Delivering a better tomorrow

Australia Post

Table of contents

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

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

Australia Post has been delivering for all Australians for more than 200 years.

We are continually evolving to meet the changing expectations of our customers and communities and to deliver a better tomorrow.

At the heart of every community

In financial year 2023 we delivered more than 2.5 billion items around the country and had more than 202 million visits from members of the Australian community to our Post Office network.

Australia Post employs people of all ages, genders and abilities in our extended workforce of more than 63,000 reflecting the diverse communities in which we operate. We are proud that three per cent of our workforce identify as Aboriginal or Torres Strait Islander people, and we are the largest Australian employer to be certified as a Disability Confident Recruiter.

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

12.5 million
MyPost members

5.7 million [1]
AusPost app users

4,271
Post Offices

813 million
customer digital visits

2,507
Post Offices in rural and remote areas

63,000+
team members and extended workforce members

14,934
street posting boxes

5,098
electric delivery vehicles

710
banks of parcel lockers and more than 57,000 lockers

$442.2m
cost of meeting Community Service Obligations (CSOs)

1 In FY23 an AusPost app user is defined as a customer who has downloaded and launched the app, visiting at least one page. This figure excludes users who have downloaded but not launched the app.

Year in review

In financial year 2023, we focused on implementing our new Post26 Strategy, by delighting our customers and communities, supporting each other and creating a sustainable future for all Australians.

Supporting each other

20,236
team members completed Our AP Way

#1
Australian Access and Inclusion Index

$565.5m
payments to our Licensed Post Office partners

66%
culture and engagement survey score

3%
Indigenous team member representation

32%
culturally and linguistically diverse team members

Delighting our customers and communities

202 million
visits to our Post Offices

234,000
small businesses supported with MyPost Business

3 million postcards delivered
to help connect people with mental health support services and each other

2-hour
customer delivery notifications launched

2.8 million items
delivered on a single day (in December 2022)

$42m
spend with social and Indigenous enterprises

Creating a sustainable future

200 million carbon neutral
parcel deliveries made since 2019, equal to removing 117,000 cars off the road

27%
(3,104 tonne) reduction in waste to landfill

1st
Sustainability Bond launched

27%
increase in our own solar generation

500
new electric delivery vehicles added to our fleet

Net Zero emissions target set
and 2025 Sustainability Roadmap launched

How we create value

Inputs

Our business performance

- Revenue from services
- Revenues from product sales

Our people

- Employee training and development programs
- Team member health, wellness & safety initiatives
- Diversity and inclusion programs to foster a diverse workforce

Our customers and communities

- Investment in infrastructure and automation
- Strategic partnerships to deliver a better tomorrow for all Australians
- Accessible services in rural and remote communities

Our network

- A national network of 4,271 Post Offices
- Investment in eight new parcel processing facilities

Our innovation and expertise

- Investment in technology, data, and systems
- Utilisation of AI and data insights

Our environment

- Emissions generated by business activities
- Energy use and production
- Waste management

Our business

Our purpose

Delivering a better tomorrow

Our Post26 Strategy

Modernising for a financially sustainable future

As a Government Business Enterprise, Australia Post is required to provide both a community service and deliver a financial return. We aim to create sustainable value for our shareholders, customers, team members, suppliers and the Australian community.

Outputs

Our business performance

- Before tax loss of $200.3m (FY22 $55.3m profit)
- Met cost of CSOs $442.2m (FY22 $348.5m)
- Parcels and services revenue $7.3b (FY22 $7.2b)

Our people

- More than 20,000 team members completed Our AP Way culture program
- Gender pay parity maintained
- 500 new electric delivery vehicles added to fleet to improve driver safety

Our customers and communities

- 234,000 businesses supported by MyPost Business
- 16m Bank@Post transactions
- $22.8m total community investment

Our network

- 2.5 billion items delivered across Australia, down from 2.7 billion in FY22
- Service 12.7 million delivery points across the country up from 12.6 million in FY22
- Majority of new facilities in rural and remote locations

Our innovation and expertise

- 5.7 million Australia Post app users
- Introduction of POST+ Program
- Simplification and modernisation of systems

Our environment

- Fleet of 5,098 electric delivery vehicles
- Transition to renewable energy sources
- Implementation of waste reduction strategies

Outcomes

Our business performance

- Simplified product portfolio
- Seeking modernisation for financial sustainability
- Business efficiencies of $236.7m realised

Our people

- 66% engagement score, in line with the Australian average norm
- 7% higher engagement score for team members who have completed Our AP Way program
- Total Recordable Injuries Frequency Rate (TRIFR) – 22.4, up from 21.3 in FY22

Our customers and communities

- Strong brand reputation and customer satisfaction
- Increased distribution of information for disaster preparedness and recovery
- Improved access to mental health info and services, literacy opportunities for First Nation communities

Our network

- Largest retail network in Australia, enabling connection of people and providing a touchpoint for communities
- Most extensive delivery network in Australia
- Better access to services through increased 24-hour collection and delivery points

Our innovation and expertise

- Improved customer experience and accessibility
- No breaches under Notifiable Data Breach scheme
- Data enabled decision making, improving productivity and efficiency

Our environment

- Targeting net zero carbon emissions by 2050
- 10% reduction across Scopes 1, 2 & 3 emissions
- 27% reduction in waste to landfill and increased recycling rate to 69%

A message from our Chair

> "While there is no doubt Australia Post plays a critical role in the lives of millions of people, providing services that Australians have relied on for more than 200 years, it's equally clear that we must adapt and modernise if we are to continue delivering for the community."

Since joining the business in December 2022, I have been privileged to witness the Australia Post team delivering for our customers and communities across the nation. Millions of Australians engage with Australia Post daily, and we are proud of being that essential connection point.

While there is no doubt Australia Post plays a critical role in the lives of millions of people, providing services that Australians have relied on for more than 200 years, it's equally clear that we must adapt and modernise if we are to continue delivering for the community.

This year we recorded our first financial loss since 2015, as our customers continue to move away from letters in favour of digital communications, and digitisation also replaces over-the-counter service. This is unlikely to be the last loss we make if there is an absence of reform, indeed we are at risk of requiring funding to maintain the viability of Australia Post over the short and medium term.

In March, the Government launched a discussion paper to consult with the community about the modernisation of postal services in Australia.

We welcomed this initiative as the conversation Australia has to have if we are to safeguard the future of the nation's self-funded national postal service.

Australia Post is doing what we can to modernise our business and remain in step with the evolving needs of the nation and our customers, who are increasingly focused on parcel services and their delivery experience.

Over the past financial year, the Post26 Strategy has continued to reshape the organisation to better meet the needs of our customers and communities, but this will only take Australia Post part of the way down the modernisation path. We will need further support from all our stakeholders to adapt and change so that we can return to financial viability.

There is no question that modernisation will require change, but this change will deliver benefits for all Australians. We have a strong parcels business that, like our letters service, delivers to all corners of our vast nation, we have one of Australia's biggest retail networks, and we have an extended team of more than 63,000 people who are committed to the success of Australia Post.

We need the flexibility to deploy our team and services in ways that best suit the needs of our customers and communities, whose preferences and habits have changed markedly since Australia Post was corporatised by the Hawke Government in 1989.

I am confident that with our Group Chief Executive Officer & Managing Director and Leadership Team, supported by our dedicated extended team – including Posties, retail team members, delivery facilities, customer service, support offices and others – we are well placed to continue to progress our Post26 strategy and move Australia Post towards becoming the modern eCommerce, digital, retail and mail business that Australia needs.

As part of our commitment to transparency, this Annual Report has been prepared in accordance with the Global Reporting Initiative standards for sustainable reporting and is aligned to the Integrated Reporting Framework, the Ten Principles of the UN Global Compact, the main principles outlined in the Task Force on Climate-related Financial Disclosures (TCFD) and Carbon Disclosure Project (CDP).

On behalf of the Board, I acknowledge the hard work of our team members and extended workforce nationally – they continue to service our communities day in, day out, and make a positive contribution to Australia.

I would also like to thank my fellow Directors and Australia Post's experienced Leadership Team members – including for their stewardship in challenging times.

Finally, I would like to pay tribute to former Chair, Lucio Di Bartolomeo, and former Directors Andrea Staines OAM (who served some time as Acting Chair before my appointment) and Deidre Willmott, for their contributions to the Board during their terms. I also welcome Board members who, like me, have joined during the year – Robyn Clubb AM and Dr Jodie Auster.

SMcKenna.

Siobhan McKenna

Chair

Delivering a better tomorrow

> "Guided by our Post26 Strategy, and underpinned by Our AP Way, we have a rare opportunity to shape our business so that we'll continue to be the cornerstone of Australian communities for decades to come."

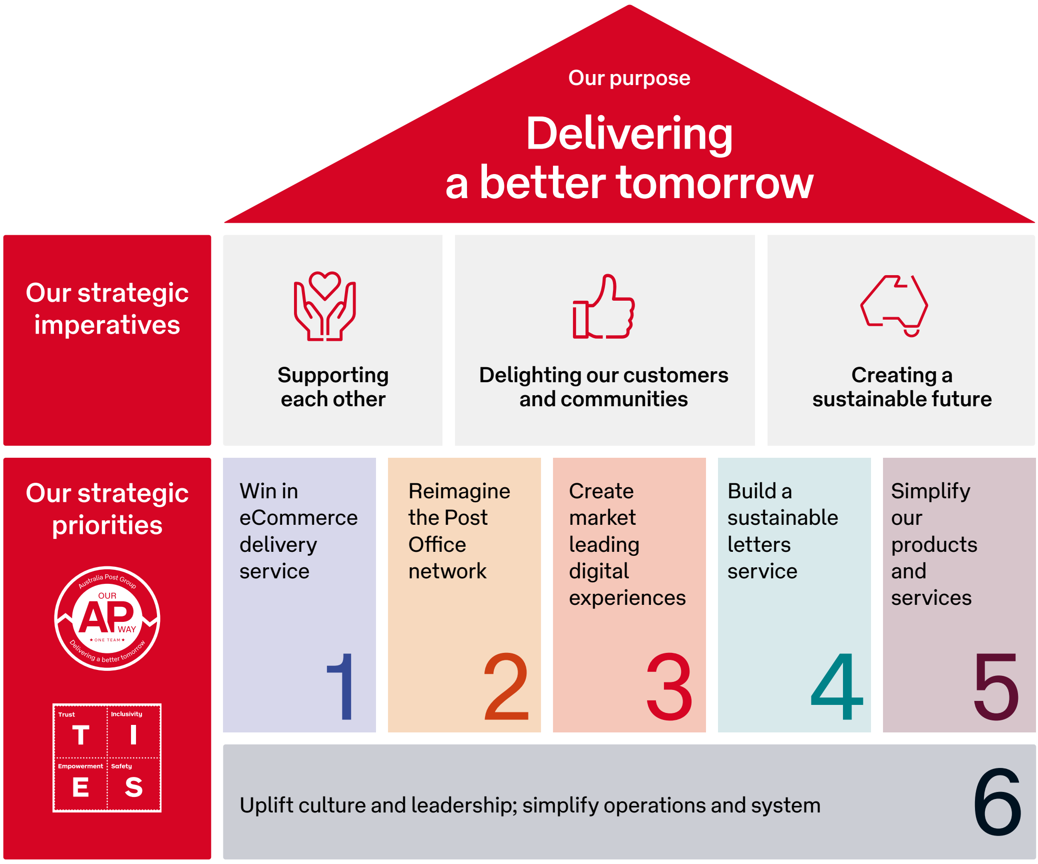
This financial year marked a turning point in the 214-year history of Australia Post. Recognising our critical role in communities, the Federal Government launched a discussion paper on the modernisation of the postal services. We welcomed the opportunity for all Australians to have their say about what they need and want from a modernised Australia Post. We will continue to support the Government as it considers what actions to take to ensure Australia Post continues to meet the changing needs of our customers and communities.

Delivering a better tomorrow

While we have been flagging the significant structural headwinds facing our business for some time, this year our challenges came into sharp focus, with Australia Post recording its first full-year loss since 2015. Despite this, we continued to deliver. Guided by our Post26 Strategy, we've made good progress on simplifying our business to be future-ready, our parcels business remains strong and supports Australia's growing eCommerce sector, our app was the number one business app in the Apple and Android stores in December 2022 and we are launching our first Community Hub in Orange, New South Wales, which includes an exciting new retail format.

Driving toward a sustainable future

Our 2025 Sustainability Roadmap outlines our plan to deliver a sustainable future that benefits all Australians. I'm proud that we were the first Government Business Enterprise (GBE) to support the Australian Government's commitment to target Net Zero emissions by 2050 and we're making good progress embedding sustainability into our operations.



The Sustainability Roadmap is underpinned by the UN Sustainable Development Goals, interconnects with our Post26 enterprise strategy, and is built around six key initiatives.

Our Ethics, TIES values and Our AP Way describe the culture we need to deliver on those initiatives and will ensure we address what our people, customers and communities have told us they want and expect from Australia Post.

The year ahead

As a business we're energised and ready to forge a new identity for Australia Post, fit for purpose in contemporary society. We're continuing to roll out Our AP Way culture program, including our extended workforce, which sets out a clear path forward for our business and the crucial role of our people in getting there. As always, the safety of our people is our top priority and we'll continue to support team members to be physically and mentally healthy.

