processes and grow their businesses online

Our innovation and expertise

- Further developed the Local Business Partner program, providing our Licensees with the training, knowledge and capability they need to directly manage a portfolio of small to medium enterprise customers
- Rolled out route optimisation software to more than 3,700 drivers to support delivery of more than 500,000 parcels every day
- Our Happy Parcels program, which draws on scanning data to empower our customer facing teams to have more informed customer conversations, won a global award

Our people

- Kept our people safe through COVID 19, with zoning, staggered shifts and temperature testing, and support for those working remotely
- Removed 93 million manual handling touch points
- Helped our people stay mentally well, by identifying and mitigating psychosocial exposures, raising awareness and combatting stigma
- Launched our 2020 22 Stretch Reconciliation Action Plan, reaffirming our commitment to reconciliation
- Licensee engagement score of 66 up three points from 2019
- Launched our 2020 22 Accessibility and Inclusion Plan, to support accessible employment, products, services and places for everyone

Our network

- Delivered a record 52 million parcels during December
- Employed more than 5,000 casuals to assist with our peak period, with more than 1,200 continuing their employment beyond this period
- Partnered with our merchant customers and supported them to prepare for peak
- Supported our bricks and mortar customers to accelerate their online businesses with multiple collection and delivery options

Our environment

- Science based target to reduce emissions by 15 per cent by 2025, officially validated by the Science Based Target Initiative
- 124 million parcels delivered carbon neutral since October 2019
- 74,500 pieces of soft plastic diverted from landfill and given a second life during our Soft Plastics Collection Pilot in 12 Post Offices across regional NSW
- Our sustainable packaging range is 100 per cent recyclable either via kerbside recycling or through our partnership with REDcycle and our mailing boxes are certified by the Forest Stewardship Council (FSC)

Performance against targets

Performance indicator	Standard/Target	Performance
Profit before tax	$55.0 million	$100.7 million
Shareholder return on equity	1.7%	3.0%
Dividend declared for 2020/21	$11.9 million	$44.3 million
Dividend paid in 2020/21	$39.8 million	$46.2 million
Street posting boxes	10,000	15,001
On-time letter delivery	94.0%	95.1%
Retail outlets		
In total	4,000	4,320
In rural and remote areas	2,500	2,517
In metropolitan areas*	90.0%	93.7%
In non-metropolitan (i.e. rural and remote) areas#	85.0%	88.9%
Delivery frequency per delivery point		
to rural and remote delivery points each business day and to metropolitan delivery points every second business day	98.0%	98.82%
to delivery points at least 2 days per week	99.7%	99.99%

* Residences to be located within 2.5 kms of an outlet # Residences to be located within 7.5 kms of an outlet

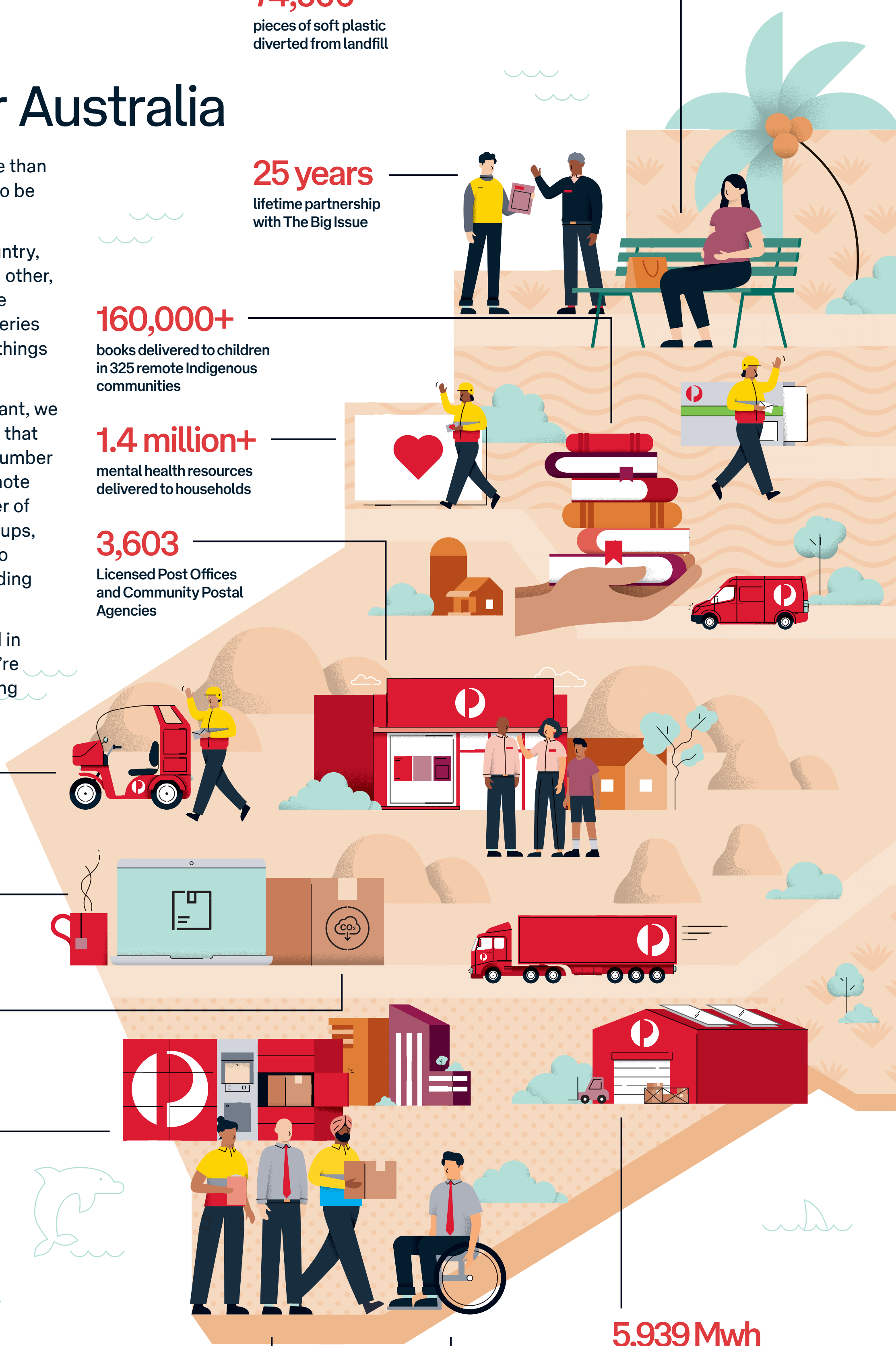
How we are delivering for Australia

Australia Post has always been more than just another business. We're proud to be part of the very fabric of the nation.

Every day, in every corner of the country, we help Australians connect to each other, their communities and the rest of the world. It's about more than our deliveries and services. It's about all the little things that help our communities thrive.

So while financial results are important, we think there's another set of numbers that are worth celebrating too. Like the number of books delivered to children in remote Indigenous communities, the number of grants given to local community groups, or the number of parcels delivered to communities across Australia, including those in lockdown.

We love delivering for Australia. And in a year that's kept so many apart, we're proud to have played a role in bringing Australians together.



74,500 pieces of soft plastic diverted from landfill

25 years lifetime partnership with The Big Issue

160,000+ books delivered to children in 325 remote Indigenous communities

1.4 million+ mental health resources delivered to households

3,603 Licensed Post Offices and Community Postal Agencies

2,136 electric vehicles

720 million digital customer visits

124 million parcels delivered carbon neutral since October 2019

46,074 parcel lockers

5,939 Mwh self-generation from onsite solar

64,000 employees and extended workforce

5.6% workforce with disability

148,000
small businesses supported with MyPost Business

$38.1 million
spend with Indigenous and Social Enterprise suppliers

335,600
connection stamps sold to improve mental health

15,001
street posting boxes

235.2 million
visits to our digital App

622
grants given to community groups

2,517
Post Offices in rural and remote areas

35.4%
women in management positions

186,000
Disaster Preparedness Postcards delivered to high risk households

4,320
Post Offices

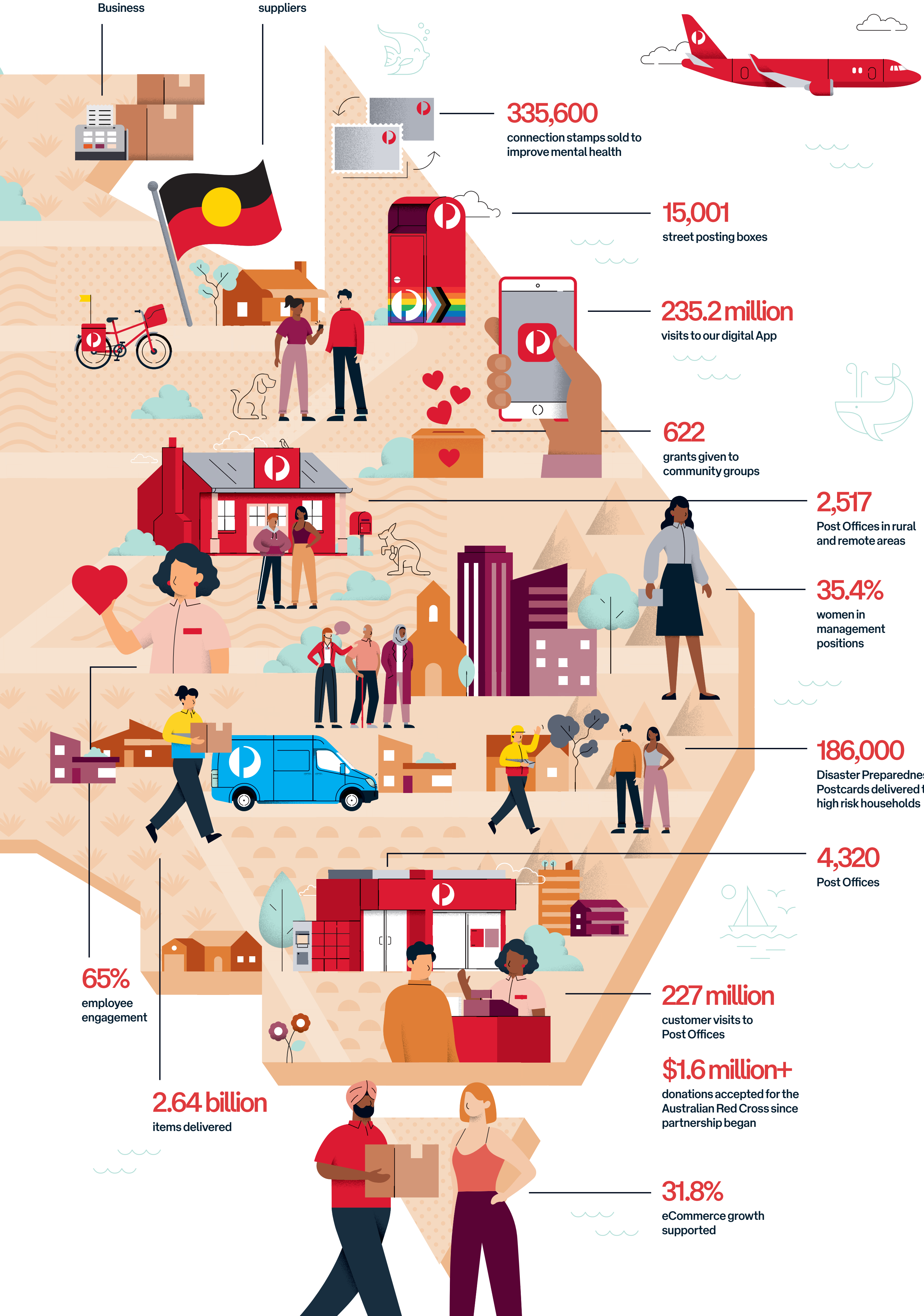
65%
employee engagement

227 million
customer visits to Post Offices

$1.6 million+
donations accepted for the Australian Red Cross since partnership began

2.64 billion
items delivered

31.8%
eCommerce growth supported



About Australia Post

As Australia's leading logistics and integrated services business, we proudly support our customers to grow and communities to thrive; we challenge ourselves to create products that people value and trust, and we strive to always deliver great service and value to our customers and the community.

As a Government Business Enterprise (GBE) that operates under the *Australian Postal Corporation Act 1989* (APC Act) and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), Australia Post is a completely self-funded business with both commercial and community service obligations. In line with this, we are trusted to make the proper and best use of our assets and resources, so we can earn profits that can be reinvested in our business, or paid to the Commonwealth as dividends, for the benefit of all Australians.

Section 27 of the APC Act prescribes our community service obligations (CSO), which require us to provide an accessible and reliable letters service, at a uniform price, for all Australians, regardless of where they live. As our business continues to transform and we innovate and find new ways to meet and exceed the expectations of our customers, what we now do encompasses much more than simply delivering on our community service obligations.

In a year full of challenges, the central role Australia Post played in connecting people to each other and to the world was never more important. As the global pandemic saw sweeping lockdowns and restrictions introduced, eCommerce became a lifeline. Not only did it give Australians at home access to the things they needed, it enabled businesses to keep trading and connecting with their customers. As demand for online shopping continues to grow, so too does our investment into our parcels business, and we are well placed to keep delivering for Australia now and into the future.

Our Post Offices have become much more than a place to simply connect and transact; the role they play as a community hub has became even more critical. In the last year, they have supported countless small businesses to transact online for the first time, helped people stay connected with friends and family, provided access to essential identity and financial services and helped thousands of people each day collect their online shopping and access the goods they needed.

Australia Post continued to operate each day during the pandemic. Through unprecedented lockdowns and a record Christmas period, our posties, drivers, facilities and network played a critical role, delivering essential items for the millions of people forced to stay home. At the same time, our Post Offices have stayed open and, as vital shopfronts in communities, have allowed Australians to continue to transact with hundreds of other organisations, including banks, business and government agencies.

Three years ago, our activities were estimated to contribute around $6 billion annually to Australia's economy, with a direct contribution of over $3 billion to national GDP through our operations; and the indirect economic impacts that flow from our activities contribute almost as much again. Our business has grown significantly since then, meaning we likely contribute well above those figures now.

We directly employ a workforce of approximately 37,000 (including casual workforce) and engage an estimated 27,100# in our extended workforce. The majority of these are employed in our delivery, post office and operational networks. We continue to place the safety of our people as our highest priority because we believe everyone should feel safe and well in the course of their day.

We are committed to enhancing our reputation, and performance, as a responsible business and we are actively pursuing our goal of reducing our environmental impacts.

Our activities contribute around

$6b
annually to Australia's economy; and

64k
jobs

Our overall workforce estimate has reduced due to changes in recording of our extended workforce related to sub-contractor workforce numbers and the removal of third-party contracted services employees (such as property services).

About this report

We use these symbols throughout the report to signal content relating to the six capitals of the Integrated Reporting Framework.

Financial capital
Our business performance

Human capital
Our people

Social capital
Our customers and communities

Manufactured capital
Our network

Intellectual capital
Our innovation and expertise

Natural capital
Our environment

Our annual report provides an overview of our business activities and our financial, environmental and social performance for the 2020/21 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 10 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 <IR> framework – financial, human, social, manufactured, intellectual and natural capitals.

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 short-term incentives 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.

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 2020/21 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. There were no significant changes in the boundary or scope of this report in 2020/21.

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.

The top 10 material issues nominated by our internal and external stakeholders for 2021 were:

1. Employee safety, health and wellbeing
2. Viable parcel business
3. Operating profitably
4. Workforce engagement
5. Post Office network viability
6. Customer experience
7. Corporate governance
8. Employer of choice
9. Reliable letters business
10. Supporting the community

More information about our materiality review is included on page 67.

Corporate Governance Statement and Corporate Responsibility Index

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

Our Corporate Responsibility Index 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.

Chair's message

In a year that has not been without its challenges, Australia Post has continued to adapt and transform, and has remained true to our purpose of keeping Australians connected.

With an unparalleled presence in communities, Australia Post was again there for Australians and for businesses when they have needed it most; and our transformation strategy continues to take the organisation into the future in a sustainable way, ensuring we can continue supporting all Australians.

We have our eye fixed firmly on the future and, like other postal organisations around the world, there are difficulties ahead as we confront the structural decline of the letters business while also operating in an increasingly competitive environment in our parcels business.

We are now servicing over 12.4 million delivery points, a number that is ever-increasing, while delivering 22.6 per cent fewer letters than just two years ago – a trend accelerated by the global pandemic. In the last financial year, our addressed letters revenue and volume fell by 9.7 and 11.6 per cent respectively.

In contrast, with more households shopping online than ever before, eCommerce grew by 31.8 per cent in 2020/21, with our domestic parcel revenue also growing strongly, up 17.7 per cent. This result was achieved despite unprecedented disruption for our business, resulting from the global pandemic and the need for us to adjust rapidly and change how we operate to protect our people and the communities we serve.

Keeping communities connected

Our Post Offices are an important part of every community, and this has never been truer than it has in the last year. Not just a place to connect and transact, for communities in lockdown Post Offices were also the general store, providing access to postal services, essential financial and government services, office supplies, printing services and much more.

That is why we remain firmly committed to maintaining our Post Office network and its role in communities and continue to innovate and invest to ensure its long-term sustainability. This includes investing in the important Bank@Post service, following the recent 10-year extension of our agreements with Commonwealth Bank and NAB.

Looking forward

With the significant growth in eCommerce we will continue to make investments in our operations, improving our efficiency and increasing our capacity. We will also continue the work underway to implement a safe and efficient future delivery model which allows us to meet our community service obligations and deliver ever-increasing parcel volumes.

We will continue to create and provide products and services that our customers love and trust, and improve our reliability to better serve our customers into the future.

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 Framework; the Global Standards for Sustainable Reporting; and the Ten Principles of the UN Global Compact.

Thank you

On behalf of the Board, I thank our more than 64,000 strong extended workforce. You do an incredible job and, thanks to your efforts, we have helped communities stay connected, supported businesses to thrive and continued to deliver for Australia. I also thank our customers for their support and loyalty and recognise the integral role and extraordinary efforts of our many business partners, particularly our Post Office licensees and contractors.

I would like to take this opportunity to acknowledge our former Group Chief Executive Officer and Managing Director, Christine Holgate. We thank Christine for her outstanding contribution and strong leadership during her tenure, and sincerely wish her all the best in her future endeavours.

We look forward to welcoming Paul Graham as our Group Chief Executive Officer and Managing Director in September 2021. Paul's 40 years of deep industry experience working in supply chains in Australia, Europe and Asia, combined with his community and customer-focused philosophy, will bring enormous value to Australia Post.

The Board and I would also like to extend our thanks to Rodney Boys for acting in the role since 23 October 2020, and for the exceptional way in which he led Australia Post to successfully deliver a record peak period.

Finally, I would like to thank my fellow directors, and to pay tribute to Australia Post's experienced executive team for their contribution to delivering our strategy and for their dedication, focus and commitment during a demanding period for the organisation.

Lucio Di Bartolomeo
Chair

Strategic direction

Our strategy focuses on our areas of greatest opportunity and supports our purpose of connecting communities and helping build a sustainable future for all Australians.

With over four-in-five Australian households now shopping online, and online's share of total retail spend continuing to increase, we are working hard to increase our capability to ensure all Australian people and businesses, no matter where they live and work, can stay connected with each other and the growing world of eCommerce.

Despite non-letter products accounting for an ever-increasing share of our product mix, many, many Australians continue to rely on us providing a reliable letters service. We will also continue to provide and grow our range of trusted, in-person services through our more than 4,300 Post Offices across the country.

We want to continue to deliver unique customer experiences through building on our digital capabilities and providing greater flexibility, making it easier for everyone from older Australians and young online shoppers, to small businesses and large enterprises, to do business with us.

As our business continues to transform, our future delivery network will be designed to meet the needs of our future customers. We will provide a more reliable service, more comprehensive and transparent tracking, and improve the customer experience by offering more delivery options.

We will also continue our focus on the long-term sustainability of Australia Post, driving operational efficiencies where we can to ensure we can continue to serve our customers and communities well into the future.

Our strategic priorities for 2021/22 are:

- Enable eCommerce growth
- Support communities with access to services
- Invest in customer experience
- Build our network of the future
- Uplift our leadership culture and capabilities
- Drive productivity and efficiency

One of our dedicated airline freighters, operated in partnership with Qantas, and an electric delivery vehicle

Acting Group Chief Executive Officer and Managing Director’s message

While this year has been one of the most challenging in our more than 200 years of operation, I am extremely proud of the way our people worked tirelessly to support their communities. The results we have achieved were only made possible through the tenacity, resilience and unwavering customer focus they have shown over the last 12 months.

Australia Post recorded revenue of $8.3 billion for the period – a new record for the organisation - and delivered a profit before tax of $100.7 million. This is a strong result, with our domestic parcels business continuing to go from strength to strength, while we retained our position as a market leader with Parcel and Services revenue growth of 17.7 per cent. The significant increase in revenue was driven by our record peak period, which saw more than 52 million parcels delivered in December alone, and the additional 1.1 million households now shopping online each month.

But while eCommerce accelerated, so too did the decline in letters which now sees our network delivering around one million fewer letters every working day than prior to the onset of the COVID-19 pandemic, while delivery addresses have increased to 12.4 million. To combat this sustained, structural decline, we continue to grow our non-letter products and services and find operational efficiencies to ensure the long-term sustainability of the business.

Looking internationally, our full year revenue grew - predominantly driven by our AP Global business, which delivered revenue growth of 90.6 per cent. These results were achieved amid significant disruption due to international border closures and the resulting impacts to the global supply chain. While we do not anticipate a return to a stable international operating environment for some time, our team continues to work hard to plan and prepare our customers for the opportunities and challenges that lay ahead.

As more Australians shop online and businesses grow their digital capabilities, the need for Australia Post to remain profitable so we can maintain ongoing investment and develop new eCommerce solutions has never been more important. This year, we accelerated our capital expenditure program investing $450 million across a range of projects including our new Parcel Delivery Centre in Melbourne’s West which became operational in November. Construction has commenced at a new site in Perth and is well progressed on a new facility in Adelaide, due for completion prior to Christmas. In addition, significant investment was made in upgrading existing and adding new sorting equipment in both metropolitan and regional areas.

We boosted our technology capabilities introducing new route optimisation software, which is now being used by 3,700 drivers nationally, helping them deliver more than 500,000 parcels every day. This new software provides customers with more tracking visibility and a two-hour delivery window, assisting our drivers and reducing costs.

Our 4,320 Post Offices across Australia continue to be more important than ever; acting as vital local hubs, particularly in rural and remote Australia. Our Post Office network worked harder than ever before to stay open and help communities stay connected to many vital services.

We continued to support our important Licensed Post Office partners and this year we expanded our Local Business Partner program to nearly 500 Licensee partners. I’m also very proud to say that despite recent challenges, Licensee engagement has increased by three points to 66 when compared to our last survey held in 2019. This result was aided by strong stakeholder engagement with the Australia Post Licensee Advisory Council (APLAC), and the way in which we worked together to support our dedicated Licensees.

We were very pleased to receive the ongoing support for the Bank@Post service from our major banking partners , in particular the Commonwealth Bank and NAB through landmark 10-year in principle agreement and from Westpac with the extension for a further 12-months. Not only are these agreements important for our communities, but they also support ongoing investment in the Bank@Post service in our Post Offices which now includes over 80 financial institutions.

Through it all, in a year with many challenges, the safety and wellbeing of our people remained our highest priority. Everyone deserves to go home safely at the end of each day and that is why we worked hard to protect our people, adapted our COVIDSafe plans to deal with a number of COVID-19 challenges and ensured our people were kept safe while they delivered for the community.

In a year of change and separation from those closest to us, helping our people stay mentally well was also a key point of focus. Our Employee and Workforce Assistance Programs (EAP/WAP) continued to be available for our people, and we also arranged on-the-ground EAP services, bringing support directly to our workforce and encouraging help-seeking behaviours.

In line with our commitment to mental health and psychological safety, Australia Post also became a foundation member of Healthy Heads in Trucks and Sheds and we now hold seats on both the Board of Directors and the Advisory Board.

While we have made great strides to improving safety, we have more to do. Seventy-six per cent of all our injuries continue to be sustained by our delivery workers and motorcycle incidents account for the majority of serious incidents, which is why we remain committed to reducing the number of motorcycles in our fleet and moving our people onto safer modes of transport such as our electric delivery vehicles (eDVs). This financial year we welcomed an additional 980 electric eDVs to our fleet, and pleasingly we have seen a reduction in serious incidents.

The temporary regulatory relief granted to Australia Post in May 2020, which included the change to delivering letters every second business day in metropolitan areas, saw more than 2,000 of our posties transition to deliver parcels in vans and enabled us to further accelerate our motorcycle reduction program. As a result, we have been able to achieve a 45 per cent decrease in motorcycle accident related serious claims (five days or more off work) and a 16 per cent reduction in vehicle accident related injuries overall. This is a good result, but we will work hard to continue to reduce these incidents even further.

The temporary regulatory relief also supported us to deliver the significant increase in parcel volumes despite operating restrictions, reductions in air capacity and border closures. While these measures were important, we do not underestimate how difficult it was for our people as they adjusted to the different way of working. These temporary measures expired on 30 June 2021 and we are working together closely with our union partners to support our people through the next transition.

I'm proud to say we continued our commitment to diversity and inclusion through a range of initiatives this year. We launched our 2020-22 Stretch Reconciliation Action Plan reaffirming our commitment to reconciliation, we supported 324 women to build resilience and career agility, through our career development program ProjectMe and we articulated our approach to provide inclusive and accessible employment, products, services, and places for everyone, through the release of our 2020-22 Accessibility and Inclusion Plan.

We also continued to act on our commitment to drive a sustainable future for all Australians and reduce our environmental impact, while growing our business. In July 2020, we announced new ambitious environmental targets centred around emissions and operational waste reductions that are a key part of our 2020-22 Group Corporate Responsibility Plan. In June, our science-based target to reduce emissions by 15 per cent by 2025 from our 2018/19 baseline was validated by the Science Based Targets Initiative, making Australia Post one of just 13 organisations nationally to have their target validated.

Over the last two years we have been delivering on our 2020-22 Group Corporate Responsibility Plan, which addresses the issues that matter most to our key stakeholders and was developed following extensive consultation.

I would like to thank all those that have supported Australia Post, and in doing so allowed us to keep delivering for Australians. Thank you to the Board and the Executive Team for your commitment and hard work and thank you also to our Shareholder Ministers.

Importantly all we have achieved would not have been possible without our incredible extended workforce of more than 64,000. To all our people - our posties, drivers, retail teams, our corporate, sales and contact centre teams, contractors, and Licensee Post Office partners - thank you. Thank you for your hard work, customer commitment and for the way you have supported each other and our business through one of the most challenging periods in our history.

And finally, I extend my thanks to the people of Australia and every one of our customers, for whom we are so proud to deliver each day. Australia Post is well placed to support your growing and changing expectations.

Rodney Boys
Acting Group Chief Executive Officer and Managing Director

Corporate Responsibility

Port Adelaide Posties Chris Hodge and Michael Belczacki

As a Government Business Enterprise, we directly and indirectly contribute to Australia's economic growth and reinvest in the Australian community. To further reinforce and guide our long-term sustainability and continue to serve our country, we have been delivering on our 2020-22 Group Corporate Responsibility Plan.

This plan, *Everyone Matters: Our plan for inclusive and sustainable prosperity*, outlines seven areas of focus and 19 clear commitments to create new forms of economic, social and environmental value for our business and the Australian community. This sustainability plan is informed by the UN Sustainable Development Goals (SDGs) – the world's sustainability agenda to 2030.

Over the last two years we have made significant progress in providing our customers and communities with more sustainable products and services. This includes:

- offsetting the carbon emissions of over 124 million parcels sent through our Carbon Neutral Deliveries Program in partnership with Qantas Future Planet. That's the equivalent of taking 100,000 cars off the road
- offering a sustainable packaging range that features the Australasian Recycling Label (ARL) including:
  - plastic satchels containing recycled plastic
  - introducing StarTrack satchels that can be used more than once
  - mailing boxes that are sustainably sourced and Forest Stewardship Council (FSC) certified
  - cardboard boxes recyclable through household recycling, and plastic packaging recyclable through REDcycle
- piloting a soft plastics recycling service in 12 NSW Post Offices through our partnership with REDcycle, with plans to expand this in 2022.

Increasingly, we win and retain customers due to our sustainability approach and credentials. Our comprehensive approach to sustainability reporting has now been recognised internationally by the prestigious Corporate Register Reporting Awards for three consecutive years. This past year, we also publicly released a comprehensive Modern Slavery Statement to transparently outline our modern slavery risks, in accordance with government legislation.

Despite the changed economic and community circumstances brought on by COVID-19, we have been able to operate at capacity while continuing to positively impact our people, customers and communities, the environment and our bottom line. We have:

- placed safety first, strengthening our approach to physical and psychological safety and injury management, and embedding effective COVID-19 controls throughout our business
- partnered with Beyond Blue, the Indigenous Literacy Foundation and Australian Red Cross to help communities connect and thrive, maintaining strong partnerships during these unprecedented times. This includes developing a cross-functional disaster preparedness plan, introducing round-up donations at Post Offices nationally, and raising more than $1.6 million in response to disasters
- updated address guidelines to include Traditional Place names
- released our Accessibility and Inclusion Plan 2020-2022 and Stretch Reconciliation Action Plan 2020-2022
- published a small business sustainability whitepaper in partnership with the Banksia Foundation. This includes a practical roadmap and key insights for small businesses, so they can take advantage of new opportunities and grow their business in a sustainable way in a world impacted by COVID-19.

While our business has grown during the pandemic and we are delivering more parcels than ever, our commitment to environmental sustainability remains strong. This year, we set two new 2025 waste targets and a science-based emissions reduction target to address Scopes 1, 2 and 3 which aligns to a "well below 2C scenario". We're now one of just 13 Australian businesses with an emissions reduction target officially validated by the Science Based Targets Initiative.

Learn more about Australia Post's commitment to sustainable development at: auspost.com.au/CR where you can download our 2020-22 Group Corporate Responsibility Plan.

Value creation

Our business performance

Key inputs

- $809.2 million cash from operations
- $7,064.9 million gross assets
- $450.0 million cash used in investing
- Assets of $8.3 billion managed under Australia Post Superannuation Scheme

Key activities

- Investment in infrastructure and automation to expand our processing capacity
- Commenced regional investment plan to update 170 delivery facilities, retail outlets and business hubs
- Temporary changes to some performance standards to enable us to continue to deliver
- Paused scheduled price increases and simplified international pricing structures

Key outcomes

- $8,273.7 million in revenue
- $100.7 million in profit before tax
- $46.2 million dividend paid to our Shareholder
- Supported our customers to deliver to the 9.1 million households that shopped online
- 2.1 billion letters delivered

Our people

Key inputs

- An extended workforce of more than 64,000, which covers both direct employees (casuals included) and our extended workforce.
- Investing in processes and capability to keep our people safe
- Supporting the mental health and wellbeing of our people
- Recognising and celebrating the diversity of our workforce

Key activities

- Kept our people safe through COVID-19, with zoning, staggered shifts and temperature testing, and support for those working remotely
- Launched our 2020-22 Stretch Reconciliation Action Plan, reaffirming our commitment to reconciliation
- Articulated our approach to provide inclusive and accessible employment, products, services, and places for everyone, through our 2020-22 Accessibility and Inclusion Plan
- Launched TIES Time, celebrating our values and reminding our people of what it means to live them each day

Key outcomes

- Highly engaged delivery contractor workforce at 70 per cent engagement
- Uptake of employee assistance program above the industry benchmark, reflecting regular awareness raising for the service for our people and their families
- 324 award level women supported to complete ProjectMe, our development and retention program
- Workforce encouraged to celebrate days of significance including IDAHOBIT, International Day of People with a Disability and NAIDOC week

Our customers and communities

Key inputs

- 720 million digital customer visits
- 227 million retail customer visits
- 148,000 MyPost business customers
- Services provided in communities across Australia, to keep people connected through floods, fire, cyclone and the COVID pandemic

Key activities

- Supported small businesses to grow and thrive through our Local Business Partner program
- Secured agreements with Commonwealth Bank of Australia (CBA) and NAB to offer banking services in Post Offices nationally for the next decade, and extended agreement with Westpac for 12 months
- More than 99 per cent of our Post Offices remained open during the COVID pandemic
- Made payments of more than $519 million (ex GST) to our Licensees
- Delivered mental health information to more than 1.4 million households and expanded mental health support to small businesses

Key outcomes

- Payments to our Licensees were 7.1 per cent higher than 2019-20, fuelled by parcel growth during the COVID pandemic
- Supported eCommerce growth, enabling businesses to retain employees and keep operating
- Awarded grants totalling more than $500, 000 to community organisations
- Spent $18.4 million with Indigenous suppliers

Our network

Key inputs

- 12.4 million delivery points
- 4,320 Post Offices
- 15,001 street posting boxes
- 46,074 parcel lockers
- 1,400 electric bikes (EAMBs) and 2,136 electric delivery vehicles (eDVs)
- 4,865 motorcycles
- 7,236 vans, trucks, utes and cars
- Up to 20 planes chartered per day
- 492 facilities
- Delivering to more than 200 countries, territories and regions

Key activities

- Opened 60 new or re-purposed facilities, added 3,000 vehicles and chartered up to 20 dedicated freighters
- As part of our biggest ever recruitment drive 5,000 team members were recruited
- Partnered with our merchant customers to deliver the most successful peak period to date
- Added 980 electric delivery vehicles to our fleet
- Improved network security through expanded air cargo screening and more x-ray units

Key outcomes

- Supported 31.8 per cent growth year on year in online shopping
- Delivered a record 52 million parcels during December
- Served a record 21 million customers in our retail outlets in December
- New gateways established in the US, Europe and Asia, and new lanes including from the US to Singapore, Hong Kong and New Zealand
- Record revenue growth of 90.6 per cent for our eCommerce solutions business AP Global

Our innovation and expertise

Key inputs

- People empowered to innovate and find solutions for our customers
- Technical and industry expertise across all sectors of our business
- COVID-19 related challenges provided opportunities for innovation

Key activities

- Expanded our parcel locker network with 134 new locations added in addition to 153 at 7-Eleven locations. We also added 225 retail locations to our Collect and Return network.
- Shared our expertise with our customers through webinars, regular eCommerce updates, white papers on supply chain resilience and sustainability, and direct consultation sessions
- Launched Happy Parcels, empowering our customer-facing teams to have more informed customer conversations
- Rolled out route optimisation software to 3,700 drivers nationally, helping them deliver more than 500,000 parcels every day

Key outcomes

- Machine-learning software piloted to identify safety exposures, with 85 per cent reduction during pilot stage
- Sent 2.5 million estimated time of arrival (ETA) notifications to customers, with 96 per cent of parcels delivered within the two hour window
- Received global recognition in June 2021 at the World Post & Parcel Awards, winning the accolade for exceptional Customer Service
- Supported businesses with employee background checking via our website, removing obstacles to employment

Our environment

Key inputs

- Electricity consumption of 163,951 Mwh in our network
- Self-generation of 5,939 Mwh from onsite solar
- 46 million litres of fuel used by our own fleet and 84 million by subcontractors

Key activities

- 2025 waste and recycling targets set for our business – 20 per cent reduction in waste and 70 per cent in recycling target
- Set a new science-based target to reduce emissions by 15 per cent by 2025 (from 2018/19 baseline)
- Committed to being an enabler of the circular economy, by supporting programs including MobileMuster, Cartridges4PlanetArk and Nespresso
- Pledged at the National Plastics Summit 2020 that all our plastic packaging will be made from recycled plastic by the end of 2021
- Introduced a soft plastics collection pilot in 12 regional NSW post offices
- Introduced three A-Double trailers to improve productivity by 30 per cent
- Doubled our renewable energy usage
- Implemented a new large scale 958 KW solar system

Key outcomes

- One of 13 Australian organisations to have their science based target validated by the Science Based Target initiative (SBTi)
- 124 million parcels delivered carbon neutral since October 2019
- 74,500 pieces of soft plastic diverted from landfill
- Saved 119 trees a year by moving to digital payslips

Our business performance

Postal Transport Officer Janine from Dandenong Van Operations in Victoria

Our business performance

$8.3 billion
revenue

$100.7 million
profit before tax

$450.0 million
invested in our network

Financial performance

Australia Post recorded full-year group revenue of $8.27 billion, a new record up 10.3 per cent, and a profit before tax of $100.7 million. Total revenue was boosted by the continued growth in eCommerce brought about by COVID-19, with strong parcels growth domestically.

Our Parcels and Services revenue grew 17.7 per cent to $6.48 billion, on the back of a 27.1 per cent volume increase in Australia Post parcels, and StarTrack volumes up 12.1 per cent.

Our business continues to grow profitably with a $47.1 million increase in profit before tax despite managing through disruptions to network operations with additional resources to support state lockdowns, processing unprecedented growth in parcels volume and significantly reduced transport capacity.

While this is a strong result, it has been tempered by the continued decline in the letters business, with ongoing decline in addressed letter volumes – down 11.6 per cent - leading to a fall in revenue of $202 million.

We remained vigilant in reducing our costs where possible, with head office support costs down by $16.8 million (1.5 per cent) year on year.

Despite international disruptions our cross-border eCommerce business AP Global continued to go from strength to strength, with revenue up 90.6 per cent to $429 million. In 2020/21, AP Global provided end-to-end logistics solutions to a portfolio of global eCommerce merchants delivering over 40 million parcels.

Delivering through COVID-19

The global COVID-19 pandemic has, and continues to, put unprecedented pressure on our network. Never were these pressures more pronounced than during Victoria's extended lockdown over winter last year.

