



2021/22 – 2024/25

# Statement of Corporate Intent

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## 1. Introduction

This statement is prepared for paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*, for the reporting period 1 July 2021 to 30 June 2022. It reflects our planning commitments over the four year period 2021/22–2024/25, as agreed by the Board of Australia Post in consultation with its Shareholder Ministers.

In 2021/22, we progress six strategic priorities:

1. Enable eCommerce growth;
2. Support communities with access to services;
3. Invest in customer experience;
4. Build our network of the future;
5. Uplift our leadership culture and capabilities; and
6. Drive productivity and efficiency.

These strategic priorities guide the key activities we undertake in order to realise our purpose.

Our strategy is designed to deliver great sender and receiver experiences that delight our customers.

We continue to engage all our valued stakeholders – our people, customers, partners, community and shareholder, and strengthen our purpose of building a sustainable future serving our community.

The ongoing decline in Letter volume and revenues since 2008 has now accelerated with higher rates of digital substitution resulting from the COVID-19 pandemic. Competition in the delivery of parcels, which has been steadily increasing, has now intensified. The combination of lower letter volumes and processing increased parcel volumes in an increasingly competitive parcel market now presents a serious challenge to Australia Post's operations and financial performance. Australia Post continues to work with its shareholder and other stakeholders to explore options to ensure its ongoing financial sustainability.

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## 2. Purpose

The Australian Postal Corporation, trading as Australia Post, is a government business enterprise incorporated under the *Australian Postal Corporation Act 1989* (APC Act).

Our purpose is expressed through the APC Act, which set both community service and commercial obligations.

The principal function of Australia Post as per the APC Act is to supply postal services within Australia and between Australia and places outside Australia. While doing this, we will provide high-quality, efficient services to the community, and operate commercially and achieve a reasonable return on assets.

More specifically, we are required to meet our community service obligation by ensuring that the regulated letters service:

- is reasonably accessible to all Australians on an equitable basis;
- operates to performance standards that meet the needs of the community; and
- is provided at a uniform price for standard letters carried by ordinary post within Australia.

In an environment where non-letter products are an ever-increasing part of our network, Australia Post operates to a more expansive purpose of building a sustainable future serving our community.

In bringing our purpose to life, a sustainable future means

- Achieving financial stability;
- Supporting the viability of communities and businesses;
- Ensuring environmental sustainability; and
- Ensuring the safety of our people.

Similarly, serving our community means

- Meeting our community service obligations;
- Providing valued in-person services; and
- Helping communities and businesses to thrive.

We deliver letters and parcels to all Australians. We deliver incoming international letters and parcels and offer outbound international services. We offer an extensive range of letter and parcel services, to a range of delivery times.

We provide financial services through a network of more than 4,000 post offices, including over 2,500 in rural and remote Australia. While many of the services offered in post offices