While we focus on our modernisation agenda, working closely with the Government, we're also doing what's within our control to set our business up for the future. We will continue to manage our costs tightly, building on the work we've done to simplify our support model in recent months. And we'll continue to simplify our product and service offerings to better support our customers.

Securing our future

I'm confident we have the right plan in place to secure a positive future for our iconic business. Guided by our Post26 strategy, and underpinned by Our AP Way, we have a rare opportunity to shape our business so that we'll continue to be the cornerstone of Australian communities for decades to come.

On behalf of the Leadership Team, I want to sincerely thank all of our team members for their passion and commitment through a challenging year. Our people are the heart of Australia Post, and they're the reason we'll continue to play a critical role for our customers and communities in the future.

I also want to thank everyone who has had their say about our future through the public consultation process. We know how deeply Australians care for our business, and we're committed to continuing to deliver for you as we have for the past 214 years.

Paul Graham
Group Chief Executive Officer and Managing Director

Our Post26 Strategy

Our Post26 Strategy was launched in August 2022, to help ensure Australia Post can deliver a better tomorrow for all Australians for the next 200 years.

Our financial year 2023 strategic priorities were set in an external environment with significant impact on Australia Post's operations: inflation, economic downturn, global supply chain pressure, evolving technology, declining letter volumes and a desire for an environmentally sustainable future.

Delivering the Post26 Strategy will enable us to enhance the lives of our customers through improved experiences of parcel sending and receiving and a modernised Post Office network. With improved digital capabilities, we'll provide features that make it easier for customers to manage their businesses and engage with us. We'll put customers at the centre of all product and service decisions and provide a letters service that meets contemporary needs in a more cost effective way.

The safety of team members remains our highest priority and we are enhancing our culture through Our AP Way. We encourage team members to support each other while investing in the skills and capabilities they need to serve our customers.

What we have achieved in 2023

1	**Win in eCommerce delivery service** Improve the reliability, performance and efficiency of our networks while continuing to develop market leading receiving experiences	• Delivered 57 new and upgraded facilities, including our first dual-named site, Boorna Wangkiny Mia in Perth • Improved team member safety through roll out of 500 new electric delivery vehicles • Worked collaboratively with major customers to improve their lodgement preparation so we can improve our service to them
2	**Reimagine the Post Office Network** Reshape our network, further integrate the retail and delivery networks, connect with local businesses and support our people	• Extended the Bank@Post partnership with Westpac for the next 10 years • Successful trials of Post+ point of sale technology at retail outlets • Designed the new Community Hub@Post to promote local businesses and present a refreshed retail experience, especially in regional areas
3	**Create market leading digital & data experiences** Deliver critical capabilities for our business and providing personalised solutions for our customers	• AusPost app ranked number one business app in Apple and Google stores in December 2022 • Delivered record revenue and active customers through MyPost Business • Simplified and increased delivery choice for customers through digital carding trial
4	**Build a sustainable letters service** Meet and evolve our Community Service Obligations and prescribed performance standards while we provide a letter service that meets contemporary Australian needs	• Secured and implemented a 10 cent rise in the Basic Postage Rate for reserved ordinary letters • Secured union support for trials of a new delivery model • Provided our own submission responding to the Federal Government's Discussion Paper on Postal Services Modernisation
5	**Simplify our products and services** Refocus on what we do best with a simple portfolio of products and services and making it simpler for our customers	• Expanded Local Business Partner (LBP) program directly connecting small businesses with their local Post Office for support • Implemented customer simplification program to make life easier for customers • Improved product ranges by exiting legacy products misaligned with our strategy and no longer providing customer value
6	**Uplift culture and leadership; simplify operations and systems** Provide the right culture and technology, and maintain a cost-efficient business	• More than 20,000 team members experienced Our AP Way culture program • 2,896 leaders completed our flagship leadership program Activate since its launch in October 2020 • Realised business efficiency targets, mainly through productivity improvements within the delivery network

Modernising our business

As Australia's postal service for more than 200 years, Australia Post is at the heart of every community. However, customer needs have evolved, and Australia Post needs to change with them.

Over the past three financial years Australia Post has invested more than $1.2 billion into its business to meet the changing service needs of the community.

This includes opening 23 new facilities and delivery centres in FY23, the majority of which are located in regional Australia. Australia Post continues to invest in building its technology capability and has expanded its electric delivery vehicles fleet to 5,098 – the largest in Australia.

Additionally, over the past five years Australia Post has delivered over $800 million in efficiencies to help make the business more financially sustainable.

Letter volumes have reduced by two thirds since the peak of letters in 2008 due largely to increased digitisation, while delivery points have increased significantly.

This means it's costing Australia Post more to deliver less. Australia Post's letters service is no longer sustainable and incurred a record loss of $384.1 million in financial year 2023, up over 50 per cent from FY22.

As an entirely self-funded enterprise, Australia Post does not receive financial support from the Government.

However, to meet its Community Service Obligations (as set out in the (*Australian Postal Corporation Act 1989*), it cost Australia Post around $442.2 million in financial year 2023.

It's clear that to operate as a sustainable business, Australia Post needs modernisation, both in operations and in postal service regulatory framework.

Public consultation

In March 2023, Australia Post welcomed the Federal Government's decision to launch a Discussion Paper and undertake community consultation on the modernisation of postal services in Australia.

Under the consultation, all Australians had an opportunity to provide their views on how Australia Post operates and services its customers and the community. The consultation came as more consumers embrace online and digital options rather than traditional over-the-counter services.

Australia Post wholeheartedly endorsed the sentiment of the Government's Discussion Paper: *A stronger, more viable Australia Post will be able to continue meeting its service obligations to the Australian community and means consumers and businesses will continue to benefit from a large, national network of postal services, particularly in rural and regional areas. Modernising postal services will ensure Australia Post has the capacity to prioritise the services that Australians are using now and continue to invest in products and services for the future.*

A modernised and financially sustainable Australia Post will be able to continue to invest in new products and services that meet the evolving needs of customers and communities, while continuing to meet our significant service obligations to the Australian community, particularly in regional and remote areas.

We look forward to working with the Government throughout the consultation process to unlock the significant benefits to the Australian community from a modernised and financially viable Australia Post.

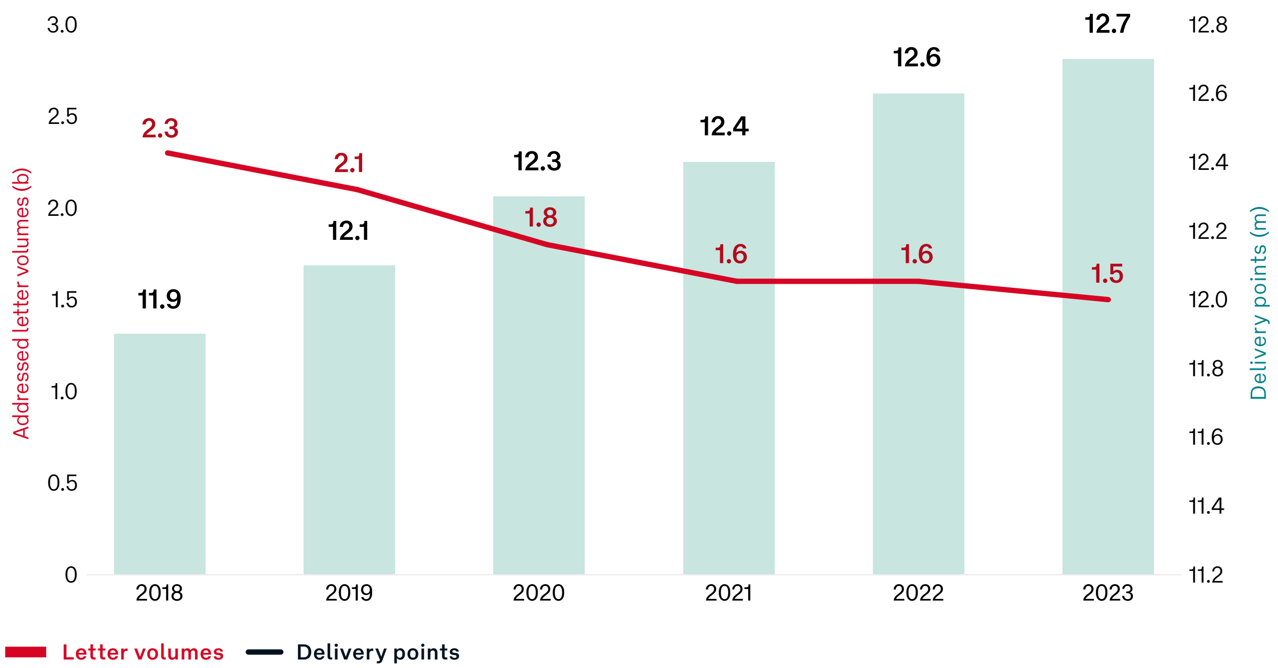
A new way to deliver

Working together with the Communications Workers Union (CWU), we've been trialling a new delivery model from our Hornsby Delivery Centre in New South Wales. A working group of Australia Post delivery team members, with CWU authorised union representatives and officials from across the country, tested the model from April to July 2023.

By making changes to the way we sort and process items we helped Posties to cover their round in the usual time, while seeing an average increase of 20 per cent more parcels delivered. In the trial, the first half of the round is heavier and includes regular and priority letters, express post, parcels and unaddressed mail with Posties stopping frequently. For the second half Posties only deliver to points that have priority letters, express post and parcels.

Feedback has been largely positive, with team member safety and prescribed delivery timetables maintained. We'll consider all learnings and feedback carefully before any next steps are taken.

Addressed letter volumes and delivery points



Business performance

Revenue

$8,965 million

Loss before tax

$200.3 million

Capital investment

$343.1 million

Business efficiencies

$236.7 million

During FY23 Australia Post made good progress on delivering its Post 26 Strategy, particularly with simplifying the business and removing complexity.

However, it is clear Australia Post is a two-speed business, with the Letters business weighing heavily on the competitive eCommerce-driven Parcels and Services business. Australia Post recorded a $200.3 million pre-tax loss for FY23, its second since it became a self-funded Government Business Enterprise (GBE) in 1989. Further losses are expected unless Australia Post can secure the support required to modernise its business.

Australia Post's parcels business continues to achieve steady growth, with revenue up almost 1 per cent from FY22.

However, letters losses increased over 50 per cent to $384.1 million in FY23. Letters volumes were down 7.8 per cent from last year, despite an increase in business-related letter communications including consecutive interest rate rises and data breach notifications.

Customers continue to change the way they use the local Post Office. In FY23, over-the-counter transactions continued the downward trend and have declined 20.9 per cent since FY19.

Performance relative to standards

Performance indicator

	Standard	Performance
Profit before tax	($187.0) million	($200.3) million
Shareholder return on equity	(5.2%)	(5.5%)
Dividend declared for FY23	$0	$0
Dividend paid in FY23	$21.8 million	$21.8 million
Street posting boxes	10,000	14,934
On-time letters delivery	94.0%	96.9%

Retail outlets

In total (rural, remote and metropolitan areas)	4,000	4,271
In rural and remote areas	2,500	2,507
In metropolitan areas [1]	90.0%	93.9%
In non-metropolitan (i.e. rural and remote) areas [2]	85.0%	89.2%

Delivery frequency per delivery point

Rural and remote each business day; metropolitan every second business day	98.0%	98.55%
At least two days per week	99.7%	99.99%

Financial Performance

Five-year trends

	2019	2020	2021	2022	2023
Revenue – letters ($m)	2,216.3	1,996.4	1,794.4	1,783.1	1,710.4
Revenue – non-letters ($m)	4,773.5	5,502.8	6,479.3	7,190.8	7,254.8
Expenditure (including finance costs) ($m)	6,950.3	7,447.5	8,174.4	8,918.7	9,167.4
Profit/(loss) before tax ($m)	41.1	53.6	100.7	55.3	(200.3)
Profit/(loss) after tax ($m)	40.6	42.9	69.6	49.5	(134.6)
Total assets ($m)	5,542.7	6,785.3	7,064.9	6,293.4	6,353.5
Shareholder return on equity (%)	1.7	1.9	3.0	2.0	(5.5)
Return on average operating assets (%)	1.6	2.1	2.6	1.7	(3.1)
Debt to debt plus equity (%)	23.6	24.6	15.7	12.0	18.9
Dividends declared ($m)	25.4	27.9	44.3	32.1	–
Dividends paid ($m)	42.2	21.0	46.2	36.3	21.8
Estimated cost of Community Service Obligations ($m)	392.2	393.3	348.3	348.5	442.2
Total taxes and government charges ($m)	529.4	480.6	571.0	660.6	547.8
Capital expenditure ($m)	423.9	316.1	450.0	427.2	343.1

Basic Postage Rate [3] (BPR) and Consumer Price Index (CPI)

	2019	2020	2021	2022	2023
BPR (cents)	100	110	110	110	120
Concession (cents)	60	60	60	60	60
CPI all groups 8 capitals base 2011–12=100	114.8	114.4	118.8	126.1	133.7
Year on year change in BPR (%)	0.0	10.0	0.0	0.0	9.1

1 % of residences located within 2.5 km of a retail outlet.
2 % of residences located within 7.5 km of a retail outlet.
3 Postage rates applicable to standard letters carried within Australia by ordinary post.