When Stage 4 restrictions were introduced in August, mandating the closure of discretionary retail, Victorians turned online for the things they needed in an unprecedented way. Online purchases accelerated sharply – up 170 per cent year-on-year in August alone – and in many ways, Victorians and indeed, the broader Australian community, had never relied on Australia Post more than they did during those critical months.

During this period, in line with public health directions, we reduced the number of staff in our metropolitan Melbourne facilities by 33 per cent (from peak times), implemented split shifts, zoning and additional cleaning to protect the health and safety of our people.

Our Post Offices became a lifeline; staying open and acting as a vital local hub for Australians, particularly those in rural and remote areas, helping communities to stay connected and supporting businesses to grow in an accelerated eCommerce environment.

Though we suffered delays due to restrictions, domestic flight reductions, and a significant increase in parcel volumes, we worked closely and communicated regularly with our merchant customers – many of whom have their warehousing and fulfilment operations based in Victoria – recruited additional team members, completed weekend deliveries, chartered up to 20 dedicated freighters, and made use of all available capacity in our national network to process parcels as quickly and efficiently as possible.

While many restrictions eased during the early part of the 2021 calendar year, we faced ongoing local restrictions and intermittent lockdowns, which in conjunction with online shopping participation staying well above the pre-pandemic level, continued to present challenges for our network and our customers. Building on the experiences of earlier lockdowns, we were able to maintain our commitment to supporting our people and customers and continue delivering for Australia.

Five-year trends	2017	2018	2019	2020	2021
Revenue - letters ($m)	2,554.0	2,433.7	2,216.3	1,996.4	**1,794.4**
Revenue - non-letters ($m)	4,253.2	4,443.3	4,773.5	5,502.8	**6,479.3**
Expenditure ($m)	6,687.6	6,757.6	6,950.3	7,447.5	**8,174.4**
Profit before tax ($m)	126.1	125.7	41.1	53.6	**100.7**
Profit after tax ($m)	95.4	134.2	40.6	42.9	**69.6**
Total assets ($m)	5,537.3	5,589.1	5,542.7	6,785.3	**7,064.9**
Shareholder return on equity (%)	4.8	6.0	1.7	1.9	**3.0**
Return on average operating assets (%)	4.0	3.3	1.6	2.1	**2.6**
Debt to debt plus equity (%)	24.9	22.9	23.6	24.6	**15.7**
Dividends declared ($m)	63.3	83.1	25.4	27.9	**44.3**
Dividends paid ($m)	50.1	78.5	42.2	21.0	**46.2**
Estimated cost of community service obligations ($m)	389.9	403.5	392.2	393.3	**348.3**
Total taxes and government charges ($m)	469.5	540.2	529.4	480.6	**571.0**
Capital expenditure ($m)	295.6	310.2	423.9	316.1	**450.0**

Basic Postage Rate[1] (BPR) and consumer price index (CPI)	2017	2018	2019	2020	2021
BPR cents	100	100	100	110	**110**
BPR concession cents	60	60	60	60	**60**
CPI all groups 8 capitals base 2011-12=100	110.7	113.0	114.8	114.4	**118.8**
Year on year change in BPR (%)	0.0	0.0	0.0	10.0	**0.0**

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

eCommerce maintains momentum

During 2020 Australians turned to online shopping for the things they needed in record numbers, with almost nine million households making an online purchase. Included in that number were more than 1.3 million households that purchased online for the first time. This growth has continued into 2021 and participation remains strong with around one-in-two households (five million) continuing to buy online each month, 1.1 million more than the average in 2019.

At the end of the financial year, online purchases were 31.8 per cent higher than the previous year, and online now accounts for 16.3 per cent of total retail spend - a figure we did not expect to see until about 2023. While this sharp acceleration in the eCommerce market has brought Australia in line with where our international peers were pre-pandemic, those markets have now also accelerated so there is still considerable growth to come for the Australian market.

Given the seismic shift the pandemic triggered for the Australian eCommerce industry, we continue to work closely with our business customers to ensure they are well placed to take advantage of this growth and the opportunities it presents.

31.8%
Online purchase growth YOY

16.3%
Total retail spend is online

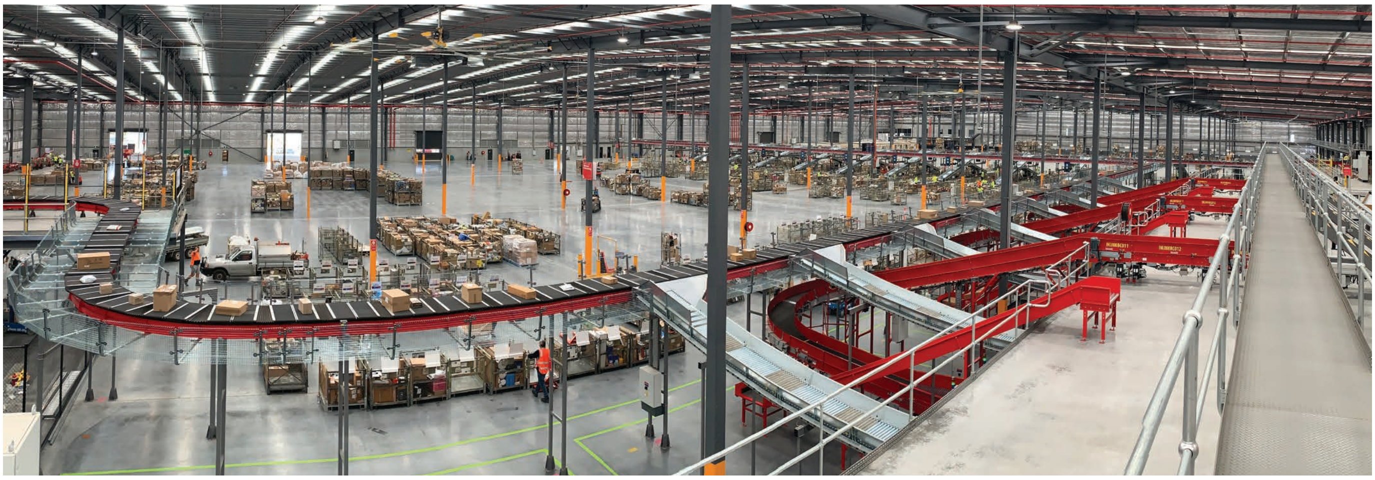
9.1m
Households purchased online

For 2020/21 Financial Year

New investments

As our parcel volumes continue to grow each year we continue to invest in our business. This year our capital investments totalled $450 million across planned projects, asset replacements and acquisitions.

We continued our focus on our infrastructure and automation, enabling us to expand our processing capability and set our network up for success now and into the future.



Our new Sunshine West Parcel Delivery Centre in Melbourne's West

Ahead of peak period we went live with a series of new investments including our brand-new Parcel Delivery Centre in Melbourne's west which came on line in November. The facility represents a $71.7 million investment and at 28,500 square metres the site is capable of processing more than 100,000 parcels per day. On its busiest day the facility processed a record 148,440 parcels. With more than 200 delivery vans operating from the site, our team regularly deliver over 50,000 parcels per day to customers across 48 postcodes.

Regional network capacity

The significant growth in eCommerce has not been limited to major capital cities, with regional and rural areas also seeing a noticeable rise in online shopping activity.

To ensure our facilities in these areas can accommodate and deliver these increased parcel volumes, we commenced a network capacity program that will see over 180 of our regional delivery facilities, retail sites and business hubs updated over the coming years. Planned improvements include expansion and redesigns of operational areas and in some cases the introduction of automated conveyors and belts as well as updating the amenities for our teams onsite.

Since the program began, work at over 25 locations in regional New South Wales, Queensland and Victoria have been completed, with many more in progress or due to be commenced soon. Work is also due to commence on locations in Tasmania, Western Australia and South Australia later this year.

Temporary Regulatory Relief

In May 2020, the Federal Government granted temporary changes to some performance standards which enabled us to continue delivering for all Australians through the challenges presented by COVID-19.

These measures saw changes to letter delivery frequency in metropolitan areas, the suspension of the Priority letters service and an extension to the maximum delivery time for regular intrastate letters. They were vital in helping us protect the jobs of our people, keep communities connected, and deliver a record number of parcels.

Following the expiry of these measures on 30 June 2021, the Priority letters service has been reinstated, and the delivery frequency of letters will return to each business day in metropolitan areas after a period of operational change.

Gurpreet (top) and Christopher have been delivering essential PPE for the Department of Health

Delivering essential protective equipment for the frontline

During Victoria's second wave the Department of Health urgently required a 3PL solution to warehouse, pick, pack and deliver Personal Protective Equipment (PPE) to a broad range of organisations across the state including hotel quarantine, pathology labs, airports and testing sites.

In conjunction with our longstanding supply partner TMA, we moved quickly to design a custom solution which met the Department's unique requirements.

By leveraging TMA's warehousing expertise and the broad range of delivery options available through our network, the solution enabled everything from emergency delivery within three hours to standard day to day replenishments.

This service continues to evolve in line with the pandemic response and has since expanded to include PPE delivery to pop up vaccinations sites managed by the Victorian Government.


Long-term Principal Contractors Tania (left) and Louisa

Tania and Louisa, delivering for their community

Principal Contractor duo Tania El Sabah and Louisa Harvey from Alexandria Delivery Facility together employ a team of sub contractors. Though they have been delivering for many years they say the past year has been one like no other, with increasing parcel volumes helping their small business thrive.

“When COVID started we saw this increase in volume and our challenges became a lot different to what they had been two or three years ago,” said Louisa.

“With a lot of our customers in isolation we had to plan how to be efficient, how to get that product to the customer but also keep our drivers safe.

“ At that point Post were so understanding, and for the first time in years we feel like we’re a team, ” said Tania.

“ We’ve been in business for 30 years and we want to stay around for the next 30 years, ” said Louisa.

> “ We’ve got a great team, it’s a family business and we will keep running it until we have kids and pass it on to them ”
>
> **- Tania El Sabah, Principal Contractor**

We continue to work with our union partners to roll forward and create a sustainable delivery model that meets the ongoing needs of our customers and the community, and to prepare our people for another transition, which includes the redesign of around 6,600 delivery rounds. The safety of our people remains our highest priority and guides our decision making.

We will endeavour to meet both our community and commercial obligations as best we can, given the challenges and uncertainties of the COVID-19 pandemic, including reduced domestic flights, distancing and hygiene requirements throughout our network, and the potential for state-based border closures and restrictions.

Supporting our business customers

Recognising the immense challenges many of our business customers faced as a result of the global pandemic, we did all we could to support them to continue reaching their customers.

In addition to our many business-as-usual services, such as Bank@Post, unaddressed mail and marketing promotions, we helped businesses work through the COVID-19 pandemic by providing reduced mail redirection fees, managing payment arrangements on a case-by-case basis for those customers facing significant hardship, offering reduced rate PO Boxes to eligible small businesses and supporting small retailers to make the move to selling online with MyPost Business.

Pricing

During 2020, we placed a pause of up to six months on scheduled annual rate increases for open-ended contracts as we assessed the impacts of COVID-19 on our customers.

This deferral was extended for small businesses until early 2021.

Additionally, we committed to holding the retail rate of parcels (including MyPost Business) and domestic and international letters until early 2021, with the change coming into effect from 1 March 2021.

Based on customer feedback, we also simplified our international pricing structure to make it easier for our retail customers to send items overseas.

While we continue to absorb many costs, these changes allow us to continue providing an efficient and sustainable service that our customers and the community can rely on.

Future outlook

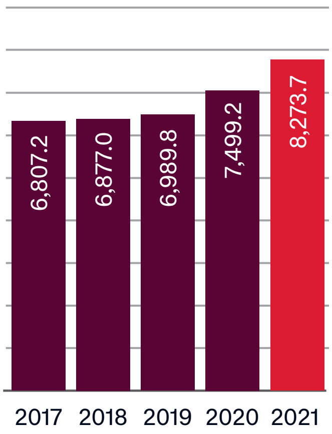
With eCommerce maintaining momentum and the number of households buying online remaining at record levels, our focus remains on investing in our people and our network to ensure our business can continue to grow in a sustainable way and meet the needs of our customers.

We will continue to listen to our customers, using their feedback to adapt and create new innovative products, services and solutions that ultimately better the customer experience.

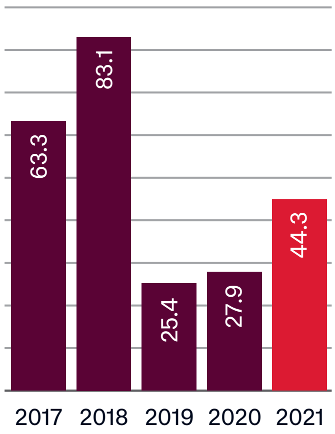
We will continue to support our workforce through the challenges of the COVID-19 pandemic, particularly those in our deliveries workforce as many of our metropolitan Posties begin the transition back to delivering letters each business day, while at the same time, we continue to deliver significant parcel volumes.

Our Post Offices will remain an important connection point for communities around the country, providing access to essential services and supporting our small business customers to take advantage of the opportunities this accelerated eCommerce environment presents.

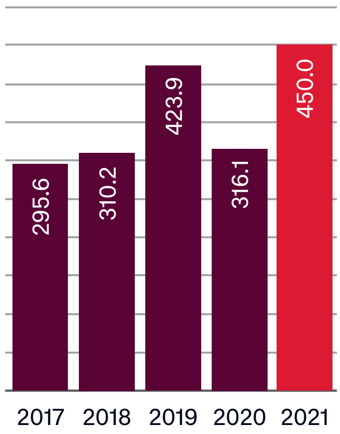
Revenue ($m)



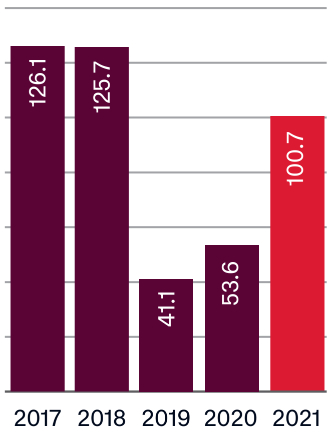
Dividends declared ($m)



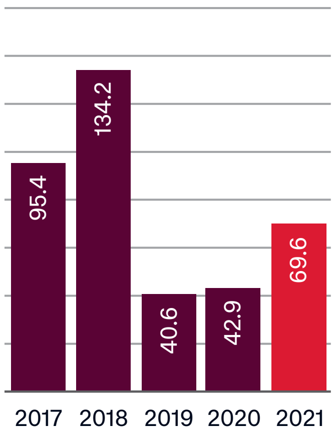
Capital expenditure (cash) ($m)



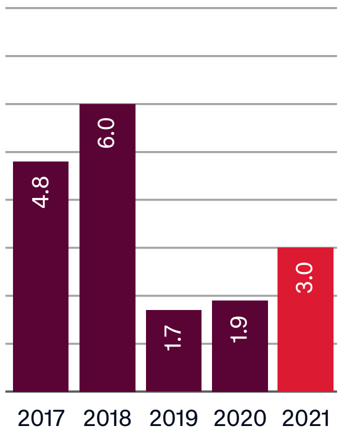
Profit before tax ($m)



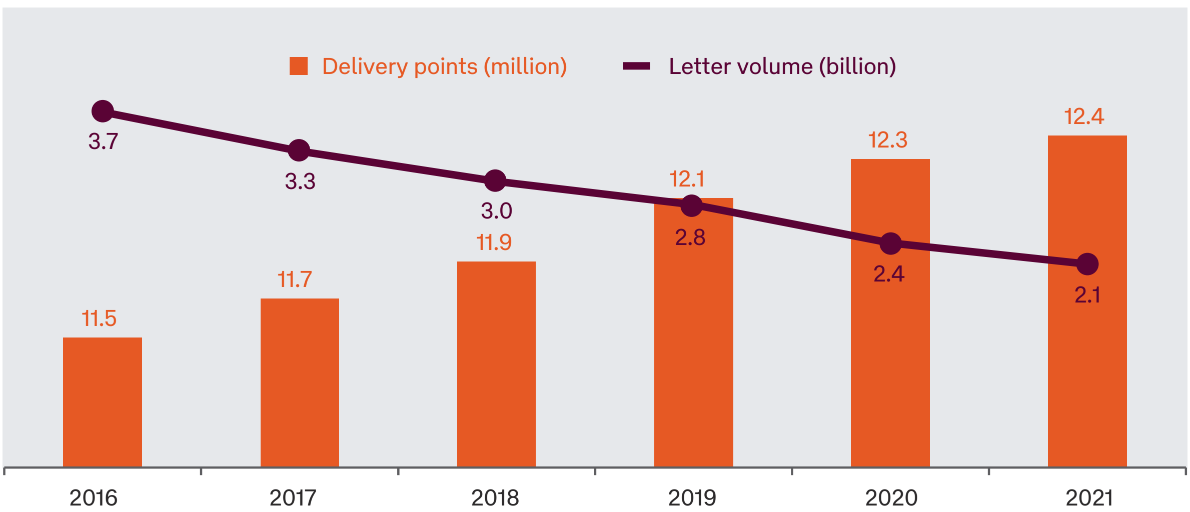
Profit after tax ($m)



Shareholder return on equity (%)



Letter volume and delivery points



Our people

Indigenous Apprenticeship Program participant Josh, at StarTrack Minchinbury in NSW

Our people

93 million

manual handling touch points removed

252

proactive Employee Assistance Program visits conducted

Fourth

Reconciliation Action Plan underway

Our people are at the centre of Australian communities, providing essential services and keeping people connected. What we have achieved over the last 12 months would not have been possible without the support, hard work and dedication of our people across the country.

Trust	Inclusivity	Empowerment	Safety
Do the right thing	Respect everyone	Find a way	Be safe and well
T	I	E	S

TIES Time and reflecting on our values

Following the launch of our TIES values (Trust, Inclusivity, Empowerment and Safety) in 2019, they have become central to our culture. Over the past 12 months we continued to strengthen and build upon this because we know that if our people are staying true to our values in the way they go about their work, it will enable us to not only reach our goals but thrive into the future.

In March, we launched our TIES Time values campaign to celebrate our values and remind our people of what it means to live them each day. We held a series of team discussions and activities to get our people thinking about our values. This was an opportunity to share the many great stories from across the business of people living and using our values to help them adapt to and navigate the many challenges of 2020.

Employee engagement

We held our enterprise engagement survey, say2action, in May this year. We were pleased that 25,303 (73 per cent) of our employees and 3,182 (30 per cent) of our Delivery Contractors who are members of our extended workforce, took the time to share their thoughts on how we can continue to improve our workplaces.

Our employee engagement score for the enterprise is 65 per cent, down three points compared to our last full survey in 2019. While our score has decreased, this is not true for all business units, with many seeing positive increases in engagement.

Results from our Delivery Contractors show we have a highly engaged extended workforce with an engagement score of 70 and very similar perceptions of our culture to our overall employee population.

In this year's survey we measured culture for the first time and saw clearly that when we empower our teams, and build a culture that is innovative and values-driven, we see much higher engagement and better experiences.

We were proud to see that based on the survey, our top strengths are safety, community and understanding our strategy. In addition to these strengths, the survey identified a number of focus areas including: restoring people's confidence in our ability to meet our customers' future needs, continuing to build on how we are living our values, improving energy and increasing the development opportunities for our people to further their career at Australia Post.

We have commenced the important job of turning this information into positive action, as we strive to make Australia Post the best workplace it can possibly be for all our people.

Recognising our people

Saying 'Thank-you'

After a year of uncertainty and disruptive change, our people have connected with our purpose more than ever. Australia Post has not closed for a single day during COVID-19 and this has only been possible due to the resilience of our hardworking people across the country who have continued to serve our customers and visit people's doorsteps during these uncertain times.

To thank them for their efforts, in August 2020 an average payment of $600 was made to more than 33,000 of our people including Posties, parcel delivery partners, parcel and mail processing staff and contact centre workers. Our dedicated Licensees and contracted delivery drivers were also recognised.

Licensee award recipients

Nicole Sheffield with Licensees and award recipients Mina and Craig

The critical role our Licensed Post Office network plays has never been more important than it was during 2020/21. This year we recognised many of our dedicated Licensed Post Office partners around the country with retail service awards, acknowledging them for excellence in customer service and Post Office operations, as well as their contribution to the local community.

In total 40 Licensees received an award with their achievements recognised through our internal channels and local media.

Safety and wellbeing

The safety and wellbeing of our people remains our highest priority and we continue to invest in our processes and capability to create a safe working environment for our workforce.

Our strategy for both physical and psychological safety and injury management that will carry us through to 2025, has been designed to deliver a positive shift in our safety performance and improve return-to-work outcomes. The strategy was externally reviewed by industry experts before being approved by the Board in February 2021.

Under this strategy our safety, wellbeing and injury management programs are aligned with four strategic pillars:

1. Leaders who are safety role models, with an embedded safety culture across the organisation
2. Critical risk management based on exposure awareness, critical controls and elimination
3. Best-in-class tailored psychological safety and wellbeing programs
4. Prevent injuries and improve return-to-work outcomes.

Protecting our teams through COVID-19

In 2020/21, we continued to respond rapidly to the COVID-19 pandemic and the associated impacts for our people and the community.

Since the pandemic began in March 2020 our response has been dynamic and coordinated and has seen the implementation of zoning, staggered shifts and temperature testing in our major facilities, protective screens and social distancing markers in our Post Offices and the move to working from home for our contact centre and corporate staff. During Victoria's Stage 4 lockdown we established a dedicated contact tracing team and rapidly deployed specialised infectious disease control software that enable effective risk management and record keeping.

These safety protocols have proven to be extremely effective and we recorded just one workplace transmission event. This occurred early in Victoria's second wave and thanks to the hard work of our safety team, was completely contained within 48 hours.

Given the evolving nature of the COVID-19 pandemic, we continued to work closely with the relevant governments and health departments and adapt our processes and systems in line with their advice.

Mental health and psychological safety

The mental health and wellbeing of our people remains an important focus. Our psychological safety and wellbeing approach is centred around identifying and mitigating psychosocial exposures; raising awareness and combatting stigma; building leader capability to support psychological wellbeing and positively influencing psychological safety and wellbeing in the community.

With such a diverse and geographically dispersed workforce, we worked to align our enterprise strategy with a tailored risk-based approach for each business area. To support this, we created working groups in each of our business units that focused on psychosocial risk identification and mitigation strategies.

As part of our commitment to continuing to strive to positively influence psychological safety and wellbeing in the community, Australia Post became a foundation member of *Healthy Heads in Trucks and Sheds* and we hold seats on both the Board of Directors and the Advisory Board.

The team from Kununurra Post Office celebrated their win at the Isaac Awards

Extraordinary Achievement for Kununurra Post Office

In April we celebrated the outstanding efforts of our Community and Consumer team in 2020 at The Isaac Awards.

Now in their third year, the awards recognise teams and individuals from across Australia Post for outstanding customer service and community spirit. There were 10 Isaac Awards presented including the coveted Gold Isaac for our Post Office of the Year and the CEO Isaac Award for Excellence.

Kununurra Post Office received the Isaac for Extraordinary Achievement which recognised the extraordinary service they have provided their local community during 2020. As part of a small regional town, the Post Office has been the one stop shop for locals supporting them through the global pandemic and keeping people connected.

> “The thing I’m most proud of in 2020, without doubt, is my team. We’re a happy outlet and it shows.”
>
> **- Julie Lowe, Kununurra Postal Manager**

Supporting our workforce

We are proud to offer independent, free and confidential counselling and coaching via our Employee and Workforce Assistance Program (EAP and WAP) to all our people including our contractors, Licensees, sub-contractors and their families.

The events of the last year have presented challenges for our people both at work and at home, and we saw a need for on-the-ground EAP services to be arranged at our sites across Australia, primarily in deliveries through the roll out of the Alternating Delivery Model, and for our customer contact centres. A total of 252 proactive visits were conducted, bringing support directly to our workforce and encouraging help-seeking behaviours.

Our annualised EAP uptake sits at 6.8 per cent, above the industry benchmark of 5.3 per cent and we continue to raise awareness for the availability of these support programs and combat the stigma around reaching out for support.

Safety performance

During 2020/21, we recorded 3,689 Total Recordable Injuries (TRIs) and our Total Recordable Injuries Frequency Rate (TRIFR) was 61.8, up slightly on last year’s performance. The increase is indicative of the year-on-year growth in parcel volumes, with more delivery activities than in any previous year. In 2020/21 we had an eight per cent increase in our injuries whilst absorbing a 28 per cent increase in parcel volumes and managing multiple COVID-related controls, including temporary reductions in workforce numbers. As COVID-19 continues to present challenges, we are committed to support the safety and wellbeing of our people and have plans in place to enhance our processes, capabilities and governance over safety risks.

Safety performance – Australia Post Group#	2021	2020
TRIFR	61.8	57.1
Injury rate	40.6	40.0
Disease rate	21.2	17.2
Fatalities (number)	0	0
Fatality rate (per million kilometres)	0.0	0.0

 # - Does not include controlled subsidiaries – SecurePay, Decipha, POLi, nor contractors.

For the purpose of reporting, occupational incidents are assessed to have occurred where the employee was On Duty at normal workplace, On Duty at alternate workplace, Travelling on duty or on Break at their normal workplace. Commuting (Journey to/from) and Not Work Related are not included. The reporting parameter is by the Incident Date in period from 1 July 2020 to 30 June 2021, reported as at 30 June 2021. During July 2020, 79 additional TRIs were lodged for the previous period. Total Recordable Injuries (TRIs) and Frequency Rate (TRIFR) are employee occupational work related incidents where a WorkReady Program case exists or where a claim for workers’ compensation has been lodged for these injuries. These do not include First Aid injuries. TRIFR is the total number of TRIs per one million exposure hours worked for employees only. The reporting period is 1 July 2020 to 30 June 2021, reported as at 30 June 2021. Exposure Worked Hours are only employees worked hours and do not include any leave hours nor contractor hours. An Injury or Disease is defined by the Type of Occurrence Classification System (TOOCS) based on their nature of injury. Injury and Disease rates are also calculated per one million exposure worked hours. Only employee fatalities are counted, where these are accepted workers compensation claims pursuant to the *Safety, Rehabilitation and Compensation Act 1988 (SRC Act).*

Note: For FY21 there were 3,689 TRIs and a total of 59,684,572.33 exposure worked hours. Thus the TRIFR is calculated at 61.8 (rounded to 1 decimal point). The Injury Rate is 40.6 (based on 2421 Injury TRIs) and the Disease Rate is 21.2 (based on 1,268 Disease TRIs), and these rates have been rounded to 1 decimal point respectively in the above table.

Critical risk management

Temporary regulatory relief enabled us to accelerate our motorcycle reduction program, resulting in a 45 per cent decrease in motorcycle accident related serious claims (five days or more off work) and a 16 per cent reduction in vehicle accident related injuries overall. This has been further supported by the introduction of additional electric delivery vehicles (eDVs) into our network. Pleasingly, we have not seen a proportionate increase in eDV incidents as this mode of transport has increased.

Seventy six per cent of all injuries are sustained by our delivery workers, with motorcycle incidents accounting for a significant number of these. As part of our critical risk management strategy, we have continued our commitment to reducing the number of motorcycles in our delivery fleet.

The implementation of cutting edge technology focusing on forklift exclusion zones and the separation of pedestrians and forklifts has resulted in an 85 per cent reduction in exposures in ten of our major facilities during the pilot.

Addressing the risk of manual handling

Automation in our facilities remains our most effective measure for reducing the safety risks associated with manual handling and increasing parcel volumes. Our investments this financial year have contributed to an annual reduction of 93 million manual handling touchpoints.

Though the significant increase in parcel volumes drove an increase in claim numbers year on year, our investment in automation enabled us to reduce our overall accepted and serious claims per million parcels since July 2019.

We are also addressing the hazards of manual handling through a range of controls and programs including pre-employment functional assessments, safe design considerations when planning new facilities or major automation projects, as well as individual and task-based risk assessments and controls.

Developing a safety leadership and culture

Our safety culture program was launched in early 2021 following several qualitative safety culture assessments. The program is made up of two components: our Site-Specific Program and the CORE program.

The Site-Specific Program provides intensive support at select facilities and aids with the development and implementation of site-specific safety cultural improvement plans, enhances understanding of risk, improves decision making, promotes safety leadership through visibility and capability and increases accountability for safety across every level of the facility.

Our CORE Program builds on the foundations we established during Safety Time in 2020. A series of topics have been selected in line with our Safety Culture Compass and will be implemented across the organisation over a 12-month period, using existing meeting structures or toolbox talks.

Angus Becsi was recognised for his work driving safety and improving engagement to reduce injuries

Recognition for excellence in safety

The Comcare awards recognise and reward excellence in workplace health and safety, and in May our Early Matched Care Program (EMCAP) received the accolade for the Recovery and Return to Work category and the Individual Contribution Award, was won by Angus Becsi, Head of Operations in Western Australia.

Recovery and Return to Work

As part of our Early Matched Care Program (EMCAP) Michael Halloran, Melanie Iannsen, Lauren Morgan and the Rehabilitation team identified an emerging trend of workers sustaining a work-related physical injury and developing secondary psychosocial risk factors.

We partnered with the University of Sydney and Converge International to participate in a 12 month trial of early identification and intervention for injured workers at risk of delayed recovery and disability because of their work related injury. The trial has resulted in improved return to work outcomes and health benefits for the individuals involved.

Individual Contribution Award

Angus Becsi, inspired by a personal serious safety incident, successfully transformed the employee engagement, safety culture and the overall leadership of the Perth mail and parcel centres, which has resulted in reduced injuries.

His work has helped team members to be driven by care and connection for each other and has shown leaders that if they focus on great safety they will achieve great overall outcomes, shifting the perception of the role safety can play for leaders across our business.

Kevin Bynder s mural at Perth Parcel Centre

Mural tells story of Australia Post

Our Perth Parcel Centre received an internal makeover with a mural painted on one of the facility's main walls by local Noongar artist, Kevin Bynder. Kevin has a special family connection to Australia Post, with his father previously working at the site and his wife and uncle each working with us for more than 20 years.

The mural was unveiled to staff in April 2021 and tells the story of Australia Post, representing the four shifts that take place at the parcel centre as well as the different transport modes used to deliver mail across the country.

> "The launch of this mural is a great example of the workforce coming together to suggest how they can connect with the community."
>
> **- Rod Barnes, Executive General Manager, Deliveries**

Dog Safety Week

Dog related incidents continue to be of a significant concern. Last financial year, at least three Posties, drivers or delivery contractors were attacked by dogs per week while delivering letters and parcels in their communities, and this trend continued this year.

While we continue to equip our people with the training to help them be safer around dogs, this important safety issue cannot be addressed without community support.

In June we launched our Dog Safety Week campaign, and postcards were distributed to letterboxes across the country, to help people understand and consider the risks dogs pose to our people, and the steps they can take to help keep them out of harm's way.

Developing our leaders

Even prior to the onset of the global pandemic, our business was responding to numerous changes to keep in step with the ever-evolving needs of our customers. Our new Leadership@Post program is all about supporting our leaders and emerging leadership talent through change and helping them to lead change effectively within their teams. So far more than 1,350 of our leaders have started the program, with all people leaders due to complete it by the end of 2022.

We also launched the Sharon O'Donnell High Performance Program this financial year, with the aim of supporting individuals identified as key senior talent to further develop their leadership skills and support our succession planning. The program provides these high performing individuals with the tools they need to positively drive performance improvements and motivation within themselves and their teams, as well as build greater resilience and strength of mind.

This inaugural program has been named in remembrance of participant and valued employee Sharon O'Donnell. In its first intake the program supported 18 participants with the second cohort due to commence in early 2022.

Diversity and Inclusion

Reconciliation Action Plan

While reconciliation is everybody's responsibility, as one of Australia's most trusted brands we recognise the important role we must play in continuing to challenge and lead the way.

Following the completion of our 2017-2020 Stretch Reconciliation Action Plan (RAP), in December we launched our third Stretch RAP 2020-22, and our fourth RAP overall. This RAP seeks to build on our achievements to date and reaffirms our commitment to reconciliation.

Our target in that plan is to have 3.15 per cent First Nations representation in our workforce in the next two years, and we will continue to ensure more of our Aboriginal and Torres Strait Islander workforce aspire to become people leaders.

It is important to us that we are not only an employer for our communities, but our Aboriginal and Torres Strait Islander people are in roles of leadership and influence. This will be supported by our Emerging Leaders and Employee Care Programs which continue to strengthen employee engagement and improve relationships across the organisation.

We will also continue our focus on social procurement and diversifying our supply chain by increasing our partnerships with Aboriginal and Torres Strait Island businesses. In the community, we continue to help drive improvements in childhood literacy through our partnership with the Indigenous Literacy Foundation.

With the support of our 4,320 Post Offices across Australia, we are uniquely placed to support reconciliation. We have a long and proud history of working with Aboriginal and Torres Strait Islander peoples and we remain committed to providing equal opportunities and increasing the cultural diversity of our workforce.

Gender pay parity

We measure pay parity with reference to the Workplace Gender Equality Agency (WGEA) guidance by aggregating and comparing annualised full-time equivalent base salaries (gross salary before tax including salary sacrificed items, car and car park allowance, and excluding superannuation, short-term incentives and other allowances) for female and male permanent and fixed-term employees, excluding CEO remuneration.

We define gender pay parity as within a +/-2 per cent band. In 2020/21 our gender pay difference was slightly favourable to female employees by just above 2 per cent. We continue to develop programs that address areas of imbalance within the business where women remain underrepresented. These include the expansion of our Elevate program across Technology and Deliveries, so that we attract, grow and retain our female employees.

Women at Post

Our localised engagement program Women at Post, which supports the recruitment and engagement of women within our operations network, continued this year.

By hearing and learning from the lived experiences of women in our operational workplaces the program is facilitating the creation of people led action plans that drive cultural changes and improve the employee experience for women. There are currently Women at Post Groups in NSW, QLD, VIC, and WA as well as online through the Women at Post Facebook group.

Supporting women to grow their careers

Elevate Tech Cohort at their Activate session

Our development and retention program for award level women, ProjectMe, was held virtually this year. Across two intakes, a total of 324 women graduated from the program, joining a growing alumni of 1,500 women who have committed to developing a growth mindset, leaning into discomfort, and working to their values and strengths.

We refreshed our Elevate program, bringing it in house, to accelerate the path to leadership roles for women across our Technology and Deliveries business units – two areas where women are typically underrepresented. As part of the program 36 women had the opportunity to participate in tailored workshops aimed at helping them to develop their leadership skills and form connections with other women across our business.

International Women’s Day

International Women’s Day at Sydney Parcels Facility

International Women’s Day (IWD) continues to be an important day of celebration on the Australia Post calendar. This year we marked the day with a virtual panel held in collaboration with NAB, Telstra, Medibank, and AGL. This was the second time we have partnered with these other large Melbourne-based organisations to celebrate IWD.

In our network we held facility-based celebrations along with Post People 1st career workshops and networking events. In recognition of this year’s theme #ChooseToChallenge, we created a resource kit to support women to take the next steps in their career.

Celebrating PostPride

Our PostPride program evolved this year, undergoing a rebrand with the trans and BIPOC inclusive pride branding now part of the official logo suite. To show our support for the broader LGBTQIA+ community we wrapped street posting boxes in Perth, Sydney and Melbourne in the new colours.

The IDAHOBIT Panel with Gary Starr, PostPride Executive Sponsor

Throughout the year we celebrated a number of important days with our workforce both in person and online, including a panel discussion in Melbourne for IDAHOBIT (International Day Against Homophobia, Biphobia, Intersexism, and Transphobia) and online trivia for Wear It Purple Day. We also hosted a 'Welcome Back from PostPride' event when COVID-19 restrictions eased allowing our Melbourne office to re-open at full capacity and continued our sponsorship of the Midsumma Australia Post Art Prize and the Midsumma Pride Parade.

Accessibility and Inclusion plan

Accessibility Matters

As part of our ongoing commitment to making our workplace, products and services more inclusive and accessible for everyone, in December we launched our 2020-22 Accessibility and Inclusion Plan (AIP).

Our AIP outlines our approach to providing inclusive and accessible employment, products, services and places for everyone. Through it, we aim to create a more welcoming and inclusive environment for people with disability and remove barriers to inclusion for our employees, customers and the broader community.

This plan was developed in consultation with our Accessibility Matters Employee Reference Group which provides valuable insights and advice to our business based on members' unique and lived experience of disability.

In 2020 the group elected two co-chairs with a key criterion for the role being that each person must either have a disability themselves or primary caring responsibilities for someone who does.

Both chairs sit on the Australia Post Accessibility Steering Group, which comprises leaders from across the business who are driving the implementation of the plan.

Harry and Kate co chair the Accessibility Matters employee group

Kate Havas, leadership on a global scale

Accessibility Matters Co chair and valued employee Kate Havas is now a member of the Australian Network on Disability's (AND) 'Networkology Advisory Committee'.

The committee is working with AND and UK based organisation PurpleSpace a global networking and professional development hub for employees with disability - as well as Disability Employee Network leaders and allies from all sectors and industries, to advance the inclusion of people with disability in all aspects of business.

> “Empowering the 1 in 5 Australians with a disability means everything to me - everyone deserves a fair opportunity in life, whether that be as an employee or a valued customer. Australia Post has such a broad reach and has an impact on everyone, so to play a role in helping us achieve this is both awe inspiring and truly humbling.”
>
> **- Kate Havas**

Disability Confident Recruiter program

We joined leading organisations across the country committed to inclusive recruitment practices and completed the Australian Network on Disability's Disability Confident Recruiter (DCR) program; a program designed to build organisations' confidence and capability to attract and support candidates with disability

Working in partnership with the Australian Network on Disability, we identified and addressed barriers which may prevent applicants with disability applying for roles. Gaining DCR status was an important next step in furthering our commitment to creating an accessible and inclusive recruitment experience for candidates.