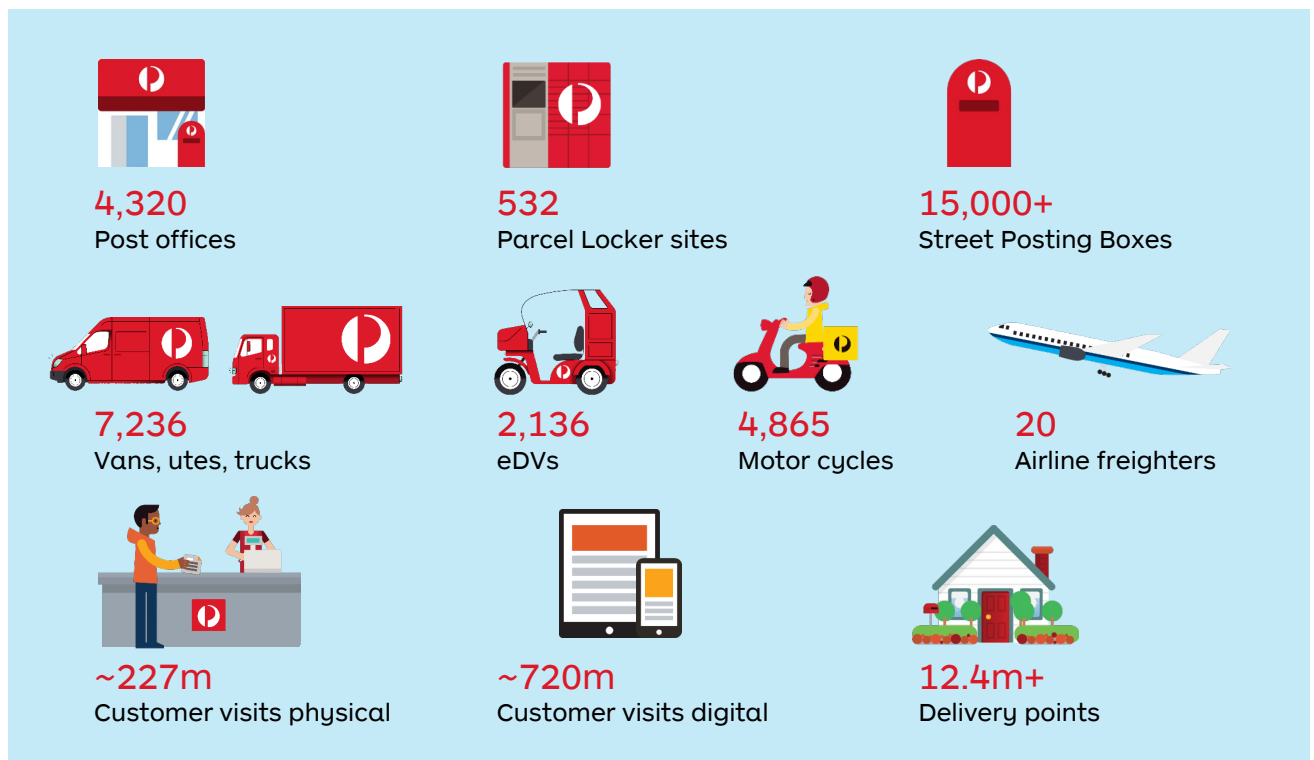
are subject to digital disruption and substitution, in-person services remain highly valued by the Australian community.

We manage an extensive operational asset base (Figure 1), and unrivalled community presence through the post office network (Figure 2).

Our people live our values of trust, inclusivity, empowerment, and safety. 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.

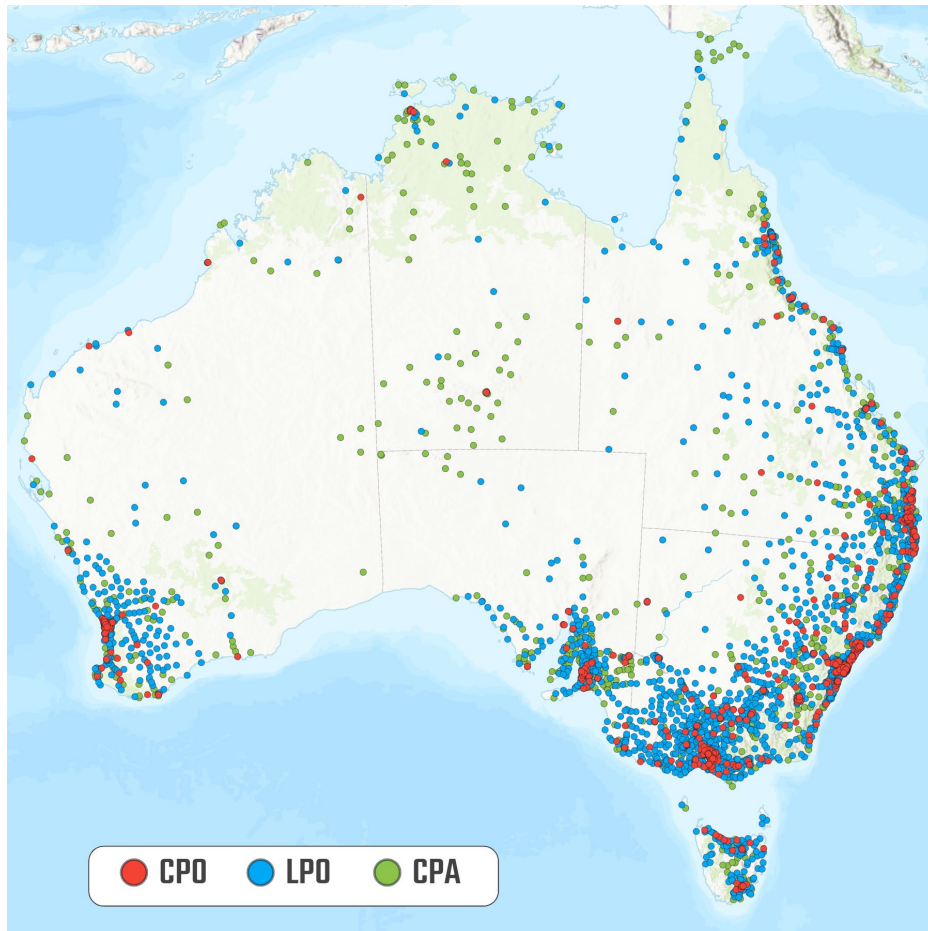
Our values underpin everything we do and are the ties that bind us. We can be trusted to do the right thing; we are inclusive, respecting everyone; and our people are empowered to find a way to help customers. The safety and wellbeing of our people is our highest priority and we have transitioned from an organisation where safety is a necessity, to one where safety is a value – it is who we are.