Financial performance cont.

Australia Post provided an additional $29 million to the Licensed Post Office Network, bringing the total paid to Licensees in FY23 to $565.5 million.

This financial year also saw a marked increase in the estimated cost to deliver Australia Post's Community Service Obligations to $442.2 million, up 27 per cent from FY22.

Offset by a high inflationary environment, Australia Post has displayed disciplined cost management, with total expenses increasing by 2.7 per cent to $9.1 billion in FY23, well below the headline inflation rate.

Throughout the year $236.7 million in efficiencies were achieved, this included streamlining support office structures to achieve operational improvements.

Delivering on the Post26 Strategy, Australia Post continued to simplify its business in FY23, announcing its intention to close third-party logistics provider Fulfilio, document scanning service Decipha and alternative payments platform POLi, which resulted in large one-off costs.

During FY23, Australia Post invested $343.1 million in its network to support growth in parcels and making Australia Post more sustainable, bringing the total investment over the past three years to $1.2 billion. This included Australia Post's first dual-named facility, Boorna Wangkiny Mia in Perth, as well as facilities in Kemps Creek, Sydney, Dubbo and Ballarat and adding 500 new eDVs to its electric delivery vehicle fleet.

Transforming our organisation

In FY22 we committed to an organisational review to ensure we were set up to successfully deliver our Post26 Strategy, including our growth, profitability, and sustainability aspirations, while delivering a more innovative, efficient, adaptive, and customer-centric organisation.

As part of this work, we designed and are implementing, a fit-for-purpose structure to create a leaner and optimised support function, allowing for investment into our must-win priorities and strengthen accountabilities by removing duplication, while embedding a stronger cost-management culture and mindset.

Since February 2023 we have completed four phases of change across our support functions, which have led to organisational improvements, including consolidating key support functions and streamlining how we manage, plan, and deliver projects and programs; and reducing our technology debt and aligning technology resources to our FY24 digital and cyber priorities.

We have also introduced more granular profit and loss accountability to strengthen ownership of the customer experience; streamlined sales account management to provide business customers with a single point of contact, supported by specialised back-office and service teams; and reorganised our People & Culture teams to support a tiered service model for the enterprise.

We are embedding the new structure with robust support for people leaders and those impacted by the changes. Work is underway to identify longer term process enhancements and automation opportunities requiring investment in FY24. We expect this initiative will reduce our current labour cost by around 17 per cent per annum (excluding inflation) over three years.

Pricing changes

While we wait for the outcome of the Government's review of postal services and any associated changes, we continue to pursue other mechanisms, such as pricing, to improve financial sustainability.

In September 2022, new prices were introduced across a range of products and services including domestic and international parcels, international letters and unaddressed mail services. New prices were also introduced for various fees and charges within our subsidiary business, StarTrack.

On 3 January 2023, following consultation with the Australian Competition and Consumer Commission, we increased the Basic Postage Rate (BPR), from $1.10 to $1.20. This was the first increase in three years and Australia maintains one of the lowest BPR stamp prices among OECD countries including Germany, Sweden, New Zealand and the UK. The price changes are just one way we can support a sustainable letters service and help Australia Post maintain its extensive Post Office network, in particular Licensed Post Offices in rural and remote areas. As a result of this change, it is estimated that households will pay on average an extra $1.50 per year.

Investing in facilities

Off the back of strong investment in our facilities in FY22, we continued to increase our capacity, increase automation and improve the working environment for our team members.

In the past financial year, 57 new or upgraded facilities and delivery centres have opened across Australia, including new distribution centres in Butler, Western Australia and Camden Park, South Australia.

Our new parcel facility in Perth, Western Australia, known by the Indigenous name Boorna Wangkiny Mia, was operational in time for the peak period. The facility represents an $82 million investment and, at 23,000sqm, is capable of processing 14,000 parcels per hour. In May, we opened the new parcel delivery centre in Dubbo, New South Wales, as part of our Regional Network Program, cementing our long-term investment in the region. In June, we officially opened our new parcel facility in Kemps Creek, New South Wales, representing an investment of over $100 million.

Butler's facility will accommodate the region's rapid growth, while Camden Park's centre consolidates a number of properties to improve turnaround times. Our new Ballarat Parcel Facility is on track to open in the second half of 2023 calendar year and we are working towards a new facility for express parcels in Brisbane.

Read more about our new facilities at page 47.

2025 Sustainability Roadmap

Our Purpose

Delivering a better tomorrow

Our priorities	Our initiatives	Our focus
Delivering **for people**	**1** Empower our people to work safely See pages 26–33 **2** Reflect and support Australia's diverse communities See pages 34–37	• Maintaining safety as our number one priority • Ensuring our teams are diverse and inclusive • Helping communities connect grow and prosper
Delivering **for our planet**	**3** Target Net Zero by 2050 See pages 64–71 **4** Reduce, reuse and recycle packaging and waste See pages 64–71	• Investing in renewable energy and our electric fleet • Expanding our sustainable packaging range • Reducing waste
Delivering **prosperity**	**5** Create sustainable customer solutions See pages 42–51 and 60–63 **6** Grow sustainably through good decisions See pages 12–19	• Helping partners become more sustainable • Facilitating a circular economy • Creating value through responsible business practices

Our Roadmap supports the SDGs

SUSTAINABLE DEVELOPMENT GOALS

Australia Post has been on a sustainability journey for many years. From appointing the first Indigenous postmistress in 1874, to being one of the first Australian organisations committed to the achievement of the UN Sustainable Development Goals (SDGs) in 2016, to installing the largest rooftop solar system in the Southern Hemisphere in 2018. We have realised many *firsts*.

In 2022 we delivered on the commitments in our first public-facing Group Corporate Responsibility Plan and celebrated a variety of new milestones. From building Australia's largest fleet of electric delivery vehicles to establishing strategic community partnerships, we've seen what's possible when we harness our power to make a difference.

Launched in October 2022, our 2025 Sustainability Roadmap builds on the success of the previous three years and outlines how we're going to keep improving by embedding sustainability throughout the enterprise. Driven by our purpose of delivering a better tomorrow, it's based on six initiatives to create positive social, environmental and economic outcomes. The Roadmap directly supports and is underpinned by the SDGs – the globally recognised blueprint to ensure people live in a safer, cleaner, more equal and prosperous world.

Delivering for People incorporates initiatives connected to the role we play in building and supporting an inclusive society with safe, fair and fulfilling work for our extended workforce. We touch the day-to-day lives of communities across Australia and work hard to maintain open communication with all our stakeholders. Safety remains our top priority while we build a workforce that is representative of our diverse nation.

To further ensure we support all Australians, we're committed to ambitious social enterprise and Indigenous business procurement targets.

Transitioning our deliveries and operations to have a smaller environmental impact is an unprecedented task. *Delivering for our Planet* involves a program of work targeting emissions reduction, renewable energy, sustainable packaging and waste management. Technology, infrastructure and government policy are key factors that contribute to our innovation in each area, in addition to the unique geography and climate of Australia. The Roadmap outlines our science-based approach to emissions reduction opportunities over the next decades, integrating our properties, supply chain, delivery fleet and network. Partnerships will be critical to meeting our target of Net Zero by 2050.

When we operate responsibly, ethically and profitably, it generates a better tomorrow for our business, our customers and the community. Central to *Delivering Prosperity* is our Post26 Strategy and meeting our Community Service Obligations. Supporting our customers to understand and manage the environmental impact of their packing and sending decisions, while partnering with suppliers who operate ethically and aspire to reduce their environmental footprint, are also paramount.

To date, we've made progress across each of the priority areas of People, Planet and Profit aligned to the SDGs we impact. There remains more to do to meet our 2025 sustainability aspirations and we are committed to taking a whole-of-business approach to accomplish more *firsts*.

Sustainability Bond

This year Australia Post successfully issued our first-ever sustainability bond, focused on both environmental and social projects. The six-year $100 million bond was priced on 15 May 2023 and was significantly oversubscribed with orders from Australian and Asian investors.

Delivered under Australia Post's newly established Sustainable Finance Framework, the bond will be used to assist us in delivering our 2025 Sustainability Roadmap, including our target of Net Zero emissions by 2050, as well as our community strategy.

The landmark transaction further demonstrates our long-term commitment to decarbonisation and renewable energy and highlights how community service and social purpose are at the centre of what Australia Post does.

About this report

Our Annual Report provides an overview of our business activities and our financial, environmental and social performance for financial year 2023 in a single, integrated report.

The report is prepared in accordance with legislative requirements and the Global Reporting Initiative (GRI) and is aligned with the Integrated Reporting Framework <IR> and the Ten Principles set out in the UN Global Compact.

The report includes a detailed Remuneration report explaining our approach to executive and director remuneration. It shows the key components of remuneration for our Board members, and remuneration, including at-risk variable remuneration, for our Group Chief Executive Officer & 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 also align with the main principles outlined in the Task Force on Climate-related Financial Disclosures (TCFD) and Carbon Disclosure Project (CDP). 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 FY23 reporting period. Any restatements of information (due to changes in cost allocations or to allow like-for-like comparisons) are clearly noted and explained throughout this report.

Other than those noted, there were no significant changes in the boundary or scope of this report in FY23.

Materiality assessment

Australia Post undertakes regular materiality assessments to identify the sustainability issues that are most relevant to our stakeholders and our business. These are the topics that are likely to create, sustain or erode economic, environmental and social value for the enterprise, our stakeholders and society at large.

The results from our materiality assessments inform our decision making and approach to reporting, ensuring that as a business we are focussed on the issues that matter most to the business and its stakeholders.

Following on from the indepth Materiality Assessment completed in financial year 2022, this year, we undertook a materiality review to assess if the material topics identified remain relevant to our business, as well as to identify the existence of new material topics. Our approach is aligned with the Integrated Reporting framework <IR> and followed these steps:

Identify

We reviewed the list of the material topics identified during the Materiality Assessment conducted in 2022, considering the relevance of these topics on the organisation's strategy, governance and performance.

Evaluate

Material topics were ranked based on their importance to the business (significance of impact) and importance to external stakeholders (importance to stakeholders). Our senior leadership was surveyed, and the results were used to rank the importance of each topic.

Validate

The consolidated list of ranked material topics was reviewed and validated. Through this process we identified 11 material topics that were ranked as being of very high or high importance.

While the material topics identified through last year's assessment remain relevant, two additional topics were elevated, diversity and inclusion, and waste and recycling.

These 11 most material topics were used to inform the content of this Annual Report, and are summarised in the table below. The table provides details of how each topic is addressed in this report, the location of these disclosures in the Annual Report and respective alignment with the United Nations Sustainable Development Goals and <IR>'s six capitals.

Material topic	Indicator	SDG	IR Capital	Pages
1 **Team member safety, health and wellbeing** Managing safety and wellbeing risks, including physical safety and upholding a health and wellbeing culture	Safety Index; TRIFR	3	Human capital	pages 26–33
2 **Labour practices** Safeguarding labour rights across out extended workforce and through our supply chain	Engagement Score	8	Human capital	pages 26–33
3 **Cyber security and data management** Management of customer information to ensure privacy and security	OAIC incidents	1, 16	Intellectual capital	pages 48 pages 72–76
4 **Carbon emissions and energy** Managing and minimising greenhouse gas emissions and all forms of energy use	Emissions and energy indicators	7, 13	Natural capital	pages 64–71
5 **Diversity and inclusion** Maintaining a workplace that supports a diverse and inclusive workforce	Gender pay difference and social enterprise and Indigenous spend	5, 10	Human capital	pages 34–37
6 **Waste and recycling** Manage and minimise waste, including through resource reduction, waste treatment and disposal	Waste and recycling metrics	12	Natural capital	pages 64–71
7 **Community relations** Supporting communities across the country, including through key partnerships	Social Impact Report B4SI	17	Social and relationship capital	pages 52–57
8 **Viable parcels business** Providing a financially sustainable parcel service in the context of a changing competitive landscape	Profitability of non-letters services	8, 9	Manufactured and Financial capital	pages 16–20 pages 40–50
9 **Risk management** Mechanisms to identify, respond, reduce and/or mitigate critical and systemic risks	In progress	1, 16	Intellectual capital	pages 64–65 pages 72–76
10 **Post Office network viability** Maintaining a viable Post Office Network (including LPOs), and enhancing retail performance	Transactions in post offices	8, 9, 11	Manufactured and Financial capital	pages 16–20 page 63
11 **Reliable letters business** Continuing to meet Community Service Obligations	Profitability of the letters services	8, 9	Manufactured and Financial capital	pages 16–20

Corporate Governance Statement and Corporate Responsibility Indices

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

Our Corporate Responsibility Indices comprises a summary of our contributions to the UN Sustainable Development Goals (SDGs), our GRI Content Index, our Independent Limited Assurance Statement and Business for Societal Impact verification statement.