“When I applied for my job at Australia Post I let them know that I can lip read but prefer an Auslan interpreter for interviews and important meetings.

“Early on, I asked if I could have the universal symbol for deaf on my uniform because I wanted customers to know that I am deaf and need to read their lips to communicate. This is a personal choice that helps me.”

- Murat, Parcel Delivery Officer, Sunshine West Parcel Delivery Centre in Victoria

Celebrating days of significance

The Accessibility Matters Employee Network led the celebration of several key days over the last year to celebrate those living with disability and challenge assumptions about disability in the workplace. Each of these days were celebrated with a series of short films.

We celebrated National Week of Deaf People in September for the first time to recognise the deaf and hard of hearing community. We shared videos which featured our employees and leaders talking about deaf culture, communication tips and sharing how our people can access ongoing support, services and training.

We again marked International Day of People with Disability (IDPwD) in December and in line with the theme 'You can't always see Disability' our focus was on raising awareness about invisible disability. In a short video created using our accessibility tools, Accessibility Matters members Kate and Harry shared five things people need to know about invisible disability.

We celebrated the Accessibility Matters anniversary in June with a virtual event held featuring guest speaker, Dr Dinesh Palipana OAM, 2021 Queensland Australian of the Year. This event was an opportunity to celebrate the group's achievements and recognise their hard work.

Delight delivered

The Delight Program continued to empower our people. The program specifically developed for Australia Post by Mary Gober International (MGI), provides our workforce with meaningful training developed to equip our people with a range of tools that can be applied in work and personal life.

Since the beginning in 2018 we have trained over 30,000 people. The training has been conducted across 200 sites, depots and offices by accredited MGI trainers. This cultural change program aimed at embedding a customer-centric mindset has helped drive an increase in customer net promoter scores (NPS). In 2021 we extended the program to our Retail network and as a result we experienced a three per cent increase in their NPS.

For the third consecutive year, our people across the country celebrated RED-dy week. Celebrating with red outfits, food and activities, our teams focused on the principle of Positive First Response – refreshing themselves on how they can react to situations, requests and challenges positively by using positive language and then acting on it.

Modern Slavery

Australia Post does not tolerate modern slavery in any form and we recognise that as one of Australia's most trusted brands we have an important role to play in making sure the way business is conducted does not have a hidden human cost. In December 2020 we published our Modern Slavery Statement, publicly setting out our actions to address modern slavery risks in our business and supply chain.

Our Modern Slavery Working Group continued to lead our whole of enterprise strategy to identify and address our key risk areas and ensure our operations and supply chain are slavery free. The Working Group reports to an accountable Executive Sponsor and provides updates to the People & Sustainability Committee of the Board, and to the Board itself. The Working Group comprises people from multiple business areas including risk and compliance, sustainability, procurement, retail merchandise, security, employee relations, governance and legal.

Future outlook

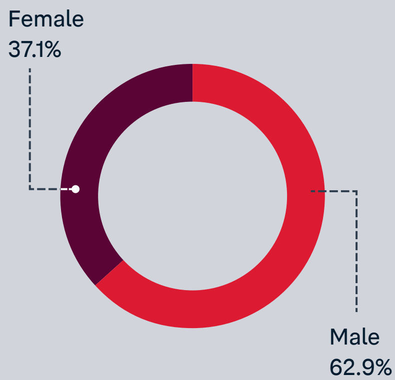
The safety of our people remains our primary focus, and with the ongoing challenges of the global pandemic and eCommerce volumes projected to remain strong, we will continue to invest in our processes, programs and training to help our people stay safe at work.

We remain committed to working with the business to address local issues that create better opportunities for achieving gender balance, particularly in our deliveries workforce, and increasing the cultural readiness of our people.

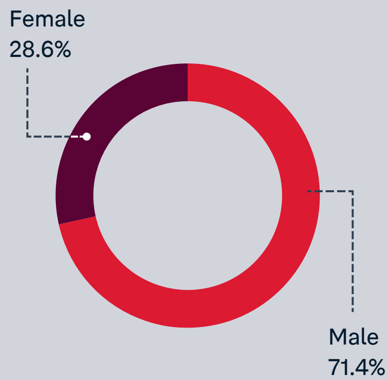
We will continue to embed a values-driven culture centred around our TIES, empowering our people and our leaders, and supporting them to lead their teams through change. We will continue investing in the careers of our people, creating opportunities for development, and providing access to programs that support engagement, diversity and inclusion, ensuring we continue to be an employer of choice.

We will continue to support the Australian Government's efforts to address modern slavery and our efforts will be summarised in our second Modern Slavery Statement and published prior to 31 December 2021 in line with legislative requirements.

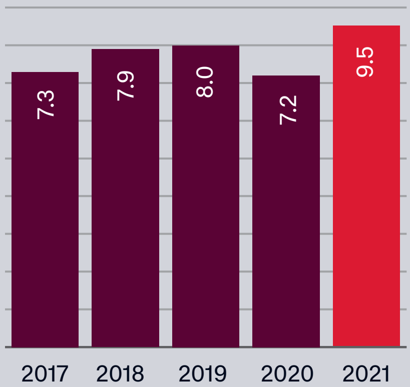
Our workforce



Our Executive Team



Turnover rate (%)



Diversity profile	2017	2018	2019	2020	2021
Women	36.7%	36.4%	36.5%	36.9%	37.1%
Aboriginal and Torres Strait Islander people	1.8%	1.9%	1.9%	3.0%	3.0%
People with disability	4.8%	4.3%	4.0%	5.7%	5.6%
Lesbian, Gay, Bisexual, Transgender and Intersex people	0.9%	1.2%	1.6%	3.1%	3.2%
Culturally and linguistically diverse	22.4%	22.1%	22.5%	30.0%	30.4%
Female Senior Managers (Band 4 and above)	37.7%	36.6%	38.0%	38.4%	35.4%
Women on Australia Post Board of Directors	44.4%	44.4%	44.4%	44.4%	37.5%
Aged under 30	9.6%	9.8%	10.2%	9.7%	9.2%
Aged 30 to 50	47.0%	46.1%	41.9%	41.2%	43.6%
Aged over 50	43.4%	44.1%	47.9%	49.1%	47.2%

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

Total employees: Five year summary [1]	2017	2018	2019	2020	2021
Full-time employees	27,132	27,333	27,785	27,959	27,867
Part-time employees	7,838	7,537	7,316	7,039	6,867
Total employees	**34,970**	**34,870**	**35,101**	**34,998**	**34,734**

1. Excludes casuals and external contractors.

	Workforce representation		Females		Males		Non-binary	
Total employees: 2021	No.	%	No.	%	No.	%	No.	%
Permanent								
Full-time	27,289	78.6%	8,442	24.3%	18,841	54.2%	6	0%
Part-time	6,432	18.6%	3,921	11.3%	2,508	7.2%	3	0%
Total Permanent	**33,721**	**97.1%**	**12,363**	**35.6%**	**21,349**	**61.5%**	**9**	**0%**
Fixed Term								
Full-time	578	1.7%	175	0.5%	401	1.2%	2	0%
Part-time	435	1.3%	195	0.6%	240	0.7%	0	0%
Total Fixed Term	**1,013**	**2.9%**	**370**	**1.1%**	**641**	**1.8%**	**2**	**0%**
Total Employment	**34,734**	**100.0%**	**12,733**	**36.7%**	**21,990**	**63.3%**	**11**	**0%**

All Ongoing Employees Current Reporting Period (2020/21)

	Male			Female			Indeterminate			
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeter-minate	Total
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**
Total	**18,841**	**2,508**	**21,349**	**8,442**	**3,921**	**12,363**	**6**	**3**	**9**	**33,721**

All Non-Ongoing Employees Current Reporting Period (2020/21)

	Male			Female			Indeterminate			
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeter-minate	Total
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**	**-**
Total	**401**	**240**	**641**	**175**	**195**	**370**	**2**	**-**	**2**	**1,013**

All Ongoing Employees Previous Reporting Period (2019/20)

	Male			Female			Indeterminate			
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeter-minate	Total
NSW	6,362	652	**7,014**	2,555	982	**3,537**	0	0	**0**	**10,551**
Qld	2,835	382	**3,217**	1,389	754	**2,143**	0	0	**0**	**5,360**
SA	959	217	**1,176**	260	298	**558**	0	0	**0**	**1,734**
Tas	321	30	**351**	96	77	**173**	0	0	**0**	**524**
Vic	6,260	996	**7,256**	3,129	1,295	**4,424**	0	0	**0**	**11,680**
WA	1,508	191	**1,699**	689	491	**1,180**	0	0	**0**	**2,879**
ACT	420	64	**484**	113	65	**178**	0	0	**0**	**662**
NT	63	18	**81**	54	33	**87**	0	0	**0**	**168**
External Territories	0	0	**0**	0	0	**0**	0	0	**0**	**0**
Overseas	23	0	**23**	29	1	**30**	0	0	**0**	**53**
Total	**18,751**	**2,550**	**21,301**	**8,314**	**3,996**	**12,310**	**0**	**0**	**0**	**33,611**

All Non-Ongoing Employees Previous Reporting Period (2019/20)

	Male			Female			Indeterminate			
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeter-minate	Total
NSW	273	72	**345**	67	51	**118**	0	0	**0**	**463**
Qld	86	28	**114**	64	19	**83**	0	0	**0**	**197**
SA	29	75	**104**	5	30	**35**	0	0	**0**	**139**
Tas	4	2	**6**	0	6	**6**	0	0	**0**	**12**
Vic	179	94	**273**	101	53	**154**	0	0	**0**	**427**
WA	50	20	**70**	14	32	**46**	0	0	**0**	**116**
ACT	16	6	**22**	3	3	**6**	0	0	**0**	**28**
NT	1	2	**3**	2	0	**2**	0	0	**0**	**5**
External Territories	0	0	**0**	0	0	**0**	0	0	**0**	**0**
Overseas	0	0	**0**	0	0	**0**	0	0	**0**	**0**
Total	**638**	**299**	**937**	**256**	**194**	**450**	**0**	**0**	**0**	**1,387**

Our customers and communities

Cristina, Postal Services Officer at Darwin Post Office

Our customers and communities

148,000

small businesses supported with MyPost Business

10 years

Bank@Post security for a decade

$1.4 million

households received mental health resources

The needs of our customers and the communities we serve underpin all that we do, from the services we deliver to the products we provide. For more than two centuries, we have played a pivotal role in keeping Australians connected; both to each other and to the world, and this has been brought into sharp focus over the last 12 months.

Our Post Offices continue to be the central hub in many communities, providing access to essential services and supporting small businesses to grow online. We continue to adapt our technology and services in line with the changing needs of our customers and despite recent global challenges, we are continuing to create new pathways for our customers to take their products to the world.

Connecting communities

We know that many Australians see Australia Post, and our Post Offices, as the most present service provider in communities, even ahead of schools, cafes, pubs and grocery stores. It is part of the reason why we are committed to our role in communities and continue to be one of the most trusted service providers in regional and rural Australia.

Throughout the pandemic our Post Offices have stayed open enabling people to maintain connection with friends and family through letters and parcels while restrictions kept them apart. They supported growing numbers of online shoppers to collect and return their online orders, helped those working from home to print and scan documents and access office supplies, and assisted small businesses to stay viable by offering their products online for the very first time. They also supported local communities to thrive through our partnerships with Beyond Blue, Australian Red Cross and the Indigenous Literacy Foundation.

In a year affected by health restrictions and lockdowns our Post Offices remained a critical hub for the community. In 2020/21, over 227 million customers visited our stores, a moderate decrease of three per cent when compared to last year.

Customer retail visits include over-the-counter transactions, collection of street carded and non-street carded items and lodgements.

The Post Office network experienced considerable growth in 2020/21, with trading revenue increasing by 9.7 per cent when compared to the previous year.

Partnering with our Licensed Post Offices

Our Licensed Post Offices (LPOs) continued to be an important part of our network and in our 2021 engagement survey Licensee engagement increased by three points to 66 when compared to our last survey held in 2019.

We worked closely with the Australia Post Licensee Advisory Council (APLAC), to support our dedicated Licensees.

As small businesses themselves, our Licensees are uniquely placed to help the small businesses in their local area grow and thrive. Through our Local Business Partner program, hundreds of our LPOs are now offering an expanded suite of business products and services, further increasing their important role in communities.

In 2019 we worked with Licensee representative groups to adapt our LPO payment arrangements which enabled our valued Licensees to benefit more from parcel growth and reduce the impact of letter volume decline. These changes were critical and have supported the sustainability of these independent small businesses.

This financial year, our Licensees received over $519 million (ex GST) in payments from Australia Post. These payments were 7.1 per cent higher than 2019/20 driven largely by reform of the LPO payment scheme and the introduction of If it Packs, It Posts, our national flat rate pricing solution.

The team from Werribee Post Office celebrate their win as Post Office of the Year, with Rodney Boys

Werribee Post Office, Post Office of the year

In recognition of their incredible resilience and unwavering customer focus Werribee Post Office was named Post Office of the Year at the 2021 Australia Post Isaac awards.

The team supported their local community through one of the world's most extended lockdowns, keeping people connected during extremely trying times. On the biggest day of community transmission 210 people in the local area were diagnosed with coronavirus. The extraordinary team of 14 also had to deal with a challenge close to home when their Postal Manager was diagnosed with COVID 19 along with a family member.

Despite these challenges the Post Office was a lifeline for people working from home, providing access to printers, pens and paper clips, as well as helping local businesses and online shoppers in one of the busiest growth areas for eCommerce in Australia.

Werribee Postal Manager, Danny Marando said he couldn't be prouder of his team and how they supported each other and the community during a very difficult year.

> “2020 wasn't easy, but the way the team pulled together and went above and beyond for each and every customer that walked through our door was incredible.”
>
> **- Danny Marando, Werribee Postal Manager**

Powering eCommerce, supporting business

As public health restrictions and lockdown saw physical stores close and Australians spending more time at home, eCommerce became a critical channel.

Research from Deloitte Access Economics produced in partnership with Australia Post, showed that between March and August 2020, Australian businesses that invested in eCommerce were buffered from the impacts of COVID-19 compared to those who didn't. The research also showed that over this period eCommerce helped 73 per cent of businesses to retain employees, 61 per cent of businesses to keep operating through the crisis and assisted businesses to limit overall revenue losses to seven per cent, despite in-store revenues falling by 21 per cent.

As a market leader and the facilitator of 80 per cent of Australia's eCommerce activity, we've assisted businesses to survive, reach new markets and grow online. Our analysis shows that engagement with online shopping is expected to remain well above the pre-pandemic level, so we are supporting our customers to focus on the opportunities of eCommerce and improve their supply chain resilience. We're also providing research and other resources to help inform their business strategies.

Australia Post customer Pine Tea & Coffee in NSW

eCommerce helped

73%
of businesses to retain employees

61%
of businesses to keep operating through the crisis

There are currently

3,540
Post Offices offering Bank@Post

1,679
of these are located within communities with no other banking presence

Securing the future of Bank@Post

We have secured landmark agreements with Commonwealth Bank of Australia (CBA) and NAB to offer banking services in Post Offices nationally for the next decade. Our contract with Westpac was also extended for a further 12 months.

These agreements support our ongoing investment in Bank@Post and enable us to provide safe and reliable banking services for all Australians, particularly those in regional areas and small businesses.

They also support the long-term sustainability of Licensed Post Offices and their owners, many of whom are small businesses and families who play an essential role in servicing their local communities.

Beyond these new agreements, this financial year we also welcomed six new Bank@Post partners, bringing our total to more than 80, and expanded this partnership through barcode banking for a further two.

We introduced a new learning management system to ensure our retail staff have completed the training to perform banking transactions and invested in a new Financial Crime Platform to enhance our Anti-Money Laundering and Counter-Terrorism Financing monitoring and reporting capabilities. In late 2020 we also launched a small business loan referral service which allows our small business customers to make an in-store request to be contacted by a licensed broker who can provide them with a tailored financial solution.

Throughout the year we have supported communities through 271 permanent bank branch closures and 311 temporary bank branch closures due to COVID-19. We know that when a bank branch closes, we see a 150 per cent increase in Bank@Post transaction volume at the nearest Post Office and this figure increases to 229 per cent in regional areas.

Customer service enhancements

As the global pandemic was a catalyst for sharp acceleration in eCommerce, the significant increase in parcel volumes in conjunction with operational constraints we were facing put pressure on our network.

We worked hard to engage with our business customers and the community, keeping them up to date with the impacts to our network so they had access to the information they needed. This was done through regular conference calls, proactive communication via our website and other channels to help our customers reduce traffic to their contact centres.

Keeping our customers informed

Our website and the Australia Post Mobile App were critical channels last year, not only supporting our customers to stay informed but giving them more visibility and control over their parcel deliveries.

We developed a dedicated COVID-19 service updates page providing information on restrictions, processing impacts, safety considerations and estimated delivery timeframes for domestic and international letters and parcels.

Throughout July and August, at the height of the Victorian lockdown, we moved quickly to introduce new dynamic and targeted information that would be surfaced to users when tracking their parcel. This enabled us to communicate localised impacts due to COVID-19 and the associated changes to our processes. Throughout the year we used this capability to generate over 40 unique customer messages that have been viewed hundreds of millions of times.

Improving the digital experience

In 2020/21 there were over 482 million visits to our website, a significant 30 per cent increase on 2019/20.

Visits to the Australia Post Mobile App were also up over 90 per cent on last year, with 235.2 million visits in total. In December our app became the number one business app on iOS and Android, ahead of Zoom, Microsoft Teams, LinkedIn and Seek.

Now in its tenth year, we have more than 3.4 million unique app users with a third of our total app downloads occurring in the last financial year.

The Mobile Post Office team providing services to communities around Toowoomba

New Mobile Post Office for Toowoomba communities

A new Mobile Post Office is delivering services direct to local communities around Toowoomba, as part of our continued focus on supporting customers in regional and remote areas.

The Mobile Post Office is a travelling postal service operated from inside an Australia Post van, visiting towns on a weekly basis to provide regular Post Office services such as banking, paying bills, buying gift cards, and sending mail and parcels.

The service is running as a six month trial, making weekly stops at Meringandan, Ma Ma Creek, Mt Sylvia, Wellcamp and Wyreema. Trials will also run in Shepparton (Victoria) and Albany/Denmark (Western Australia) later this year.

Empowering small business

Our MyPost Business platform is the digital front door for our micro and small business customers and has been critical in assisting them to continue to reach their customers, streamline their shipping processes and grow their business online.

This year we made several updates to improve the customer experience enabling greater self service, auto-storage of payment details and updating our international pricing zones. We also integrated with a number of eCommerce platform partners including BigCommerce and Star Shippit, giving more online retailers access to MyPost Business.

Throughout the year we welcomed 58,000 new active users bringing our total to over 148,000, an increase of 62 per cent year on year.

To help small and micro-businesses better understand the changing eCommerce landscape and keep across the latest insights and trends, we launched a new free, webinar series, titled Supporting Australian Businesses (SAB). This series featured leading eCommerce experts, leaders from our business and many of our customers. We held five SAB webinars which were attended by 1,831 people in total.

> “I found this webinar to be extremely interesting and look forward to implementing some of the things I have picked up from today. Looking forward to the next webinar.”
>
> **- Michelle Steiner, NaturallyOrganic67 - Webinar: How to drive loyalty through improving the delivery experience**

Australia Post Connect

In May we kicked off our new webinar series for our enterprise and government customers, Australia Post Connect. Recognising that many of our customers are large organisations within service based industries, this series has been designed to provide thought provoking content that helps position Australia Post's unique ability to help organisations and governments reach Australians no matter where they are or how they prefer to interact. We explore important issues such as social and demographic trends, inclusivity, and disaster management and what these mean for service delivery.

Our first webinar titled “Connecting Australians in the 20-minute city”, featured renowned author and demographer Bernard Salt. The discussion focused on the changing behaviours and expectations of Australians brought about by the pandemic and the challenges and opportunities this presents for providing services to them.

Sharing our expertise

Throughout the year to assist our business customers we released a series of resources that our customers could draw on to inform their strategy and planning. This included our annual and monthly Inside Australian Online Shopping reports, our inaugural Delivery Experience Report, a back to business checklist as well as white papers focused on supply chain resilience and small business sustainability.

Engaging our customers

‘Tis the Season and Spread the Merry

In a year like no other, we knew it would be a Christmas like no other too. In October we launched *‘Tis the Season* which built on our *Get the Most from the Post* campaign earlier in the year. The campaign promoted our last posting dates and encouraged our customers to post early, download the MyPost app and take advantage of our various collection points.

In early November our second *Spread the Merry* campaign hit the market with a focus on the importance of a small act of kindness and the role Australia Post plays in helping everyone across the country connect with family, friends and their community.

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 which continued to prove popular with our people and customers.

The campaign was extremely successful driving significant traffic to our digital channels and contributing to over $12 million in sales. The television commercial was also named the most effective Australian Christmas ad of 2020.

Delivering for Australia

Our *Delivering for Australia* campaign sought to highlight the ways in which Australia Post is there to support small businesses through eCommerce.

Featuring our real small business customers including Artisanale Chocolate, Mortels Sheepskin, Mary Maker, Pine Tea & Coffee and The Scent Lab, part one of the campaign focused on helping business to sell online and save time and money through MyPost Business, using collection points and returns.

Part two was all about recognising ‘Local Business Heroes’ nominated by our people, by promoting them through our Post Office Network and helping them to grow their business. Happy Hubble Australia, a homegrown therapy store and supplier of sensory toys for children with autism, was one of the 56 deserving businesses.

Licensee Theo Popis with General Manager Donna Vecchio and small business hero package recipient Simone Hubble owner of Happy Hubble

> “This award from Australia Post is going to help us to continue to grow, to create even more jobs and of course, our main drive, to support families of kids with autism or ADHD. I am truly grateful that Theo and the team have believed in me and my dream.”
>
> **- Simone Hubble**

The Great Aussie Coin Hunt

Our most successful collectables program, *The Great Aussie Coin Hunt*, returned in May and featured 26 new $1 coins celebrating iconic and admired symbols of Australian life.

The coins, produced in partnership with the Royal Australian Mint, ranged from Akubra to Zinc sunscreen and included instantly recognisable Australian landmarks, like Q for Queen Victoria Market and S for the Sydney Harbour Bridge and much-loved brands, like M for MILO and T for Tim Tam.

More than 3,500 of our Post Offices participated in this year's hunt, with customers able to receive the collectable coins in their change or by purchasing the entire collection instore or online.

Stamp releases showcase achievements

Our 2020/21 stamp issue program offered a diverse program marking celebrations, new initiatives and anniversaries of significance.

Our annual Stamp Collecting Month in August encouraged young Australians to become passionate about our native Australian wildlife and take an active role in protecting them for the future. The six stamps featured some of Australia's most vulnerable native species and were selected from those recently identified by the federal government's Wildlife and Threatened Species Bushfire Recovery Expert Panel as in need of immediate conservation management.

We recognised our country's legends of cricket with our annual commemorative Legends Stamp issue. The stamps celebrated Allan Border AO, Adam Gilchrist AM, Jason Gillespie, Dennis Lillee AM MBE, Ellyse Perry and Ricky Ponting AO — all superstars of the game recognised for their contribution to Australian culture as well as their sporting excellence.

Recognising Australia's frontline heroes

The past year is one that will go down in history as a year unlike any other with the global pandemic presenting enormous challenges for people all around the world.

This stamp issue paid tribute to the workers on the frontline of the pandemic here in Australia who have supported their communities during this unprecedented time. The set of five stamps featured an illustrated design to represent Australia's frontline workers including healthcare workers, Australian Defence Force members and police, educators, and essential services including postal workers, supermarket staff and deliverers of food and other essential items.

Demand for merchandise grows

Communities relied on the Post Office for more than postal, banking and identity services throughout the last 12 months. With many people working and spending more time at home, our extensive merchandise range proved popular. In many ways, we became the nation's general store – particularly in rural and regional areas.

We saw strong growth in kitchen appliance sales as restaurants reverted to take away and people cooked more at home, with air fryers, vertical grills and coffee machines among the most popular.

Office supplies were also in high demand as individuals made the transition to working from home and our technology products including mobile phones continued to sell strongly. In 2020/21 one mobile phone was purchased every 100 seconds from Post Offices around the country.

In a year when border closures and restrictions kept family and friends apart, sending gifts through the post was one way people could stay connected with those they missed most. We saw significant growth in our packaging range with a 19.5 per cent increase in revenue when compared to the previous financial year.

Making Traditional Place names part of mailing addresses

This year we were proud to support a campaign led by our customer and Gomeroi woman Rachael McPhail, to recognise Traditional Place names in addresses.

To mark NAIDOC Week in November 2020, we updated our addressing guidelines to include Traditional Place names and this year we will update 22 of our satchel labels to include an Acknowledgement of Country and a dedicated Traditional Place name field in the address panel.

Board game a winner

Monopoly released a limited-edition Australia Post version of the much-loved game. The board game included six special tokens: an aeroplane, van, truck, push bike, post box and iconic Ford Model-T based on the 1920s version used by the Postmaster General. The game featured Post Offices from Margaret River to Broome and some of our iconic GPOs, and has been a popular addition to our merchandise range among our people and customers.

Rodney Boys and Nicole Sheffield with some of our Brisbane contact centre team

Meaningful service experiences

New services improve customer experience

Our contact centres were critical in enabling us to help and support our customers as parcel volumes soared and the challenges presented by the pandemic resulted in delays. Throughout the year we made a few adjustments to help our teams serve our customers better.

We introduced a new Interactive Voice Response (IVR) which uses voice recognition to route customer calls to the right area. We enabled a "found my parcel" feature, allowing our customers to let us know they had located their parcel and close their enquiry independently giving our people more capacity to work on more complex customer enquiries. We also put processes in place to prioritise enquiries about essential services such as medication, food and pet supplies.

Our business customers were offered more self-service capability through our Business Support Portal, improving the experience for merchants using the platform. The contact centre also provided important input into the Peak Period Working group, to ensure this important communication channel to our business customers was optimised at our busiest time.

Throughout the year we recruited over 700 staff and supported our people to work from home. We also held dedicated 'Preparing yourselves for a COVID Christmas' sessions through our Employee Assistance Program and introduced messaging through our IVR and digital channels reminding our customers to respect our people.

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 1.38 million customer complaints, a moderate increase from the 1.19 million we managed in 2019/20. Customer complaints include any instances where a customer has contacted Australia Post Group to express dissatisfaction with a product or service, perceived failures, or when the customer has experienced an unacceptable interaction with our staff.

As a proportion of delivered items, in 2020/21 customer complaints represented just 0.05 per cent of the more than 2.6 billion items we delivered during the financial year, a slight increase on the 0.04 per cent recorded in 2019/20. We believe that the improvements introduced this year to support our customers made a meaningful contribution to keeping this ratio close to the previous year despite the significant and rapid growth in eCommerce in conjunction with the operational challenges arising from the pandemic. We will continue to make it easier for customers to connect with us so we can respond and improve.

Privacy

Keeping our customers' personal information safe and secure is our priority and we have robust processes in place to investigate and respond to incidents when they arise.

In 2020/21 we reported six incidents to the Office of the Australian Information Commissioner (OAIC) under the Notifiable Data Breaches scheme. The OAIC has been satisfied with our remediation actions and has taken no further action to date.

Educating to reduce scams

As Australians spent more time online over the last year, we remained alert to the use of scams and the risks posed by them for our people and customers. We continued proactive and reactive activities to promote awareness and published the latest scam awareness information on our website and online channels.

We also participated in various Australian Government led campaigns including the Australia Competition and Consumer Commission Scams Awareness Week (August 2020), The Australian Cyber Security Centres Stay Smart Online Program (October 2020) and the Australian Government's Safer Internet Day (February 2021).

We continue to use our internal channels to educate and promote safer digital practices, as well as provide regular training and support for our people in relation to scams and ways to help our customers.

Investing in our communities

In 2020/21 our community investment was $19 million. 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. We also contributed through time spent by our people volunteering, and through value-in-kind of products and services like charity mail.

To support the community, we have forgone revenue of over $27.2 million. 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 Index on auspost.com.au.

In addition, we facilitated more than $610,000 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'.

In June, we launched our Online Shop donations, enabling customers to donate to one of our Community Partners at the checkout.

Helping Australians stay mentally well

We are working to make mental health and wellbeing a part of everyday conversations to help build stronger and more connected communities. During Mental Health Month in October 2020, we formally launched our partnership with Beyond Blue and our commitment to helping drive positive mental health and wellbeing outcomes for all Australians.

Partnering with Beyond Blue

As an organisation that connects communities, we are proud to partner with Beyond Blue.

Our vast network enables us to help Beyond Blue deliver information to support mental health and wellbeing across Australia and since our partnership began, we have delivered Beyond Blue information and resources to over 1.4 million households.

We are also expanding mental health support to our small business customers and promoting a free mental health coaching service tailored to small businesses.

Our 'Pledge to connect' initiative encouraged our people to learn more about mental health and our Beyond Blue partnership, and to make a personal pledge to proactively support their mental wellbeing by creating and fostering the important connections in their lives.

Preparations are currently underway for the launch of the Australia Post Beyond Blue Community Van in September 2021. The van will be attending events and delivering mental health and wellbeing information and resources to metro, regional and remote communities around the country.

When we connect, we feel better

The phrase 'when we connect, we feel better' has been central to our mental health campaigns and in October, to further support discussions about mental health and make it easier for Australians to connect with each other in a meaningful way, we issued a stamp release with this title.

The stamps supported connection by encouraging customers to purchase the stamp in pairs. The sender simply used one stamp to post the letter and included the second in the envelope so the recipient could easily write back.

Disaster support

We continued to work with Australian Red Cross to help communities prepare for, respond to and recover from disasters.

Supporting disaster preparedness

To help communities prepare for disaster season, we actively supported Australian Red Cross Emergency Preparedness Week (31 Aug – 6 Sept 2020), distributing more than 186,000 postcards to households in high-risk areas reminding and encouraging them to write a plan. Through social media activity, we reached 2.2 million people.

Giving practical support in times of disaster

To prepare for the bushfire and flood season, we ran a campaign supporting the Australian Red Cross partnership and raised money for disaster response and recovery, via over-the-counter donations and a new fundraising mechanism 'Round Up' in our Corporate Post Offices nationally.

When heavy rain caused significant flooding in New South Wales and southern Queensland and bushfires raged in Western Australia during February and March 2021, we extended our campaign and pivoted our messaging to raise funds to support these communities through the Australian Red Cross NSW Floods Appeal.

We were also able to support our customers in these areas with free Mail Redirection and Mail Hold services, and our Post Offices provided access to essential banking and identity services and document renewal, helping people take the initial steps towards recovery and resilience.

Since we began our partnership with the Australian Red Cross, we have accepted more than $1.6 million in donations on their behalf.

Furthering our partnership, in March of this year we joined the Red Cross Collective, a round table of large corporations that collaborate to help Australians better prepare for disaster and strengthen community resilience.

Engaging our people

To increase awareness of our partnership with the Indigenous Literacy Foundation our commitment to children's literacy and to highlight our role in delivering for the Book Supply program among our people, we delivered over 400,000 bookmarks to 3,548 participating Post Offices across our network.

The bookmarks featured a special QR code linked to a video reading of No Way Yirrikipai! – a story about a hungry crocodile and one of the many book titles that Australia Post helps deliver to children in remote Indigenous communities.

Our retail teams were actively involved in the campaign, giving away bookmarks to customers, and contributing to almost 2,000 views of the online book reading.

Improving access to books and writing programs

Creating opportunities for children to improve their reading and writing, particularly Aboriginal and Torres Strait Islander children in remote communities, is an important and enduring pillar of our community strategy. We continue to work alongside communities, improving access to books as well as reading and writing programs.

As part of our partnership with the Indigenous Literacy Foundation (ILF) and their Book Supply Program, we joined an audience of 500,000 in the virtual celebration of Indigenous Literacy Day in September.

Throughout the month, we also accepted over-the-counter donations on behalf of the ILF at participating Post Offices.

In May, we raised awareness of our commitment to children's literacy and highlighted the role we have played in delivering 160,000 books to children in 325 remote Indigenous communities through the Book Supply Program. Customers were also encouraged to donate to the ILF with more than $9,000 accepted in donations.

Over National Reconciliation Week, we engaged with our people through a live web stream event for our Indigenous workforce. The event featured a panel and a video telling the story of one of our Indigenous delivery drivers Ross Herbert, talking about the importance of the Book Supply Program and reconciliation.

Indigenous Delivery Driver Ross, delivering books to remote Indigenous communities

The town of Budgeree received a Community Grant to support community connections

Gathering for Budger-Tea

The Budgeree Hall Reserve Committee received an Australia Post Community Grant of $7,200 to fund their Budger Tea project for the rural community of Budgeree - a small farming town in Victoria's Latrobe Valley.

Inspired by the idea that gathering regularly is the starting point for a change of mindset and positive attitudes, the Budgeree Reserve Hall Committee and local Budgeree community designed 'Budger Tea'.

Budger Tea is a series of weekly morning teas that aims to strengthen community connections and provide a safe environment for peer led support, addressing issues of isolation and poor mental health amongst community members.

> Like so many rural communities, Budgeree has a culture of self-reliance and there continues to be considerable stigma attached to mental health issues that makes people reluctant to seek help. The idea of Budger-Tea was to create something that the community can own, to bring people together over a cuppa and cake, once a week, in a safe space. We are building a sense of community, of belonging and inclusion in the community again.

- Leanne Potter, Budgeree Hall Reserve Committee Secretary

Celebrating inspiring Australian, Grace Tame

In March, we invited our employees and Licensees to join a special webinar featuring Nicole Sheffield Executive General Manager Community & Consumer and Grace Tame, 2021 Australian of the Year.

Hosted by National Australia Day Council CEO Karlie Brand, Grace and Nicole had a powerful discussion about what it has been like for Grace since she was announced 2021 Australian of the Year, her key focus areas for the year ahead and why the Australian of the Year Awards are so important.

Grace shared some of the ways she keeps herself positive and mentally well during tough times.

EGM Community & Consumer Nicole Sheffield in conversation with Grace Tame, Australian of the Year

Partnering with social and Indigenous businesses

Partnering with social and Indigenous businesses in our supply chain uses our procurement spend to create jobs and opportunities where they matter most.

We've been a proud member of Supply Nation since 2010, engaging with Indigenous businesses, and in 2015 we became founding members of Social Traders Connect, formalising our commitment to social enterprise procurement. With our 2020-2022 Group Corporate Responsibility Plan, we're committed to reaching our $60 million spend target from 2020 to 2022.

In 2020-21, we established a new cross-functional Social & Indigenous Procurement Working Group, to strengthen our engagement and commitment in this space. We spent over $18.4 million with 43 social and Indigenous suppliers, creating new employment opportunities for those organisations.

In aggregate we have spent over $38.1 million with social and Indigenous businesses since 2020 and are confident we will meet our target in 2022. By purposefully changing our approach to procurement, we are creating opportunities and a more inclusive and diverse supply chain.

Celebrating with The Big Issue

For 25 years, The Big Issue has given meaningful work and purpose to people experiencing homelessness, marginalisation, and disadvantage. Since The Big Issue began we have proudly supported them to deliver services across Australia.

As a Lifetime Partner of The Big Issue, we celebrated The Big Issue's 25th Birthday and supported them to offer their special 25th Birthday edition to vendors across Australia at a reduced 'two for one' rate, increasing vendors earning potential for that sale period.

During Vendor Week we provided pre-paid postcards inside the magazine so readers could write a message to their favorite vendor, resulting in over 500 personal messages being sent. We continue to show our support by increasing accessibility for vendors to purchase magazines in metropolitan areas, with selected Post Offices serving as distribution points. We also support work opportunities for The Big Issue's Women's Subscription Enterprise through our Santa Mail program and supporting volunteering programs such as Street Soccer and Vendor Magazine Launches.

Celebrating inspiring Australians

The Australian of the Year Award (AOTY) recognises Australians who have made significant contributions and created positive change.

We are proud to support the National Australia Day Council, and to share these inspiring stories with our communities.

Our content series Inspiring Australians celebrated the stories of inspirational State, Territory and National AOTY award recipients in our social and digital channels, reaching over 6.6 million users via Facebook and gaining a further 3.4 million impressions through our media partnerships.

This campaign is building awareness of our AOTY sponsorship, aligning Australia Post with the remarkable Australians celebrated by these awards.

Our grant programs

Our grant programs help to fund projects that create positive opportunities and impact in communities across Australia. These programs enable us to offer funding to smaller charities for projects that will help their community thrive.

Grants support mental health through community connection

Aligning with our strategic priority of mental health, our 2020 Community Grants focused on funding projects that improve connection, mental health and wellbeing in local communities.

We awarded grants of up to $10,000 to 79 community organisations, with a total of $501,950 awarded across every state and territory. More than half the projects funded were in regional and rural communities.

In 2021, we are again focusing our Community Grants program on supporting connection and mental health in local communities. Applications opened in May 2021, with successful recipients to be notified in September.

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; and
- contribute, review and provide feedback on major Australia Post corporate responsibility initiatives.

At 30 June 2021 the Council had eleven members and had met four times during the financial year.

Throughout the year the Council provided meaningful consultation and suggestions on and for Australia Post initiatives, including World Elder Abuse Awareness Day on 15 June 2021. Australia Post supported the National Human Rights Commission to raise awareness about elder abuse. Posters and bookmarks with information about help and support were sent to 661 Corporate Post Offices nationally.