Figure 1. Operational asset base<sup>1</sup>



<sup>1</sup> Australia Post network and transport fleet figures are as at 30 June 2021. Parcel lockers include those located at third party (eg Woolworths) sites, and airline freighters refer to leased freighters from Qantas.

Figure 2. Post office network throughout Australia<sup>2</sup>



<sup>2</sup> ArcGIS mapping as at 30 May 2021

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### 3. Environment

Our strategy is partially driven by the internal and external environment in which we operate. This environment can affect or influence our performance.

#### External environment

A number of external factors are of particular relevance to driving product and service growth and managing network costs. These factors are impacting Australia Post's business now and may have an increased impact on our business as the impacts of COVID 19 reduce.

- Greater level of online shopping through 2021 and 2022;
- Ongoing management of Covid-19 and vaccine rollout;
- Continued consumer optimism about the state of the economy;
- Air freight capacity on Australia Post's operations;
- Recovering labour participation rates and falling unemployment;
- International trade impacts affecting imports and exports;
- Border and International restrictions impacting recovery trajectories; and
- Senders who have become more familiar in communicating digitally with their customers impacting future letter volumes and in-person services.

#### Internal environment

We continue to navigate accelerated declines in letters and intense competition in parcels. We continue to invest in capabilities that will enable us to take advantage of future growth in eCommerce.

We continue to provide a range of trusted services that consumers value and trust through our post office network, both in metro, rural and remote locations. We will continue to provide technology in our post offices that makes it easier and more secure for our people to provide consumers with great customer service.

We will maintain a relentless pursuit of safety and continue the safety improvements we have realised in the past five years, including the significant reduction in motorcycle accidents experience in 2020/21.

Our people hold a deep seated connection with Australia Post's purpose of serving our community and helping others.

Diversity and social inclusion programs will continue to underpin our values of trust, inclusivity, empowerment and safety.

As we strive for a more prosperous and inclusive Australia, our goal is to provide access to services and support to all Australians, whoever and wherever they are.

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## 4. Performance

Key planning assumptions underpinning our 2021/22 budget include letter volume declines and price movements, and parcel volume growth rates and price movements.

Key assumptions for our International Business in 2021/22 will continue to be impacted by the forecast availability of international freight carriers both into and out of Australia. The federal budget has assumed that a return to full international air travel is not anticipated until the end of FY22.

Key expenditure assumptions include volume related costs, internal wages movements, forecast expenditure to the licensed post office network, and forecast superannuation expenditure. Key capital costs include investments in the delivery network.