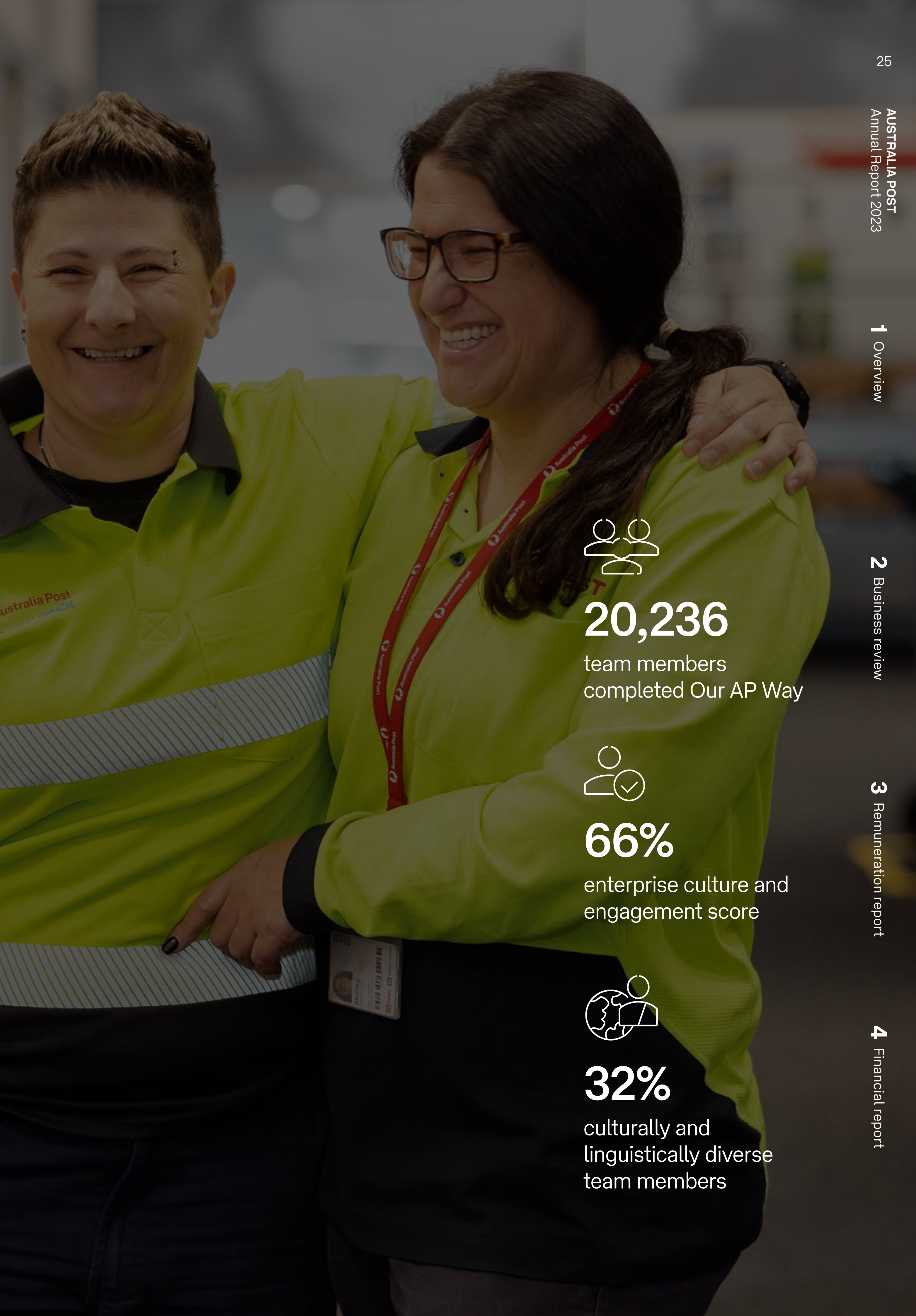
Supporting each other

Our team members are the heart of Australia Post. Our people deliver essential public services through millions of interactions every year and make a difference for our customers, large and small.

With a diverse workforce of people from coast to country, we have a shared passion for making things better, for every Australian.

Our TIES values of Trust, Inclusivity, Empowerment and Respect underpin everything we do – the services we deliver, the products we provide, and importantly how we behave and communicate with each other and our customers.

We trust our people to do the right thing. We respect everyone. We find a way and we support each other so that everyone feels safe and well.



20,236

team members completed Our AP Way

66%

enterprise culture and engagement score

32%

culturally and linguistically diverse team members

Safety and wellbeing

Safety and wellbeing are our highest priorities. Safety is one of our core values and it’s a shared responsibility for us all.

Our commitment is backed by policies, procedures and support to help keep our team members safe, recover if they are injured and look after their wellbeing. To continuously improve our safety performance we invest in technology, facilities and developing our people, along with communication and education activities to raise safety awareness.

Our safety strategy has four pillars: culture and leadership, managing our critical risks, improving our psychological safety, and managing and preventing injuries. We manage our Work Health and Safety (WHS) obligations through the implementation of appropriate systems and processes and our WHS Management System, which comprises safety leadership; policy, planning and accountability; consultation, communication and engagement; safety risk management; hazard and incident management; contractor management; document and data control; and measurement and evaluation. Our Safety Management System meets Commonwealth legislative requirements and is aligned to ISO standards (ISO 45001:2018) and covers all workers, activities and workplaces.

Our delivery partners and contractors must make safety a priority too. Contractors have a responsibility to ensure the safety of themselves, any workers working with them in their business, any other person who may be affected by how they run their business, and to consult, cooperate and coordinate their safety activities with Australia Post.

Safety performance

Over the past few months, we have implemented the first modules of our new safety reporting system, mySafety. The roll out will be completed in the first half of FY24 providing greater visibility, insights and accountability of our safety events.

We've seen a 5.5 per cent reduction in serious injuries to team members (claims resulting in five days or more off work) for the second year in a row, however, our Total Recordable Injuries Frequency Rate (TRIFR) increased marginally to 22.4 from 21.3 last year.

Tragically one employee and four members of our extended workforce died while at work in FY23. The employee, a senior leader, was struck while crossing a road, while a contracting team member had a fatal heart attack shortly after arriving at work and three contractors were killed in separate vehicle accidents. These events only increase our resolve to keep our people as safe as we can.

Our Comcare annual Self Insurance safety audit was completed in FY23. The score of 99 per cent, with only one non-conformance that was closed out at the end of July, was a record result. We also continued to engage with Comcare and the Safety Rehabilitation and Compensation Commission to inform them on our strategy, plans, progress and challenges with safety at Australia Post including sharing our experiences with other Licensees in the transport sector and at other safety forums nationally.

Safety Performance Australia Post Group [1]

	FY23	FY22
TRIFR [2]	22.4	21.3
Injury Rate	16.3	15.1
Disease Rate	6.1	6.3
Fatalities [3]	1	1 [4]

1 Does not include controlled subsidiaries – SecurePay, Decipha – nor contractors.
2 For the purposes of reporting, occupational incidents are assessed to have occurred where the employee was Duty Status is On Duty, Travelling on Duty, On Duty at Alternate workplace, On Break at workplace and At Work – Working From Home. Commuting (Journey to/from) and Not Work Related are not included. The reporting parameter is by the Incident Date in period from 1 July 2022 to 30 June 2023, reported as at 30 June 2023. Total Recordable Injuries (TRIs) and Frequency Rate (TRIFR) are employee occupational work-related incidents where a claim for workers' compensation has been accepted for these injuries. TRIFR is the total number of TRIs per one million exposure hours worked for employees only. The reporting period is 1 July 2022 to 30 June 2023, reported as at 30 June 2023. Exposure Worked Hours are only employees worked hours and do not include any leave hours nor contractor nor subsidiaries hours. An Injury or Disease is defined by the Type of Occurrence Classification System (TOOCS) based on their nature of injury. Injury and Disease are subsets of TRIs and their respective rates are also calculated per one million employee exposure worked hours. There have been 115 additional TRIs (accepted claims for FY23) that have been determined as at 31 July 2023. Note: For FY23 there were 1337 TRIs and a total of 59,686,679.16 employee exposure worked hours. Thus the TRIFR is calculated at 22.4 (rounded to 1 decimal point). The Injury Rate is 16.3 (based on 972 Injury TRIs) and the Disease Rate is 6.1 (based on 365 Disease TRIs), and these rates have been rounded to 1 decimal point respectively in the above table.
3 Employee fatalities are reported when accepted as workers' compensation claims under the *Safety, Rehabilitation and Compensation Act 1988*.
4 Since last year's annual report, reported Fatalities for FY22 have increased from 0 to 1. This reflects an employee fatality that occurred on 21 June 2022, where the worker's compensation claim was accepted under the *Safety, Rehabilitation and Compensation Act 1988,* after the end of FY22.

Critical risk management

We're always looking at ways to reduce our key safety risks and have designed a number of programs to keep our team safe.

Manual handling:

Manual handing continues to be our highest cause of injury, and with an ageing workforce moving more parcels than ever before, it is a significant challenge. Over the past four years we have seen a decrease of 50 per cent in manual sorting due to our investment in new facilities and automation. We have used wearable technology in partnership with our on-site exercise physiologists to identify our highest body stressing tasks and developed updated training to reinforce best practice techniques that substantially reduce that risk. This will continue to be a significant focus in FY24.

Reducing our motorcycle fleet:

Our motorcycle fleet has almost halved since 2019 and by the end of the 2024 financial year, we aim to have more electric delivery vehicles on rounds than motorcycles. Motorcycles continue to be our most vulnerable equipment. In FY24 we will engage with state governments on amendments to regulations that may help us improve visibility of our motorcycle fleet.

Electric delivery vehicle (eDV) safety:

Our eDV safety continues to improve. With 500 new eDVs in the fleet in FY23, we had 60 per cent fewer accidents than motorcycles with significantly less days lost per accident and 30 per cent fewer accidents resulting in an injury. The investment in our telematics program has seen our leaders able to coach our riders and, over the final six months of the year, incidents of at-risk behaviours of harsh braking, accelerating and cornering have halved.

Load shifting equipment:

In FY23 we updated and implemented our traffic management plan guidelines for our operations facilities and have seen improvements in the safety of our teams from mobile plant and moving vehicles. Our dock safety technology using Google Machine Learning continues to show significant, sustained reduction in exposures to mobile plant and vehicles in our major facilities.

Dog bites:

Dog bites continue to be a major issue for Australia Post.

There were an alarming 2,592 incidents involving dogs and Posties from 1 July 2022 to 30 June 2023, far surpassing the 1,587 recorded during financial year 2022. We attribute some of this increase to improved reporting of potential hazards and to the over a million additional dogs[1] brought into Australian households between 2019 and 2021, during the height of the COVID-19 pandemic.

Recognising that we are not the only organisation trying to curb dog attacks, Australia Post established a cross industry Dog Safety Taskforce. Comprising organisations who deliver to, or have a need to service, residential homes, the taskforce will share insights on how to prevent and avoid dog attacks. The Taskforce first met in April 2023 and in May we hosted the first Dog Safety Taskforce workshop with participants from 20 organisations and ran a public awareness campaign encouraging the public to secure their dogs. The Taskforce continues to meet on an ad hoc basis as required.

Hazards and incidents

Australia Post's hazard and incident management contains procedures and information for hazard reporting, incident management and incident investigation, including near misses.

We encourage all workers to report new or unidentified safety and health hazards in the OneSafe online reporting system. This helps ensure that controls are put in place to eliminate or manage associated risks. Investigations are undertaken for all reported incidents, with the depth of investigation being led by risk rating of the incident. Scheduled reviews of incidents are carried out following investigation to ensure the implemented controls effectively address the risk. We provide incident management training for our people and specialised safety investigation training is provided for Safety team members who carry out more detailed investigations.

Work-related hazards are also identified by proactive activities such as risk assessment, workplace inspections, and safety audits. Results of these activities are recorded in the safety management system software where subsequent actions are assigned.

We have clear procedures and guidelines for managing common hazards across our operations, including how to remove team members from situations that they believe could cause injury or ill health. Our critical risk information is available to all team members on our intranet and in onsite safety manuals, and is supported by online training modules.

These materials outline the critical controls and life-saving behaviours for key exposures.

In FY23 we introduced a new hazard reporting function on our Scanit app which allows our Posties to record and be alerted to address-specific safety hazards. Already, 299 delivery centres have signed-up to access the new app and the uptake by our Posties has been significant.

Team member consultation and communication

Australia Post consults with team members on safety and provides updated information and feedback in many ways including team meetings, health, safety and wellbeing committee meetings, team talks, posters, email, intranet and websites.

If a team member has any ideas for safety improvements, they can discuss these with their manager or raise a query in our People portal. We have designated work groups to facilitate consultation between leadership and workers, formally elected Health and Safety Representatives and a team of health, safety and wellbeing professionals.

Every work group at Australia Post is covered by a health, safety and wellbeing committee that meets at least every three months. Consultative arrangements are documented in our Consultation and Issue Resolution procedures.

Safety training

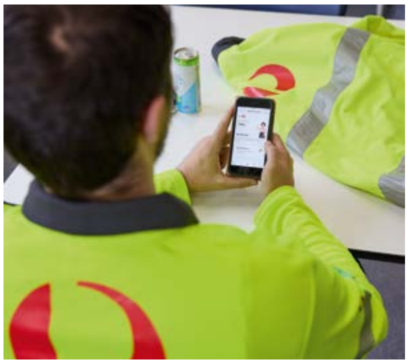
Australia Post provides employees, contractors, executives, and directors with training on the Work Health, Safety and Wellbeing (WHSW) duties and obligations that are relevant to their role.