Council Members

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

Council members are:

- Sarah Agboola – CEO & Founder, mtime
- 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
- Colleen Hayward AM – Emeritus Professor
- Angela Hite – Licensee, Middlemount Licensed Post Office
- Julia Landford – Founding Director, Canberra NatureArt Lab
- The Hon Dr Kay Patterson AO – Age Discrimination Commissioner, Australian Human Rights Commission
- Geoff Rohrsheim – Co-Founder, Hatch Creations
- Nicole Sheffield – Council Chair and Australia Post Executive General Manager, Community & Consumer.

Council Statement

After having had the opportunity to review Australia Post's draft 2021 Annual Report, the Australia Post Stakeholder Council (Council) believes that Australia Post has demonstrated its commitment to 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 2021 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 that the 2021 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, August 2021

Supporting Lucindale to bounce back after fire

In mid January, residents in the South Australian town of Lucindale were threatened by the Blackford-Avenue Range Lucindale fire.

Local licensee, Geoff, who has been involved with the town's Country Fire Service for over 40 years, played a pivotal part in ensuring many houses and lives were saved. Recently moving into an Air Support Airstrip role, he and his team assisted in the water bombing of the community and surrounds.

In late February, to support those who were worst affected, an auction was held to raise funds. With the support of the broader Australia Post team in South Australia, $1,500 worth of merchandise and goods were donated, helping to create five boxes of goods to be sold at auction where a total of $235,000 was raised.

For Licensees Carmel and Geoff, it's back to business for them as they proudly watch their community rebuild. While it was a difficult way to start the year, the support they received from their community, their Australia Post colleagues and the dedicated counsellors from our Workforce Assistance Program was critical in helping them get back on their feet.

Licensee Geoff is a long term Country Fire Service volunteer

Early voting was available in two Perth Post Offices, to reduce crowding on election day

Early voting in WA

With social distancing and reduced gathering limits an important part of preventing the spread of COVID 19, we supported different state electoral commissions to hold elections safely.

Along with postal voting for the Western Australian state election, two of our Post Offices in Perth's CBD acted as early voting centres, helping to make voting easier for people and reducing wait times and crowding on election day.

“ I appreciate the cooperation of Australia Post in trialling in-person voting within your premises and the use of ballot boxes within post offices in rural areas to facilitate timely return of postal voting packages for electors. These innovations have contributed to the Commission being able to meet elector expectations in delivering a trusted and timely service....Your team can be proud of its support of the 2021 State general election and contribution to the democratic process in Western Australia. ”

– Robert Kennedy, Western Australian Electoral Commissioner

Grants supported by our people

Supporting our TIES values, we run a grant program each year that empowers our workforce to nominate an organisation they are passionate about for a grant of up to $500. We're proud of the role our people play in communities across Australia and this program enables us to support the causes that matter most to them.

The Workforce Nominated Grants were awarded in July 2020, with 205 community organisations receiving grants totalling $102,229.

In 2021, we changed the name of our workforce grant program to ‘People of Post Grants’, in recognition of the important role our people play in the success of this program. In May, we awarded $167,562 People of Post Grants to 338 organisations.

For both programs, we received nominations from people across our business, and awarded grants to support a wide variety of community projects in all states and territories.

Encouraging a culture of giving

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

Donations made by eligible employees are matched by Australia Post, up to $200 per person per year. This year more than 2,000 individuals generously participated in Workplace Giving, with much needed funds going directly to 428 charities.

A total of $723,627 was contributed and comprised of $463,581 in employee donations and $260,046 matched donations by Australia Post.

Future outlook

We will continue supporting our customers to grow their business and communities to thrive in the months ahead as we collectively find a COVID-normal.

We will continue to invest in our Post Office network and support the ongoing sustainability of our Post Office network by expanding our range of services, growing and enhancing our extensive range of merchandise and increasing our telecommunications offering, particularly in rural and regional Australia.

Our network

Kim, Postal Services Officer at Canberra Mail Centre

Our network

52 million
parcels delivered during December

5,000+
Christmas Casuals to help us deliver

2,136
electric delivery vehicles

Through our national processing and delivery network we reach over 12.4 million delivery points every working day. Our unrivalled network is fundamental to the value we create for the Australian Government, businesses and communities. Over the last year, our network has rapidly adapted to the changing environment, enabling us to deliver over 2.6 billion items for our customers.

Delivering a record peak

December 2020 was the busiest month in our 212 year history. Our teams across the country worked tirelessly to deliver Christmas for Australia, delivering over 52 million parcels, and serving the 21 million customers who walked through the doors of our Post Offices.

It was one of our most successful peak periods on record and was testament to the extensive planning done throughout the year to ensure we had the systems, processes and operational requirements in place to deliver for our customers and the community.

Preparing our network for peak

Since the pandemic began, we have been delivering Christmas-like volumes. After experiencing large peaks in April and August 2020 we knew the 2020 Black Friday/Cyber Monday sales and the pre-Christmas rush were set to break records.

We commenced planning early, bringing together a cross-functional team with representatives from across our business to ensure we were set up for success.

We opened 60 new or re-purposed facilities, added 3,000 vehicles and chartered up to 20 dedicated freighters. As part of our biggest ever recruitment drive 5,000 team members were recruited, with more than 1,200 continuing their employment with us beyond Christmas. We provided additional training to 2,700 Posties, with 2,000 transitioning to deliver parcels in vans and enabling us to deliver unprecedented parcel volumes.

We also brought forward our recommended final posting dates for delivery by Christmas for both Parcel Post and Express Post, and over 500 of our Post Offices, including 145 of our Licensed Post Office partners, operated extended trading hours from late November.

Partnering with our customers

In the lead up to peak period we focused on partnering with our merchant customers to help them deliver a successful Christmas.

We had regular and open conversations with our customers through multiple channels and gave our merchants access to a range of new resources to help them prepare. New customer dashboards provided improved visibility of our service performance, and strategic improvements were made to improve network operations for our entire customer base, such as matching a customer's freight profile with the best lodgement method.

This has informed a new way of working that we have carried into 2021 and in recent months, we have proactively identified opportunities for improvement at the individual merchant level and are supporting them to deliver a better experience for their customers.

Scaling to meet demand

Autonomous Mobile Robots at our Fulfilio facility in Truganina

Our fulfilment and delivery solution for eCommerce merchants, Fulfilio, grew strongly this year with many of our existing customers experiencing an increase in volume as eCommerce boomed, and several new customers coming on board.

Our Melbourne facility moved from Tullamarine to a brand-new facility in Truganina that has significant capacity for growth. This site features new automation including Autonomous Mobile Robot (AMRs), an improved packing bench layout and other technology to assist our teams fulfil more orders, more efficiently for our merchants.

> “One of the massive advantages of working with Fulfilio is the fact that they have warehouses in Sydney, Melbourne, Perth and Queensland so we can get our Oodies to our customers quicker.”
>
> **– Davie Fogarty, Founder, The Oodie and Calming Blankets**

Completing our telecommunications transformation

We are nearing the completion of our telecommunications transformations which will see a series of upgrades made to our expansive network, making it easier for our people to serve our customers and communities.

By the end of the 2020/21 financial year, we had successfully migrated over 93 per cent of the more than 4,000 sites in the project's scope. Pleasingly, all sites are due for completion by the end of the 2021 calendar year.

By transitioning so many of our Post Offices and facilities across to this new and more resilient data network it enables us to deliver a significantly higher service level at every site. Since 2019/20, and as a direct result of this program we have been able to reduce business impacting outages by up to 50,000 hours, equip each site with Wi-Fi capability, double our throughput and reduce operating costs.

Expanding our electric delivery fleet

We are proud to be Australia's largest electric fleet operator, and we continue to build upon this.

This year, an additional 980 electric delivery vehicles (eDV) hit the streets helping our Posties across 166 sites deliver more for their local communities. A further 1,000 eDVs are on track to hit our network by early next year, all featuring performance enhancements including improved battery life. Our eDV fleet makes up 23 per cent of our last mile delivery vehicles.

Not only do our eDVs have greater capacity than the traditional motorcycle, we know they are safer for our people. As we increase the number of delivery rounds completed by eDV and reduce those completed by motorcycle, we have seen a significant decrease in motorcycle serious incident claims, but no increase in those reported for eDVs.

Many of our Posties continue to deliver on our electric bicycles (EAMBs) and we are preparing to welcome our first electric truck, the Fuso eCanter, to our fleet following a trial completed in 2019.

Bond Mansueksa on his eDV in Clotarf, Queensland

Bond's new wheels

Queensland Postie, Bond Mansueksa, recently transitioned to an eDV after 10 years delivering on a motorcycle. Recognising the safety and capacity benefits of eDV, Bond had been eagerly awaiting his chance to make the switch. So when four eDVs arrived at Clotarf Delivery Centre in January he was among the first to be trained. Six months in and Bond hasn't looked back.

> “I'm really enjoying delivering for my customers on the eDV, it reminds me of the tuk-tuks in my hometown of Chiang Mai in Northern Thailand.”
>
> **– Bond Mansueksa, Postal Delivery Officer**

Our Gold Coast freighter transports up to 60 tonnes of mail each week

As the global pandemic saw states and nations close their borders, the resulting reduction in air capacity presented ongoing challenges for our business. To ensure we could continue to transport mail and parcels between states, we moved quickly to get up to 20 dedicated freighters in the air completing as many as 66 flights every weekday and transporting unprecedented parcel volumes across the country.

Ahead of Christmas, we implemented direct flights from Sydney to Perth, additional Melbourne to Sydney flights, flights on Friday nights and weekends, and a dedicated Gold Coast freighter took to the skies completing eight flights per week. We also welcomed the world's first A321 passenger to freighter converted aircraft to our fleet with 60 per cent (around nine tonnes) more capacity than our existing Boeing 737-300F. Thanks to this additional capacity, in December alone we were able to uplift over 7,400 tonnes of airfreight - 76 per cent more than December 2019.

As international passenger fleets were largely grounded, we engaged with our airline partners to develop a range of innovative solutions so we could continue to uplift mail for our customers. This included working with Air Canada and United Airlines on in-cabin loading solutions, using passenger aircraft in "cargo only" mode, loading Qantas operated repatriation flights and engaging direct charters where appropriate.

While we do not anticipate significant changes in the international operating environment until mid-2022, we remain focused on working closely with Qantas and our international airline partners to secure critical capacity for our customers.

Passenger planes were used in 'cargo only' mode to uplift mail

Enhancing our technology

Post+ Program

The Post+ Program was established in 2019 to design, build and deploy a new point of sale platform for our Post Office network that is intuitive and consistent, making it easier for our people to serve our customers.

Development commenced in 2020 and a working group has been established made up of our frontline people, including Licensees, who will be using Post+ to inform its build. This valuable feedback is critical to ensure the final platform is fit for purpose and meets the needs of our people and customers.

Over the next 12 months, the program will be piloted in a small number of Post Offices, ahead of the full deployment to our Post Office network in 2023.

Reducing cyber security threats

The cyber security threat landscape continues to evolve, and many Australian and international organisations are at risk of cyber security incidents that can directly impact their business operations and information.

We are focused on protecting Australia Post and its information from cyber threats and continue to improve our ability to detect and prevent new threats from impacting our business. Through our ongoing cyber security program, we are enhancing our cyber capabilities and strengthening our controls and business resilience.

We also continue to improve our Cyber Education and Awareness program for our people and customers which is delivered through targeted cyber briefings, classroom-based cyber education and simulation activities.

Bring your own device

With such a significant number of new team members recruited to support us through peak, our technology teams developed a new solution to allow the rapid onboarding of the 1,500 operations team members who needed access to our scanning technology.

By leveraging our existing mobile device management platform and working with our scanning application vendors, the team were able to develop a new cost effective and secure 'bring your own device' solution for both Apple and Android devices.

This technology is still in use and is now part of our suite of device management tools and will be critical to our peak planning for 2021.

Event Management re-imagined

Capturing and storing our scanning data in real-time is critical to supporting our people and customers. The Event Management Reimagined program is creating a new scalable, cloud-based platform that will allow us to support growing eCommerce volumes. This new capability will allow us to track every item in real time as it moves through our network, giving us access to advanced analytics that can predict and inform decision making when identifying and addressing delivery issues.

Network security

Our security approach continues to evolve to protect our people and business. Our 2021-2024 Group Security Strategy builds on our previous successes and allows us to proactively manage security risks while the introduction of new technology and intelligence capabilities enhances the resilience of our supply chain while also creating commercial advantage.

This financial year we continued to invest heavily in our security systems. We refined our Group Fraud Management Framework, developed a Fraud Control Plan, and revised the organisation's fraud risks. Not only have these activities improved our fraud management processes they also support fraud prevention, detection, reporting and investigation.

As the COVID-19 pandemic has progressed, our Group Security team have been instrumental in enabling the business to plan, prepare, respond and recover in a dynamic and ever-evolving way.

To keep our network secure, we expanded our air cargo screening program to 15 sites and more than 50 x-ray units for international and domestic air cargo. We also worked collaboratively with Commonwealth Border Agencies on screening and future equipment planning.

Growing our international business

Despite facing into significant headwinds last year and the challenges with freight capacity and service performance, we continued to onboard new customers and grow our international business.

To support our customers over the last 12 months we collaborated with our global postal partners, worked closely with multiple airlines and made use of the capacity available on flights organised through the International Freight Assistance Mechanism (IFAM) – a targeted support measure put in place by the Australian Government – to keep mail and parcels moving as efficiently as possible.

To keep customers informed about the latest international impacts we communicated regularly and proactively via our website. This included providing a comprehensive list of estimated delivery times, by product, country and region.

To help our Account Managers support their customers we conducted in excess of 40 sales and services briefings, ensuring they could keep customers informed about the impact of the global pandemic on our operations.

Despite challenges with freight capacity and service performance we were still able to grow our outbound parcels revenue to $324 million.

Record growth for AP Global

Our cross-border eCommerce delivery solution, Australia Post Global eCommerce solutions (AP Global) continued to expand its network during 2020-21, to more than 130 trade lanes, operating from 22 worldwide hubs, seven of which were created during the year.

The team delivered a record peak and dealt with the complexities of Brexit and a new border between the United Kingdom and the European Union, guiding customers through the new requirements.

Revenue was up 90.6 per cent for AP Global, reflecting the position they have established as one of the world's leading cross-border players, with a strong focus on keeping parcels moving with minimal distraction and maximum communication.

Expanding our cross-border solutions

To help our customers meet demand from overseas and grow their business into new markets, we established a commercial lane with New Zealand in late 2019.

This dedicated lane allowed Australian freight to transit to New Zealand faster and provided our customers with improved service consistency and more delivery choices while also simplifying delivered duty payments.

Given the global supply chain disruptions resulting from the COVID 19 pandemic and following the success of our New Zealand pilot, in 2020 we began trialling a similar solution with the United States of America.

Commencing in June, this new dedicated, direct to USA lane is helping Australian businesses to provide a better and more consistent experience for their customers in the country.

Though only in its infancy, we are continuing to innovate and build on this with a view to expanding this capability to more customers over the next year.

Artist impression of the new Perth Parcels Facility

The road to Perth Parcels Facility

Our network continues to evolve in line with the changing needs of our customers and when planning for new facilities, our Network Planning team undertakes extensive analysis. This is used to determine not only the location of a new site, but the automation and capability needed to keep our people safe, support the growth of our merchant customers, and serve the local community well into the future.

Construction on our new Perth Parcels Facility will begin later this year, but a significant amount of work has already been done to lay the perfect foundation.

Servicing the growing community of Perth and surrounding areas, the site will feature both large and small parcels automation and will have the capacity to process more than 14,000 parcels per hour. We will also have up to 200 delivery vans operating from the site delivering more than 35,000 parcels per day.

"Planning for any new site is exciting. We look at everything from the needs of our teams and customers along with population growth forecasts and then work with suppliers from around the world to find the best technology available that suits our operational needs," said Rikki Richmann, Perth Operations Manager.

> "In the case of this facility, it's a significant investment at more than $82 million, and it needs to be future-proof which is why our analysis and decision making has been based on the future needs of our business and our customers."
>
> **– Rikki Richmann, Perth Operations Manager**

Future outlook

With online now accounting for 16.3 per cent of total retail spend, ensuring that our network is equipped to manage continued eCommerce growth will remain a priority. In line with this, investing in our infrastructure to increase our capacity, reduce manual handling and improve our efficiency will also remain an important focus.

The safety of our people will continue to be our highest priority, and we will continue to increase our fleet of electric vehicles and our focus on moving our people from motorcycles to safer modes of transport where we can.

Though letter volumes will continue to decline, we will continue to nurture our letters business and work hard to deliver a reliable letters service for the many Australians and businesses who rely on it.

As the international environment continues to improve, we will continue to work closely with our international postal partners and airlines to help our customers and Australian businesses connect with people the world over.

We will continue to optimise our network as much as possible to manage the continued impacts of the COVID-19 pandemic and continue delivering for our customers.

Our innovation and expertise

Belmont East (WA) LPO staff member Charlene

Our innovation and expertise

3.7k

drivers using route optimisation software

2.5m+

ETA notifications sent

Happy Parcels wins global award

We remained focused on investing in our systems and processes to better support our people, customers and the community through an incredibly challenging period.

Through a range of programs, we helped businesses to onboard new people, scale their operations and continue to grow during a period of unprecedented demand for eCommerce. We also invested in our customer service solutions giving our people access to the information they need to better meet the needs of our customers.

Local Business Partner program

Through lockdowns and restrictions, and in the lead up to an unprecedented Christmas period, eCommerce has been critical in supporting businesses to continue operating.

Small businesses are the engine room of our economy and one of Australia Post's largest customer groups, and since 2019 our Local Business Partner (LBP) program has been helping to drive small business activity across the country. The principle behind the program is to help small businesses thrive online with the help of a specially trained Licensed Post Office (LPO) Licensee who has been accredited as a Local Business Partner.

The LBP program equips our Licensees with the training, knowledge and capability they need to directly manage a portfolio of small to medium enterprise customers, enabling them to support their customers' businesses to grow, while in turn growing their own.

To date the program has 206 Tier 1 partners and more than 220 Tier 2 partners. Training is underway for a further 500 Licensees with this due to be complete by late 2021.

> “After 12 years of owning a LPO I have never come away from either a conference or LEEP meeting feeling so inspired to get out there and find new business opportunities. My husband Tim and I have always been proud of what we have achieved at our Post Office, but I know with the leadership and mentoring under the Tier 1 program this is just the start of things to come.”
>
> **– Kris, Pacific Paradise Licensed Post Office**

Nicole Sheffield with Tier 1 Local Business Partners in Perth

Prioritising small businesses

The red carpet, business class lane added to 16 of our Post Offices

In 16 of our Post Offices and through the LBP program we have introduced a business class lane – complete with a red carpet – for our small business customers lodging five or more parcels at any one time.

By separating business customers from the primary queue, not only does it enable them to lodge their parcels more quickly, it also increases the speed of service for general customers completing over-the-counter transactions.

Customer feedback from Stanhope Gardens Licensed Post Office:

> “Wow! We have never had a business class experience in our whole life.”
>
> “We feel special waiting at the front of the queue standing on the Red Carpet.”

Happy Parcels wins global award

Our new customer service interface, Happy Parcels was launched in July 2020 and received global recognition in June 2021 at the World Post & Parcel Awards, winning the accolade for exceptional Customer Service.

Happy Parcels draws on our scanning data to empower our customer-facing teams to have more informed customer conversations. It presents complex scanning information in a clear and consistent way, enabling our teams to get the information they need quickly and easily, and has reduced call handling times by up to a third. It has been critical in enabling us to continue supporting our customers during a period of significant increase in parcel volumes.

The Happy Parcels platform was developed by a cross section of our teams, spanning customer service, data science and technology, and its design was informed by our service consultants who identified what it was they needed to serve our customers better.

Happy Parcels is now used across the business by our operations, sales, retail and service teams, meaning consistent information is shared with customers, no matter who they speak with.

Elanora Licensee David with his son Harrison

Happy Parcels in action

In December 2020 we introduced Happy Parcels into 25 Licensed Post Offices through the Local Business Partner Program, giving our licensed partners access to more parcel data and information to help them better serve their customers. We are currently working through rolling out this capability to a further 69 Licensed Post Offices.

> “Happy Parcels enables us to assist our business customers with any of their parcel enquiries at any time as we can access Happy Parcels from multiple devices, at work, home or out on the road doing customer visits. It even assists us in the office with our regular customers, as if all counter terminals are being used, we can utilise Happy Parcels on our personal devices. The functions of tracking, current location, looping, mis-sort, in-transit redirections and all other functions are very practical and easy to use.”
>
> **– David Jefferies, Licensee Elanora Licensed Post Office**

Driving safety with Google machine learning

We introduced Google machine learning software to help identify and reduce safety exposures that can lead to serious injury or fatality, in real time.

As part of our critical risk and LEAN safety initiative, this industry-leading technology and our existing CCTV systems are helping us to better manage forklift exclusion zones and the separation of pedestrians and forklifts. At our 10 pilot sites, we can now identify when our people come within three metres of a forklift or enter load shifting equipment exclusion zones.

By identifying the safety exposure at the 'near miss' point it empowers our leaders to act quickly and put controls in place. Since its implementation, this new technology has driven an 85 per cent reduction in safety exposures across the 10 sites and we have commenced expansion to another 15 sites.

Route optimisation software

Our operations team, in collaboration with IT, developed new route optimisation technology with the primary purpose of assisting 2,000 of our Posties with the transition to delivering parcels in vans. As parcels are scanned, the optimiser builds a delivery route for the driver to deliver parcels effectively and safely.

Beyond assisting our parcel Posties, the application has been hugely beneficial for relief staff and has helped both our delivery managers and Principal Contractors when onboarding new drivers.

Since its inception, the software has been updated to include a new function called Sections, providing experienced drivers with more autonomy by allowing them to break down their load for the day into one-hour delivery windows.

After beginning with a limited trial in October 2020, the application is now being used by over 3,700 drivers nationally to help deliver more than 500,000 parcels every workday.

Principal Contractor Conrad Dawson with two of his drivers, Avis Putaura and Efream Yekalo

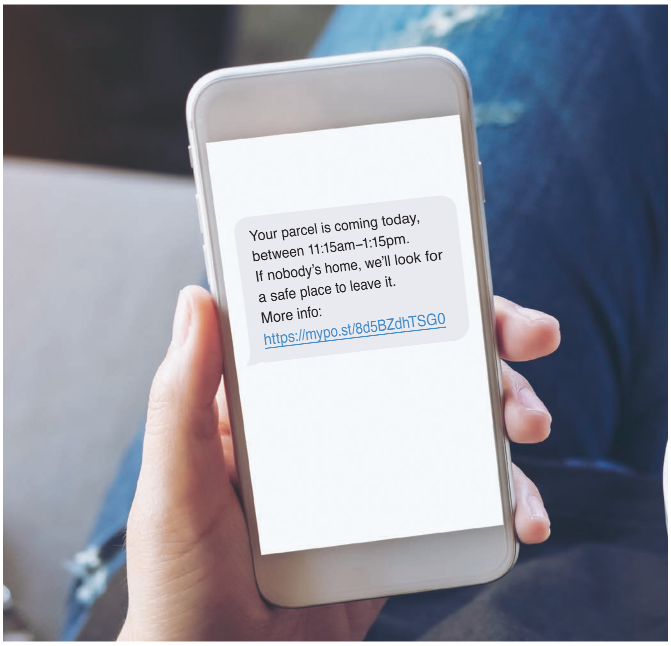
> “The optimiser is great for any new drivers or to assist with covering an area when drivers are away. This feature allows drivers to scan a completely new area and it will put the parcels in a delivery order without the use of a map. We are using it as part of our onboarding training; however, as the drivers get better at knowing their area and we increase the volumes, we move away from this and migrate our personnel over to Sectioning.”
>
> **– Conrad Dawson, Principal Contractor, Sunshine West PDC**

Giving our customers more visibility

We know our customers want visibility of where their parcel is in its journey and to know when it will be delivered, and these demands are only increasing as more Australians shop online.

With the introduction of the route optimisation and sectioning technology came the ability for us to capture digitally the order in which parcels were delivered, enabling us to provide customers with a two-hour delivery window estimated time of arrival (ETA) notification for the first time.

Following the success of the pilot which began in November 2020 with a small number of drivers, this capability has since expanded, and we now have more than 1,500 drivers across 130 metropolitan sites sending ETA notifications to our customers daily. Since the program began, we have sent over 2.5 million notifications and 96 per cent of parcels are consistently delivered within the specified two-hour window.



Simplifying the customer experience

We know that when our business customers decide to partner with us, they want to be onboarded quickly. To facilitate this, we delivered a program to improve the contracting and onboarding processes, reducing the average days to trade by 11.3 days and delivering an additional $1.7 million in revenue.

The program also delivered an automated process for setting up a billing account and a customer dashboard, enabling our sales teams to view real-time customer data in one place and support business customer needs more efficiently.

Sharing the latest eCommerce trends

With the rapid acceleration in eCommerce brought about by the pandemic, we recognised a need to get the latest trends and insights to our customers on a more regular basis. To address this, in 2020 we launched our Inside Australian Online Shopping monthly eCommerce updates.

Each update looks at the previous month, giving us the opportunity to dive deeper into the data and analyse everything from year-on-year trends to the impacts of sales events and COVID-19 restrictions, as well as introduce the voice of the customer by drawing on the insights from our monthly NPS surveys.

Promoted through our new interactive insights webpage, our social channels and via our dedicated sales team, these updates complement our annual Inside Australian Online Shopping report and give our customers access to near real-time data which they can use to inform their strategy and planning.

Getting the delivery experience right

A great online shopping experience culminates in a great delivery experience, which it is why it is critical that retailers get it right. To help our customers, in March this year we released a new report titled, *The Delivery Experience. Getting it right. Why it matters. And how data can help.*

Drawing on insights gained from more than 400 million annual B2C deliveries, millions of calls to our contact centre, and over three million annual NPS responses, we developed five recommendations that can help improve first time delivery rates, lift customer NPS and reduce complaints. Recognising that as the delivery partner for many Australian businesses, getting the delivery experience right is our priority and the report also shares how we are using these insights to innovate and improve our services.

In addition to this report we developed category specific reports, as well as individual tailored reports for those customers with sufficient volume.

Some of the insights in the report include:

reducing signature on delivery can help reduce carding by up to

89%

when a customer chooses an alternative collection point, their NPS almost doubles and the item is picked up more than

two times as fast.

Abbey Baker and Kelly Jamieson, founders of Edible Blooms

Industry data helps our customers plan and grow

Abbey Baker and Kelly Jamieson established Edible Blooms in 2005, selling chocolate bouquets and gift hampers. The business has expanded to include plants, flowers and dessert boxes.

Edible Blooms was an early adopter of eCommerce and their Adelaide based business has been an Australia Post customer for 16 years.

Supporting customers like Edible Blooms with up to date eCommerce data and insights into the customer experience via the Delivery Experience Report is one way we can help to inform their decisions and planning for growth.

> “We’re always looking at new ways to reach customers. So the more information you give us as retailers to improve our business, and how we can work together as a partner, they’re the things we’re really interested in.”
>
> **– Kelly Jamieson, Founder and Managing Director of Edible Blooms**

Our people in Queensland were some of many from around the country helping the ABS prepare for the 2021 Census

Preparing for the national Census

In preparation for the 2021 Census, the Australia Bureau of Statistics (ABS), has recruited around 25,000 demographically and geographically diverse staff with varying levels of digital literacy, in a short space of time.

Adecco Recruitment, an employment agency tasked with onboarding people to support the completion of the Census, engaged Australia Post to undertake the important role of processing the police checks using our Workforce Verification system.

With such a significant amount of work to be completed in a short space of time, our Product & Innovation team worked closely with the Post Office Network Operations and Rehabilitation teams to find a solution.

What started with two team members in Queensland, quickly expanded to a small group of dedicated and trained operators. Looking into the database of current employees on restricted duties due to injury or health concerns, the teams were able to engage and retrain a number of additional staff to support this initiative.

> “Our Product and Innovation, Recruitment and Post Office Network teams worked through training with these individuals and we now have dedicated support to process these checks in Queensland, Victoria and Western Australia. With the bulk of the checks processed throughout May and June, it was a massive job.”
>
> **– Angela Miano, Post Office Network Operations Queensland**

Expanding our collection points

Nicole Sheffield with Jane Bell, Acting Postal Manager Sorell Post Office in Tasmania

Our partnership with fulfilment technology provider Doddle continues to gain momentum, with more than 225 locations across multiple retailers including IGA, My Pet Warehouse and selected Coles Express locations, now registered as hosts within the Australia Post Collect & Return™ network.

In the last 12 months we also welcomed our 500th parcel locker at Sorell Post Office in Tasmania and added 134 new locations to our 24/7 parcel locker network, bringing our total to 530. Our customers can also access a further 153 parcel lockers at 7-Eleven locations around the country.

With more people shopping online and splitting their time more evenly between home and the physical workforce, choice and flexibility in delivery has never been more important for our customers, which is why we continue to invest in and expand our network of return and collection points.

Workforce verification

Our Workforce Verification solution supports businesses and governments to streamline their hiring processes by allowing candidates and employees to complete their employment background screening requirements in our Post Offices or online. In the last year, the broad reach and accessibility of the service has been critical in supporting businesses and government departments nationally to onboard new starters remotely.

We made several improvements to make it easier for employers to verify and record Working with Children requirements and complete Citizenship Checks within the workforce verification portal. We also expanded our ability to integrate with the recruitment systems of large enterprise and government customers, helping them to further streamline their processes.

Future outlook

The needs of our customers are always changing, and we will continue to draw upon our technology, data and insights to adapt our products and services, enhance our digital capabilities and improve our parcel tracking and notifications to ultimately deliver a better experience for all our customers.

The past 12 months have provided many opportunities to stand up new solutions for our customers and to fast-track initiatives in response to increased pressure on our network. We will use the learnings from the last year to continue developing innovative solutions for our customers, improving our parcel services, and driving improved safety and engagement outcomes for our people.

Our environment

Postal Manager Virginia and Delivery Manager Andy at Dubbo Post Office in NSW

Our environment

124 million

parcels delivered carbon neutral since October 2019

74,500+*

pieces of soft plastic diverted from landfill

1 of 13

Australian companies with a validated Science Based Target

* Soft plastics collection eight week pilot in 12 Post Offices across regional NSW

With our broad reach across the country and a presence in almost every community, we recognise the important role that we must play in helping to drive a sustainable future for all Australians. This year we continued our focus on reducing our environmental impacts, facilitating a circular economy and ensuring traceability and transparency within our supply chain.

Helping build a sustainable future

Despite the significant increase in parcel volumes, driven by the extraordinary growth in eCommerce, we have continued to progress toward the achievement of our 2025 environmental targets. Though this has been tempered by the need to charter additional flights and put more vehicles on the road in the short term, we have remained focused on delivering for our customers at a time when they were relying on us most.

We know every delivery has a carbon footprint and we are committed to reducing our emissions while growing our business through energy efficiency upgrades in our facilities, network improvements, adoption of low carbon technology and increasing our use of renewable energy.

We continue to find ways to minimise waste and we are working closely with both consumers and our business customers to help facilitate a circular economy. As we look ahead, we are considering how we can partner with our customers and those organisations in our supply chain to reduce not just our direct emissions but our indirect emissions as well, to deliver better environmental outcomes.

Sustainable packaging

We have been a signatory of the Australian Packaging Covenant Organisation (APCO) since 2005, joining the Australian Government and other major Australian brands in the ambition to achieve Australia's National Packaging Targets by 2025.

We continue to progress against these four APCO targets:

1. **100%** reusable, recyclable or compostable packaging
2. **70%** of plastic packaging being recycled or composted
3. **50%** of average recycled content included in packaging
4. The phase out of problematic and unnecessary single-use plastics packaging

With the increase in online shopping our customers are becoming more conscious about the environmental impact of our packaging. They expect us to make our packaging environmentally friendly, and to be responsible stewards of the waste our business creates. We are proud of the initiatives we have introduced to proactively address this.

Plastics pledge

The majority of our plastic satchels are made from recycled plastic and we are in the process of converting the rest and removing surplus old supply in parts of our network. These steps will fulfil the pledge we made at the National Plastics Summit 2020 that all our plastic packaging will be made from recycled content by the end of 2021.

In addition to incorporating recycled plastic into our satchels, we are exploring ways to make our satchels reusable. This year we introduced a multi-use 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 hope to expand on this range as we learn more about our customers' response to this product.

Berry Post Office licensee Paul was not expecting the soft plastics container to fill up in a matter of days

Recycling soft plastics with REDcycle

This year we launched a Soft Plastics Collection Trial in 12 Post Offices in regional NSW, enabling customers to recycle their soft plastics, including our satchels via a REDcycle bin in store.

In the eight week trial period alone, we helped to divert over 298kg or 74,500 pieces of soft plastics from going to landfill. Following the success of the pilot we are now working closely with Licensed Post Offices across the country to extend access to this service over the next 12 months. We will be leveraging our reach to extend access to Australians who do not currently have a soft plastics recycling option available to them.

All of Australia Post's plastic packaging can be recycled through our partnership with REDcycle. These satchels are given a second life, and turned into new products including indoor and outdoor furniture, bollards, signage and asphalt.

Our partnership with REDcycle also connects our environmental sustainability agenda with our enterprise commitment to community disaster support. Over the last year we have been donating outdoor seating to fire affected communities in Queensland and Victoria. It is a small contribution to the complex process of healing and recovery that is underway in many parts of Australia.

The Chinchilla Post Office was the first to receive a bench seat for the community, and Postal Manager Darren Williams says the chair is already making a difference.

Alison and Darren from Chinchilla Post Office, one of the first Post Offices to receive a REDcycle bench

> “It was fantastic to receive a new bench for our Post Office. It has been very warmly received by the community. The fact it's made from recycled soft plastics really shows what an impact recycling can have, and we thank Australia Post for the donation.”
>
> **– Darren Williams, Chinchilla Postal Manager**

Packaging lifecycle assessment

In 2019 we commissioned research that compared the total environmental impact of five satchel types over their lifecycle. This independent research found that plastic satchels made from recycled plastic content are the most environmentally friendly packaging option.

As a result, we have worked hard to ensure the majority of our plastic satchels are made from recycled plastic and work is underway to convert the rest and remove surplus old supply in parts of our network.

These steps will enable us to fulfil the pledge we made at the National Plastics Summit 2020 that all our plastic packaging will be made from recycled plastic by the end of 2021.

Waste and circular economy

Waste

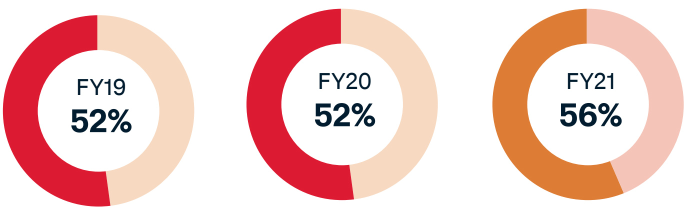
Our waste volume reduction target is ambitious, and with the growth in eCommerce, our volumes have grown significantly. We are turning our attention to innovative ways to reduce our waste, by leveraging the procurement and customer onboarding processes. We are tracking well against our recycling target and continue to explore new ways to design out waste to meet our reduction target.

Last year we introduced two new waste targets:

20%
reduction of waste volumes by 2025

increase recycling rate to
70% by 2025

Recycling rate



Digital payslips save trees

In 2021, we shifted the remainder of our workforce to digital payslips, enabling us to save the equivalent of 119 trees a year. This will also help us to use 1 million fewer pieces of paper.

Circular economy

As Australia's largest logistics provider, we are committed to being an impactful enabler of the circular economy. We recognise that as a society we need to shift our existing consumption from take, make and dispose – to a circular economy where as much value as possible is retained from the resources and materials used.

That's why we facilitate a number of returns programs through our extensive network, including MobileMuster, Cartridges4PlanetArk and Nespresso.

These are great initiatives, but we know there is always more to do, and we are actively exploring more ways we help facilitate more programs like these.

Recycling Telstra mobile phones

In July 2020, we launched a new program in collaboration with Telstra and Social Enterprise, PonyUp for Good to collect and responsibly recycle outdated Telstra rental landline phone handsets stored across the Australia Post network. This partnership enabled 4,084 kg of technology to be kept out of landfill.

PonyUp for Good then donated 50 per cent of the program's profits to food rescue charity SecondBite, enabling them to deliver 6,740 fresh meals for Australians experiencing food poverty. It's an exciting way we are turning waste into a resource.

Revamp Network convenes

To support the transition to a circular economy, since 2016 we have been convening the Revamp Network to provide a collaborative cross-sector forum for stakeholders to find new and innovative solutions for the responsible production and consumption of goods. For over five years now, we have explored leading edge ways to work towards a sustainable circular economy and we continue to harness the power of shared knowledge and cross-sector collaboration. In particular, we acknowledge the recent Commonwealth waste export bans, and corresponding emphasis on managing waste in Australia. We hope to play a more active role to facilitate materials being reused, returned or recycled at scale.

Darren Mills, Belinda Hyland and Trent Jones at StarTrack Minchinbury s new General Waste Compactor called The Shark

Tackling operational waste at Minchinbury

Every day volumes of product are moved through our StarTrack Minchinbury site, generating a significant amount of waste. But last year, the team witnessed how small systemic changes can help save time and money, while reducing waste and improving the safety of our people.

"StarTrack was contributing a large amount of waste to the general waste stream. So, the question was really, 'What can we do to be more sustainable, and reduce some costs around our waste?'" asked Facility Manager Trent Jones.

To drive awareness, increase accountability and divert more waste from landfill, Trent and his team developed a tailored waste management plan, provided toolbox talks to staff, installed a waste compactor and introduced signage to help make it easier for people to do the right thing.