Our strategy of enabling eCommerce growth and supporting communities with access to services will be delivered by

- Investing in the customer experience;
- Investing in our network for the future;
- Uplifting our leadership culture and capabilities; and
- Driving productivity and efficiency.

Australia Post has joint ventures and subsidiaries, which contribute to our purpose by providing services that serve our community and build a sustainable future.

Key subsidiaries include

- Australia Post Global, which provides cross-border logistic services to the global eCommerce marketplaces;
- Decipha Pty Ltd, offering document management services including solutions for the management of inbound information; and
- SecurePay Pty Ltd, a payment gateway company that specialises in payment-based technologies and other complementary applications including bill payment, eCommerce payment systems and customised payment systems.

We maintain a joint venture company with China Post, Sai Cheng Logistics International Company Ltd (Sai Cheng). Sai Cheng provides an integrated supply chain solution and cross-border eCommerce logistics capabilities.

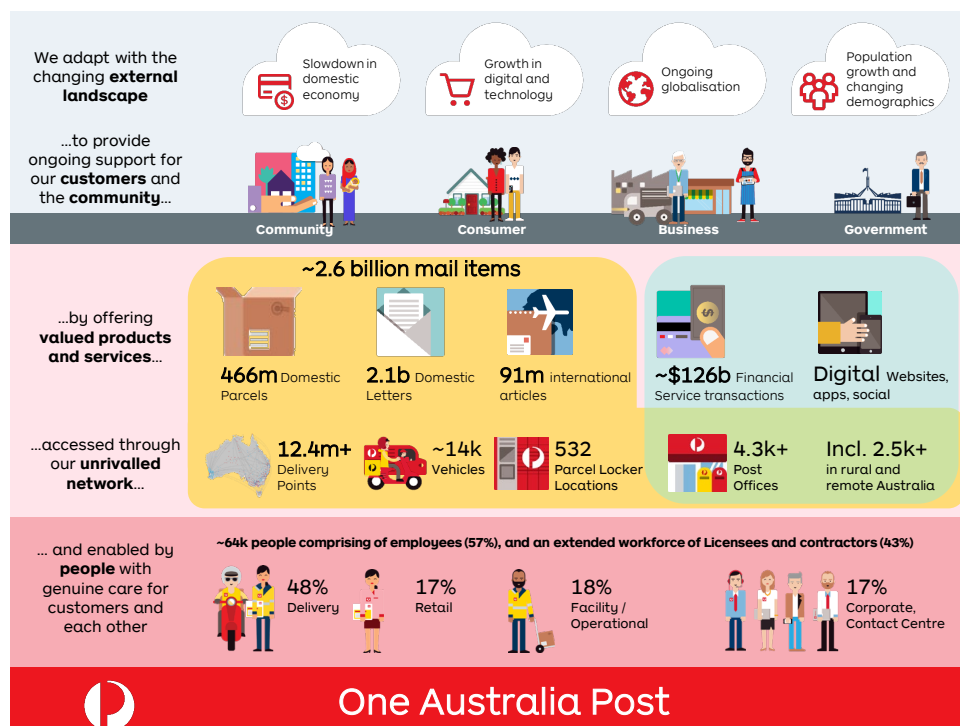


## 5. Operating Context

Australia Post operates in an Australia wide and global environment. We offer an extensive range of products and services to all Australians, accessed through both physical and digital channels, as depicted in Figure 3.

We realise our purpose of building a sustainable future and serving our community by providing products and services that are aligned to our customer's needs through an unrivalled network of physical and digital channels.

Figure 3. Our operating context<sup>3</sup>



### Capability

We continuously deliver capability upgrades throughout our business to meet our customers' changing expectations. These include:

- adding critical network capacity and capabilities to meet evolving customer expectations;
- post office and customer: creating a leading-edge marketplace that connects Australians with the world;
- simplifying and enhancing our product portfolio to grow revenue;
- strengthening our sales capability to provide customers improved experiences; and
- investing in our people and safety.

<sup>3</sup>As at 31 July 2021

## **Risk oversight and management**

Our Group Risk Management Framework describes the core strategies and processes that support the business in effectively managing risks, and also provides clarity to the roles and responsibilities for those managing risks.