We conduct a training needs analysis to identify training and competency requirements related to WHSW legal duties for all levels of the business and other specific training and competency requirements such as first aid, emergency preparedness and licensing.

We develop and deliver training for duty holders, establish and deliver refresher training as required and maintain records of all training provided.

1 Pets and the Pandemic: a social research snapshot of pets and people in the COVID-19 era, Animal Medicines Australia (August 2021).

Proactive wellbeing activities



We have a wealth of resources designed to empower team members to proactively take control of their health and wellbeing, both at work and at home.

Our annual Health and Wellbeing calendar, and Health and Wellbeing Hub contain videos, tip sheets, webinars and podcasts spanning mental, physical and financial wellbeing, connection, nutrition and sleep.

Australia Post in collaboration with workplace wellbeing specialists Communicorp, and supported by WorkSafe's WorkWell Learning Networks, has developed resources to support our Contractors, Licensees and CPAs in managing their health and wellbeing on topics such as mental health, isolate or remote work and reducing workload and stress.

Mental health and wellbeing

We have a strong focus on the mental health and wellbeing of our team members, with substantial, systematic investment over the past five years. We've laid solid foundations to manage psychosocial risks and promote mentally healthy behaviours. Our holistic, risk-focused approach was strengthened by the appointment of Australia Post's first Chief Mental Health Officer (CMHO) in June 2022. This role is responsible for applying the latest learnings in workplace mental wellbeing and psychosocial risk across the business, so that together, we can create workplaces where we all thrive.

Following the CMHO appointment, we completed an indepth review of our strategy, with the foundations of the current strategy considered leading practice. The review identified opportunities for expanding our existing activity and focus, and for introducing new activity that will further strengthen our research-based approach.

In May 2023 we launched our Mental Health Council, bringing together Australia Post senior leaders and our mental health corporate partners in a thought leadership forum that seeks to continuously improve our strategic best practice approach.

Potential and emerging wellbeing risks associated with our journey to transform and modernise our business have been identified and addressed this year, through a focus on elevating leadership capability, and providing supportive change management, financial, and vocational resources, education and proactive EAP care to impacted team members.

Our AP Way

Our AP Way was introduced in August 2022 as a cultural uplift program. Our Post26 Strategy provides a clear direction for Australia Post, and cultivating the right culture is key to its success. Our AP Way recognises and promotes the culture we need to continue to deliver for our customers and communities for another 200 years. It describes what's special about Australia Post, and the behaviours and mindset we need to bring with us into the future. With the financial and structural challenges facing Australia Post, Our AP Way is a critical guide to us becoming a sustainable business.

To build our culture together, more than 950 leader facilitators from across our business were trained to deliver Our AP Way. Since launch, more than 20,000 team members, including our Board and Leadership Team, have experienced Our AP Way across 1,600 sessions. Results from the 2023 Our AP Way Say culture and engagement survey indicate that participants who have completed Our AP Way are seven per cent more engaged than other team members. In late FY23 we commenced rolling out Our AP Way to our Licensees and extended workforce.

Creating effective leaders

We continued our focus on uplifting capability through our Leadership@Post program, which is designed to provide our leaders with the skills, knowledge and capability to navigate change and see them thrive into the future.

Launched in October 2020, 2,896 leaders have completed our flagship program Activate, and 4,134 have participated in an external development centre. Pleasingly, we are seeing a positive impact with a four per cent increase in our Leadership Index in the 2023 culture and engagement survey.

In addition to developing their core capabilities through Leadership@Post, our People Leader Fundamentals supports our leaders to deliver on leadership expectations and empowers them to navigate people-related activities.

Since its launch in August 2022, 4,837 people leaders have completed the online program, 93 per cent are more confident with what is expected of them as a leader and 96 per cent are confident in using the tools and resources available to them since completing the course.

Attracting the best talent

Our people and the great work they do are critical to us delivering a better tomorrow for all Australians.

Over the past 12 months we've refreshed and continued to build upon our employer branding. Key activity has included a major update to our careers website, an always-on and evolving content marketing strategy and sharing the experiences and stories of real team members to showcase what Australia Post can offer them.

Human rights and modern slavery

At Australia Post we're committed to protecting, respecting and remediating adverse human rights impacts including addressing the risk of modern slavery. The Group Modern Slavery Standard, introduced in 2020, aims to promote respect for people and prevent and address modern slavery and related risks across our operations and supply chain. These include: forced labour or compulsory labour; withheld pay; child labour; freedom of association and collective bargaining; discrimination in respect of employment and occupation; working conditions; fair wage; working hours; harsh or inhumane treatment or disciplinary practices; legal right to work; grievance mechanisms; and response to incidents.

Our Modern Slavery Working Group, established in 2019, meets regularly and leads a business-wide program to formally assess modern slavery risks across our value chain. It is overseen by Tanny Mangos, EGM Community, Sustainability & Stakeholder Engagement, who provides updates to the Board via the Audit and Risk Committee.

We have considered Commonwealth Guidance regarding contexts and sectors in which modern slavery has been found to take place, including high-risk countries, populations, products, industries and work practices. Our focus areas are outlined in our Annual Modern Slavery Statement, explaining the nature of each risk, the workers it potentially affects and details of actions we are taking.

Our Group Whistleblower Policy and Whistleblower Hotline provide grievance mechanisms for people within and outside our business. We've leveraged our membership with Sedex (one of the world's leading ethical trade service providers) and engage in multi-stakeholder forums, to ensure our risk assessments are informed by robust data around modern slavery prevalence and warning signs.

Australia Post's Corporate Responsibility Policy states our commitments to operate ethically and responsibly. It is aligned to the principles of the United Nations Global Compact, of which we've been a signatory since 2010, and is informed by the United Nations Sustainable Development Goals (SDGs). Supporting the protection of internationally proclaimed human rights is one of the requirements of this policy.

Our Supplier Code of Conduct requires our suppliers to demonstrate a commitment to human rights and fair employment and engagement practices. Our human rights commitment is guided by international human rights treaties, such as the United Nations Universal Declaration of Human Rights and the International Labour Organisation Declaration on Fundamental Rights at Work.

We look to continuously improve and evolve our modern slavery program by driving deeper supply chain transparency. And we are currently focusing on our highest risk areas. Australia Post has controls in place to ensure compliance with workforce laws, including laws aimed at protecting vulnerable workers. We undertake audits when we become aware of potential compliance concerns within our network to ensure business partners are compliant with relevant workplace laws and require remediation of any issues identified.

Responsible business conduct

Australia Post has a suite of governance documents that collectively address our commitments for responsible business conduct.

This includes our Corporate Governance Statement, Our Ethics (the guide to how we do things at Australia Post), our Group Corporate Responsibility Policy, and Modern Slavery Standard outline how we instil a culture of acting lawfully, ethically and responsibly.

Our Ethics applies to Australia Post and its Directors, employees, Licensees, contractors and other third parties performing services for or on behalf of Australia Post. It forms part of Australia Post's onboarding, with the requirement that they attest that they understand and will abide by it.

Australia Post's values of Trust, Inclusivity, Empowerment & Safety (TIES) are included in the Our Ethics policy and expectations are set around our values through the Our AP Way culture program.

Avenues for grievances and raising concerns

Australia Post is committed to creating a diverse, inclusive and respectful workplace, and has programs in place to promote an equitable and culturally-safe working environment.

In addition, we provide several mechanisms for our people, suppliers and customers to seek advice or raise concerns about our business conduct.

Internally, these are governed by Our Ethics Policy, Group Whistleblower Policy and our Harassment, Discrimination and Bullying (HDB) Policy. We continuously review and refresh our policies and processes to ensure that they are compliant with legislation and industry standards; and report directly to the Board.

Our Whistleblower hotline and portal provides a grievance and concerns mechanism to report unlawful or unethical conduct for people both within and outside our business. Our Group HDB Policy outlines our commitment to ensuring our workplaces are free from HDB and the robust framework that is in place to detect and respond to these matters. Employees can report through channels including either contacting their or another manager, a MyHR Representative, the HDB Matters or Whistleblower hotlines, or by raising their concerns with a Harassment Contact Officer (HCO).

In 2023, Australia Post refreshed our HCO network, with approximately 230 HCOs currently across the enterprise, details of which are communicated broadly within the organisation, as is information about our Employee Assistance Program. We also regularly train our team members on HDB and appropriate workplace behaviour.

In the past financial year, 424 complaints of a discriminatory nature based on a protected attribute were made, with 108 complaints substantiated and resolved.

The opportunity for customer complaints, compliments and feedback is available on the Australia Post and StarTrack websites. We are also a mandatory member of the Postal Industry Ombudsman Scheme.

Employee benefit framework

Generally our range of employee benefits are provided equally to full-time, part-time and casual employees, however the qualifying period for some benefits might vary based on service calculations for different engagement types, for example, access to parental leave.

It should also be noted that, consistent with relevant legislation, casual employees do not accrue paid annual and personal leave and are not entitled to paid parental leave under Australia Post's parental leave policies.

Our Enterprise Agreements

Australia Post has five Enterprise Agreements for more than 30,000 Award team members. The market-leading agreements were negotiated in FY22 and provide our team with much-needed security and certainty as we continue to build a sustainable future for our business. In the past financial year, 33,000 team members were paid an increase of 6.1 per cent.

Operational changes

Under the Enterprise Agreements, in the case of significant operational changes, we are required to engage with team members and the appropriate union adhering to the relevant notice periods in the relevant agreement.

Parental leave (PL)[1]

	Employees entitled to PL in FY23	Employees who took PL in FY23	Retention rate for employees who took PL in FY23	Employees whose PL ended in FY22	Employees returning from FY22 PL and employed for at least 12 months in FY23
Female	16,836	566	84.8%	239	165
Male	28,420	438	93.2%	344	287
Non-Binary	134	0	N/A	1	1
Total	**45,390**	**1,004**	**88.4%**	**584**	**453**

1 All employees eligible for Parental Leave who worked at Australia Post during FY23, including those who exited during the year.

Delivering for our people

With a culture built on our values of Trust, Inclusivity, Empowerment and Safety, we make sure that our actions match our words. In FY23 we were recognised for the great work of our teams in supporting each other.

At the 2022 Australian HR Institute Awards, which honour exceptional achievement and celebrate progress in HR practice, Australia Post received the Workplace Relations Award and the Workplace Mental Health Award.

Turning our Access and Inclusion Plan into clear action and solid outcomes led Australia Post to be named the Top Performance in the Australian Network on Disability's Access & Inclusion Index 2023, including best in class for four of the 10 categories: Commitment; Communication and Marketing; Recruitment and Selection; and Innovation.

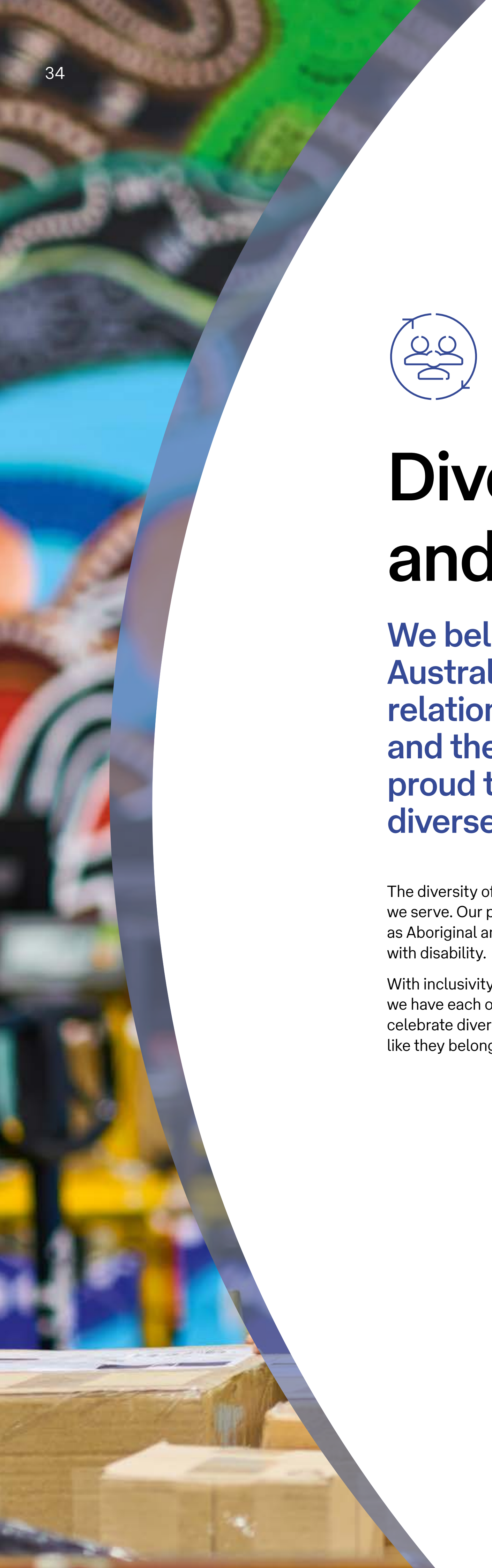
Working together with our valued Licensees

Licensed Post Offices (LPOs) make up around two-thirds of our national Post Office footprint. Our Licensees are an integral part of Australia Post and play a key role in local communities right across Australia.