Trent says he is incredibly proud of the team's efforts; "We've been able to turn the facility around and we now have some clear processes in place. The team has really adapted and embraced the change.

> "After three months it's just second nature for everyone on the floor and it's made a difference to the presentation of the facility too. Overall, it's a much cleaner and pleasant place to work."
>
> **– Trent Jones, Facility Manager, StarTrack Minchinbury**

Managing our climate risks

We are taking steps to manage our climate-related risks, considering the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) across the governance, risk management and strategy.

Strategy

Within our 2020-2022 Group Corporate Responsibility Plan we have committed to transparently managing the physical and transition risks associated with climate change. We do this by:

- Incorporating climate change and severe weather-related risks into building design standards, property evaluations, asset management activities and network planning
- Integrating and maintaining climate change and severe weather 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, building our resilience is more important than ever.

Governance

The Executive Team and Board have oversight of climate-related risks and strategy development. Specifically, the People and Sustainability Committee has oversight of our environmental sustainability strategy and initiatives, and the Audit and Risk Committee have oversight of all enterprise risks.

Risk management

We identify climate-related risks and opportunities 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 material 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 network is resilient, our people are safer and we can continue to serve the community.

Metrics and targets

This year our target to reduce emissions by 15 per cent by 2024/25 (from a 2018/2019 baseline) was officially validated by the Science Based Target Initiative. We are one of only 13 organisations in Australia with a validated target.

We are committed to reducing our emissions against Scopes 1, 2 and 3.

We addressed our **Scope 1** direct emissions from owned or controlled sources, primarily from fuel in our vehicles by:

reducing our motorcycle fleet by

547

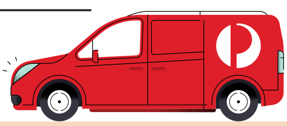
converting

90

fleet cars to hybrid vehicles

incorporating three A-Double trailers to improve productivity by

30%



We addressed our **Scope 2** indirect emissions from the generation of purchased electricity across our 1,200+ properties by:

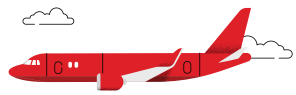
continuing to roll out solar to our facilities – including implementing a new large scale system

958KW

2x

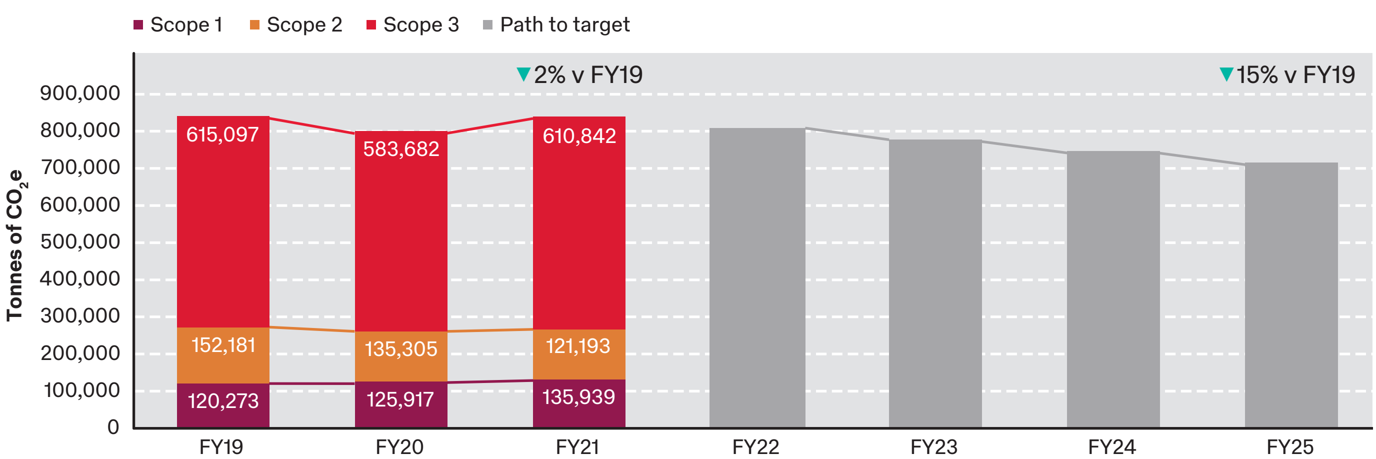
doubling our renewable energy usage

To address our **Scope 3** indirect emissions, including air freight and contractor vehicles, we are actively engaging with our largest road, air and road freight providers to determine a common pathway to reducing our environmental impact.



Carbon Reduction Target Update

Financial year comparison against our baseline of FY2019



GHG Emissions Commentary

- **Scope 1** – We have seen an eight per cent increase in scope 1 emissions, related to an increase in diesel emissions from our large trucks and vans delivering more parcels during this period of growth. We have seen a reduction in emissions from our reduced fleet of motorcycles and our new Hybrid Corollas, contributing over 1,500 tonnes in savings, and productivity gains from introduction of three A-Double trailers with our Prime Movers.
- **Scope 2** –We have seen a 10 per cent decrease in effective electricity emissions primarily due to the retirement of Renewable Energy Certificates as well as a continued focus of energy efficiency in our delivery network and the rolling out of solar at nine sites with a combined capacity of 1,353 KW.
- **Scope 3** – We have seen a four per cent increase in Scope 3 emissions, primarily in our sub-contracted road network, arising from increased parcel volumes transported across our road network and increased international airfreight due to methodology changes (see Criteria). We have seen benefits from reduction in business travel and emissions from the LPO network, with the electricity grid continuing to decarbonise.

Criteria

- Scope 1 and 2 emissions have been calculated in accordance with the National Greenhouse Accounts (NGA) Factors July 2020.
- Scope 3 emissions have been calculated in accordance with the NGA Factors July 2019, including an air freight factor from Qantas and our sub-contracted road transport being based on the fuel efficiency of our fleet.
- Reporting of emissions from international air freight in 2020/21 has been impacted by COVID-19 with significantly reduced aviation capacity from Australia and increased difficulty obtaining individual flight records. Consequently, our methodology has been updated. In prior reporting periods, we calculated emissions based on origin to first port of call at which point the parcel was taken on by another carrier. For this reporting period we have calculated our emissions based on distance between origin and final destination for the parcel irrespective of carrier. This approach has resulted in increased total distance travelled and an uplift in associated international airfreight emissions. This change will affect the comparability of the current year's data and the comparative information presented. We expect to apply this methodology in 2021/22 due to ongoing impacts from COVID-19.

Carbon Neutral Deliveries program

Since October 2019, we have offset the emissions of over 124 million parcel products sent through our retail and MyPost business channels – the equivalent of taking close to 100,000 cars off the road. This was achieved by purchasing carbon credits from the Qantas Future Planet program which supports projects with environmental and social outcomes, both here in Australia and around the world. Our approach is certified by the Australian Government's Climate Active program.

West Arnhem Land Fire Abatement Project

Australia Post invests in a mix of carbon offset programs both domestically and overseas . We are among the three largest buyers of Indigenous offsets in Australia. One of the projects we invest in is the West Arnhem Land Fire Abatement Project which supports Aboriginal people in returning to, remaining on, and managing their country. This project is closely aligned with our commitment to reconciliation, as set out in our fourth Reconciliation Action Plan.

Our carbon credits from this project fund the wellbeing of traditional custodians, as well as protecting the natural environment. Considering Arnhem Land in the Northern Territory is prone to extreme wildfires, this project protects the biodiversity of the land, using both incendiary pellets dropped from helicopters and ground burning during the early dry season to reduce fuel loads and establish a mosaic of cool burns around the project area.

This project is owned exclusively by Aboriginal people with custodial responsibility for parts of the land under active bushfire management, so it not only protects the biodiversity of the land but also supports them in remaining on and managing their country.

Environment summary table

Indicator	2017	2018	2019	2020	2021
Scope 1 Emissions (tonnes)	**118,291**	**119,288**	**120,274**	**125,923**	**135,939**
Natural Gas	5,547	5,536	5,360	5,631	**5,394**
LPG (All)	5,845	5,897	5,723	6,732	**6,127**
Diesel including generation	99,318	100,354	101,941	106,808	**119,194**
Petrol	7,581	7,502	7,249	6,752	**5,223**
Scope 2 Emissions (tonnes)*	**161,446**	**156,505**	**152,181**	**135,305**	**121,193**
Electricity Grid*	161,446	156,505	152,181	138,644	**133,087**
Scope 3 Emissions (tonnes)	**505,556**	**547,645**	**615,097**	**585,489**	**610,842**
Energy and fuel losses	28,353	26,822	24,555	24,567	**23,108**
Sub-contracted Road Transport	222,046	199,768	215,677	217,215	**239,681**
Sub-contracted Air transport	202,866	272,389	277,411	248,527	**253,422**
Sub-contracted rail	5,659	9,772	9,894	9,139	**9,708**
Sub-contracted ship	3,574	2,851	2,354	1,778	**2,362**
Business travel	4,872	4,058	4,058	2,799	**588**
LPO electricity	25,187	19,644	21,880	20,509	**18,943**
Waste	12,999	12,341	11,150	11,501	**13,969**
Material packaging and data centres	-	-	32,884	35,151	**34,994**
Material packaging disposal	-	-	14,666	14,067	**14,067**
Other Indicators					
Energy Consumed (GJ)	2,404,018	2,404,515	2,431,788	2,356,953	**2,495,743**
Renewable Energy Production (GJ)	5,403	9,818	17,001	16,645	**21,384**
Renewable Energy Certificates – retired* (tonnes CO2e)	-	-	-	-3,339	**-11,894**
Carbon Offsets (tonnes CO2e)	-	-140	-1,543	-89,363	**-150,124**
Waste to landfill (tonnes)	9,285	8,815	9,292	9,584	**10,745**
Waste Recycled – Operational (tonnes)	10,532	11,699	10,423	10,648	**13,511**
Water (kilolitres)	449,300	494,851	471,959	445,504	**425,222**

* In 2020/21 we retired 11,894 tonnes of CO2e in Renewable Energy Certificates.
Note: Australia Post reports all Scope 3 related transport emissions based on the calendar year which is then reported to the International Postal Corporation.

Challenges

Working with our supply chain to reduce emissions: To become more energy efficient and sustainable in the long term, we will need to strategically partner with our suppliers, specifically in the aviation and fleet sectors to achieve our science-based target. As Scope 3 (indirect) emissions make up nearly 70 per cent of our entire emissions profile, this will be a key focus for us going forward.

Availability of electric vehicle infrastructure: In Australia, the development of electric vehicle infrastructure across the whole country continues to be a challenge. While we will be welcoming a new Fuso eCanter truck to our fleet in the coming year, it is expected that large electric trucks will not reach our region en masse until after 2025.

Creating more demand for recycled content products: We have committed to ensuring all our plastic satchels will contain recycled plastic by December 2021. Our approach is informed by independent research that found satchels made from recycled plastic are the most environmentally friendly option. When managed well, plastic and other recycled materials can be used as a valuable resource to make new products. However we are also actively seeking ways to create more demand for recycled content products. Particularly in light of the Recycling and Waste Reduction Bill 2020, which is incrementally banning the export of different waste streams, including paper, plastic, glass and tyre waste, from 2021 to 2024.

Future outlook

We will continue to deliver on our carbon reduction strategy to address Scopes 1, 2 and 3 emissions. In particular, the arrival of our new electric Fuso trucks will enable us to contribute to a sustainable future and reduce our direct emissions. We will continue to invest in renewable energy across 1,200 properties that we own or lease. Additionally, a key focus will be to work closely with key suppliers to together address our Scope 3 - indirect emissions.

We are well placed to deliver on our plastics pledge and we will continue to incorporate circularity in every step of the packaging process – from design and production, to product use, through to the next life of the product. By the end of this year, all of our plastic satchels will contain recycled content plastic, delivering on our commitment.

Further, we are committed to incorporating sustainable principles in the development of our packaging and maintaining a program to identify, evaluate and deploy sustainability improvements. The multi-use satchels in our StarTrack range were a great first step, but we are challenging ourselves and exploring what our next steps for this might look like.

Addressing our 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.

Key risk area	Controls and mitigating actions
Health, safety and wellbeing Our safety aspiration is striving for zero harm for everyone by placing their care and wellbeing at the centre of everything we do. This risk is reflective of the physical nature of our operations and the inherent safety exposures related to an ageing workforce.	• We are implementing the Safety, Wellbeing & Injury Management Strategy which focuses on safety leadership and culture, critical safety risk management, a tailored psychological safety and wellbeing program, injury prevention and improving return to work outcomes. • We continue to invest in automation, infrastructure, technology and safer delivery modes. • We have implemented COVIDSafe plans to protect our workplaces and customers. • We deliver focused training to address key safety risks. • We have piloted Lean safety programs at key sites and will progressively roll out these initiatives to additional facilities. See more on pages 22 - 25
Achieving long-term sustainability We continue to see a decline in letter volumes and a growth in eCommerce that has driven significant increases in parcel volumes. These factors present challenges in adapting our operations and continuing to meet customer expectations and prescribed performance standards, while remaining financially sustainable in the long term given the losses incurred in providing the letters service.	• We adjusted our delivery operations to meet the needs of our customers during COVID-19 increasing our ability to deliver growing volumes of parcels. This included implementing the temporary changes to our prescribed performance standards and retraining Posties for parcel deliveries. We will continue to adapt our operations to meet our customer expectations and community obligations. • We monitor eCommerce and retail market drivers to inform short and medium-term planning. • We continually review 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. • We will continue to develop innovative products and services to uplift the customer experience including through easy collections and returns and enhanced visibility and tracking. See more on pages 45 - 47, 53

Key risk area	Controls and mitigating actions
Maintaining strong relationships with stakeholders We must maintain strong relationships with our stakeholders so that we can secure support to evolve our regulatory framework to adapt to changing product mix, volume growth and customer and community expectations	• We proactively engage with our customers, our people and government to discuss the need for sustainable regulatory reform and transformation required to achieve our strategic aspirations. • We have established an enterprise-wide stakeholder engagement process in relation to the implementation of the new delivery model post the expiry of the temporary regulatory relief. • We have a Stakeholder Council that meets regularly to provide advice and guidance on a range of issues, as a representative voice for our key stakeholder segments including customers, small businesses, suppliers, community members and our extended workforce. The Council reviews and guides our approach to stakeholder engagement and corporate responsibility. See more on pages 37 - 38, 42
Information technology and cyber security Cyber and technology risks remain a key area of focus due to the increasing sophistication and prevalence of cyber threats and the reliance on technology to deliver our products and services to our customers. We recognise the importance to our customers and stakeholders of maintaining the confidentiality, availability and integrity of our data	• We operate a suite of preventative controls across our IT network, servers and devices and continuously monitor security vulnerabilities and the external threat landscape. • We educate our people on cyber security risks through mandatory cyber training programs and awareness campaigns. • We are implementing an 'essential eight' cyber security program to improve controls for critical applications and continue to invest in cyber security technology • We have conducted risk assessments of our operational technology environment to inform future investment. • We continue to update and replace legacy technology through our risk-based Asset Lifecycle Replacement program. See more on pages 38, 47 - 48
Deliveries network optimisation Our parcels business operates in a highly competitive and fast paced market, where competitors and disruptors could impact market share, growth and profitability. We must also adapt to the ongoing decline in letters volumes to deliver a sustainable, efficient, and optimised operational network.	• We continue to invest in automation, infrastructure, and technology to address eCommerce customer expectations by uplifting the capacity and capability of the network to service projected future customer volumes. • We analyse data across the network to capture how the network is operating to address any service performance issues and to influence future network design. • We operationalised the temporary changes to the Prescribed Performance standards during 2020/21 and will deliver the required operational changes to meet the Prescribed Performance standards post the expiry of the temporary regulatory relief. • We address and respond to stakeholder feedback on options regarding sustainable regulatory reform. See more on pages 47, 53 - 54

Addressing our key risks

Key risk area	Controls and mitigating actions
Post Office network optimisation Post Offices have remained a focal point in many communities through the COVID-19 pandemic and It is important that our Post Office network continues to evolve in response to changing customer and community needs.	• We develop innovative and customer-centric products and services to grow revenue, drive retail foot traffic and to enhance the relevance of Post Offices. • We continue to invest in technology and security of the Post Office network to support the Bank@Post services. • We implemented COVIDSafe plans to protect our customers and staff. • We are investing in the upgrade of our Point of Sale System to streamline transaction processing and enable the easy onboarding of new services. • We will focus on transforming back-of-house capacity and capability to support the growth in parcel volumes and on maintaining the currency and integrity of the LPO Payment Scheme. See more on pages 33,35,36 and 51
Operational resilience The COVID-19 pandemic has highlighted the importance of the services we provide to our customers and communities, and the need for these services to be reliable, consistent and resilient to disruptive events.	• We have contingency plans for periods of disruption and high volumes and will continue to evolve and test these plans to cover a broad range of scenarios. • We are able to alter operations to bypass impacted sites and quickly stand up temporary sites to maintain services and recover from a disruptive event. • We regularly update our Network Plans to consider future growth areas, learnings from previous disruptions, capacity and capability. This includes increasing the interoperability and alignment between services at different sites. See more on page 45 - 47

Materiality assessment 2021

Defining our material issues

Every year we conduct a materiality assessment to learn which aspects matter most to our business and stakeholders. This process assists us in prioritising important topics to focus on and guides our sustainability strategy and reporting process. We consider an issue is material if it can substantially influence the assessments and decisions of our stakeholders, and if it reflects our areas of greatest economic, environmental, and/or social impact.

Our most recent materiality review built on the process and findings from our 2020 assessment. It aligns with the GRI Standards and the <IR> Framework, and follows these steps:

Review: We started by reviewing and simplifying the 2020 list of material issues, clustered according to six different types of capitals (financial, social, environmental, intellectual, physical and human). These issues were identified through desktop-based research of peers, results of our ongoing dialogue with employees, customers, partners and the broader community, media reports and sustainability thought leadership from industry experts and frameworks, such as the UN SDGs, GRI Standards, the UN Global Compact and the <IR> Framework.

Prioritise: Over time, we alternate between in-depth materiality assessments and lighter touch updates – due to the impacts of COVID-19, this year we refreshed the results from the 2020 review based on a limited survey with stakeholders, insights from media clippings, input from senior leaders and available market research. We complemented this exercise with an exploration of the impact that those issues have on the economy, the environment and society based on external and independent ESG research specific to our industry. We believe our assessment reflects our current operating environment fairly. In 2022 we will develop an in-depth materiality assessment to inform our reporting and our future sustainability strategy.

Review: We reviewed the insights obtained to identify key priorities, challenges, opportunities and connections among issues, clustered into six focus areas in line with the <IR> Framework:

- 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 process were discussed with and validated by our Annual Report Steering Committee and the outcomes were used to inform decisions on the relevant disclosures for this Annual Report and our future direction.

The table below summarises the 10 most material issues for Australia Post in 2021*.

- Employee safety, health and wellbeing
- Viable parcel business
- Operating profitably
- Workforce engagement
- Post Office network viability
- Customer experience
- Corporate governance
- Employer of choice
- Reliable letters business
- Supporting the community

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.

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 the Chairman of Health Infrastructure NSW and Australian Naval Infrastructure Pty Ltd, Deputy Chairman of Moorbank Intermodal Company and a non-executive director of AustralianSuper. He was, until June 2016, a non-executive director of Australian Rail Track Corporation and, until April 2020, the Chairman of 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.

Ms 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 SeaLink 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 US and Asia.

Bruce McIver AM

FAICD

Director (non-executive)

Bruce McIver was appointed to the Australia Post Board in December 2015 (his current term expires in December 2021).

Mr McIver has strong business experience with expertise in transport and logistics in Australia and across the Asia Pacific region. Mr McIver is currently a director of the City of Brisbane Investment Corporation, Intermico and Nimrod Resources Limited.

He was most recently the President of the Liberal National Party of Queensland.

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.

The Hon Michael Ronaldson

LLB

Director (non-executive)

Michael Ronaldson was appointed to the Australia Post Board in May 2016 (current term expires in May 2022) and is a former member of the Australian Parliament, representing the Liberal Party.

Mr Ronaldson was a Senator for the state of Victoria from July 2005 until February 2016, and previously served in the House of Representatives as the member for Ballarat from 1990 to 2001.

He served as the Minister for Veterans' Affairs, the Minister Assisting the Prime Minister for the Centenary of ANZAC, and the Special Minister of State, was previously a director of Snowy Hydro Ltd and Berklee Pty Ltd, and was the CEO/Founder of Madison Public Affairs. Mr Ronaldson is currently the chairman of InnoWell and a director of The Oliver Foundation.

Jan West AM

BCom, FCA, FAICD, MCEW

Director (non-executive)

Jan West was appointed to the Australia Post Board in May 2016 (current term expires in May 2022).

Mrs West is a Chartered Accountant with over 30 years' experience as a non-executive director of commercial, government and not-for-profit entities. She is currently an independent member of the Audit and Risk Committee of the Department of Treasury and Finance in Victoria, a member of the Audit and Risk Commission of the International Federation of Red Cross Red Crescent Societies and was until December 2019 a non-executive director of Dairy Australia and Neurosciences Victoria.

A former partner of Deloitte, Mrs West has extensive finance, audit and risk management skills across international, listed and private companies, government agencies and community organisations, and many industry sectors. She has been National President and Chairman of the Board of Chartered Accountants Australia and New Zealand and a member of the Financial Reporting Council. She is an experienced chair of many Audit and Risk Committees and member of several Nomination Committees.

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 was CEO of the Chamber of Commerce and Industry of Western Australia from 2014 until 2018. She is a former lawyer and has held senior roles with Fortescue Metals Group Ltd, Melbourne 2006 Commonwealth Games and as Chief of Staff to the Premier of Western Australia.

Ms Willmott is a director of the Perth USAsia Centre and Rock Art Australia in addition to being a member of the Melbourne School of Government Advisory Board.

Rodney Boys

Acting Group Chief Executive Officer and Managing Director (executive)

Rodney Boys was appointed Acting Group Chief Executive Officer and Managing Director, with effect from 23 October 2020.

See profile on page 70.

Former Directors

Christine Holgate

Ceased employment as Group Chief Executive Officer and Managing Director, with effect from 2 November 2020.

Mario D'Orazio

Resigned from the Board, with effect from 26 June 2021.

Our Executive Team

Rodney Boys

BBus, CPA

Acting Group Chief Executive Officer and Managing Director

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.

Rod Barnes

Executive General Manager, Deliveries

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.

As Executive General Manager, Deliveries, Rod is responsible for leading Australia's biggest logistics network, which delivers 2.6 billion items annually to 12.4 million delivery points across Australia and more than 200 countries, territories and regions across the world.

With a focus on improving the delivery experience and employee safety, 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.

Ingo Bohlken

MEcon

Executive General Manager, Product & Innovation

Ingo joined Australia Post in July 2018 and has extensive international experience, including 17 years at Deutsche Post/DHL, Germany's national postal service.

At Deutsche Post/DHL, Ingo held senior roles including Chief Executive Officer for DHL Parcel Germany and Chief Marketing Officer for Mail & Parcel.

Ingo is passionate about innovation and the important role the postal service plays in connecting communities with each other and the world. He has a wealth of knowledge and experience in how postal organisations are evolving their offering to continue to be relevant in an ever-changing world.

John Cox

BA/BSc, MAICD

Executive General Manager, Transformation & Enablement

John was appointed to the role of EGM Transformation & Enablement in March 2020. He is accountable for Strategy, Technology, Communications, Government Relations, Data Science and our Transformation office. He joined Australia Post in August 2016 as Chief Information Officer.

His career has covered the breadth of financial services (banking, payments, insurance, wealth, and markets), retail, government services and logistics. Prior to joining Australia Post, John spent eight years at NAB in a variety of roles, concluding as CIO for Banking and Markets.

He started his career in Management Consulting at Accenture, working on large scale business transformations across the globe.

Sue Davies

EMBA, GAICD, MCEW

Executive General Manager, People & Culture

Sue joined Australia Post in February 2015 and was appointed to the role as EGM People & Culture in July 2018.

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.

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.

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.

She is also Executive Sponsor of the Australia Post Emerging Leaders Program that supports our Indigenous workforce.

Nicole Sheffield

LLB, BA, MBus, MCEW

Executive General Manager, Community & Consumer

Nicole joined Australia Post as EGM Community & Consumer in August 2018. She is a highly accomplished senior executive with extensive experience in the media, marketing and digital industries. Nicole is accountable for delivering seamless experiences across the key customer channels including Australia's largest retail network of over 4,300 Post Offices, the customer contact centre and digital channels. She is also responsible for brand, marketing, media and communications, community and corporate responsibility.

Prior to joining Australia Post, Nicole held a number of leadership roles, including Chief Digital Officer for News Corp Australia, responsible for the company's digital revenue growth and strategy, audience and subscription growth, content optimisation and marketing. She was also Chief Executive of NewsLifeMedia, leading the lifestyle publishing division.

Nicole is a Non-Executive Director of Capitol Health (ASX:CAJ) (since December 2015), Chairs the Australian Broadcasting Corporation (ABC) Advisory Council and is on the Committee for the Australian Retailers' Association. She was previously a Director of Chief Executive Women (CEW) and served as Chair of the Interactive Advertising Bureau (IAB) Australia.

Gary Starr

BSc, BEng

Executive General Manager, Business, Government & International

Gary joined Australia Post in January 2016, and was appointed as EGM Business & Government in 2018.

With over 25 years' experience in the telecommunications and technology sectors, Gary has a strong track record of driving growth in sales, revenue and profitability as well as building high performance teams and culture.

Prior to joining Australia Post, he was Vice President at Motorola Solutions responsible for the business across Australasia, South East Asia and India with a particular focus on the public safety, transportation, retail, supply chain, manufacturing and minerals and energy sectors.

Gary is a strong advocate for inclusivity and is the Executive Sponsor of PostPride, our network of people who are interested in developing, supporting or learning more about the Australia Post LGBTI+ community.

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

Corporate governance statement

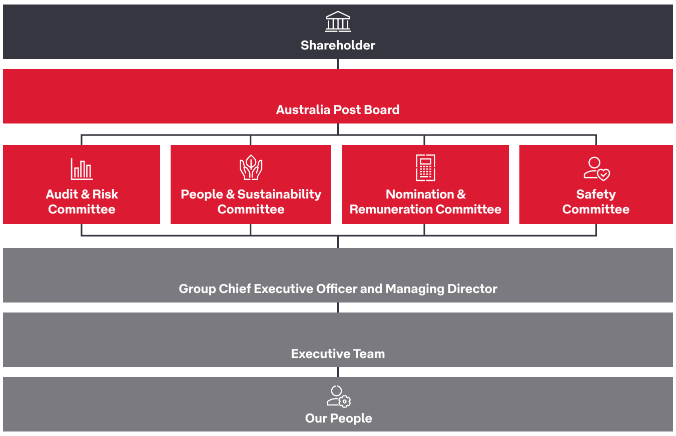
for financial year 2020/2021

This is a summary version of the Corporate Governance Statement approved by the Australia Post Board on 26 August 2021.

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).

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), is published on Australia Post's website.



The Australia Post Board is responsible for the governance of Australia Post. The Board has a formal Charter. A copy of the Charter is available on Australia Post's website at **https://auspost.com.au/about-us/corporate-information/our-organisation/board-and-committee-charters.** The role of the Board is to decide the objectives, strategies and policies to be followed by Australia Post and 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 its purposes and financial sustainability and the proper use and management of public resources. The Board must also establish and maintain appropriate systems of risk management and internal control.

In financial year 2020/21 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. For example, the Audit and Risk Committee's members bring qualifications and experience in finance, audit and risk capacities, experience in leading and participating in both Government and commercial organisations, and diverse skills and knowledge adapted from a range of industries and vocations.

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 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 global eCommerce organisation. Diversity of the Board, including through gender, age, 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 performance of the Board 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, and the Committees' self-assessments, were delayed in financial year 2019/20 as a consequence of the COVID-19 pandemic and were completed in early 2021 and December 2020 respectively.

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, such as the limits that apply in respect of 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 also providing clarity on the roles and responsibilities for those managing risk.

Australia Post has a Code of Conduct, referred to as 'Our Ethics', that applies to Australia Post and its Directors, employees, 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 2020-21

	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	27	27^	–	–	–	–	7	7^	5	5
Christine Holgate	4	4	–	–	–	–	–	–	–	–
Rodney Boys	15	15	–	–	–	–	–	–	–	–
Andrea Staines OAM	27	23	4	4	5	5	7	7	–	–
Mario D'Orazio	27	26	–	–	5	4	7	7	5	5
Bruce McIver AM	27	27	4	4	–	–	7	7	5	5
Tony Nutt AO	27	27	–	–	5	5	7	7	–	–
The Hon Michael Ronaldson	27	27	4	4	–	–	7	7	5	5^
Jan West AM	27	27	4	4^	–	–	7	7	–	–
Deidre Willmott	27	27	–	–	5	5^	7	7	–	–

Notes: (a) Number of meetings held while a formal forum member. For Board meetings, the number for the Group Chief Executive Officer and Managing Director (or the person acting in that role) excludes meetings held for Non-Executive Directors only. (b) Number of meetings attended while a formal forum member. Directors may attend meetings of forums that they are not a formal member of to observe, where invited by the Committee. While no Board meetings were held at Australia Post operating sites due to the COVID-19 pandemic and most were held via videoconference, the Board visited major operating sites in Sydney in May 2021. One of the Board meetings held was a dedicated strategy session. Eight of the Board meetings held were for Non-Executive Directors only.

Shareholder Departments' Investigation

In October 2020 Australia Post's Shareholder Ministers announced that they had instructed the Department of Infrastructure, Transport, Regional Development and Communications and the Department of Finance to conduct – with the support of an external law firm – an investigation into the gifts of Cartier watches given by the former Group Chief Executive Officer & Managing Director in November 2018 to four senior managers at Australia Post.

Both before and after the investigation was undertaken, Australia Post made changes to update and strengthen its internal control and governance frameworks in connection with the use of public resources, rewards and recognition, and related matters.

Remuneration report 2021

Message from the Chair

On behalf of the Board, I am pleased to introduce Australia Post's Remuneration Report for FY21.

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.

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 that the Government recently released '*Performance Bonus Guidance - principles governing performance bonus use in Commonwealth entities and companies'* to apply from FY22.

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 all strategic objectives with the exception of employee engagement. The delivery of strong performance against the strategic objectives of the Australia Post Group has provided significant benefit to the community, the shareholder and the economy.

Based on that performance in a very challenging operating environment, the Board determined to pay performance-based incentives to eligible contract level employees. In recognition of the significant levels of performance within the Executive Team, the Board used its discretion not to apply any deferral to performance-based incentives to Executive Team members.

The assessment of enterprise and individual performance and the determination of performance-based incentives in FY21 was robustly governed in accordance with Australia Post's remuneration policy and incentive plan rules.

I would like to take this opportunity to again acknowledge our former Group Chief Executive Officer and Managing Director, Christine Holgate for her hard work and achievements at Australia Post over the past 3 years.

We look forward to welcoming Paul Graham as our Group Chief Executive Officer and Managing Director in September. Paul's 40 years' of deep industry experience working in retail and supply chain in Australia, Europe and Asia, combined with his community and customer-focused philosophy will bring enormous value to Australia Post.

The Board and I would also like to extend our thanks to Rodney Boys, for acting in the Group Chief Executive Officer and Managing Director role since 23 October 2020 and for the outstanding way in which he led Australia Post, and to the Executive Team for their contribution during an exceptionally challenging year.

I would also like to acknowledge Mario D'Orazio who resigned as a non-executive director on 26 June 2021.

This Remuneration Report provides full and accurate disclosure in relation to our remuneration policies and practices for FY21. 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 and the strategy the Australian Postal Corporation (Australia Post) applies to remunerate key management personnel (KMP) and other highly paid staff. 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 reward and supporting the attraction and retention of high-calibre senior executives and staff.

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 2021 (FY21) as it applies to KMP, comprising non-executive directors, the Group Chief Executive Officer and Managing Director (GCEO&MD) and senior executives. For the purposes of this report, senior executives are defined as the employees reporting to the GCEO&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).

Also included are aggregate disclosures of "other highly paid staff" of Australia Post, where their total remuneration exceeds $230,000, in accordance with the PGPA Rule. Reporting under the PGPA Rule is provided in bands with the first band being from $230,001 to $245,000 and subsequent bands in increments of $25,000.

Remuneration report 2021

The KMPs covered in this year's report and the details of movements throughout FY21 are outlined in the table below:

Table 1: FY21 Key Management Personnel

Name	Position[1]	KMP Team
Board of Directors		
Lucio Di Bartolomeo	Chair	Full Year
Rodney Boys	Acting GCEO&MD[2]	Part Year
Andrea Staines OAM	Deputy Chair	Full Year
Bruce McIver AM	Director	Full Year
Tony Nutt AO	Director	Full Year
The Hon. Michael Ronaldson	Director	Full Year
Jan West AM	Director	Full Year
Deidre Willmott	Director	Full Year
Former Directors		
Mario D'Orazio[3]	Director	Part Year
Christine Holgate[4]	GCEO&MD	Part Year
GCEO&MD and Senior Executives		
Rodney Boys[2]	Acting GCEO&MD Group CFO	Part Year Part Year
Rod Barnes	EGM Deliveries	Full Year
Ingo Bohlken	EGM Product & Innovation	Full Year
John Cox	EGM Transformation and Enablement	Full Year
Susan Davies	EGM People & Culture	Full Year
Nicole Sheffield	EGM Community & Consumer	Full Year
Gary Starr	EGM Business Government & International	Full Year

1. Position reflects position title at end of financial year or at employment cessation date.
2. Rodney Boys was Acting as GCEO&MD with effect from 23 October 2020. Mr. Boys' nominal role is Group Chief Financial Officer.
3. Mario D'Orazio resigned from the Board, with effect from 26 June 2021.
4. Christine Holgate ceased employment with Australia Post with effect from 2 November 2020

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 FY21 approach to Australia Post Group remuneration (with sections indicating where further information can be found within the report).

Remuneration Governance (Section 3)	Remuneration Principles (Section 4)
The Nomination & Remuneration Committee makes recommendations to the Board around Australia Post's remuneration policies and practices. The Committee may seek advice/feedback from the GCEO&MD and senior executives and from external remuneration advisors from time to time.	Six remuneration design principles to support decision making around executive remuneration are: 1. Externally accountable 2. Simple and transparent 3. Fair, equitable and motivational 4. Strategically aligned and performance linked 5. Shared responsibility and personal accountability 6. Clear remuneration governance

Remuneration Structure

(Section 5)

	GCEO&MD	Executive Team (Senior Executives)
Fixed Annual Remuneration (FAR)	• The Remuneration Tribunal sets the Total Remuneration Reference Rate (TRRR) applicable to the Australia Post GCEO&MD. • The Board then determines the GCEO&MD's FAR within a range from 10% below to 5% above the Reference Rate. The GCEO&MD's FAR may not exceed the Reference Rate within the first 12 months of appointment. • The Board may seek external independent remuneration advice.	• Set with reference to various factors determined as appropriate by the Board and the GCEO&MD including external benchmarking. • Senior executives' remuneration is approved by the GCEO&MD and considered by the Nomination & Remuneration Committee.
Short Term Incentives (STI)	The Remuneration Tribunal has determined that the GCEO&MD is eligible for performance pay (STI) up to 100% of FAR. The application of the STI including the scorecard breakdown is recommended by management and approved by the Board. The STI is aligned to the strategic priorities of the Enterprise, performance is assessed against the Enterprise scorecard outlined on page 83: • 50% Enterprise financials • 10% Business Unit financials • 20% Strategic KPIs • 20% Leadership & Safety Management	In FY21 it was recommended by management and approved by the Board that both the Executive Team and the Acting GCEO&MD performance would be measured against the Enterprise Scorecard: • 50% Enterprise financials • 10% Business Unit financials • 20% Strategic KPIs • 20% Leadership & Safety Management

Linking Strategy, Performance and Remuneration

(Section 6)

Remuneration is designed to support Australia Post's strategy to support our customers to grow and communities to thrive, connecting Australian businesses and communities to the world, creating products that people value and trust and always providing great value and service.

Remuneration report 2021

3. Remuneration governance

3.1. Nomination & Remuneration Committee role

The primary role of the Committee is to assist the Board in discharging its governance responsibilities in relation to Board performance and composition, succession planning and remuneration for the GCEO&MD, incentive plans, and remuneration policies and reporting, and within the scope of its responsibility endorse certain matters for Board approval.

The Committee's Charter is reviewed on an annual basis. The Committee comprises all Non-executive Directors of Australia Post. The current Committee Charter is available on the Australia Post website (auspost.com.au).

3.2. Engagement of external advice

To inform its decision making during FY21, the Committee sought advice on performance and remuneration related matters from the GCEO&MD, senior executives and management.

External independent remuneration advice was received by Australia Post from PricewaterhouseCoopers (PwC) in June 2021. None of the advice received included remuneration recommendation as defined by the *Corporations Act 2001*.

3.3 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.
- GCEO&MD's remuneration is determined by the Board within a range prescribed by the Remuneration Tribunal. The GCEO&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 GCEO&MD and considered by the Committee.
- Other contract employees' fixed remuneration review budgets are approved by the Board annually. The Australia Post Corporate Incentive Plan (APCIP) outcome distributions (including "Other Highly Paid Staff") are considered by the Committee. Terms and conditions of employment are outlined in individual employment contracts.

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

3.4. GCEO&MD and senior executive contract terms

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

The GCEO&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 GCEO&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 a Short Term Incentive (STI) program, APCIP, in accordance with the relevant STI plan rules.