We support a culture of risk management by ensuring that all business areas are accountable for identifying, managing and mitigating the risks associated with their activities and strategic objectives. All employees are also responsible for identifying risks and complying with the regulatory obligations, policies and procedures associated with their roles.

Our Group Risk Appetite Statement describes the levels of risk that we are willing to take for different risk categories.

Our predominant risks remain the safety and wellbeing of our people and meeting the challenges of parcels growth as we transition our operations to align with these changes.

Additional key risks include cyber security, including unauthorised access, manipulation or disclose of business critical or sensitive information by internal or external parties, and the risk of technology interruptions impacting critical business services and operations.

Mitigation strategies and actions are in place to limit these risks.

Our Group Risk Management Framework describes the core strategies, processes and internal controls that support the business in effectively managing risks, and also provides clarity to the roles and responsibilities for those managing risks.

## **Who we co-operate with**

We engage with a broad range of stakeholders including:

- **Community:** particularly groups with special needs, and socially disadvantaged and isolated;
- **Customers:** enabling online shopping and services for consumers, supporting businesses to grow in eCommerce (in Australia and internationally), providing access to government and corporate services (both online and through the post office), and connecting international customers with Australia and the world;
- **Workforce:** comprises employees, and an extended workforce of licensees and contractors, who manage a large component of our delivery and post office networks;
- **Partners:** network of suppliers, Joint Ventures, industry and strategic partnerships;

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- Shareholder: The Minister for Communications, Urban Infrastructure, Cities and the Arts and the Minister for Finance, and their respective departments; and
  - Government: which is both a customer and regulator.

We play an integral role bringing both economic and social value to Australian communities. A review of the value the Australia Post provides has found:

- almost three-quarters of Australians think that Australia Post is a core part of Australia's national identity and has significant heritage value, and that post offices are a trusted part of their community;
- each job in Australia Post supports another job elsewhere in the Australian economy, and each job in a post office supports another two jobs in the economy;
- almost 60% of Australia Post's retail presence is in regional and remote Australia, which is triple that of other Australian industries, like transport, finance and health; and
- every \$1 generated in value-add (contribution to GDP) creates another \$0.86 in other industries like transport, real estate and professional services;

Australia Post's external Stakeholder Council reviews and gives feedback on issues including corporate responsibility, stakeholder relations and social and environmental sustainability. 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.

## 6. Performance Standards

We are required to meet prescribed performance standards that align to our community service obligation. These relate to frequency, speed and accuracy of letter delivery, and the availability or accessibility of retail outlets or mail lodgement points.

On 16 May 2020, Temporary Regulatory Relief (TRR) was provided to Australia Post until 30 June 2021. On 1 July 2021, our prescribed performance standards reverted to the pre TRR standards and are as follows:

### Lodgement points

At least 4,000 retail outlets and 10,000 street posting boxes will be maintained.

At least 2,500 retail outlets in operation will be located in rural or remote areas.

Retail outlets will be located so that:

- in metropolitan areas, at least 90 per cent of residences are within 2.5km of an outlet; and
- in non-metropolitan areas, at least 85 per cent of residences are within 7.5km of an outlet.

### Delivery timetable

For letters posted by the latest advertised posting times:

Address of Letter	Priority	Regular
<b>Delivery within a State</b>		
Metro to metro	One business day	Three business days
Same/adjacent country to country	One business day	Three business days
All else	Two business days	Four business days
<b>Delivery between States</b>		
Metro to metro	Two business days	Five business days
Country to metro	Three business days	Six business days
Metro to country	Three business days	Six business days
Between country areas	Four business days	Seven business days

**Delivery frequency**

At least 98 per cent of all delivery points to receive deliveries five days a week, Monday to Friday (excluding public holidays).

At least 99.7 per cent of all delivery points to receive deliveries no less than twice a week.

**Accuracy and speed of delivery**

At least 94 per cent of reserved services letters carried by Australia Post will be delivered by the advertised delivery times.