In FY23 we continued to strengthen our partnership with Licensees, through increased two-way communication and improved remuneration. We also launched a new Licensee Lifecycle program to support Licensees, particularly in their first six months as a Licensee. The program builds capability and uplifts performance through dedicated support.

Building on the improvements we made in 2022, we increased total payments to Licensees by 5.4 per cent including an increase in the minimum payment allowances. In addition, we introduced an enhanced new store order platform, to simplify and streamline the way our Licensees order stock and consumables.

We continued to offer an incentive program that Licensees can financially benefit from, and provided all Licensees with membership to the Australian Retailers Association. This membership provides access to expert external advice on key business matters such as employment and leasing.



Diversity and inclusion

We believe a diverse and inclusive Australia encourages better relationships within communities and the workplace alike, and we are proud to be one of Australia's most diverse workforces.

The diversity of our workforce is a reflection of the diversity of the communities we serve. Our people represent 148 nationalities, with three per cent identifying as Aboriginal and Torres Strait Islander people and close to six per cent living with disability.

With inclusivity as one of our TIES values, we are working to build a culture where we have each other's back, put people's physical and psychological safety first, celebrate diversity and create a place to work where people feel included and like they belong.

Championing people with disability

We are proud to celebrate over 10 years' commitment to improving access and inclusion of people with disability through the implementation of Disability Action Plans registered with the Australian Human Rights Commission. Our current Access and Inclusion Plan 2023–25, launched in March 2023, continues to focus on improving and enhancing our workplace, products, services, and community engagement to create an inclusive culture and an environment that is accessible to everyone. We are making a difference through mindful changes to our work environment, such as offering Our AP Way Auslan sessions, so team members who are Deaf can choose to learn in a way that is effective for them.

We're focused on maintaining a barrier-free recruitment and selection process and successfully renewed our Disability Confident Recruiter certification for a third consecutive year in June 2023. With 5.7 per cent of our team identifying as having disability, and growing membership of the Accessibility Matters employee reference group, we've co-designed and introduced Workplace Adjustment Guidelines and Digital Passports to ensure all team members have access to a simple, clear and dignified process for accessing adjustments to support them in their career.

Since 2017 we have measured our progress to removing barriers for people with disability with the Australian Network on Disability. We are proud to be named the Number One Top Performer in the Australian Network on Disability's Access & Inclusion Index 2023, including best in class for four of the 10 categories; Commitment, Communication and Marketing, Recruitment and Selection and Innovation.

In June 2023, we were once again recognised for our commitment to disability confidence at the National Disability Confidence Awards. We were finalists in two categories: Disability Employee Network of the Year for the second consecutive year and the inaugural Inclusive Initiative of the Year, for 'Hack-cessibility'. This was an internal event aimed at solving problems for customers with disability, which highlighted the importance of creating products and services that are accessible to all and brought a welcome focus to accessibility for the entire business. 'Hack-cessibility' was also the recipient of a 2023 Tech Diversity Merit Award.

Workplace adjustment and passports

Managing workplace adjustments with dignity and respect is crucial to the engagement and retention of people with disability and ensures that team members can fully participate and be set up for success at work.

This is why Australia Post has introduced the Workplace Adjustment Guidelines and Passport, to make it easier for our team members with disability to request a workplace adjustment and have that information in their own passport ready to share when they need or want. This was co-designed with team members who have disability, and the broader Accessibility Matters employee reference group. Team members can choose to have their own 'passport' detailing the adjustment in their own words – something they can share as they want, for a new role, manager, location or even training session without having to explain in detail their workplace adjustment needs.

For our team member Harry (pictured left), having a Workplace Adjustment Passport gives him a sense of security, that his adjustments are agreed and will not be taken away. Harry knows that over time he will need to review and change his adjustments so he can continue to thrive at work. Having the passport will make starting these conversations easier.

Gender equity

As a signatory of the United Nations Sustainable Development Goals, Australia Post is committed to gender equity, and increasing the representation of female team members across our business and in leadership positions.

Over the past 12 months, we have continued to progress our gender equity work with a focus on increasing our pipeline of female talent, lifting female representation and leadership to create an even better gender equitable workplace.

Australia Post, as a Government Business Enterprise (GBE) will be required from the end of calendar year 2023, to report to the Workplace Gender Equality Agency on our progress across a number of gender equality indicators including representation and leadership, flexibility and pay equity.

In FY23 the gender balance on our Leadership Team was 44.4 per cent women (excluding Group Chief Executive Officer & Managing Director).

Across the team we reached 36.7 per cent female representation and 36.3 per cent women in senior leadership roles, edging closer to our goal of reaching 40 per cent women in senior leadership by 2027.

We define gender pay parity as within a +/-2 per cent band.[1] Our gender pay equity results for FY23 showed that our gender pay difference was slightly favourable to women at just above two per cent.

Supporting female career progression

ProjectME, sponsored by Catriona Noble, Executive General Manager, Retail, Brand and Marketing, has been running since 2015 and is our personal and career development program supporting frontline women to build self-awareness, resilience and career agility. It has an alumni of more than 2,000 team members, and this year saw its largest ever cohort of 349 female graduates from across our business.

To prepare women within Australia Post to move into leadership roles, our Elevate program was established in 2012. With more than 450 women now having completed the program, data shows that Elevate alumni are more engaged, more likely to be promoted and less likely to leave Australia Post than female team members who have not completed the program.

Supporting women on the frontline

Network Operations Women (NOW) is a movement to attract and retain more women into our Network Operations business, where women represent 25.7 per cent of team members.

Since launching in October 2022 we have surveyed Network Operations team members on focus areas to increase female representation, staged a national launch event, and hosted sessions with our frontline team. Most recently we established the NOW national committee to help us drive state-based events with a focus on networking and support, along with developing skills. Australia Post is also a proud partner of National Association of Women in Operations (NAWO).

1 We measure pay parity with reference to the WGEA guidance by aggregating and comparing annualised full-time equivalent base salaries (gross salary before tax including salary sacrificed items, higher duties, car and car park allowances, and excluding superannuation, at-risk variable remuneration and other allowances) for female and male permanent and fixed-term employees, excluding CEO remuneration. Employees may elect to not disclose their gender and record as 'Gender Undisclosed'. The number of employees identifying as Gender Undisclosed has increased in FY23, however values remain statistically immaterial and as such are excluded from the calculation. From FY24 we will report gender pay equity in line with the WGEA framework.

Supporting our LGBTIQA+ team members

PostPride is our largest employee reference group with more than 1000 team members from across Australia Post. Sponsored by Gary Starr, Executive General Manager Parcel, Post & eCommerce Services, it inspires and drives positive social change for LGBTIQA+ team members, customers and communities through education and networking.

In FY23 we expanded our Rainbow Peer Support Network providing confidential support to team members wanting to chat with a member of the community or an ally. We celebrated and raised awareness for Wear it Purple, IDAHOBIT and World Pride.

This year Australia Post celebrated our ninth year partnering with the Midsumma Festival with activities including a joint art award and more than 80 team members joining the Pride march with rainbow-wrapped Australia Post vehicles.

Australia Post is a founding member of Inter-Retail, a signatory of the Australian Retailers Association Position statement on equity for LGBTQ+ people and a proud member of Pride in Diversity.

Progressing our reconciliation

We are committed to playing our part in the progression of reconciliation and this year proudly completed our third (Stretch) Reconciliation Action Plan (RAP) 2020–22, and fourth RAP overall. Our fifth plan will launch in FY24.

In FY23 we retained representation of Indigenous people in our workforce at three per cent. We were proud to partner with 20 Indigenous businesses and support Social and Indigenous spend of $42.9 million over the year.

Our key initiatives supporting Indigenous inclusion included continuing to offer school-based and adult part-time traineeships, with ambitions to commence our apprenticeship programs. We continued our Indigenous Emerging Leaders Program, with 73 team members developing leadership aspirations to progress professional careers and promotional advancement.

We officially opened our inaugural Traditional dual-named facility Boorna Wangkiny Mia, culturally translated to 'Home of the Message Stick', and this will continue to be a consideration for any new sites.

Supporting education pathways through our partnerships with the Indigenous Literacy Foundation and DeadlyScience remains a key priority.

Read more on page 53.

Age diversity

Australia Post is an age-diverse workplace with team members entering the workforce as graduates to those transitioning to retirement. Team members over 50 years of age comprised the largest cohort in FY23, followed by 41.9 per cent of team members aged 30 to 50 and 9.3 per cent aged under 30.

Refugee inclusion

With people from refugee backgrounds often encountering challenges in obtaining suitable employment, we have appointed a Refugee Inclusion Partner and are developing our first Refugee Employment and Engagement Action Plan. In our culture and engagement survey, 471 team members identified as Refugee and Asylum Seekers and we are proud that 75 per cent of this cohort are highly engaged, nine points higher than our enterprise score.

To increase awareness that Australia Post understands the experiences of and welcomes refugees as a crucial part of our workforce, we sponsored Refugee Week 2023, coordinated by the Refugee Council of Australia. In October 2022, we piloted a Refugee Employment Program with the positive outcome of 26 refugee candidates joining our Network Operations team, and will look to expand into areas such as retail and support roles in FY24.

Diversity Profile[1]

	2023	2022	2021	2020	2019
Women	36.7%	37.1%	37.1%	36.9%	36.5%
Aboriginal and Torres Strait Islander people	3.0%	3.0%	3.0%	3.0%	1.9%
People with disability	5.7%	5.6%	5.6%	5.7%	4.0%
Lesbian, Gay, Bisexual, Transgender, Intersex, Queer and Asexual people	3.6%	3.5%	3.2%	3.1%	1.6%
Culturally and linguistically diverse	32.0%	31.9%	30.4%	30.0%	22.5%
Female Senior Managers (Band 4 and above)	36.3%	35.9%	38.2%	38.4%	38.0%
Women on Australia Post Board of Directors	50.0%	42.9%	37.5%	44.4%	44.4%
Aged under 30	9.3%	9.8%	9.2%	9.7%	10.2%
Aged 30 to 50	41.9%	42.9%	43.6%	41.2%	41.9%
Aged over 50	48.8%	47.3%	47.2%	49.1%	47.9%

1 This data is based on self-declaration and includes our casual workforce. It does not include the International Subsidiary (APG/APIH).

Our workforce

All permanent team members (period FY23)

2023	Male Full time	Male Part time	Male Total male	Female Full time	Female Part time	Female Total female	Non binary Full time	Non binary Part time	Non binary Total non binary	Total
NSW	6,556	611	**7,167**	2,712	882	**3,594**	10	6	**16**	**10,777**
QLD	2,905	453	**3,358**	1,504	780	**2,284**	7	3	**10**	**5,652**
SA	1,245	242	**1,487**	378	293	**671**	2	3	**5**	**2,163**
TAS	303	36	**339**	102	77	**179**	0	0	**0**	**518**
VIC	6,292	876	**7,168**	3,118	1,084	**4,202**	19	6	**25**	**11,395**
WA	1,717	173	**1,890**	820	431	**1,251**	4	1	**5**	**3,146**
ACT	415	50	**465**	99	60	**159**	2	2	**4**	**628**
NT	87	20	**107**	70	29	**99**	0	0	**0**	**206**
External territories	0	0	**0**	0	0	**0**	0	0	**0**	**0**
Overseas	22	0	**22**	26	1	**27**	0	0	**0**	**49**
Total	**19,542**	**2,461**	**22,003**	**8,829**	**3,637**	**12,466**	**44**	**21**	**65**	**34,534**

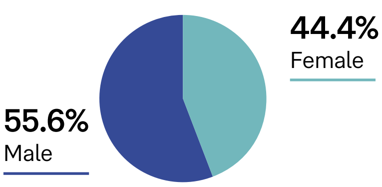
All fixed term team members (period FY23)

2023	Male Full time	Male Part time	Male Total male	Female Full time	Female Part time	Female Total female	Non binary Full time	Non binary Part time	Non binary Total non binary	Total
NSW	83	54	**137**	39	38	**77**	0	0	**0**	**214**
QLD	50	17	**67**	35	34	**69**	0	0	**0**	**136**
SA	54	19	**73**	20	5	**25**	0	0	**0**	**98**
TAS	3	2	**5**	1	1	**2**	0	0	**0**	**7**
VIC	109	43	**152**	83	76	**159**	0	2	**2**	**313**
WA	83	10	**93**	48	30	**78**	3	0	**3**	**174**
ACT	11	2	**13**	2	3	**5**	1	0	**1**	**19**
NT	0	0	**0**	1	0	**1**	0	0	**0**	**1**
External territories	0	0	**0**	0	0	**0**	0	0	**0**	**0**
Overseas	0	0	**0**	0	0	**0**	0	0	**0**	**0**
Total	**393**	**147**	**540**	**229**	**187**	**416**	**4**	**2**	**6**	**962**

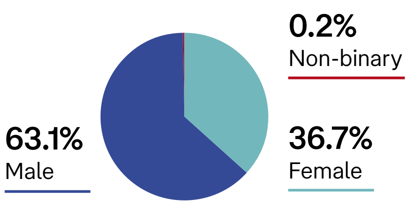
Total team members [Footnote 1] (5 years summary)