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

3.4. GCEO&MD and senior executive contract terms (continued)

Table 2: Employment contract cessation

Scenario	Definition
Termination on notice by the senior executive[1]	The GCEO&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[1]	Australia Post may terminate the GCEO&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 GCEO&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 GCEO&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 GCEO&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 GCEO&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 GCEO&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.

1. Notice period referenced applicable to incoming GCEO&MD

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.

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 employees 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 "One Australia Post" 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.

Remuneration report 2021

5. FY21 remuneration structure

For FY21 the GCEO&MD and senior executives' remuneration arrangements were comprised of two key remuneration components:

1. Fixed annual remuneration (FAR); and
2. Short Term Incentive (STI) opportunities.

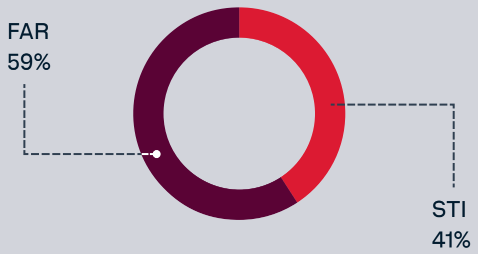
5.1. Remuneration mix

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

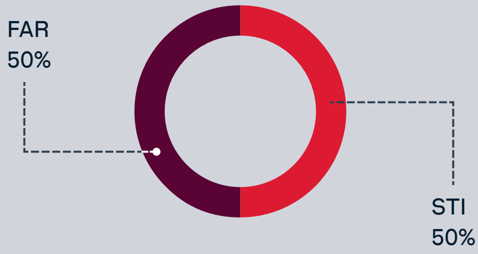
The variable, at risk component of target remuneration, is 41 per cent for both the GCEO&MD and senior executives. The Target STI opportunity is 70 per cent of FAR for the GCEO&MD and senior executives as at 30 June 2021.

The maximum STI, at risk component of remuneration, is 100 per cent of FAR for the GCEO&MD and senior executives.

GCEO&MD and Senior Executive Target Remuneration Mix



GCEO&MD and Senior Executive Maximum Remuneration Mix



5.2. Fixed Annual Remuneration

FAR aims to reward the GCEO&MD and senior executives 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.

5.3. Short-Term Incentives

STI aims to reward the GCEO&MD and senior executives for delivering financial performance and non-financial performance against a range of key performance indicators (KPIs) that are aligned to the strategic priorities of the Group. The STI plan is called the APCIP. In FY21 the GCEO&MD and senior executives' relative performance was assessed against the Enterprise scorecard forming the basis for their STI outcomes.

In addition to the KPIs, the APCIP includes Enterprise financial and individual behavioural gateways that must be met prior to an individual being eligible for an incentive payment:

Financial Gateway

1. Incentives will only be paid to eligible APCIP participants if a Profit Before Tax (PBT) financial target gateway is met (PBT Financial Gateway).
2. Incentives 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 employees).

5.4. Remuneration by level

In FY20, in response to the initial onset of the COVID-19 (coronavirus) pandemic and the uncertainty it presented to the health, community and business, Non-executive Directors, the GCEO&MD, and senior executives volunteered to reduce their Fixed Remuneration by 20 per cent during the period 16 April to 8 July 2020. This temporary reduction was made, for Non-executive Directors, by a determination of the Remuneration Tribunal and, for the GCEO & MD, with the consent of the Remuneration Tribunal.

Overall financial performance against the enterprise scorecard was strong in FY20 and this was reflected in the award of the 'at risk' performance based incentives to eligible participants of the APCIP. However, the Board decided that incentive payments would not be made for the GCEO&MD and EGMs for FY20. This reflected the uncertainty of the extraordinary circumstances of the nation. Additionally, a wage pause was applied in FY20 to increases in wages and salary related allowances, including the Enterprise Agreements across Australia Post.

GCEO&MD FY21 remuneration

The Government has determined that the Australia Post GCEO&MD's remuneration should be set by the Remuneration Tribunal.

The Remuneration Tribunal is an independent statutory authority established under the *Remuneration Tribunal Act 1973*. The Remuneration Tribunal's role is to determine, report on and provide advice about remuneration, including allowances and entitlements for office holders within its jurisdiction. The Australia Post GCEO&MD position was classified by the Remuneration Tribunal as a Principal Executive Officer (PEO) Band E which falls within the Tribunal's remit.

The Remuneration Tribunal sets the Total Remuneration Reference Rate (TRRR) applicable to the Australia Post GCEO&MD. The Board then determines the GCEO&MD's FAR within a range from 10% below to 5% above the Reference Rate. The GCEO&MD FAR may not exceed the Reference Rate within the first 12 months of appointment.

The Remuneration Tribunal also confirmed performance pay incentive arrangements for the GCEO&MD up to a STI maximum potential of 100 per cent of FAR. The Board of Australia Post is responsible for determining the performance of the GCEO&MD and determining any incentive outcomes.

Senior executive FY21 remuneration

FAR is positioned competitively to attract, motivate and retain senior executives and 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.

The FY21 STI has been designed to provide a framework that rewards for delivering performance and value creation for Australia Post and the Shareholder. The plan recognises the varying contributions of each business unit and enables differentiation in remuneration outcomes based on individual leadership and safety management. The STI scheme is an "at risk" annual incentive opportunity where an STI payment may be awarded subject to the achievement of relevant individual, team, strategic and enterprise KPIs.

Senior executives' STI opportunities are communicated as STI Target (the award available if target performance is achieved) or STI Maximum (the maximum potential award available).

In FY21, the senior executive STI framework aligns to both individual, business unit and enterprise performance. The relative performance of the GCEO&MD and senior executives is measured against the Enterprise Scorecard for the determination of incentives. The key measures that determine a STI outcome for senior executives for FY21 include:

1. Enterprise financial performance
2. Business unit financial performance
3. Business unit strategic KPIs
4. Leadership and safety management.

The STI target opportunity for senior executives is communicated as a percentage of FAR. Senior executives have the opportunity to receive a STI Target award of 70 per cent of their FAR and, in circumstances where performance has significantly exceeded target, may receive up to 100 per cent of FAR (STI Maximum).

Unless the Board determines otherwise and in accordance with the APCIP rules, 25 per cent of the senior executives' STI award is deferred until September of the following year and remains "at risk", contingent on the sustained performance of the business at the absolute discretion of the Board. The Board determined that deferral of FY21 APCIP outcomes would not be applied to senior executives employed at the date of the STI payment.

Other contract level employees FY21 remuneration

Remuneration packages for contract level employees are designed to reward employees for the skills and experience they bring to their role. Dependent on an employee's role, the remuneration package is comprised of an appropriate mix of fixed and variable remuneration components typically consisting of the following:

1. FAR: comprising fixed base salary and superannuation; and
2. STI opportunity: both a target and stretch opportunity as a percentage of FAR.

To inform Australia Post in setting market competitive and sustainable remuneration budgets and ensure employees are being rewarded fairly and equitably for their role, FAR is regularly benchmarked to multiple sources of information including external market surveys.

Remuneration report 2021

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 benchmarking is conducted relative to a series of external remuneration surveys purchased from Mercer, Aon and Korn Ferry as the content of each external market survey focuses more on a specific industry sector.

Based on the information considered and listed above, FAR recommendations are formulated relative to FAR remuneration ranges. FAR ranges are set based on Mercer Position Class and are calculated using aggregated median market data for all relevant roles in that position class.

Remuneration packages are reviewed on an individual basis on appointment, on promotion or during the annual remuneration review. New entrants are typically positioned up to the midpoint to provide an opportunity to progress within the salary band once they are proven in role. During the annual review process a recommendation on the FAR increase is based on an individual's position in range and their performance outcome and this is provided to the Manager for decision.

STI amounts are determined on the employee's employment type, grade and performance rating.

Eligible employees have a series of individually tailored and quantitative measures cascaded from the Enterprise and Business Unit used in their scorecard. The outcomes of the scorecard are the basis for eligible individuals STI outcome.

Annually the Board is asked to review and approve the fixed remuneration review budget for contract level employees and the APCIP.

Unless the Board determines otherwise, participants who have a FAR of $400,000 or more as at 30 June of the performance cycle will have 25 per cent of their total target and stretch incentive deferred until September of the following year. This amount remains "at risk", contingent on the sustained performance of the business at the absolute discretion of the Board.

The Enterprise does not generally support the provision of discretionary payments. The GCEO&MD, as outlined in the Board approved Group Remuneration Policy, can in exceptional circumstances approve the provision of a discretionary or retention payment opportunity to any employee. 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.

FY21 Performance scorecards

GCEO&MD (Enterprise scorecard) and senior executives' business unit are both aligned to the Enterprise Scorecard that contains Enterprise and BU level financial, strategic, leadership and safety KPIs.

All other eligible employees have a series of tailored or cascaded quantitative measures used in their scorecard.

The Scorecards vary by hierarchy. All include an overarching behavioural, PBT financial and PBT Stretch Financial gateways:

Incentives will only be paid to eligible APCIP participants if a PBT financial target gateway is met (PBT Financial Gateway). Incentives associated with achievement of any stretch KPI will only be paid if PBT stretch (PBT Stretch Financial Gateway) is achieved.

The weighting of each metric within the scorecard for each strata of employee is outlined below.

GCEO&MD and Senior Executives			
Enterprise Financial 50%	Business Unit Financial 10%	Strategic KPIs 20% (Tailored 10% Quantitative 10%)	Leadership/Safety Mgt 20% (Tailored 10% Quantitative 10%)
General Managers reporting to a Senior Executive			
Enterprise Financial 40%	Business Unit Financial 20%	Strategic KPIs 20% (Tailored 10% Quantitative 10%)	Leadership/Safety Mgt 20% (Tailored 10% Quantitative 10%)
Band 3 and 4 employees			
Enterprise Financial 30%	Business Unit Financial 20%	Strategic KPIs 40% (Tailored 10% Quantitative 30%)	Leadership/Safety Mgt 10% (Tailored 5%) Quantitative 5%)
All other participants:	Tailored (90% Total)		
Enterprise Financial 10%	Business Unit Financial	Strategic KPIs)	Leadership/Safety Mgt

6. Linking strategy, performance and remuneration

6.1. How we assessed the Enterprise Scorecard in FY21

Enterprise Scorecard

The Enterprise Scorecard contains a range of KPIs that are aligned to the strategic priorities of the enterprise. The FY21 Enterprise Scorecard KPIs and performance against those KPIs, are detailed in the table below:

Overall financial performance against the enterprise scorecard was strong in FY21, including the achievement of our stretch targets for a number of key financial KPIs.

Table 3: FY21 Enterprise Scorecard

Measure	KPI	Link to Strategy	Performance	Outcome
Enterprise Financials 50%	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.	Strong revenue and disciplined operational execution produced a strong Group PBT above budget PBT performance. Group PBT was well above budget with significantly higher revenue, partly offset by volume related costs and higher than anticipated COVID-19 related expenditure, including significantly higher airfreight 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.	Full year Group Revenue exceeded $8bn for the first time. There was a very strong performance across the Enterprise with all products, all Customer Segments and all distribution Channels exceeding budget. Total revenue was above budget by $781.1m or 10.4%.	Met Stretch

Remuneration report 2021

Measure	KPI	Link to Strategy	Performance	Outcome
Business Unit Financials 10%	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 Business Efficiency Program: has delivered $290m of efficiencies for the full year FY21 and is ahead of Target. Despite best efforts it is expected some efficiencies will not be maintained on an ongoing basis with the continued decline of addressed letters and a return to 5 day a week delivery frequency.	Met Stretch
	Cash	Cash position of the enterprise allows us to invest heavily in our people, the networks and for the future.	Cash is well ahead of Target and was largely driven by strong trading performance, but was partially offset by higher payments to support increased network volumes. The strong cash position includes paying down $250m of debt.	Met Stretch
Strategic KPIs 20%	Consumer NPS	Customer advocacy and loyalty is critical in order to win in a competitive eCommerce market.	Consumer NPS average for FY21 was well ahead of FY21 target. Despite considerable external negative media, Consumer perceptions of, and trust in Australia Post delivery services are back to pre COVID-19 levels. Improved consumer sentiment with a number of initiatives implemented including Great Aussie Coin Hunt and providing a location to add Indigenous place names on parcels.	Met Target
	Business NPS	NPS is a key metric in measuring customer advocacy and is a lead indicator of customer retention.	Business NPS results increased in the second half of the financial year following considerable focus on improving service performance, combined with improvements in the contact centre to reduce backlog cases, speed to answer and call abandonment rates and a focus on merchant success measures. Business perceptions of, and trust in delivery services have improved considerably since the peak of COVID-19 restrictions in mid 2020.	Met Stretch
	Customer Complaints per 1,000 transactions	Customer Complaint levels are indicative of network health, delivery standards and issue management.	Complaints per 1,000 articles or transactions of 2.41 is ahead of target by 0.99 and ahead of Stretch by 0.88 driven by improved DIFOT and letters and mail performance. Improvements in the contact centre following multiple self-service & proactive customer initiatives also strongly contributed to the improvement.	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 all key strategic milestones with all at “Met Stretch” outcomes including: • Drive growth and engagement with Small Medium businesses whilst investing and building eCommerce offering to underpin customer growth through key programs including the Licensed Business Partner Program • Ensure ongoing sustainability of Post Office Network secured through the 10 year commitment from CBA and NAB to Bank@Post. • Transform last mile to reduce complexity and improve productivity through significantly improving interoperability between Australia Post and StarTrack networks.	Met Stretch

Measure	KPI	Link to Strategy	Performance	Outcome
Leadership & Safety Management 20%	Group People Engagement	Employee engagement drives performance.	People Engagement was below target and below the 2019 engagement score. Despite not achieving the FY20 Target at an Enterprise level the majority of functions across the enterprise increased engagement. The result was very pleasing given the unprecedented change, growth and challenges since the 2019 benchmark was achieved and that the survey was conducted between 19 April and 7 May, a period when there was significant negative Australia Post media.	Not Met
	Safety Index	Safety of our employees, contractor, work partners, customers and the broader community is of paramount importance to the enterprise.	The Safety Index consists of four weighted components focused on lead safety activity to prevent injuries. All four metrics within the Safety Index met their individual targets to deliver an overall 100% result: Hazard and Near Miss to Injury Ratio was 8.3:1 against a target of 7.0:1; Actions Closed on Time were 92.1% against a target of 90%; Higher Order Controls were 41.4% against a target of 20%; and Proactive Safety Initiatives were 167,325 against a target of 48,000 (4,000 per month). The Safety Index result steadily improved throughout the year from 92.3% in August 2020 when the new targets were first reported.	Met Stretch
	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.	Executive Team demonstrated strong, aligned and collaborative leadership through the year. Additional development and support programs include: • Continue to build advocacy and support through support from key stakeholders including Licensees Influencing Groups, Ombudsmen, and Community Groups. • Actively support the Leadership Development program and building the talent of Australia Post.	Met Stretch

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6.2 FY21 Performance outcomes

For FY21 the Acting GCEO&MD and senior executive relative performance was assessed against the Enterprise Scorecard. Based on those outcomes the Acting GCEO&MD and senior executives were eligible to and awarded STIs up to 94.3% of the maximum STI.

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 FY20 and FY21.

Table 4: Non-executive director fees

	Annual Fee with effect from:	
Role	**1 July 2020[1]**	**1 July 2021[2]**
Chair	$193,710	$193,710
Deputy Chair	$108,100	$108,100
Non-executive Directors Members	$96,890	$96,890
Audit & Risk Committee Chair	$22,430	$22,430
Audit & Risk Committee Member	$11,220	$11,220
People & Sustainability Committee Chair[3]	$19,110	$19,110
People & Sustainability Committee Members[3]	$9,560	$9,560

1. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2020.
2. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2021.
3. Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees if they are members of this Committee.

8. FY21 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. Key Management Personnel (KMP) with non-executive director fees and senior executive remuneration being separately disclosed; and
2. Aggregate reporting of "other highly paid staff".

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

These employees 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 Australia Post. Remuneration received directly or indirectly by KMP is provided under an accrual basis for the years ending 30 June 2020 and 30 June 2021. 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 "other highly paid staff" 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 employees of Australia Post whose total remuneration exceeds $230,000 in FY21. The initial band being a range from $230,001 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
- Short-term incentives
- Other benefits & allowances
- Superannuation
- Long service leave
- Other long-term benefits
- Termination benefits.

8.2. Statutory Tables

Remuneration received directly or indirectly by key management personnel under an accrual basis for the most recent financial year FY21 and previous financial year FY20 is as follows:

In FY20, in response to the initial onset of the COVID-19 (coronavirus) pandemic the Australia Post Non-executive Directors voluntarily reduced their Directors fees by 20 per cent during the period 16 April to 8 July 2020.

Table 5: Non-executive Director Remuneration

		Short-term benefits		Post-employment contributions	
Non-executive directors	Year	Director fees[1] $	Other Benefits and Allowances[2] $	Superannuation[3] $	Total Remuneration $
Lucio Di Bartolomeo (Chair)[4]	**2021**	**192,819**	-	**18,318**	**211,137**
	2020	109,451	-	10,398	119,849
Andrea Staines OAM (Deputy Chair)[5]	**2021**	**118,454**	-	**11,253**	**129,707**
	2020	945	-	90	1,035
Bruce McIver AM	**2021**	**107,613**	-	**10,223**	**117,836**
	2020	103,620	-	9,844	113,464
Tony Nutt AO	**2021**	**105,960**	-	**10,067**	**116,027**
	2020	102,029	-	9,693	111,722
The Hon Michael Ronaldson	**2021**	**107,592**	-	**10,222**	**117,814**
	2020	102,029	-	9,693	111,722
Jan West AM	**2021**	**118,771**	-	**11,284**	**130,055**
	2020	114,365	-	10,865	125,230
Deidre Willmott	**2021**	**115,274**	-	**10,951**	**126,225**
	2020	103,620	-	9,844	113,464
Former Board Directors					
John Stanhope AM[6]	**2021**	-	-	-	-
	2020	76,214	4,143	7,240	87,597
Mario D'Orazio[7]	**2021**	**104,502**	-	**9,929**	**114,431**
	2020	102,029	-	9,693	111,722
Holly Kramer[8]	**2021**	-	-	-	-
	2020	113,321	-	5,383	118,704
Total (8 Non-executive directors)	**2021**	**970,984**	-	**92,247**	**1,063,231**
Total (10 Non-executive directors)	2020	927,623	4,143	82,743	1,014,509

1. Non-executive directors fees are set by the Remuneration Tribunal and paid in cash.
2. Other benefits and allowances comprise of reportable and non-reportable fringe benefit amounts.
3. Minimum superannuation contributions are provided as prescribed under Superannuation Guarantee legislation.
4. Lucio Di Bartolomeo was appointed Chair, with effect from 22 November 2019.
5. Andrea Staines OAM was appointed to the Board as Deputy Chair, with effect from 27 June 2020.
6. John Stanhope AM's terms as Chairman concluded, with effect from 21 November 2019. The 2020 comparative disclosures have been updated to include the value of an "other benefit" received during the 2020 financial year but not identified until after completion of the 2020 Remuneration Report.
7. Mario D'Orazio resigned from the Board, with effect from 26 June 2021.
8. Holly Kramer's term on the Board concluded with effect from 26 June 2020.

Remuneration report 2021

Remuneration received directly or indirectly by Key Management Personnel under an accrual basis for the most recent financial year FY21 and previous financial year FY20 is as follows:

In FY20, in response to the initial onset of the COVID-19 (coronavirus) pandemic the GCEO&MD and senior executives voluntarily reduced their fixed remuneration by 20 per cent during the period 16 April to 8 July 2020.

Table 6: GCEO&MD and senior executives base salary, short-term employee benefits and post-employment benefits (accruals basis)

		Short-Term Benefits			Post Employment Benefit	Other Long-Term Benefits		Other	
GCEO&MD and Senior Executives and Position Titles	**Year**	**Base salary[1] $**	**Short-term incentives[2] $**	**Other benefits & allowance[3] $**	**Superannuation[4] $**	**Long service leave[5] $**	**Other long-term benefits[6] $**	**Termination benefits[7] $**	**Total Remuneration $**
Rodney Boys[8] Acting Group CEO & MD/ Group Chief Financial Officer	**2021**	**1,099,417**	**730,438**	**461**	**21,694**	**19,922**	**-**	**-**	**1,871,932**
	2020	727,355	-	-	21,003	18,893	-	-	767,251
Rod Barnes[9] EGM Deliveries	**2021**	**722,529**	**706,875**	**461**	**21,694**	**20,930**	**100,000**	**-**	**1,572,489**
	2020	134,910	-	-	5,251	10,867	-	-	151,028
Ingo Bohlken EGM Product & Innovation	**2021**	**765,745**	**686,618**	**461**	**21,694**	**20,154**	**-**	**-**	**1,494,672**
	2020	690,448	-	-	21,003	18,785	69,825	-	800,061
John Cox[10] EGM Transformation & Enablement	**2021**	**635,368**	**585,325**	**461**	**21,694**	**18,088**	**-**	**394,610**	**1,655,546**
	2020	139,174	-	-	5,251	5,203	-	-	149,628
Susan Davies EGM People & Culture	**2021**	**766,659**	**713,944**	**1,410**	**21,694**	**21,622**	**-**	**-**	**1,525,329**
	2020	683,444	-	2,098	21,003	18,990	68,906	-	794,441
Nicole Sheffield EGM Community & Consumer	**2021**	**780,764**	**713,944**	**3,213**	**21,694**	**20,037**	**-**	**-**	**1,539,652**
	2020	683,972	-	2,098	21,003	18,477	66,719	-	792,269
Gary Starr EGM Business, Government & International	**2021**	**758,196**	**713,944**	**461**	**21,694**	**21,144**			**1,515,439**
	2020	700,876	-	-	21,003	18,863	68,906	-	809,648
Former Executives									
Christine Holgate[11] Group CEO & MD	**2021**	**538,929**	**-**	**366**	**10,847**	**(111,694)**	**-**	**1,000,000**	**1,438,448**
	2020	1,416,631	-	-	21,003	38,273	138,563	-	1,614,470
Robert Black[12] Group Chief Operating Officer	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	804,981	-	2,098	21,003	18,994	88,659	644,399	1,580,134
Annette Carey[13] EGM International Services	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	570,323	-	1,328	21,003	14,016	65,156	295,895	967,721
Philip Dalidakis[14] EGM Corporate Services	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	469,205	-	420	18,915	-	-	189,026	677,566
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**
Total (11 senior executives)	2020	7,021,319	-	8,042	197,441	181,361	566,734	1,129,320	9,104,217

1. Base salary comprises cash salary, net of annual leave accrued and taken during the year.
2. Short-term incentives comprises accrued short-term incentives 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 benefit is calculated in accordance with the requirements prescribed in Superannuation Guarantee legislation.
5. Long Service Leave (LSL) comprises the amount of leave accrued for the period. 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 employees, as well as the accrued portion of deferred short-term incentives that are not payable within 12 months of the end of the period they relate to. This represents 50% of the deferred component of the incentive 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 the senior executive role.
8. Rodney Boys was appointed Acting Group CEO & MD, with effect from 23 October 2020 and holds the nominal position of Group Chief Financial Officer since 27 May 2019.
9. Rod Barnes was appointed Executive General Manager, Deliveries, with effect from 01 July 2020. Remuneration in the comparative year reflects the benefits received whilst acting as EGM Deliveries since 01 April 2020.
10. John Cox was appointed Executive General Manager, Transformation & Enablement, with effect from 23 March 2020 and ceased employment from Australia Post, with effect from 14 August 2021.
11. Christine Holgate ceased employment from Australia Post in the position of Group CEO & 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.
12. Robert Black ceased employment with Australia Post with effect from 14 April 2020.
13. Annette Carey ceased employment with Australia Post with effect from 14 April 2020.
14. Philip Dalidakis was appointed EGM, Corporate Services with effect from 1 July 2019. Philip Dalidakis ceased employment with Australia Post with effect from 8 April 2020. An ex-gratia payment disclosed under 'termination benefits' was made in accordance with the Deed of Separation.

Remuneration report 2021

Other Highly Paid Staff Remuneration reported in FY21 (Accruals Basis)

Table 7 represents the accruals basis of remuneration received directly or indirectly by Australia Post's other highly paid staff. Total reportable remuneration disclosed is the average compensation received by employees in each remuneration band for the duration of employment within the reporting period.

Table 7: FY21 Other highly paid staff – Aggregate reporting

		Short-term benefits			Post Employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Remuneration band	Number of other highly paid staff	Average base salary[1] $	Average short-term incentives[2] $	Average other benefits & allowances[3] $	Average superannuation contributions[4] $	Average long service leave[5] $	Average other long-term benefits[6] $	Average termination benefits[7] $	Average total remuneration $
$230,001 to $245,000	66	162,327	42,616	2,549	14,906	5,621	-	9,870	237,890
$245,001 to $270,000	78	169,648	50,073	1,690	15,545	6,719	-	13,736	257,411
$270,001 to $295,000	85	190,311	51,852	531	17,158	6,212	-	18,165	284,229
$295,001 to $320,000	58	193,219	56,068	819	17,247	7,038	-	31,325	305,717
$320,001 to $345,000	35	212,946	66,528	55	18,720	7,935	-	24,476	330,661
$345,001 to $370,000	26	224,996	69,377	554	19,292	8,607	-	35,123	357,949
$370,001 to $395,000	14	244,612	100,710	36	20,113	9,458	-	9,101	384,029
$395,001 to $420,000	11	239,983	91,680	-	20,258	8,665	-	44,402	404,987
$420,001 to $445,000	15	244,313	103,008	1,095	20,553	9,078	-	52,424	430,471
$445,001 to $470,000	4	286,080	145,140	-	22,864	9,047	-	-	463,131
$470,001 to $495,000	10	296,600	121,128	-	21,416	1,486	-	38,473	479,103
$495,001 to $520,000	2	322,187	149,178	-	21,694	11,891	-	-	504,951
$520,001 to $545,000	3	334,107	93,609	-	25,100	13,366	14,926	49,386	530,494
$545,001 to $570,000	5	348,395	169,054	-	21,694	12,446	-	-	551,590
$570,001 to $595,000	1	385,498	109,017	-	21,694	9,935	67,626	-	593,770
$595,001 to $620,000	3	384,255	141,089	-	24,859	15,197	45,038	-	610,438

Remuneration band	Number of other highly paid staff	Short-term benefits: Average base salary[1] $	Short-term benefits: Average short-term incentives[2] $	Short-term benefits: Average other benefits & allowances[3] $	Post Employment benefits: Average superannuation contributions[4] $	Other long-term benefits: Average long service leave[5] $	Other long-term benefits: Average other long-term benefits[6] $	Termination benefits: Average termination benefits[7] $	Total remuneration: Average total remuneration $
$620,001 to $645,000	3	390,237	130,182	-	24,188	13,376	73,274	-	631,257
$645,001 to $670,000	4	382,636	170,760	-	21,694	14,252	64,765	-	654,107
$670,001 to $695,000	4	371,355	205,106	-	21,694	14,638	66,970	-	679,762
$695,001 to $720,000	1	401,614	168,011	-	21,694	12,078	103,732	-	707,129
$720,001 to $745,000	1	433,942	197,159	-	21,694	35,939	32,860	-	721,594
$745,001 to $770,000	4	422,620	162,779	115	24,708	15,764	64,688	64,409	755,084
$795,001 to $820,000	1	485,523	168,594	-	21,694	19,267	105,625	-	800,703
$945,001 to $970,000	1	591,966	219,977	-	21,694	59,916	66,094	-	959,647
Total[8]	**435**								

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. Short-term incentives comprises accrued short-term incentives 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 employees who are members of the APSS defined benefit fund, the superannuation benefit represents the contribution paid to the APSS fund by Australia Post (employer contribution). If the employee 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 employees, as well as the accrued portion of deferred short-term incentives that are not payable within 12 months of the end of the period they relate to. This represents 50% of the deferred component of the incentive 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

Statement by Directors, Acting Group Chief Executive Officer and Managing Director and Acting Group Chief Financial Officer

2020/21 Financial Statements

In our opinion:

(a) the accompanying financial statements for the year ended 30 June 2021:

(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)

Sydney
26 August 2021

Rodney Boys
Acting Group Chief Executive Officer
& Managing Director

Melbourne
26 August 2021

Silvio Santostefano
Acting Group Chief
Financial Officer

Melbourne
26 August 2021

Annual performance statement

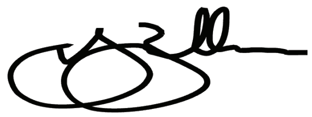
for the year ended 30 June 2021

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 2020-21 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 2020-21, and complies with section 39(2) of the *Public Governance, Performance and Accountability Act 2013*.



Lucio Di Bartolomeo
Chair

26 August 2021

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 meets its Community Service Obligations by ensuring that the letter service it is obliged to provide is reasonably accessible to all Australians on an equitable basis, in view of the social importance of the letter service, and is provided at a uniform rate for standard letters carried by ordinary post within Australia. Australia Post is also subject to prescribed performance standards 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 (i.e. post offices), and via street posting boxes and other mail lodgement points.

Australia Post connects people with each other and the world. We help unlock opportunities for everyone. Everyone Matters.

In this time where non-letter services (for example, parcel services and agency financial and identity-related services) are an ever-increasing part of our service portfolio, Australia Post's more expansive purpose reflects the full range of services valued by our customers.

We deliver letters and parcels to all Australians.

We deliver incoming international letters and parcels, and offer outbound international services for letters and parcels. We provide a range of financial and identity-related services – both on our own behalf and on behalf of businesses and Government agencies, 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 via our post office network are subject to digital substitution, in-person services remain highly valued by the Australian community – including through the disruptions of the COVID-19 pandemic. We also offer a range of digital services and payment solutions.

Australia Post's 2020/21 Statement of Corporate Intent, which sets out non-commercially sensitive information relating to Australia Post's 2020/21 Corporate Plan, was published on Australia Post's website (auspost.com.au) in January 2021 and remains available on that website at the date of this Statement. Australia Post committed in its 2020/21 Statement of Corporate Intent to continuing to progress our five strategic priorities in financial year 2020/21:

- we will support communities to thrive;
- we will support customers to grow;
- we will connect customers in a dynamic global market;
- we will create products that people love and trust; and
- we will always provide great service and value.

Results

Australia Post's performance against key commercial measures in financial year 2020-21 is summarised below:

Measure	Performance
Profit before tax	$100.7 million
Shareholder return on equity	3.0%
Dividends declared in respect of 2020-21	$44.3 million
Dividends paid in 2020-21	$46.2 million

Australia Post's performance against key prescribed performance standards (as amended by *The Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020* in financial year 2020-21 is summarised below:

Prescribed Performance Standard		Performance
On-time letters delivery	94.0%	95.1%
Delivery frequency • to rural and remote delivery points each business day and to metropolitan delivery points every second business day	98.0%	98.82%
• to delivery points at least 2 days per week	99.7%	99.99%
Delivery timetables	Maintain	Maintain
Street posting boxes	10,000	15,001
Retail outlets • in total (rural, remote and metropolitan areas)	4,000	4,320
• in rural and remote areas	2,500	2,517
• in metropolitan areas, residences to be located within 2.5 kms of an outlet	90%	93.7%
• in non-metropolitan (ie rural and remote) areas, residences to be located within 7.5 kms of an outlet	85.0%	88.9%

Analysis

Financial year 2020-21 was another year of significant achievement for Australia Post, amidst even more continuous change and ongoing challenges. Notwithstanding these challenges, we again delivered on our key objectives of providing an accessible and reliable letter service. We achieved a commercial rate of return in our parcels business and a net profit after tax overall for our shareholder, the Australian Government.

An estimated 9.1 million Australian households shopped online during the year – a 31.8 per cent growth in online shopping relative to the year before. The first quarter of financial year 2020/21 was highlighted by record parcels volume growth in Victoria, where a second lockdown resulted in unprecedented online shopping levels. With COVID-19 restrictions impacting our operations and our workforce, we responded to meet the challenges – including by using 20 air freighters and a number of pop-up processing centres to deliver for our customers. The parcels volume growth continued through our traditional peak period. By the end of March 2021, we had realised a 46.2 per cent volume growth in Australia Post branded parcels relative to the previous twelve months.

The Temporary Regulatory Relief (TRR) in place throughout financial year 2020/21 helped mitigate the significant operational challenges we faced as COVID-19 impacted our services. It enabled close to 2,000 Posties to deliver more than 36 million parcels from vans for our customers and, in doing so, enabled a $29 million reduction in our letters loss. It facilitated the temporary removal of more than 2,000 motorcycles from our delivery fleet with significant associated safety outcomes and enabled us to achieve an on-time letters service performance of 95.1 per cent (against the 94 per cent standard) measured on the amended TRR delivery timetable.

In a year of ongoing change, we finished financial year 2020/21 in a strong position. As State & Territory lockdowns imposed ongoing retail closures, we kept 99 per cent of our post offices open and generated $3.5 billion of in-store revenue; 10 per cent more than the year before. As customers sought additional convenience, we expanded our parcel locker network and opened an additional 58,000 MyPost accounts.

In an operating environment of ongoing disruption, Australia Post continued to pursue its purpose and strategy in financial year 2020/21. We have continued to deliver letters and parcels to all Australians – providing high-quality, efficient services to the community, operating commercially and achieving a reasonable return on assets.

Annual performance statement

for the year ended 30 June 2021

We continued to deliver for Australia, keeping communities connected while supporting our customers, keeping our people safe and pursuing our strategy. 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:

- kept our people safe through COVID-19 with zoning, staggered shifts and temperature testing, and support for those working remotely;
- employed more than 5,000 casuals to assist with our peak period, with more than 1,200 continuing their employment beyond this period;
- removed 93 million manual handling touchpoints, protecting our people and improving efficiency;
- helped our people stay mentally well by identifying and mitigating psychosocial exposures, raising awareness and combatting stigma;
- launched our third 2020-22 Stretch Reconciliation Action Plan, setting the agenda for the next two years and reaffirming our commitment to reconciliation;
- launched our 2020-22 Accessibility and Inclusion Plan, outlining our approach to providing inclusive and accessible employment, products, services and places for everyone;
- introduced another 980 electric delivery vehicles into our fleet and accelerated our motorcycle reduction program, reducing the safety exposure of our posties and resulting in a 45 per cent decrease in motorcycle accident serious claims;
- boosted our technology capabilities by introducing new route optimisation software, now being used by 3,700 drivers nationally, helping them deliver more than 500,000 parcels every day;
- continued to support our important Licensed Post Office partners; this year expanding our Local Business Partner program to nearly 500 Licensed Post Office partners;
- ensured the ongoing support of our Bank@Post service from Commonwealth Bank and NAB, through landmark 10 year in-principle agreements, and extended our agreement with Westpac for a further 12 months;
- actively supported the communities we operate in through our national partnerships with the Australian Red Cross, Beyond Blue and the Indigenous Literacy Foundation. This included delivering more than 1.4 million mental health postcards to households, raising $1.6 million for the Australian Red Cross and delivering more than 160,000 books to children in remote Indigenous communities;
- had our science-based target – to reduce emissions by 15 per cent by 2025 from our 2018/19 baseline – validated by the Science Based Targets Initiative, making Australia Post one of just 13 organisations nationally to have their target validated; and
- established our 2025 waste and recycling targets of 20 per cent reduction in waste and 70 per cent recycling.

In a year marked by challenge and change, not just for Australia Post, but 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.

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Financial statements audit report

Auditor-General for Australia

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Communications, Urban Infrastructure, Cities and the Arts

Opinion

In my opinion, the financial statements of the Australian Postal Corporation and its subsidiaries (together 'the Group') for the year ended 30 June 2021 is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report of the Group, which I have audited, comprises the following as at 30 June 2021 and for the year then ended:

- Statement by Directors, Group Chief Executive Officer & Managing Director and Group Chief Financial Officer;
- Consolidated Statement of Comprehensive Income;
- Consolidated Balance Sheet;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows;
- 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 Report* section of my report. I am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and his delegates. 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the matter
Valuation of unearned revenue liability *Refer to Note A1 'Revenue and other income' and Note B6 'Payables'* The Group has recognised an unearned revenue liability of $127.1 million, which includes a provision for the estimated value of postage products sold but not yet used at 30 June 2021. The Group defers revenue to reflect the postage products sold which are either unused or undelivered at balance sheet 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 balance sheet 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.	To audit the valuation of unearned revenue liability, I performed the following procedures: • assessed the design 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. Where material variances were identified against set expectations, 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 involves testing the integrity of the underlying postage product revenue data used in the actuarial calculation together with assessment of the reasonableness of the key assumptions used by the Group, through comparison to historical balances and past practice.