	2023	2022	2021	2020	2019
Full-time team members	29,041	29,585	27,867	27,959	27,785
Part-time team members	6,455	6,789	6,867	7,039	7,316
Total team members	**35,496**	**36,374**	**34,734**	**34,998**	**35,101**

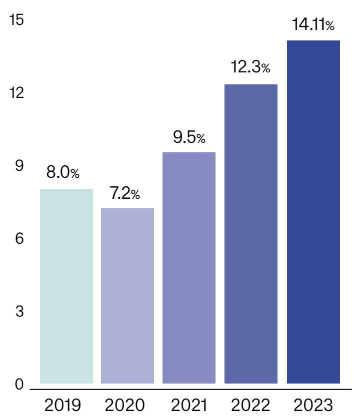
Our Executive team [Footnote 2]



Our workforce



Turnover



Footnotes:

1 Excludes casuals and external contractors.

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

All permanent team members (period FY22)

	Male			Female			Non binary			Total
2022	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total non binary	
NSW	6,558	635	**7,193**	2,724	930	**3,654**	4	4	**8**	**10,855**
QLD	2,938	457	**3,395**	1,543	806	**2,349**	0	3	**3**	**5,747**
SA	1,181	219	**1,400**	352	279	**631**	1	0	**1**	**2,032**
TAS	307	35	**342**	97	78	**175**	0	0	**0**	**517**
VIC	6,420	910	**7,330**	3,287	1,181	**4,468**	8	2	**10**	**11,808**
WA	1,653	177	**1,830**	772	433	**1,205**	1	0	**1**	**3,036**
ACT	425	51	**476**	102	69	**171**	0	1	**1**	**648**
NT	78	16	**94**	70	31	**101**	0	0	**0**	**195**
External territories	0	0	**0**	0	0	**0**	0	0	**0**	**0**
Overseas	24	0	**24**	23	1	**24**	0	0	**0**	**48**
Total	**19,584**	**2,500**	**22,084**	**8,970**	**3,808**	**12,778**	**14**	**10**	**24**	**34,886**

All fixed term team members (period FY22)

	Male			Female			Non binary			Total
2022	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total non binary	
NSW	166	74	**240**	53	52	**105**	2	1	**3**	**348**
QLD	98	37	**135**	56	28	**84**	1	0	**1**	**220**
SA	43	22	**65**	10	5	**15**	0	0	**0**	**80**
TAS	4	5	**9**	5	1	**6**	0	0	**0**	**15**
VIC	165	64	**229**	144	56	**200**	4	2	**6**	**435**
WA	150	46	**196**	88	68	**156**	0	1	**1**	**353**
ACT	19	6	**25**	1	2	**3**	1	0	**1**	**29**
NT	6	0	**6**	1	1	**2**	0	0	**0**	**8**
External territories	0	0	**0**	0	0	**0**	0	0	**0**	**0**
Overseas	0	0	**0**	0	0	**0**	0	0	**0**	**0**
Total	**651**	**254**	**905**	**358**	**213**	**571**	**8**	**4**	**12**	**1,488**

Total team members (period FY23)

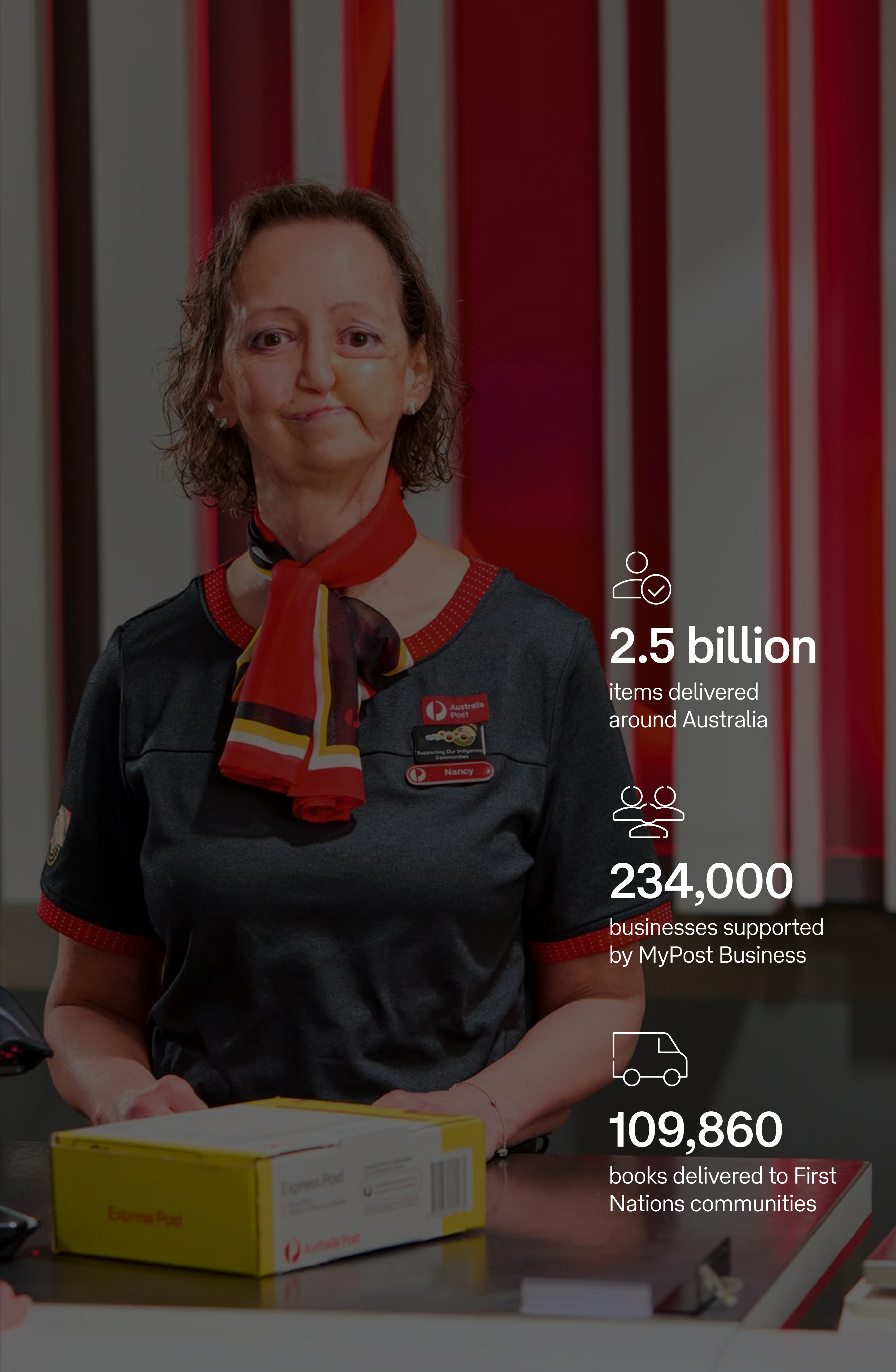
	Workforce Representation		Female		Male		Non-Binary	
	Number	%	Number	%	Number	%	Number	%
Permanent								
Full-time	28,415	80.1%	8,829	24.9%	19,542	55.1%	44	0.1%
Part-time	6,119	17.2%	3,637	10.2%	2,461	6.9%	21	0.1%
Total Permanent	**34,534**	**97.3%**	**12,466**	**35.1%**	**22,003**	**62.0%**	**65**	**0.2%**
Fixed Term								
Full-time	626	1.8%	229	0.6%	393	1.1%	4	0.0%
Part-time	336	0.9%	187	0.5%	147	0.4%	2	0.0%
Total Fixed Term	**962**	**2.7%**	**416**	**1.2%**	**540**	**1.5%**	**6**	**0.0%**
Total Employment	**35,496**	**100.0%**	**12,882**	**36.3%**	**22,543**	**63.5%**	**71**	**0.2%**

Delighting our customers & communities

With our unique footprint we recognise our responsibility to help create a better tomorrow for people, businesses, communities and the environment we share.

We're proud to provide products and services to almost every community in Australia and to delight our customers by being easy to do business with and delivering great service. We're continuing to invest in our network and facilities to evolve and improve our delivery experiences.

Australia Post is committed to helping build stronger, more connected communities. From our strategic community partnerships to our grassroots grants programs, we have a long history of delivering social impact.



2.5 billion
items delivered around Australia

234,000
businesses supported by MyPost Business

109,860
books delivered to First Nations communities

Our customers

From our network of 4,271 Post Offices, including two mobile Post Office vans, in communities across Australia, to supporting the continuing growth in eCommerce delivery, we're proud to deliver for our customers.

Across our network we've continued to build on the vital services we provide to customers and communities, including agency banking, home, car and travel insurance services, and telecommunications. In FY23 we launched Australia Post Broadband, a new product that provides great value and unlimited internet for households where nbn™ is available, which can be purchased at any Post Office in Australia.

As Australians resumed travelling post COVID-19, we've had our biggest year ever for passport applications and ID photographs. We took more than 3.19 million ID photos and completed 2.64 million passport applications. This is a 38 per cent increase in passport volumes and a 21 per cent increase in photographs since before the pandemic in the 2019 financial year.

In FY23 Australia Post was recognised at the 2023 Mozo Awards for Travel Insurance, receiving several awards, including the People's Choice award for outstanding customer satisfaction.

Delighting our customers

Improving deliveries

Our Estimated Delivery Dates (EDDs) help set customer expectations and allow customers to more confidently plan their movements.

We know that our customers want clarity on who has their parcel and when it will arrive, and our EDDs help provide them with that certainty.

Our EDDs power the information customers see in the Australia Post app, providing tracking milestones and setting delivery expectations early in the parcel journey.

This provides a better overall customer experience and removes the need for customers to contact our customer service team.

In addition, we have improved the 'to the door' delivery experience, with 200,000 more customers now receiving our Estimated Time of Arrival predictions; and we are investing in GPS proximity checking to ensure we deliver to the correct address every time.

Extending Bank@Post

We continue to provide crucial agency personal banking and business banking services on behalf of over 80 financial institutions at over 3,400 Post Offices. This service provides benefit for our customers and small businesses in rural and remote locations where the local Post Office is the often only access point for physical banking. From cash withdrawals and deposits to business banking deposits, there were more than 16 million Bank@Post transactions in FY23, an increase of seven per cent compared to FY22. Business Banking volume saw a significant increase of 19 per cent during FY23.

We were delighted to extend our Bank@Post agreement with Westpac Group to offer banking services through our Post Office Network until 2032. This follows 10-year agreements with the Commonwealth Bank of Australia and National Australia Bank, which were signed in 2021.

Winning in eCommerce delivery

Online shopping report

Australia Post again launched the annual Inside Australian Online Shopping Report providing an exclusive insight into what made Australian shoppers hit 'add to cart' in the past year.

According to the report, 9.4 million Australian households[1] shopped online in 2022, spending $63.8 billion on online goods[2]. Online shopping now makes up more than 18 per cent of all retail sales. Shoppers flocked to snap up discounts during Black Friday and Cyber Monday, making November 2022 the biggest month in Australian online shopping history, up three per cent from the previous November. Over six million households made an online purchase during the month, half a million more than October.

1 All household counts are limited to residential households and exclude households that received an excessive number of parcels per year to remove outliers from the distribution.
2 Online Physical Goods, CommBank iQ, Jan 2023. This value includes Buy Now Pay Later (BNPL) payments.

Online Retail Industry Awards (ORIAs)

In July 2022 we held the Australia Post Online Retail Industry Awards (ORIAS) at the first ORIAS gala event to celebrate the eCommerce retail industry since 2019.

The People's Choice category, the only ORIAs to be decided by online shoppers, this year saw more than 160,000 Australians cast their vote across three categories of Large Retailer over $1m, Small Retailer over $100,000 and Small Retailer under $100,000.

Kogan.com was once again crowned Australia's favourite large online retailer, with 4 Ingredients and Ruby's Home Store named Australia's favourite small online retailers for the over $100,000 and under $100,000 categories respectively.

Business Talks webinars and newsletters

The Australia Post *Business Talks* webinar series focuses on positioning Australia Post as an industry thought leader, particularly around eCommerce, by weaving our unique data and insights into an industry-led narrative. The series provides our customers with access to industry thought leaders who share valuable information and insights to help them do business better.

MyPost Business

In FY23, we've improved the sending experience for our MyPost Business customers and made it easier for them to send internationally by launching two new features. These features automate the Harmonised System (HS) tariff code, and restrictions and prohibitions processes, without sending the customer to an external website to check the code and restrictions.

MyPost Business has added nine new eCommerce partners to integrations options, providing more choice when it comes to automating label creation and printing, and bringing the number of eCommerce partners to 26. We've refreshed and consolidated the MyPost Business navigation allowing customers to find everything they need, and review all their online transactions, in one central location.

Trialling buy today, receive tomorrow

Along with the boom in eCommerce, we've seen a corresponding rise in customer expectations. With the increasing digitisation of the economy, consumer demand for a buy today, receive tomorrow experience is on the rise. That means businesses are looking for cost-effective ways to deliver to this expectation. In October 2022, we began working with a large online retailer to trial a next day delivery service to meet this growing need. Over the eight-week trial, we measured customer experience, reliability, customer feedback and consumer shopping behaviour. Successful on all fronts, we're now progressing to expand this trial to more retailers in 2023.