Key audit matter	How the audit addressed the matter
Valuation of Goodwill *Refer to Note B3 'Intangible assets' and Note B4 'Impairment of non-financial assets'* The Group has recognised $507.8 million in relation to goodwill. These assets are required by the Australian Accounting Standards to be tested annually for impairment. This impairment test was significant to the audit because the balance of goodwill is material to the financial statements. As 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 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 B4 to the financial	To audit the valuation of goodwill, I performed the following procedures: • evaluated the reasonableness of assumptions and methodologies used by the Group, together with sensitivity analysis over the key assumptions such as the discount rate and cash flow forecasts used in the valuation model prepared by the Group; • assessed the composition and reasonableness 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 meeting its forecasts, through comparison of actual results to original budgets; and • assessed the adequacy of the financial statement disclosures. The assumptions that

Financial statements audit report

statements.	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	How the audit addressed the matter
Valuation of net superannuation asset *Refer to Note C3 'Post employment benefits'* The Group has recognised a net superannuation asset of $931.2 million at 30 June 2021. This is a focus of the audit because the balance is material to the financial statements and its valuation involves significant judgement. The measurement of the Group's net superannuation asset includes investments which are recognised at fair value. The measurement of the defined benefit scheme (Australia Post Superannuation Scheme – 'the Scheme') obligations liability is determined with the assistance of external actuaries and involves 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 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.	To audit the valuation of the net superannuation asset I performed the following procedures: • assessed and evaluated the independence and competency of the Group's external actuary, as well as the reasonableness of the Group's key assumptions and estimates used in the valuation of its defined benefit obligations, with particular focus on the reasonableness of the discount rate and salary increase assumptions as described in Note C3; • tested the superannuation contribution data provided by the Group to the external actuary for accuracy and completeness; • tested the fair value of the investments carried by the Scheme including agreement of amounts to supporting documentation such as external confirmations, on a sample basis; and • assessed the Group's superannuation disclosures for compliance with the Australian Accounting Standards.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objective is to obtain reasonable assurance about whether the financial report as a whole is 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 report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, 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 directors.
- Conclude on the appropriateness of the directors' 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 report 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- 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 report. 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 directors 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.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report 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

Grant Hehir
Auditor-General
Canberra
27 August 2021

Consolidated statement of comprehensive income

for the year ended 30 June 2021

Consolidated ($m)	Note	2021	2020
Revenue			
Goods and services	A1	8,208.1	7,389.6
Other income			
Interest	A1	6.4	8.6
Rental	A1	41.2	38.4
Other income and gains	A1	18.0	62.6
	A1	65.6	109.6
Total income	A1	**8,273.7**	**7,499.2**
Expenses (excluding finance costs)			
Employees	A2	3,314.8	3,297.7
Suppliers	A2	4,200.8	3,508.2
Depreciation and amortisation	A2	516.7	466.5
Other expenses	A2	96.8	120.9
Total expenses (excluding finance costs)	A2	**8,129.1**	**7,393.3**
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees		**144.6**	**105.9**
Finance costs	A2	(45.3)	(54.2)
Share of net profits/(losses) of equity-accounted investees		1.4	1.9
Profit/(loss) before income tax		**100.7**	**53.6**
Income tax (expense)/benefit	A3	(31.1)	(10.7)
Net profit/(loss) for the year attributable to equity holders of Australian Postal Corporation		**69.6**	**42.9**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	C3	373.8	(161.7)
Other items		-	0.1
Income tax on items that will not be reclassified to profit or loss	A3	(112.1)	48.5
Total items that will not be reclassified to profit or loss, net of tax		**261.7**	**(113.1)**
Items that may be reclassified subsequently to profit or loss			
Other items		4.4	-
Reclassifications to profit or loss		(4.1)	2.8
Income tax on items that may be reclassified to profit or loss	A3	(0.6)	(0.3)
Total items that may be reclassified to profit or loss, net of tax		**(0.3)**	**2.5**
Other comprehensive income/(loss) for the year		**261.4**	**(110.6)**
Total comprehensive income/(loss) for the year attributable to equity holders of Australian Postal Corporation		**331.0**	**(67.7)**

This statement should be read in conjunction with the accompanying notes.

Consolidated balance sheet

as at 30 June 2021

Consolidated ($m)	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents	A4	653.1	775.3
Trade and other receivables	B1	770.5	786.9
Prepayments		122.4	153.0
Inventories		72.3	62.8
Other current assets		5.0	6.0
Total current assets		**1,623.3**	**1,784.0**
Non-current assets			
Net superannuation asset	C3	931.2	626.9
Property, plant and equipment	B2	1,909.3	1,784.2
Intangible assets	B3	714.6	708.5
Right-of-use assets	B4	1,026.9	1,032.2
Investment property	B6	157.8	161.8
Deferred tax assets	A3	668.4	653.1
Equity-accounted investees		9.3	7.8
Other non-current assets		24.1	26.8
Total non-current assets		**5,441.6**	**5,001.3**
Total assets		**7,064.9**	**6,785.3**
Liabilities			
Current liabilities			
Current lease liabilities	B4	213.6	183.5
Trade and other payables	B7	1,152.7	1,055.0
Employee provisions	C1	791.9	768.8
Interest-bearing liabilities	D2	100.0	249.9
Other provisions	B8	20.8	19.3
Income tax payable		30.4	-
Total current liabilities		**2,309.4**	**2,276.5**
Non-current liabilities			
Interest-bearing liabilities	D2	363.4	467.4
Employee provisions	C1	275.5	263.7
Other provisions	B8	48.2	47.5
Non-current lease liabilities	B4	920.4	947.4
Deferred tax liabilities	A3	660.1	579.2
Other non-current liabilities		-	0.5
Total non-current liabilities		**2,267.6**	**2,305.7**
Total liabilities		**4,577.0**	**4,582.2**
Net assets		**2,487.9**	**2,203.1**
Equity			
Contributed equity		400.0	400.0
Reserves		19.0	19.3
Retained profits		2,068.9	1,783.8
Equity attributable to equity holders of the parent		**2,487.9**	**2,203.1**

This statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2021

Consolidated ($m)	Contributed equity	Reserves	Retained profits	Total equity
Balance at 30 June 2019	**400.0**	**16.8**	**1,896.3**	**2,313.1**
Initial application of accounting standards[1]	**-**	**-**	**(21.3)**	**(21.3)**
Comprehensive income				
Profit/(loss) for the year	-	-	42.9	**42.9**
Other comprehensive income/(loss)	-	2.8	(161.6)	**(158.8)**
Tax on other comprehensive income	-	(0.3)	48.5	**48.2**
Total comprehensive income/(loss) for the year	**-**	**2.5**	**(70.2)**	**(67.7)**
Transactions with owners				
Distribution to owners (refer to note A5)	-	-	(21.0)	**(21.0)**
Balance at 30 June 2020	**400.0**	**19.3**	**1,783.8**	**2,203.1**
Comprehensive income				
Profit/(loss) for the year	-	-	69.6	**69.6**
Other comprehensive income/(loss)	-	0.3	373.8	**374.1**
Tax on other comprehensive income	-	(0.6)	(112.1)	**(112.7)**
Total comprehensive income/(loss) for the year	**-**	**(0.3)**	**331.3**	**331.0**
Transactions with owners				
Distribution to owners (refer to note A5)	-	-	(46.2)	**(46.2)**
Balance at 30 June 2021	**400.0**	**19.0**	**2,068.9**	**2,487.9**

1. Relates to the first time adoption of AASB 16 *Leases* in the year ended 30 June 2020.

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 2021

Consolidated ($m)	Note	2021	2020
Operating activities			
Cash received			
Goods and services		9,052.7	8,074.3
Interest		4.5	6.7
Total cash received		**9,057.2**	**8,081.0**
Cash used			
Employees		(3,218.4)	(3,150.9)
Suppliers		(4,624.8)	(3,998.5)
Financing costs[1]		(42.8)	(52.0)
Income tax		(47.8)	(12.2)
Goods and services tax paid		(314.2)	(289.6)
Total cash used		**(8,248.0)**	**(7,503.2)**
Net cash from operating activities	A4	**809.2**	**577.8**
Investing activities			
Cash received			
Proceeds from sales of property, plant and equipment and investment properties		9.3	78.7
Total cash received		**9.3**	**78.7**
Cash used			
Purchase of property, plant and equipment and investment properties		(376.1)	(268.5)
Purchase of intangibles		(73.9)	(47.6)
Total cash used		**(450.0)**	**(316.1)**
Net cash from investing activities		**(440.7)**	**(237.4)**
Financing activities			
Cash used			
Repayment of borrowings		(250.0)	-
Cash payments for the principal portion of lease liabilities		(194.0)	(174.5)
Dividends paid		(46.2)	(21.0)
Total cash used		**(490.2)**	**(195.5)**
Net cash used by financing activities		**(490.2)**	**(195.5)**
Net increase/(decrease) in cash and cash equivalents		**(121.7)**	**144.9**
Effects of exchange rate changes on cash and cash equivalents		**(0.5)**	**2.4**
Cash and cash equivalents at beginning of year		775.3	628.0
Cash and cash equivalents at end of the year		**653.1**	**775.3**

1. At 30 June 2021 financing costs include interest paid on lease liabilities of $20.3 million (2020: $22.1 million).

This statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

for the year ended 30 June 2021

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 report 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 2021 was authorised for issue in accordance with a resolution of the Directors on 26th August 2021.

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 the PGPA Act, 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;
- 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 2020. 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 Executive Management 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 reforming our letter services, and extending and building on our parcel and other commercial service offerings. 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 2021

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

On 12 July 2021, the Group entered into an Agreement for Lease for the construction and subsequent lease of a new headquarters in Richmond, Victoria. The lease is for a term of ten years, expected to commence by November 2024.

The expected undiscounted lease payments over the ten year term of the lease is $199.3 million.

There are no other 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 2021. The focus is on Group revenue streams, expenses, taxation, cash flows 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)	2021	2020
Rendering of services to:		
- Related entities[1]	136.0	166.8
- External entities	7,764.7	6,934.0
	7,900.7	7,100.8
Sale of goods to external entities	307.4	288.8
Revenue from contracts with customers	**8,208.1**	**7,389.6**
Interest income from:		
- Cash and cash equivalents	2.7	5.1
- Loans and receivables	0.2	1.2
- Interest rate swaps	3.5	2.3
Interest income	**6.4**	**8.6**
Rental income from:		
- Operating lease income from owned properties	21.8	16.7
- Operating sub-lease income	19.4	21.7
Rental income	**41.2**	**38.4**
Net gain from sales of investment property	0.8	-
Gain on sale and leaseback	-	33.2
Gain on lease reassessments/ modifications (lessee)	0.5	3.2
Gain on reversal of expected credit loss provision	1.7	-
Other income	15.0	26.2
Other income and gains	**18.0**	**62.6**
Total other income	**65.6**	**109.6**
Total income	**8,273.7**	**7,499.2**

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 2021, the international mail related accrual was $54.5 million (2020: $103.2 million).

Notes to the financial statements

for the year ended 30 June 2021

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)	2021	2020
Over time		
- Domestic mail products, parcels and express and international	7,217.1	6,372.6
- Retail, agency and other	683.6	728.2
Point in time		
- Retail, agency and other	307.4	288.8
Revenue from contracts with customers	**8,208.1**	**7,389.6**

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 2021.

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 $39.6 million (2020: $85.1 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)	2021	2020
Salaries and wages	2,639.4	2,620.6
Leave and other entitlements	253.6	271.3
Superannuation expenses	290.6	276.7
Other employee expenses	131.2	129.1
Employee expenses	**3,314.8**	**3,297.7**
Purchase of services from external entities	3,989.6	3,319.3
Purchase of goods from external entities	211.2	188.9
Supplier expenses	**4,200.8**	**3,508.2**
Depreciation		
- Property, plant and equipment	232.2	186.3
- Right-of-use assets	207.9	194.8
Amortisation	76.6	85.4
Depreciation and amortisation expenses	**516.7**	**466.5**
Impairment of assets:		
Receivables	-	20.1
Inventory	8.1	7.9
Property, plant and equipment	11.7	9.5
Right-of-use assets	5.9	-
Computer software	3.2	1.2
Goodwill and other intangibles	-	10.3
	28.9	49.0
Loss on disposal of investment properties	-	1.5
Net revaluation loss on investment property	2.6	3.8
Foreign exchange loss (net)	-	4.3
Sundry expenses	65.3	62.3
Other expenses	**96.8**	**120.9**
Total expenses	**8,129.1**	**7,393.3**

The components of finance costs for the year ended 30 June are as follows:

Consolidated ($m)	2021	2020
Bonds	22.8	31.6
Interest on lease liabilities	20.3	22.1
Other interest	2.2	0.5
Total finance costs	**45.3**	**54.2**

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 2021

Our business performance

A3 Taxation

Taxation for the year

The major components of tax expense are:

Consolidated ($m)	2021	2020
Statement of comprehensive income		
- current income tax charge	77.9	32.8
- adjustments for current income tax of previous years	0.4	(3.8)
- deferred income tax relating to origination and reversal of temporary differences	(47.4)	(21.1)
- adjustments for deferred income tax of previous years	0.2	2.8
Income tax expense/(benefit) reported in the statement of comprehensive income	**31.1**	**10.7**
Other comprehensive income		
Net remeasurement on defined benefit plans	112.1	(48.5)
Sundry items	0.6	0.3
Income tax expense/(benefit) reported in other comprehensive income	**112.7**	**(48.2)**
Tax reconciliation:		
Profit/(loss) before income tax	**100.7**	**53.6**
At the Group's statutory income tax rate of 30% (2020: 30%)	30.2	16.1
Adjustments relating to prior years	0.6	(1.0)
Investment revaluation	2.9	0.6
Capital gains tax impact of property disposals	(0.6)	(8.9)
Adjustments relating to overseas subsidiaries:		
- utilisation of prior year losses	(1.3)	-
- tax rate differential	(0.6)	-
Goodwill impairment	-	3.1
Sundry items	(0.1)	0.8
Income tax expense/(benefit) on profit/(loss) before tax	**31.1**	**10.7**

Deferred income tax in the balance sheet relates to the following:

Consolidated ($m)	2021	2020
Accrued revenues	(22.1)	(35.4)
Right-of-use assets	(311.3)	(309.4)
Intangibles	(9.3)	(10.5)
Research and development	(27.8)	(29.2)
Net superannuation asset	(279.4)	(188.1)
Other	(10.2)	(6.6)
Deferred tax liabilities	**(660.1)**	**(579.2)**
Property, plant and equipment	13.0	5.2
Lease liabilities	342.8	336.9
Accrued expenses and other payables	20.5	29.8
Provisions	274.5	264.7
Make good	17.4	16.2
Other	0.2	0.3
Deferred tax assets	**668.4**	**653.1**
Net deferred tax liabilities	**8.3**	**73.9**

Deferred income tax in the statement of comprehensive income relates to the following:

Consolidated ($m)	2021	2020
Provisions	(9.8)	6.2
Research and development	(1.4)	(5.0)
Intangibles	(1.2)	(1.7)
Right-of-use assets and lease liabilities	(4.0)	(18.4)
Property, plant and equipment	(7.8)	27.0
Accrued expenses	9.3	(6.5)
Accrued revenue	(13.3)	(9.1)
Net superannuation asset	(20.9)	(18.5)
Make good	(1.2)	(1.8)
Other	3.1	9.5
Deferred income tax expense	**(47.2)**	**(18.3)**

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 2021

Our business performance

A4 Cash flows

Consolidated ($m)	2021	2020
Cash on hand	653.1	775.3
Total cash and cash equivalents	**653.1**	**775.3**

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)	2021	2020
Net profit/(loss) for the year	**69.6**	**42.9**
Impairment of assets:		
Property, plant and equipment	11.7	9.5
Intangibles (including goodwill)	3.2	11.5
Inventory	8.1	7.9
Right-of-use assets	5.9	-
Net revaluation (gain)/loss on expected credit loss provision	(1.7)	20.1
	27.2	49.0
Other non-cash/investing items:		
Depreciation and amortisation	516.7	466.5
Net revaluation (gain)/loss on investment property	2.6	3.8
Net gain from sales of investment property and sale and leaseback	(0.8)	(31.7)
Gain on lease reassessments/ modifications (lessee)	(0.5)	(3.2)
Sundry items	(7.6)	0.3
(Increase)/decrease in assets:		
Receivables	22.8	(61.7)
Other current assets	24.3	(46.0)
Deferred income tax asset	(15.5)	(38.5)
Superannuation asset	69.5	61.8
Increase/(decrease) in liabilities:		
Creditors, other payables and accruals	74.8	12.3
Employee entitlements	27.0	85.0
Income tax payable	30.4	16.6
Deferred income tax liability	(31.3)	20.7
Net cash from operating activities	**809.2**	**577.8**

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)	2021	2020
Final ordinary dividend (from prior year results)	26.6	21.0
Special dividend	1.3	-
Interim ordinary dividend	18.3	-
Total dividends paid	**46.2**	**21.0**
Dividend not recognised as a liability	26.1	27.9

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)	2021	2020
Trade receivables	644.5	661.8
Accrued revenue	137.0	139.9
Allowance for expected credit losses	(16.7)	(22.6)
	764.8	779.1
Other receivables	5.7	7.8
Total current trade and other receivables	**770.5**	**786.9**

Total trade receivables are aged as follows ($m):

Consolidated ($m)	2021	2020
Not past due	601.1	592.6
Past due 1 - 30 days	20.8	23.9
Past due 31 - 60 days	2.7	13.9
Past due 61 - 90 days	1.3	11.1
Past due 91 days	18.6	20.3
Total trade and other receivables	**644.5**	**661.8**

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 reasoanble 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 has considered the ongoing impact of the COVID-19 pandemic, recognising the uncertainty that exists in relation to the COVID-19 restrictions. Expected credit loss allowances are not recognised on receivables or accrued revenue from entities related to the Australian Government for which the probability of default is negligible.

At 30 June 2021, the total receivables determined to be impaired is $16.7 million (2020: $22.6 million).

Notes to the financial statements

for the year ended 30 June 2021

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	218.6	1,528.6	1,747.2	1,782.7	**3,529.9**
Accumulated depreciation	-	(889.7)	(889.7)	(881.3)	**(1,771.0)**
Net book value at 30 June 2019	**218.6**	**638.9**	**857.5**	**901.4**	**1,758.9**
Additions	0.7	58.9	59.6	190.7	**250.3**
Depreciation	-	(71.4)	(71.4)	(114.9)	**(186.3)**
Disposals	(1.6)	(0.4)	(2.0)	(9.4)	**(11.4)**
Sundry items[1]	6.3	18.6	24.9	(52.2)	**(27.3)**
Gross book value	224.0	1,590.4	1,814.4	1,802.1	**3,616.5**
Accumulated depreciation	-	(945.8)	(945.8)	(886.5)	**(1,832.3)**
Net book value at 30 June 2020	**224.0**	**644.6**	**868.6**	**915.6**	**1,784.2**
Additions	0.1	72.2	72.3	316.7	**389.0**
Depreciation	-	(87.6)	(87.6)	(144.6)	**(232.2)**
Disposals	-	(1.8)	(1.8)	(6.2)	**(8.0)**
Sundry items[1]	-	(6.2)	(6.2)	(17.5)	**(23.7)**
Gross book value	224.1	1,637.0	1,861.1	2,040.6	**3,901.7**
Accumulated depreciation	-	(1,015.8)	(1,015.8)	(976.6)	**(1,992.4)**
Net book value at 30 June 2021	**224.1**	**621.2**	**845.3**	**1,064.0**	**1,909.3**

1. Sundry items comprised of:
   2021 - ($12.0 million) of transfers to intangible assets and ($11.7 million) of impairment losses.
   2020 - ($23.1 million) of transfers to intangible assets, $5.3 million net transfers from investment properties and ($9.5 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 their expected useful lives using the straight-line method of depreciation. Useful lives and methods are reviewed annually and necessary adjustments 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)	2021	2020
Owned property, plant and equipment	59.9	61.3

Notes to the financial statements

for the year ended 30 June 2021

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	1,121.0	518.1	36.0	19.2	**1,694.3**
Accumulated amortisation	(946.3)	-	(10.1)	(3.8)	**(960.2)**
Net book value at 30 June 2019	**174.7**	**518.1**	**25.9**	**15.4**	**734.1**
Additions	48.3	-	-	-	**48.3**
Amortisation expense	(80.4)	-	(2.9)	(2.1)	**(85.4)**
Sundry items[1]	21.9	(10.4)	-	-	**11.5**
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)**
Net book value at 30 June 2020	**164.5**	**507.7**	**23.0**	**13.3**	**708.5**
Additions	73.1	-	-	-	**73.1**
Amortisation expense	(71.6)	-	(2.9)	(2.1)	**(76.6)**
Sundry items[1]	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)**
Net book value at 30 June 2021	**175.4**	**507.8**	**20.1**	**11.3**	**714.6**

1. Sundry items comprised of:

   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.

   2020 - $23.1 million of transfers from property, plant and equipment, goodwill impairment of ($10.3 million), other impairment losses of ($1.2 million) and foreign currency translation of ($0.1 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)	2021	2020
Intangible assets	5.5	1.5

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)	2021	2020
Goodwill - Parcels	492.9	492.9
Goodwill - Other CGUs	14.9	14.8
	507.8	**507.7**

Notes to the financial statements

for the year ended 30 June 2021

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 dedicated freighters 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
Balance at 1 July 2019	**828.5**	**28.8**	**857.3**
Additions	146.6	184.8	**331.3**
Depreciation	(156.8)	(38.0)	**(194.8)**
Reassessments and modifications	(17.4)	55.8	**38.4**
Impairment	-	-	**-**
Balance at 1 July 2020	**800.8**	**231.4**	**1,032.2**
Additions	129.2	15.0	**144.2**
Depreciation	(160.8)	(47.1)	**(207.9)**
Reassessments and modifications	62.0	2.3	**64.3**
Impairment	(5.9)	-	**(5.9)**
Balance at 30 June 2021	**825.3**	**201.6**	**1,026.9**

Lease liabilities

The Group's lease liabilities at 30 June are as follows:

Consolidated ($m)	2021	2020
Current lease liabilities	213.6	183.5
Non-current lease liabilities	920.4	947.4
Total lease liabilities	**1,134.0**	**1,130.9**

The table below detailed the contractual undiscounted cash flows for arrangements where the Group is a lessee:

Consolidated ($m)	2021	2020
Less than 1 year	229.8	187.8
1 to 2 years	219.2	198.2
2 to 5 years	466.1	562.8
Over 5 years	307.8	270.1
Total undiscounted lease liabilities	**1,222.9**	**1,218.9**

Other amounts recognised in the statement of comprehensive income for the year ended 30 June are as follows:

Consolidated ($m)	2021	2020
Depreciation expense for right-of-use assets	207.9	194.8
Interest expense on lease liabilities	20.3	22.1
Expenses relating to short-term leases	1,126.7	914.1
Expenses relating to leases of low-value assets	22.5	21.0
(Income) from sub-leasing of right-of-use assets	(19.4)	(21.7)

Amounts recognised in the statement of cash flows for the year ended 30 June are as follows:

Consolidated ($m)	2021	2020
Interest paid on lease liabilities	20.3	22.1
Principal portion of lease payments	194.0	174.5
Total cash outflow for leases	**214.3**	**196.6**

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; and
- Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

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 2021, 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 2021. The undiscounted cash flows of these extension options not considered reasonably certain of being exercised, are estimated to be $1,329.0 million (2020: $1,151.6 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.

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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 $41.2 million (2020: $38.4 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)	2021	2020
within 1 year	36.1	35.0
from 1 year to 2 years	32.0	33.1
from 2 years to 3 years	19.4	29.6
from 3 years to 4 years	8.5	17.4
from 4 years to 5 years	5.2	7.4
over 5 years	22.8	25.8
Total lease receivable under operating leases	**124.0**	**148.3**

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, 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 opearating 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, intangibles and goodwill for impairment:

- at least annually for indefinite life intangibles 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 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 material impairment recognised during the 2021 financial year for other CGUs containing goodwill (2020: $10.3 million).

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.

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:

	Revenue growth rate one year outside Corporate Plan (%)		Terminal growth rate (%)		Discount rate (%)	
Consolidated	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Parcels CGU	6.2	7.6	2.0	2.0	12.4	15.0
Other CGUs[1]	3.9 - 6.0	7.0 - 15.0	2.0	2.0	13.0 - 18.0	13.0 - 18.4

1. In the 2021 and 2020 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.

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, conservative 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.

B6 Investment property

Investment property as at 30 June is as follows:

Consolidated ($m)	2021	2020
Investment property	157.8	161.8

Investment property is held by the Group for leasing to third parties for rental return as well as capital appreciation. Approximately 69.0 per cent (2020: 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 or permanently withdrawn from use and no future economic benefit is expected, 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.

Notes to the financial statements

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Our asset platform

B6 Investment property (continued)

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 2021 financial year, this assessment was conducted by CBRE Group Inc. (CBRE) (2020: CBRE), an accredited, external and independent valuer. CBRE 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 asset, its location and the economic environment as at the reporting date.

The COVID-19 pandemic has continued to impact market activity due to increased economic uncertainty. 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. In line with recommendation of the valuer, the valuation of the investment property portfolio is under periodic review.

KEY VALUATION INPUTS AND SENSITIVITIES

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 2021, 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 (2020: $89.5 million). The $11.5 million decrease from 30 June 2020 mostly relates to the revaluation of the property and this has been recognised within the net revaluation loss on investment property disclosed in note A2.

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	2021	2020
Capitalisation rate[1]	6.50%	6.25%
Discount rate[2]	7.00%	6.75%
Terminal yield[3]	6.75%	6.75%

1. 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.
2. 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.
3. 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.

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)	2021	2020
Trade creditors	546.5	481.6
Agency creditors[1]	59.4	68.8
Salaries and wages	114.7	104.8
Unearned revenue		
- Unearned delivery revenue	127.1	92.2
- Other advance receipts	172.6	168.1
Borrowing costs	1.7	3.3
Other payables	130.7	136.2
Total current trade and other payables	**1,152.7**	**1,055.0**

1. Non-interest bearing and normally settled on next business day terms.

Unearned revenue

Current year unearned revenue comprises both unearned delivery revenue of $127.1 million (2020: $92.2 million) and other advance receipts of $172.6 million (2020: $168.1 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)	2021	2020
Balance as at 1 July	**260.3**	**244.0**
Additions (consideration received)	388.5	364.7
Utilised (recognised as revenue)	(349.1)	(348.4)
Balance as at 30 June	**299.7**	**260.3**

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.

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Our asset platform

B8 Other provisions

The Group's other provisions at 30 June are as follows:

Consolidated ($m)	Property make good provision	Other provision[1]	Total
Balance at 30 June 2019	**55.2**	**4.4**	**59.6**
- current provision	**8.5**	**3.6**	**12.1**
- non-current provision	**46.7**	**0.8**	**47.5**
Reassessments and additions	8.2	5.5	13.7
Unused amount reversed	(2.4)	(1.0)	(3.4)
Utilised	(0.5)	(2.5)	(3.0)
Discount rate adjustment	(0.1)	-	(0.1)
Balance at 30 June 2020	**60.4**	**6.4**	**66.8**
- 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	(1.0)	(5.2)	(6.2)
Utilised	(0.1)	(1.0)	(1.1)
Discount rate adjustment	0.1	-	0.1
Balance at 30 June 2021	**64.1**	**4.9**	**69.0**
• **current provision**	**15.9**	**4.9**	**20.8**
• **non-current provision**	**48.2**	**-**	**48.2**

1. Includes legal provisions $4.9 million (2020: $6.1 million) and nil onerous agreement provision (2020: $0.3 million).

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)	2021	2020
Current provisions		
Annual leave	212.3	195.1
Long service leave	421.1	402.8
Separations and redundancy	24.5	35.4
Incentives	79.0	92.4
Workers' compensation	47.4	40.7
Other employee	7.6	2.4
Balance at 30 June	**791.9**	**768.8**
Non-current provisions		
Long service leave	65.2	64.6
Separations and redundancy	-	22.2
Workers' compensation	210.3	176.9
Balance at 30 June	**275.5**	**263.7**

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 $18.8 million (2020: $17.0 million).

Incentives

The Group recognises a liability and expense for incentive 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, staff 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 $28.3 million (2020: $25.1 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 $65.7 million of claims made in the 2021 financial year (2020: $52.9 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.

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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 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:

	Key management personnel	
Corporation and consolidated ($)	**2021**	**2020**
Short-term employee benefits[1, 2]	11,896,973	7,961,127
Post-employment benefits	254,952	280,184
Other long-term benefits[3]	130,203	748,095
Termination benefits[4]	1,394,610	1,129,320
Total key management personnel remuneration	**13,676,738**	**10,118,726**

1. Short-term employee benefits comprises cash salary, accrued annual leave, short-term incentives (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. The 2021 total includes the full cost of cash salary and short-term incentives. In 2020, in response to the COVID-19 pandemic, several steps were taken that impacted remuneration costs:
   - the Board, GCEO & MD and senior executives volunteered to reduce their fixed remuneration by 20 per cent for the period 16 April through to 8 July 2020;
   - incentive payments were not paid to the GCEO & MD and senior executives; and
   - a wage pause was applied to increases in wages and salary related allowances.
3. Other long-term benefits comprises accrued long service leave and deferred incentives.
4. Termination benefits are payments made on separation of the senior executive role. This 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. Australia Post also agreed to pay $100,000 of the former GCEO & MD's legal costs pertaining to mediation activities, which does not form part of remuneration.

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:

	Key management personnel	
Corporation and consolidated (number)	**2021**	**2020**
Senior executives	8	11
Directors	8	10
	16	**21**

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 up to 30 June 2021 and 10.0 per cent of their ordinary time earnings effective from 1 July 2021.

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)	2021	2020
Current service cost	159.3	166.0
Interest cost on benefit obligation	88.5	95.6
Interest income on plan assets	(101.5)	(115.8)
Plan expenses	11.7	9.7
Defined benefit superannuation expense	**158.0**	**155.5**

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)	2021	2020
Opening defined benefit obligation at 1 July	3,429.2	3,408.5
Interest cost	88.5	95.6
Current service cost	159.3	166.0
Benefits paid and payable	(241.1)	(249.7)
Actuarial (gain)/loss due to changes in financial assumptions	50.2	4.0
Actuarial (gain)/loss due to changes in demographic assumptions	(6.4)	-
Other remeasurements	16.0	4.8
Closing defined benefit obligation at 30 June[1]	**3,495.7**	**3,429.2**

Changes in the fair value of the plan assets

Consolidated ($m)	2021	2020
Opening fair value of plan assets at 1 July	4,056.1	4,258.8
Return on plan assets excluding interest income	445.1	(140.3)
Interest income on plan assets	101.5	115.8
Contributions by employer	88.5	93.8
Benefits paid and payable	(241.1)	(249.7)
Plan expenses	(11.7)	(9.7)
Contributions tax reserve	(11.5)	(12.6)
Fair value of plan assets at 30 June[1]	**4,426.9**	**4,056.1**

Amount recognised in other comprehensive income

Consolidated ($m)	2021	2020
Remeasurements on liability	(59.8)	(8.8)
Return on plan assets excluding interest income	445.1	(140.3)
Contributions tax	(11.5)	(12.6)
Total amount to be recognised in other comprehensive income	**373.8**	**(161.7)**

1. Excluded from the obligation and plan assets above is $3,870.9 million (2020: $3,533.5 million) relating to member financed accumulated benefits.

Related party transactions

The Group performs administrative services on behalf of the APSS. These services are provided on normal commercial terms. Payment received by Australia Post for these services for year ended 30 June 2021 is $15.0 million (2020: $12.7 million).

Notes to the financial statements

for the year ended 30 June 2021

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

The Corporation is an employer sponsor of the APSS. In addition, certain employees of Star Track Express Pty Ltd, Star Track Retail Pty Ltd, PostSuper Pty Ltd and Decipha Pty Ltd are also members of the scheme. The APSS provides employer-financed defined benefits to all employees who are members. The APSS also enables members to open an accumulation account for personal contributions only, as well as account for their spouse and maintain the account on leaving employment. Balances in the accumulation section at 30 June 2021 totalled $3,870.9 million (2020: $3,533.5 million) and have been excluded from the disclosures.

The APSS is governed by the rules as set out in the APSS Trust Deed. The current Trust Deed (including amendments contained in the Deed of Modifications 1 to 19) was consolidated in March 2020. APSS is a “regulated fund” under the provisions of the *Superannuation Industry (Supervision) Act 1993 (SIS)*. The Scheme is treated as a complying defined benefit superannuation fund for taxation purposes.

The APSS is operated by the APSS Trustee. By law, the APSS Trustee is required to act in good faith and in the best interests of members, and operate in accordance with the APSS Trust Deed. The board of the Trustee is comprised of three Union or Australian Council of Trade Unions appointed directors, three employer-appointed directors, and an independent director.

Funding arrangement and requirements

The APSS 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 any employee salary sacrifice contributions) of $85.2 million for the year ended 30 June 2022 (2021: $88.5 million).

As under the current arrangements, the Corporation can cease making contributions at any time to the APSS, the Corporation has no legal requirement to contribute to the APSS. As such, the Corporation does not currently have any minimum funding requirements in respect of the APSS.

Categories of plan assets ($m)[1]

The fair value of total plan assets is as follows:

Consolidated ($m)	2021	2020
Active market		
Cash	234.9	223.2
Australian public equities	194.3	214.8
International public equities	734.5	798.5
Emerging markets public equities	45.2	62.8
Australian public debt	1,466.5	1,105.9
International public debt	235.2	318.3
Inactive market		
Equities and debt	508.0	558.5
Real estate	59.8	56.4
Alternative credit	330.3	315.7
Real assets	618.2	402.0
	4,426.9	**4,056.1**

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: The carrying amount for cash is its fair value due to the asset's liquid nature. Public equities and debts including units in listed unit trusts and shares in listed companies that are quoted on a recognised stock exchange are stated at market quotations as at year end.

Inactive market: This category comprises investments for which market quotations are not available hence are stated at estimated fair value determined by the APSS Trustee. Whilst there is an inherent uncertainty in the estimations, APSS Trustee has a control framework where estimated fair value is based on the net asset value ascertained from periodic valuations provided to APSS by the trustees of unlisted unit trusts and directors of unlisted companies. The APSS Trustee has a process in place to assess the evidence obtained to support the conclusion that such valuations meet the requirements of the Australian Accounting Standards. These valuations are generally provided either daily or monthly in pricing reports and unit holder/shareholder statements, and using audited and unaudited financial statements or reports. Valuations determined by this method are necessarily dependent upon the reasonableness of the valuations of the underlying investments.

The APSS Trustee has considered the impacts of the COVID-19 pandemic in the valuation of its plan assets and recognises that whilst uncertainty exists as a result of the COVID-19 pandemic, there is no expected material impact to the fair value of the plan assets at balance sheet date.

Amount recognised in the balance sheet

The amount recognised in the balance sheet as at 30 June is as follows:

Consolidated ($m)	2021	2020	2019	2018	2017
Present value of benefit obligation (wholly funded)	(3,495.7)	(3,429.2)	(3,408.5)	(3,279.4)	(3,350.6)
Fair value of plan assets	4,426.9	4,056.1	4,258.8	4,198.1	4,051.0
Net superannuation asset/(liability)[1]	**931.2**	**626.9**	**850.3**	**918.7**	**700.4**

1. The Corporation's entitlement to any surplus in the Scheme is limited by the terms of the relevant Trust Deed and applicable superannuation laws. On termination, any money and other assets remaining in the Scheme 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 Scheme's 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 2021

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:

	Actuarial assumption (% per annum)		Sensitivity ($m)			
			Rate increase of 1%		Rate decrease of 1%	
Consolidated	2021	2020	2021	2020	2021	2020
Discount rate	2.7	2.6	(234.1)	(228.4)	268.8	262.4
Average future inflationary salary increases*	3.0 to 30 June 2024; 2.0 thereafter	2.0	145.0	186.3	(129.3)	(162.5)

* 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.

Maturity profile

The duration of the liabilities is approximately 8 years (2020: 8 years), calculated using expected benefit payments on an accrual basis.

Accumulation post-employment benefits

Australia Post pays the Superannuation Guarantee contribution (9.5 per cent up to 30 June 2021, 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 2021, the Superannuation Guarantee contribution will increase from 9.5 per cent to 10.0 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)	2021	2020
Accumulation superannuation expense	132.6	121.2

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.

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 a A+, Negative Outlook rating (2020: 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.

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.

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 $450.0 million expiring 31 July 2024, which is available for draw down for a minimum of 30 days. (2020: 3 year and 1 month revolving credit facility of $150.0 million expiring 20 July 2022 and a 2 year and 1 month revolving credit facility of $300.0 million expiring 20 July 2022). These facilities are used to manage short-term liquidity requirements and have remained undrawn at 30 June 2021.

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 2021, the maximum credit risk in respect to guarantees is $284.2 million (2020: $254.3 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 (2020: 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.

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 2021 comprises the following fixed-rate unsecured bonds, which are repayable in full with $175 million maturing on 13 November 2023, $180 million maturing on 1 December 2026 and a floating rate note of $100 million maturing on 1 December 2021. In November 2020, the Group repaid the $250 million of maturing unsecured bond in full. On this basis, the weighted average duration of debt is 3.1 years (2020: 2.8 years).

Consolidated ($m)	2021	2020
Payable in less than 1 year[2]	100.0	249.9
Current loan liabilities	**100.0**	**249.9**
Payable in 1 - 5 years[1,2]	178.0	279.6
Payable in over 5 years[1]	185.4	187.8
Non-current loan liabilities	**363.4**	**467.4**
Total	**463.4**	**717.3**

1. Designated in fair value hedge relationships at amortised cost and adjusted by the gain/loss attributable to interest rate risk.
2. Measured at amortised cost.

The table below sets out the changes in interest bearing liabilities:

Consolidated ($m)	Bonds payable	Lease liability[1]	Total
As at 30 June 2019	**713.5**	**953.3**	**1,666.8**
Changes in fair value	3.8	-	**3.8**
New leases	-	331.3	**331.3**
Cash flows	-	(174.5)	**(174.5)**
Other non-cash movements	-	20.8	**20.8**
As at 30 June 2020	**717.3**	**1,130.9**	**1,848.2**
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**
As at 30 June 2021	**463.4**	**1,134.0**	**1,597.4**

1. Refer to Note B4 for further information on lease liabilities.

Interest rate risk sensitivity

An interest rate sensitivity analysis of the Group at the reporting date has been performed, using a 74 basis point (2020: 9 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 $2.8 million (2020: $0.4 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.

	Carrying amount	
Consolidated ($m)	**2021**	**2020**
Financial assets		
Cash and cash equivalents (floating rate)	508.0	626.3
Financial liabilities		
Bonds payable (fixed rate)	363.4	617.3
Bonds payable (floating rate)	100.0	100.0
Interest rate swaps (fixed rate)	(150.0)	(154.5)
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.

	Contractual maturity (nominal cash flows)					
Consolidated ($m)	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total nominal cash flows**	**Carrying amount (assets)/ liabilities**
As at 30 June 2021						
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)**
	987.8	**233.0**	**663.4**	**491.4**	**2,375.6**	**2,231.6**
As at 30 June 2020						
Trade and other payables	588.5	-	-	-	**588.5**	**588.5**
Lease liabilities	187.8	198.2	562.8	270.1	**1,218.9**	**1,130.9**
Bonds payable	274.2	117.4	211.0	190.8	**793.4**	**717.3**
Interest rate swaps (net settled)	(3.3)	(3.2)	(6.9)	(1.6)	**(15.0)**	**(14.5)**
Hedge foreign exchange contracts (net settled)	(0.5)	(0.6)	-	-	**(1.1)**	**(1.1)**
	1,046.7	**311.8**	**766.9**	**459.3**	**2,584.7**	**2,421.1**

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 2021

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 7.9 per cent (2020: 8.4 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.

		Exchange +7.9%		Exchange -7.9%	
Consolidated AUD ($m)	**Exposure**	**Impact on profit**	**Impact on equity**	**Impact on profit**	**Impact on equity**
2021					
Financial assets					
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)
Financial liabilities					
Trade and other payables	(95.0)	5.2	-	(5.2)	-
Other liabilities	(0.7)	-	(0.3)	-	0.3
Net exposure	**33.6**	**(1.7)**	**2.0**	**1.7**	**(2.0)**
		Exchange +8.4%		**Exchange -8.4%**	
	Exposure	**Impact on profit**	**Impact on equity**	**Impact on profit**	**Impact on equity**
2020					
Financial assets					
Cash on hand	27.8	(1.5)	-	1.5	-
Trade and other receivables	166.0	(9.8)	-	9.8	-
Other assets	3.0	-	5.4	-	(5.4)
Financial liabilities					
Trade and other payables	(97.7)	5.8	-	(5.8)	-
Other liabilities	(1.9)	-	0.6	-	(0.6)
Net exposure	**97.2**	**(5.5)**	**6.0**	**5.5**	**(6.0)**

Of the total $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. (2020: Total of $97.2 million of foreign currency denominated exposures is $65.8 million is SDR, $11.9 million in GBP, $7.0 million in NZD, $5.7 million in USD, $4.0 million in HKD, $2.4 million in EUR and $0.4 million in CNY).

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 2021 and 30 June 2020. 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. For the year, 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 asset of $1.3 million (2020: net asset of $1.1 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:

	Notional amount (foreign currency) ($m)		
Consolidated	**USD**	**EUR**	**SDR**
2021			
BUY[1]			
0-12 months	-	7.9	5.7
Over 12 months	-	-	-
	-	**7.9**	**5.7**
SELL[2]			
0-12 months	-	-	24.2
Over 12 months	-	-	4.0
	-	**-**	**28.2**

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.

	Notional amount (foreign currency) ($m)		
Consolidated	**USD**	**EUR**	**SDR**
2020			
BUY[1]			
0-12 months	1.1	4.5	22.7
Over 12 months	-	-	5.7
	1.1	**4.5**	**28.4**
SELL[2]			
0-12 months	-	-	50.9
Over 12 months	-	-	10.5
	-	**-**	**61.4**

1. Average buy exchange rates to the Group's functional currency AUD are: USD 0.650, EUR 0.610 and SDR 2.002.
2. Average sell exchange rates to the Group's functional currency AUD are: SDR 2.035.

Notes to the financial statements

for the year ended 30 June 2021

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 $140m, 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.

Consolidated	Fixed interest rate (%)	Notional principal amount ($m)
2021		
From 1 - 5 years	5.5	70.0
Over 5 years	4.0	70.0
2020		
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 reassessing 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
2021		
Financial liabilities		
Bonds payable	463.4	495.8
2020		
Financial liabilities		
Bonds payable	717.3	761.2

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 2021

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:

	2021 %	2020 %
AP Global Holdings Pty Ltd [12]	100	100
AP International Holdings Pty Ltd [12]	100	100
APost Accelerator Pty Ltd [1]	100	100
APost Innovation Pty Ltd [1]	100	100
Australia Post Digital iD Pty Ltd [1]	100	100
Australia Post Licensee Advisory Council Limited [3]	50	50
Australia Post Services Pty Ltd [4]	100	100
Australia Post Transaction Services Pty Ltd [5]	100	100
Australia Post Global eCommerce Solutions Private Limited [7]	100	100
Australia Post Global eCommerce Solutions (Aust) Pty Ltd [12,14]	100	100
Australia Post Global eCommerce Solutions (UK) Limited [8]	100	100
Australia Post Global eCommerce Solutions (USA) Inc. [9]	100	100
Australian Express Freight Pty. Limited [1,11]	100	100
Australian Express Transport Pty. Limited [1,10]	100	100
AUX Investments Pty Ltd [12]	100	100
Decipha Pty Ltd [12]	100	100
Mardarne Pty. Ltd. [1,13]	100	100
POLi Payments Pty Ltd [1]	100	100
POSTLogistics (Hong Kong) Pte Limited [6]	100	100
SecurePay Holdings Pty Ltd [2]	100	100
SecurePay Pty. Ltd. [2]	100	100
Star Track Express Holdings Pty Limited [12]	100	100
Star Track Express Investments Pty Limited [12]	100	100
Star Track Express Pty Limited [12]	100	100
StarTrack Retail Pty Ltd [12]	100	100

1. Small proprietary company not required to prepare and lodge audited financial statements with Australian Securities and Investments Commission (ASIC).
2. 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.
3. 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 per cent voting rights on the board of directors of the entity and effective 50 per cent membership voting rights.
4. Small proprietary company which holds an Australian Financial Services Licence and is required to prepare and lodge audited financial statements with ASIC.
5. Large proprietary company required to prepare and lodge audited financial statements with ASIC.
6. Entity incorporated in Hong Kong and not audited by the Australian National Audit Office (ANAO). Audited by Moore Stephens CPA Limited, Hong Kong.
7. Entity incorporated in Singapore and not audited by the ANAO. Audited by Ernst & Young LLP, Singapore.
8. Entity incorporated in UK and not audited by the ANAO. Audited by Ernst & Young LLP, UK.
9. Entity incorporated in the USA and not audited by the ANAO. Audited by Ernst & Young LLP, USA.
10. Trustee of Darra No 1 Trust and Minchinbury No 1 Trust.
11. Trustee of Darra No 2 Trust and Minchinbury No 2 Trust.
12. 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.
13. Trustee of Mardarne No 1 Trust.
14. Entity formerly known as STI Co (Aust) Pty Ltd.

E2 Australian Postal Corporation

Corporation ($m)	2021	2020
Current assets	2,196.3	2,002.3
Total assets	7,758.7	7,126.3
Current liabilities	3,051.6	2,696.6
Total liabilities	5,198.6	4,835.7
Net assets	**2,560.1**	**2,290.6**
Contributed equity	400.0	400.0
Retained profits	2,141.5	1,871.6
Asset revaluation reserve	17.7	17.7
Hedging reserve	0.9	1.3
Total equity	**2,560.1**	**2,290.6**
Net profit/(loss) of the parent entity	54.4	36.4
Total comprehensive income/(losses) of the parent entity	261.6	(113.1)
Adjustment for initial application of accounting standard	-	(21.3)
Dividends paid	(46.2)	(21.0)
Other	0.1	8.1

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 $0.4 million (2020: $2.6 million);
- Issued bank guarantees amount to $227.9 million (2020: $197.6 million) which represent guarantees supporting workers compensation self-insurance licences in various jurisdictions;
- Contractual obligations which relate to sub-lease rent receivables and operating lease receivables in the amount of $124.0 million (2020: $148.3 million); and
- Capital commitments of the parent entity in relation to land and buildings and plant and equipment amount to $52.2 million (2020: $58.8 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 ($)	2021	2020
An audit or review of the financial report of the entity and any other entity in the consolidated entity	2,101,000	2,334,000
• assurance related	156,000	156,000
• other non-audit related[1]	234,000	147,000
Total auditor's remuneration	**2,491,000**	**2,637,000**

1. 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 2021

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.

	Guarantees		Claims for damages or other costs		Total	
Consolidated ($m)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Balance from previous period	254.3	247.3	2.6	1.6	256.9	248.9
New contingent liabilities recognised	4.5	201.5	0.1	2.3	4.6	203.8
Re-measurement	25.4	-	(1.9)	(1.3)	23.5	(1.3)
Liabilities realised	-	-	(0.4)	-	(0.4)	-
Obligations expired	-	(194.5)	-	-	-	(194.5)
Total contingent liabilities	**284.2**	**254.3**	**0.4**	**2.6**	**284.6**	**256.9**
Balance from previous period	18.9	44.0	-	-	18.9	44.0
New contingent assets recognised	32.9	8.5	-	-	32.9	8.5
Re-measurement	(0.1)	-	-	-	(0.1)	-
Asset realised	-	-	-	-	-	-
Obligations expired	(14.3)	(33.6)	-	-	(14.3)	(33.6)
Total contingent assets	**37.4**	**18.9**	**-**	**-**	**37.4**	**18.9**
Net contingent liabilities	**246.8**	**235.4**	**0.4**	**2.6**	**247.2**	**238.0**

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 2021, there is no material contingent liability with respect to the Group's self-insurance activities.

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 2021. Liabilities are disclosed as current when they are due within 12 months of 30 June 2021 or when there is no unconditional right to defer settlement of the liability for at least 12 months after 30 June 2021.

Notes to the financial statements

for the year ended 30 June 2021

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 2020:

Reference	Description
AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	The AASB has issued amendments to the guidance in AASB 3 *Business Combinations* that revises the definition of a business. There were no material changes to the Group's financial statements from the application of these amendments.
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	The AASB has made amendments to AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and consequential amendments to other Australian Accounting Standards (AAS) which: i) use a consistent definition of materiality throughout AAS and the Conceptual Framework for Financial Reporting; ii) clarify when information is material; and iii) incorporate some of the guidance in AASB 101 about immaterial information. There were no material changes to the Group's financial statements from the application of these amendments.
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	The AASB has issued a revised Conceptual Framework which introduces a new reporting entity concept. At this stage, the revised framework will only be mandatory for for-profit private sector entities with public accountability that are required by legislation to comply with Australian Accounting Standards (AAS). Consequential amendments to various other standards have also been made. There were no material changes to the Group's financial statements from the application of these amendments.
AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	Amendments have been made to AASB 7 *Financial Instruments: Disclosures,* AASB 9 *Financial Instruments* and AASB 139 *Financial Instruments: Recognition and Measurement* that provide certain reliefs. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. There were no material changes to the Group's financial statements from the application of these amendments.
AASB 2019-5 *Amendments to Australian Accounting Standards Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	The AASB has made amendments to AASB 1054 *Australian Additional Disclosures* which clarify that entities that intend to comply with IFRS Standards will need to disclose the potential effect of new IFRS Standards that have not yet been issued by the AASB as Australian Accounting Standards. There were no material changes to the Group's financial statements from the application of these amendments.
AASB 2020-4 *Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions*	AASB 2020-4 provides practical relief for lessees in accounting for eligible rent concessions that are a direct consequence of COVID-19. 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 2020-8	*Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2*	In September 2020, the AASB made amendments to AASB 9 *Financial Instruments*, AASB 139 *Financial Instruments: Recognition and Measurement,* AASB 7 *Financial Instruments: Disclosures,* AASB 4 *Insurance Contracts* and AASB 16 *Leases* to address issues that arise during the reform of an interest rate benchmark (IBOR), including the replacement of one benchmark with an alternative one. These changes are not anticipated to have a material impact on the Group's financial statements.	1 January 2021	1 July 2021
AASB 2021-3	*Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*	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. These changes are not anticipated to have a material impact on the Group's financial statements.	1 April 2021	1 July 2021
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* 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 2022	1 July 2022
AASB 2020-3	*Amendments to Australian Accounting Standards – Annual Improvements 2018 –2020 and Other Amendments*	The AASB has made narrow scope amendments to: • AASB 116 *Property, Plant and Equipment* in relation to proceeds before intended use; • AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* in relation to onerous contracts and the cost of fulfilling a contract; • AASB 3 *Business combinations* in relation to references to the Conceptual Framework, and annual improvements to AASB 16, AASB 1, AASB 9 and AASB 141. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2022	1 July 2022

Notes to the financial statements

for the year ended 30 June 2021

Other information

E5 Other accounting policies (continued)

Reference	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 2020-1	*Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*	The AASB issued a narrow-scope amendment to AASB 101 *Presentation of Financial Statements* 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 2023
AASB 2021-5	*Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	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	*Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	This Standard amends: a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2023	1 July 2023

Community service obligations

for the year ended 30 June 2021

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 2020/21, taking account of the Temporary Regulatory Relief in place throughout financial year 2020/21.

Organisational arrangements

Australia Post considers the strategies and policies it has in place to carry out its CSOs are appropriate and adequate. The ongoing focus on monitoring Prescribed Performance Standards satisfaction is coordinated by the office of the Corporate Secretary.

CSO Costs

There is a financial cost associated with meeting 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 2020/21 is estimated at $348.3 million (2019/20: $393.3 million), including $197.1 million in rural and remote locations (2019/20: $201.6 million).

Performance Standard		2020/21 Performance
On-time delivery	94.0%	95.1%
Delivery frequency		
- to rural and remote delivery points each business day and to metropolitan delivery points every second business day	98.0%	98.82%
- to delivery points at least 2 days per week	99.7%	99.99%
Delivery timetables	Maintain	Maintained
Street posting boxes	10,000	15,001
Retail outlets		
- in total	4,000	4,320
- in rural and remote areas	2,500	2,517
- 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%	88.9%

Auditor-General's report – performance standards

Auditor-General for Australia

Australian National Audit Office

INDEPENDENT ASSURANCE REPORT

To the Minister for Communications, Urban Infrastructure, Cities and the Arts

Opinion

In my opinion, the Australian Postal Corporation has, in all material respects, complied with the Prescribed Performance Standards prescribed in the *Australian Postal Corporation (Performance Standards) Regulations 2019* for the year ended 30 June 2021.

I have undertaken a reasonable assurance engagement on Australian Postal Corporation's compliance, in all material respects, with the Prescribed Performance Standards of the *Australian Postal Corporation (Performance Standards) Regulations 2019* which are made under the *Australian Postal Corporation Act 1989* for the year ended 30 June 2021.

The Prescribed Performance Standards require the Australian Postal Corporation to:

(a) service 98% of all postal delivery points daily (except on a Saturday, a Sunday or a public holiday) and 99.7% of all postal delivery points at least two days each week (Regulation 7);

(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);

(c) 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

(d) maintain at least 4,000 retail outlets at which 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).

Basis for Opinion

I have conducted the engagement in accordance with the Australian National Audit Office Auditing Standards, which include the relevant Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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Directors' Responsibilities

The Directors of the Australian Postal Corporation are responsible for:

(a) the compliance activity undertaken to meet the requirements of the Prescribed Performance Standards; and

(b) identification of risks that threaten compliance with the Prescribed Performance Standards and controls which will mitigate those risks and monitor ongoing compliance.

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.

Auditors' Responsibilities

My responsibility is to express an opinion on compliance with the Prescribed Performance Standards by the Australian Postal Corporation for the year ended 30 June 2021. ASAE 3100 *Compliance Engagements* requires that I plan and perform my procedures to obtain reasonable assurance about whether the Australian Postal Corporation has complied, in all material respects, with the Prescribed Performance Standards for the year ended 30 June 2021.

An assurance engagement to report on the Australian Postal Corporation's compliance with the Prescribed Performance Standards involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the Prescribed Performance Standards. My procedures included obtaining an understanding of the compliance measures and examining, on a test basis, evidence supporting the operation of these compliance measures. These procedures have been undertaken to form a conclusion whether, in all material aspects, the Australian Postal Corporation has complied with the Prescribed Performance Standards during the year ended 30 June 2021.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

A reasonable assurance engagement for the year ended 30 June 2021 does not provide assurance on whether compliance with the Prescribed Performance Standards will continue in the future.

Australian National Audit Office

Grant Hehir

Grant Hehir

Auditor-General

27 August 2021

Domestic letter service monitor (Kantar)

KANTAR

Level 2/16 Palmer Parade
Cremorne, VIC 3121

T +61 (3)8862 5900

12 August 2021

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 (Regular) against its delivery undertakings for the year ended June 2021 in accordance with the requirements of the Australian Postal Corporation Act 1989.

Our monitor was based on a properly prepared, statistically valid sample of approximately 102,980 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 or every second business day 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 2021 the sample used by Kantar Australia was consistent with the sample frame provided by Australia Post. The attached certification 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 2020 to 30 June 2021."

Results

For the year ended June 2021, the monitor showed that Australia Post delivered 95.1 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 the relevant delivery standard. Refer to COVID-19 Impact within this letter outlining the impact of the pandemic on the service performance result.

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 2021 against the scope provided.

COVID-19 Impacts

The COVID-19 pandemic generated circumstances beyond Australia Post's control and qualifies as a force majeure event. However, a decision was made in consultation with Australia Post, and communicated with the ANAO and its agent, that all delayed samples would be included in the service performance result for financial year ending June 2021 notwithstanding COVID-19 impacts. Those samples were therefore not removed under a force majeure event; impacting performance results for all FY21.

The decision recognised that Temporary Regulatory Relief, in the form of temporary changes to Australia Post's prescribed performance standards, was implemented by the Federal Government with effect from 16 May 2020 until 30 June 2021; and encompassed extended delivery timing for Regular intrastate (but not interstate) letters and suspension of the Priority Letter service.

As advised by Australia Post, notwithstanding the Temporary Regulatory Relief there were also a number of additional unanticipated headwinds (such as snap lockdowns and, most notably, processing facility restrictions in Victoria in and around September 2020 that reduced facility workforce capacity by a third at the height of Stage 4 COVID restrictions), which were a key driver in the decline in service levels versus last year (FY20). Throughout the year, processing facilities were balancing unprecedented volumes in the network; the continued requirements for social distancing and zoning in facilities; and, of particular note, the ongoing significant reduction in air capacity impacting letters – particularly those travelling interstate.

Service action plans underpinned the performance above the prescribed performance standard despite these significant headwinds.

Yours faithfully,

Jon Foged
CEO
Kantar Australia
Insights Division

Margaret Persico
Senior Director
Kantar Australia
Insights Division

Survey certification

Deloitte Risk Advisory Pty Ltd
ACN 611 748 184

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GPO Box 78
Melbourne VIC 3001 Australia

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www.deloitte.com.au

Financial Year 2021 Report

Independent Limited Assurance Report on Kantar Australia's 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 2020 to 30 June 2021.

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 2020 to 30 June 2021.

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.

Deloitte.

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 on 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 2021 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 'dudding' 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

Deloitte.

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 Agreed Business Rules used for this engagement was designed for a specific purpose of reporting the performance metric to Australia Post, as a result, the reported 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.

DELOITTE RISK ADVISORY PTY LTD

Jonathan Goldman
Partner
Melbourne Australia, 22 July 2021

Deloitte.

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	95.1 (± 0.2)	95.1

Letters/Non-Letters Services

(including reserved services)

2021	Letters[1] $m	Letters[1] %	Non-Letters $m	Non-Letters %	Total $m	Total %
Revenue	1,794.4	21.7%	6,479.3	78.3%	8,273.7	100.0%
Expenditure[2]	2,000.1	24.6%	6,129.0	75.4%	8,129.1	100.0%
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees	**(205.7)**	**(142.3%)**	**350.3**	**242.3%**	**144.6**	**100.0%**
Finance costs					(45.3)	
Share of net profits of equity-accounted investees					1.4	
Profit before income tax					**100.7**	
Income tax (expense)/benefit					(31.1)	
Net profit for the year					**69.6**	

2020	Letters[1] $m	Letters[1] %	Non-Letters $m	Non-Letters %	Total $m	Total %
Revenue	1,996.4	26.6%	5,502.8	73.4%	7,499.2	100.0%
Expenditure[2]	2,230.9	30.2%	5,162.4	69.8%	7,393.3	100.0%
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees	**(234.5)**	**(221.4%)**	**340.4**	**321.4%**	**105.9**	**100.0%**
Finance costs					(54.2)	
Share of net profits of equity-accounted investees					1.9	
Profit before income tax					**53.6**	
Income tax (expense)/benefit					(10.7)	
Net profit for the year					**42.9**	

1. Letters includes reserved letters (Revenue $1.5 billion (2020: $1.7 billion) and loss before income tax expense and share of net profits of equity-accounted investees of $60.3 million (2020: loss before income tax expense and share of net profits of equity-accounted investees of $91.0 million)), non-reserved letters (including unaddressed mail), international letters and small packets (i.e. regulated packets less than 2kg).
2. Cost allocation methodology has been updated to reflect latest assessment of cost attribution. Prior year comparatives have been restated for consistency of presentation.

Statutory reporting requirements index

for the year ended 30 June 2021

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.

Statutory reporting requirements index

for the year ended 30 June 2021

Section	Subject	Pages
s17BE(l)	Location of major activities or facilities	167
s17BE(m)	Main corporate governance practices	72
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	166
s17BE(s)	Information not obtained from subsidiaries	n/a
s17BE(t)	Indemnity for officers	160
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)	72
s17BE(ta)	Information about executive remuneration	74-191
s17BE(u)	List of 'Schedule 2A' annual report requirements	157-159
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	64-66
s17BF(1)(b)	Dividends paid or recommended	1, 12, 16, 19, 95, 105, 109, 114, 141
s17BF(1)(c)	CSOs, including actions taken and an assessment of the cost	94, 147
s17BF(2)	Commercially sensitive exclusion statement	n/a
s17CE(4)	Particulars of any executive remuneration information exemptions / requirements	n/a
Work Health and Safety Act 2011		
Sch.2, s4(2)(a)	Health, safety and welfare initiatives	161-163
Sch.2, s4(2)(b)	Health and Safety outcomes	161-163
Sch.2, s4(2)(c)	Statistics requiring the giving of notice	161-163
Sch.2, s4(2)(d)&(e)	Details of investigations and other matters as prescribed	161-163
Superannuation Benefits (Supervisory Mechanisms) Act 1990		
s6(1)(b)	Report on operation of superannuation arrangements	161

Statutory reporting requirements

for the year ended 30 June 2021

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 157 to 159 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, Urban Infrastructure, Cities and the Arts, the Hon Paul Fletcher MP, has portfolio responsibility for Australia Post. Under a dual shareholder model, overall responsibility for Australia Post is exercised jointly with the Minister for Finance, Senator the Hon Simon Birmingham.

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 54(3) of the of the APC Act empowers the Minister to give the Board written directions in relation 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 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 2020/21 is estimated to be $32.0 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 2020/21 to be in the range of $1.25 - 1.35 million.

ACCC record keeping rules

The cost of compliance with the ACCC's record keeping rules in 2020/21 is estimated to be $150,000.

Maintaining heritage properties

The cost of repairing and maintaining heritage listed properties in 2020/21 was approximately $2.85 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 2020/21, revenue foregone in relation to the service is estimated to be $58,686.

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, which pays a lump sum defined benefit. This Scheme 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 the default defined contribution superannuation fund retained by Australia Post or nominate a complying superannuation fund of their choice. On 1 September 2019, following a market review, AustralianSuper became Australia Post's default superannuation fund.

Work Health and Safety Report

COVID-19 response

The physical and psychological safety and wellbeing of our people remains our greatest priority through a year of significant change and challenge. The first half of the financial year saw our Victorian people subjected to some of the toughest restrictions in the world at the same time as our parcel volumes increased exponentially. The second half of the year saw a series of rolling restrictions across many states, ending with another substantial lockdown period in Victoria.

Our COVID-19 controls have proved effective, with one workplace transmission in the early stages of the Victorian second wave that was limited to 11 people and contained within 48 hours. We have worked closely with the relevant state authorities and aside from a limited number of temporary post office closures for cleaning, we have not stopped operations or closed a facility throughout the course of the pandemic.

Our coordinated response saw the implementation of zoning, staggered shifts and temperature testing in our major facilities, protective screens installed in our post offices and the move to working from home for our call centre and corporate staff.

A dedicated contact tracing team was stood up during the Victorian Stage 4 lockdown, with rapidly deployed infectious disease control software implemented to enable effective risk management and record keeping.

2025 Safety, Wellbeing & Injury Management Strategy

Our strategies for both physical and psychological safety and injury management, underpinned by a 2025 view, have been externally reviewed by leading experts and were approved by the Board in February 2021.

Our core safety, wellbeing and injury management strategic priorities are designed to deliver a step change in safety performance and improve return to work outcomes. Our programs fall under four strategic pillars:

- leaders who are safety role models, with an embedded safety culture across the organisation;
- critical risk management based on exposure awareness, critical controls and elimination;
- best in class tailored psychological safety and wellbeing program; and
- prevent injuries and improve return to work outcomes.

Critical risk management

Our Delivery Workers account for 76 per cent of all injuries (typically motorcycle accidents or body stressing). Motorcycles are the major cause of catastrophic injuries and our clear objective is to remove all motorcycles from our Delivery fleet as soon as possible.

Pleasingly, since the full rollout of the Alternating Delivery Model in October 2020, we have seen a 50 per cent decrease in motorcycle related serious claims. With a rapid increase of electric delivery vehicles implemented into the network, we also saw no proportionate increase in electric delivery vehicle (eDV) accidents as this mode of transport increased.

As part of our critical risk and LEAN program, we have implemented cutting edge technology focussing on forklift exclusion zones and the separation of pedestrians and forklifts. A baseline of exposure events was set at each site (10 sites in total) and we have seen a 50 per cent reduction in exposures.

We saw a spike in serious injury claims during the Victorian Stage 4 Lockdown when we were moving exponentially increased parcel volumes with a 30 per cent reduction in our processing centre workforce. This spike has contributed significantly to the overall increase in injuries this year compared to last year. With respect to managing increased parcel volumes from a safety perspective, automation of our facilities remains our primary higher order control.

Statutory reporting requirements

for the year ended 30 June 2021

Over the last three years, we have invested $283 million in the automation of our major processing facilities. Despite an increase in claim numbers year on year, investments in automation have enabled us to process and deliver significantly higher volumes of parcels whilst reducing our overall accepted and serious claims per million parcels since July 2019. Australia Post has multiple controls and programs designed to address the hazards of manual handling. These range from pre-employment functional assessments to safe design considerations when planning new facilities or major automation projects to individual, task-based risk assessments and controls.

Safety leadership and culture

A safety culture program was launched in early 2021 following several qualitative safety culture assessments. The program includes:

Site-Specific Program – this program provides more intensive support for a number of select facilities in relation to the development of site specific safety cultural improvement plans; enhanced understanding of risk; improved decision making; enhanced safety leadership through visibility and capability; and increased accountability for safety across every level of the facility.

The CORE Program – utilising the successful foundations established during Safety Time in 2020, a series of topics have been designed to be implemented across the organisation over a 12-month period, using existing meeting structures or toolbox talks. The topics are mapped to the Safety Culture Compass, designed to be delivered in 15-minute 'snapshots' and will be suitable for both face to face and virtual delivery. In general, sessions will be held monthly; with each core content session held in month A (for example), followed by a reflection/ review session in month B.

Psychological safety

Our psychological safety and wellbeing approach is based on four key pillars:

- identify and mitigate psychosocial exposures tailored to workforce segment;
- raise awareness and combat stigma;
- build leader capability to support psychological wellbeing; and
- positively influence psychological safety and wellbeing in the community.

With such a broad workforce, our priority now is to pair our holistic, enterprise wide strategy with a tailored risk-based approach for each business area. To achieve this priority, we have introduced psychological safety focused working groups in each of our business units. These action-oriented forums bring key stakeholders together to plan and implement psychosocial risk identification and mitigation strategies.

Our foundation programs designed to raise awareness, combat stigma and build leader capability to support psychological wellbeing continue have been further enhanced this year from their strong base.

Our Employee Assistance Program (EAP) uptake has reduced slightly over the 12 months to 6.4 per cent, however still sitting well above the sector benchmark of 5.1 per cent, and indicating widespread acceptance of the EAP as a valid source of support. Onsite EAP support was offered throughout our peak period and to support the implementation of ADM across Deliveries and the Customer Contact Centres, with a total of 252 proactive visits.

As part of our commitment to continuing to strive to positively influence psychological safety and wellbeing in the community, Australia Post became a foundation member of Healthy Heads in Trucks and Sheds and we hold seats on both the Board of Directors and the Advisory Board of that organisation.

Also during 2020/21:

- ninety 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 Health and Safety Representative (HSR) training courses and 5 refresher HSR training courses run during the year, with a total of 227 participants trained.

Freedom of information report

In 2020/21 Australia Post received 165 applications under the *Freedom of Information Act 1982* (FOI Act).

Including the five (5) applications on hand at 30 June 2020, and with five (5) applications outstanding at 30 June 2021, a total of 165 applications were resolved in the financial year.

These were handled as follows:

Access granted in full	15
Access granted in part	14
Access refused	131
Requests withdrawn	23
Total resolved	165

There were seven (7) 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 staff 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

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 includes more information on how Australia Post handles personal information.

Fraud control

Fraud governance, prevention, detection and response for the Group is governed by our Group Fraud Policy (Policy), which is supported by our Enterprise Fraud Framework (Framework) and other integrity-related policies. Roles and responsibilities for the Board, management and employees are clearly articulated in the Policy, which was last updated in April 2019.

The PGPA Act provides principles of fraud risk management outlining specific obligations on the Board to prevent, detect and deal with fraud. We have identified the key provisions as they relate to fraud management and have aligned our Framework as appropriate.

Statutory reporting requirements

for the year ended 30 June 2021

The Group's Framework aligns with Australia Post's Risk Management Policy and other related policies and adopts a methodology consistent with the Australian Fraud and Corruption Control Standard (AS 8001:2008) (Australian Standard).

The Group does not tolerate fraud, is committed to the highest levels of integrity and ethical and lawful behaviour is expected in all business practices. Application of the Framework is facilitated by the Chief Risk Officer function.

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 (i.e. by X-ray or with drug detection dogs).

To help manage threats to international aviation, Australia Post is authorised under the *Aviation Transport Security Act 2004* (ATS Act) to examine items using X-ray and, where it is permitted to do so, to open items unable to be cleared by X-ray.

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 an 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 of the APC Act, Australia Post has appointed authorised examiners at designated locations where mail can be opened for inspection.

Authorised Australia Post staff 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 section 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	• Australian Border Force • Australian Federal Police • Police (New South Wales) • Police (Queensland) • Police (South Australia) • Police (Tasmania)
Disclosure under a law of the Commonwealth [s. 90J(5)]	3,411	• Australian Border Force • Australian Pesticides and Veterinary Medicines Authority • Australian Taxation Office • Department of Agriculture, Fisheries & Forestry • Department of Foreign Affairs & Trade • Australian Federal Police • Therapeutic Goods Administration
Disclosures under certain laws establishing commissions [s. 90J(6)]	125	• Australian Commission for Law Enforcement Integrity • Australian Crime Commission • Australian Crime Intelligence Commission • Crime and Corruption Commission (QLD) • Australian Securities & Investments Commission

* **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	• Australian Security Intelligence Organisation
Disclosure for the enforcement of laws or protection of public revenue [s. 90K(5)]	1,731	• Department of Fair Trading (QLD) • Department of Primary Industries (WA) • Police (Australian Capital Territory) • Police (New South Wales) • Police (Northern Territory) • Police (Queensland) • Police (South Australia) • Police (Tasmania) • Police (Victoria) • Police (Western Australia)

* **Notes:** Commonwealth agencies unless otherwise stated.

Statutory reporting requirements

for the year ended 30 June 2021

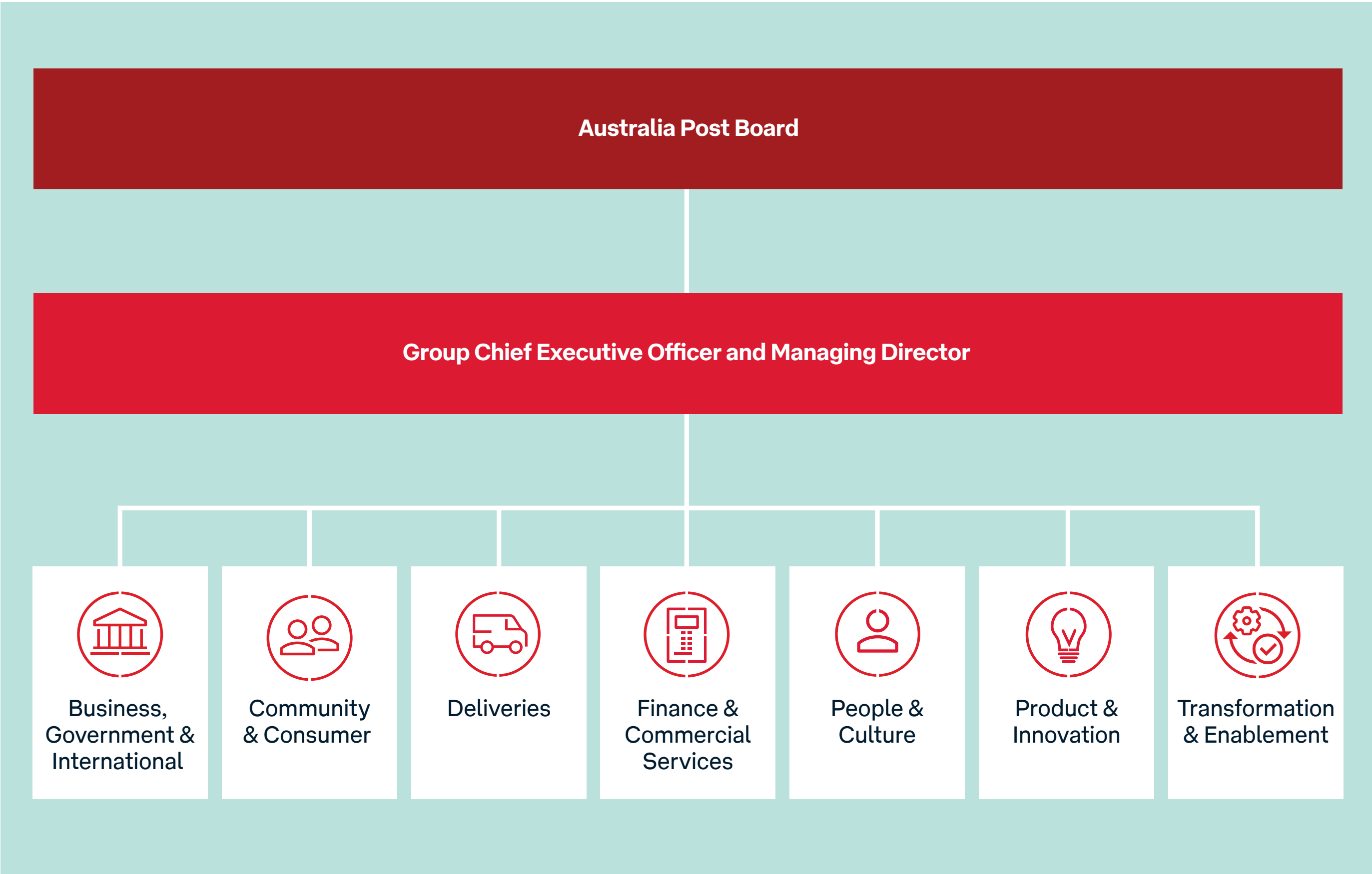
Reports of outside bodies

The following reports by outside bodies were given on Australia Post during 2020/21:

In August 2020, the Senate Standing Committee on Environment and Communications published a report titled *The future of Australia Post's service delivery, on the impacts of temporary changes to the regulation of Australia Post's service delivery standards and postal service timeframes in the context of COVID-19*.

In May 2021, the Senate Standing Committee on Environment and Communications published a report titled *Australia Post, on the events surrounding the resignation of former Australia Post Group Chief Executive Officer and Managing Director, Christine Holgate*.

Our organisational structure



Corporate directory

Copies of the report

The 2021 Annual Report and supporting documentation can be found online at auspost.com.au

To order a printed copy of the Report email 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 employeecommunications@auspost.com.au

Contact details

Australia Post Headquarters

111 Bourke Street
Melbourne VIC 3000

GPO Box 1777

auspost.com.au/contactus

Twitter: @auspost

Commitments to external initiatives

We are an active supporter of leading national and international sustainability initiatives, including:

- Australian Network on Disability (member since 2012)
- Australian Packaging Covenant Organisation (signatory since 2002)
- Business for Societal Impact (formerly the London Benchmarking Group) (member since 2009)
- CDP (formerly known as the Carbon Disclosure Project) (member since 2015)
- Earth Hour (supporter since 2007)
- Equal Employment Opportunity Network (EEON) (member since 2016)
- Global Reporting Initiative (reported in line since 2010)
- 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)
- 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 - 2020 Annual Report received the Corporate Register Reporting Awards '21 (CRRA) for Best Integrated Report
- Winner - Recovery at and Return to Work Award, Comcare Awards 2021
- Winner – Individual Contribution Award, Angus Becsi, Comcare Awards 2021
- Winner – Customer Services Award at the 2021 World Post & Parcel Awards for our 'Happy Parcels Interface'
- Winner – Last Mile Delivery Innovation of the Year, Parcel and Postal Technology International Awards 2020 (in partnership with Doddle)
- Winner – Best Carrier, NORA Solution Partner Awards 2021

Credits

Writing: Tegan Evans

Project management: Catherine Ewart

Design: John Stilla

DELIVERING FOR AUSTRALIA

Australia Post