Growing our 24/7 options

Our customers increasingly expect 24/7 access and alternate delivery options.

We've seen significant growth in volume to parcel lockers, with our customers preferring the convenience, less time queuing in store and added security of their parcels.

This year we introduced 90 new banks of parcel lockers that are co-located next to our Post Offices right around the country. Across our network we now have 710 locker banks at 672 locations with more than 57,000 parcel lockers.

We delivered over six million parcels via our parcel lockers – up 30 per cent on the previous year. At the same time, we have seen an uplift in engagement and customer satisfaction with over 1.3 million new registrations.

This year we started a national program to card parcels directly to lockers, with over 3.6 million parcels delivered direct to lockers. This resulted in our largest increase in customer sign-ups and usage, with more than 40,000 customers choosing to select Parcel Lockers as their collection point of choice.

Post Office Boxes continue to be very important, with 38 million parcels delivered through PO Boxes in FY23. By diverting volumes to alternate collection points, rather than delivery to door, we are supporting the needs of our customers, growing revenue for our Licensees and improving back of house operations and customer queueing for our Post Offices.

Customer Advisory Group

Established in 2015, the Customer Advisory Group (CAG) brings together a strategic selection of Australia Post customers across both Small & Medium Business and Enterprise & Strategic segments. Each representative is considered an influential leader within the eCommerce industry and is passionate about accelerating growth, tackling challenges, and identifying opportunity within the industry.

Australia Post, in partnership with the National Online Retailers Association delivers the program, consisting of three meetings per year. Agendas are built around giving members visibility on Australia Post's product roadmap and plans, operational updates, data and insights, in addition to key industry focus areas. As the Advisory name suggests, we encourage members to provide feedback and share their own experiences to benefit the collective. We see our members playing an important role in Australia Post's ongoing modernisation journey.

Customer obsession program

Knowing the importance of building a customer-centric culture within our team, our Customer Obsession program continued in FY23. Our week-long Festival of the Customer in October 2022 invited team members to join webinar sessions to hear from our customers on what matters most to them. Our Leadership Team also shared their insights and interactions with our customers – and how these inform the culture at Australia Post, particularly our Post26 strategic imperative of *Delighting our customers and communities*. Through this program we encourage team members to visit our customers to listen and learn directly on how we can better support their businesses. Finally, Customer Obsession also taps into our rich customer data to gather insights for our team members, helping us put the customer at the centre of everything we do.

Delivering a successful peak period

With a peak period fuelled by the Black Friday and Cyber Monday shopping events and Christmas, in FY23 we set new records for the most items delivered in a week, the most items lodged with Australia Post in a single day, and delivered 52 million parcels in December alone.

With more than 3.6 million MyPost Business parcels sent and 19.7 million visits to our Post Offices, peak was a huge team effort. Our planning began early in the year with volume forecasts informing how much capacity our processing sites, vehicles, aircraft and team members could expect to deliver, ensuring we were set up to manage the increased volumes.

To help our customers get their items where they needed to be on time, we welcomed over 3,500 new team members, and our support team members also stepped up to lend a hand across the network, with 2,100 shift enrolments driving, delivering, or sorting parcels via our One Team program.

Our Network Operations team expanded our processing capacity with new facilities, new delivery centres and network improvements – increasing 2022's processing capability by 2.5 million parcels a week. We also invested in an additional 110,000 Unit Load Devices (ULDs) to move product more efficiently throughout our network. We sourced additional vehicles to deliver these large volumes, including electric delivery vehicles, motorcycles, vans, and trucks, as well as additional aircraft to move our express items around the country. Our investment in network capacity meant we required fewer pop-up facilities in Network and Retail Operations.

With tailored forums for our business customers, and more than 600,000 estimated delivery customer notifications sent each day, we also helped to keep everyone informed.

While we were well prepared, the 2022 peak period threw new challenges at us with floods across Australia and train derailments significantly impacting our network. Despite this, we were there for our communities when they needed us most. We delivered 70,000 items to Western Australia with an additional charter flight to help get items in time for Christmas.

Boorna Wangkiny Mia

Kemps Creek Facility

Dubbo Facility

New facilities

This year we opened new facilities in Perth, Kemps Creek and Dubbo.

Our new parcel facility in Perth, Western Australia, known by the Indigenous name Boorna Wangkiny Mia, came online just in time for the peak period. The facility represents an $82 million investment and, at 23,000sqm, is capable of processing 14,000 parcels per hour. This allows us to plan for daily volumes of more than 180,000 small and large parcels. The facility includes sustainability features such as a 750kW solar system (saving around $160,000 per annum, based on current supply rates), LED lights and a lighting control system with motion detectors and timers to reduce power consumption, as well as innovative waste management systems.

In June 2023, we officially opened our new parcel facility in Kemps Creek, New South Wales. Servicing Greater Western Sydney and the surrounding region, the 33,680sqm facility is the second largest sorting facility in the network and has been designed with future expansion in mind – ensuring Australia Post is well prepared to meet the needs of the growing region.

Housing two large parcel sorters, the Kemps Creek Parcel Facility can process up to 200,000 large and small parcels per day. Designed with a focus on safety, wellbeing and sustainability, the facility uses the latest sortation technology, enabling increased visibility of customer articles in the network and improving safety by reducing physical touchpoints.

This year we also opened our Parcel Delivery Centre in Dubbo, New South Wales, with more than 1,485sqm in internal space, and a straight-line conveyor through the centre of the building for processing parcels. The efficiency of the new centre will assist our network in meeting current parcel delivery demands with a more streamlined experience for drivers to get in and out of the facility and back on the road to customers.

Caring for our customers

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.

Our Customer Contact Centre dealt with more than 1.2 million customer complaints over the financial year, approximately 0.05 per cent of the 2.5 billion items we delivered in this period. We classify customer complaints as any instances where a customer has contacted Australia Post to express dissatisfaction with a product, service, perceived failure, or an interaction with our team.

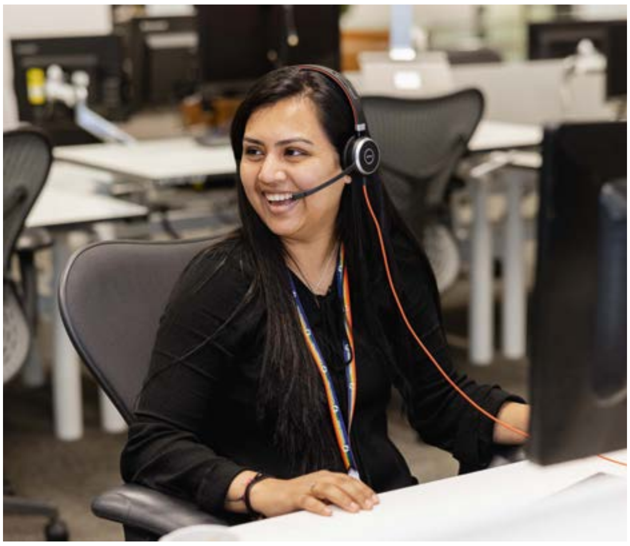
We've taken steps to streamline complaints to make it easier for customers to navigate and complete their interactions with us. We have also invested in further training for our team to address customer concerns promptly, reducing the likelihood of complaints being escalated or our customers needing to reach out to us again.

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

Privacy complaints

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

In FY23 we received two new privacy complaints escalated to the Office of the Australian Information Commissioner (OAIC), which have been resolved. The complaints had been through our internal dispute handling processes before they were escalated to the OAIC. Privacy complaints received from the OAIC are recorded in our Risk, Governance and Compliance system.



Reportable privacy incidents

During FY23 there were no notifiable data breaches identified under the Notifiable Data Breach scheme.

Protecting against scams

With Australia's growing use of technology and time spent online, we're doing our part to help Australians protect their personal and financial information against scammers. We are continually promoting awareness around potential scams that could be a risk to our business and our customers by publishing the latest scam alerts on our website and online channels. We are actively working with industry partners to reduce the impact of scams on our customers.

Our scam alerts webpage includes examples of recent scams targeting our customers, as well as assuring them that Australia Post will never call, text or email asking for personal or financial information, to request payment, or to ask a customer to click on an email link to print off a label to redeem a package.

The increasing security concerns around scams are driving us to find better ways to communicate with our customers. For this reason, we'll continue to encourage customers to use our app as a more secure way to receive notifications from us.

Protecting Australia Post from cyber threats

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

Stakeholder engagement

Australia Post engages with its many stakeholders through a variety of formal channels to ensure expectations and interests are reasonably understood. The Leadership Team maintains visibility of emerging stakeholder and reputational risks, including mitigating activity, through monthly internal reporting.

With a physical presence at locations Australia-wide, our frontline team members play an integral role in managing and assessing customer needs in the communities they serve. The diversity of our extended workforce enables a broad range of interests to be understood and responded to. We continue to evolve our technology with digital and social platforms to expand our capacity for two-way communication and feedback.

Australia Post regularly undertakes extensive research of consumers and businesses to gain greater insight into the expectations and preferences of different communities and demographics towards our products and services.

Our customers have a voice into our business through account managers, our call centre, website and social media. Feedback is actively monitored and addressed and our Customer Advisory Group provides a mechanism for proactive input into our business. We also maintain regular discussions with mail and eCommerce industry representatives, and proactive relationships with relevant regulatory bodies, Unions and Licensee representative groups. In FY23 we established a rigorous stakeholder engagement process to support our efforts of modernising the post office network.

Australia Post Stakeholder Council (Council)

The 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's service and product initiatives through review and feedback
- contribute, review and provide feedback on major Australia Post corporate responsibility initiatives.

At 30 June 2023 the Council had nine members and met four times during the financial year. Throughout the year the Council provided meaningful consultation and suggestions on and for Australia Post initiatives.

Council members

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

Council members are: Graz van Egmond, CEO, Banksia Foundation — George Etrelezis, Small Business Consultant — Paul Greenberg, Founder & Executive Director, National Online Retailers Association — Ian Hamm, Chair, First Nations Foundation — Julia Landford, Founding Director, NatureArt Lab — The Hon Dr Kay Patterson AO, Age Discrimination Commissioner, Australian Human Rights Commission — Liz Ritchie, CEO, Regional Australia Institute — Tanny Mangos, Council Chair and Australia Post EGM, Community, Sustainability & Stakeholder Engagement.

Geoff Rohrsheim resigned from the Council in October 2022, Angela Hite in November 2022 and Dr Ben Gauntlett in May 2023. We thank them for their service and contributions.

Council statement

After having had the opportunity to review the Overview and Business Review sections of Australia Post's draft 2023 Annual Report, the Australia Post Stakeholder Council believes that Australia Post has demonstrated its commitment to the key issues of corporate responsibility, including social and environmental sustainability.

As coverage of Australia Post's material issues evolves to further integrate its social and environmental performance, the 2023 Annual Report reflects a strategic approach to a whole-of-business focus on delivering improved social, environmental and business outcomes for the Australian community.

The Council believes, on the basis of information provided to it, that the 2023 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, 12 September 2023

Engaging our customers

Continuing to Spread the Merry for Christmas

Australia Post took its annual *Spread the Merry* campaign to new heights in 2022 with a continued focus on delivering joy and creating connection. The campaign told the story of how our expansive network helped get an inflatable Santa Claus that found himself a long way from home, back to where he belonged. It highlighted our beloved Australian landscapes through the eyes of many different peoples, and the role Australia Post plays each day in connecting our country and our people. The campaign was fully integrated across television, radio, out of home, social media and included an audio described version of the commercial for the visually impaired, as well as an Auslan version for the hearing impaired. The TV ad was again recognised as one of the most effective Christmas ads by Cubery Australia, and our 'inflatable-like' point of sale extension won Silver and Bronze at the National Retail Shop Awards.

Stamps and collectables

Our FY23 stamps and collectables captured a year of significant events and a diverse range of topics across Australian culture, fauna, flora and sport.

Australia's passion for sport was celebrated by The Centenary of the Men's National Football Team stamp issue and by the first of its kind Australian Football League (AFL) $1 collectable coins.

We honoured the national charitable organisation Legacy Australia, that provides services to the families of Australia Defence Force veterans, with a stamp to commemorate its 100th anniversary. Echoing our strategic priority of creating a sustainable future, our Sustainable Future stamp issue presents three aspects of environmental sustainability that are key to the future, biodiversity, Indigenous land management and renewable energy.

The 2023 Australia Post Australian Legends Award honoured four living legends of Supercars racing – Allan Moffat OBE, Dick Johnson AM, Mark Skaife OAM and Craig Lowndes OAM – whose record-setting achievements are inspiring the next generation.

AFL coins

After three years of The Great Aussie Coin Hunt, we renewed our partnership with the Royal Australian Mint to release a set of AFL $1 Collectable Coins available exclusively at 1,800 Post Offices and our online shop. The coin collection featured 20 unique coins, with one for every football club as well as an AFL and an AFLW coin. The campaign launched with a comprehensive publicity campaign featuring AFL player Jack Riewoldt and AFLW superstar Tayla Harris, supported by radio, social and instore point of sale. Fans were encouraged to buy the full set of coins and a collector's folder for $45, with a one in 10 chance of scoring two-coloured AFL and AFLW coins.

Supporting local business

Local Business Heroes

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

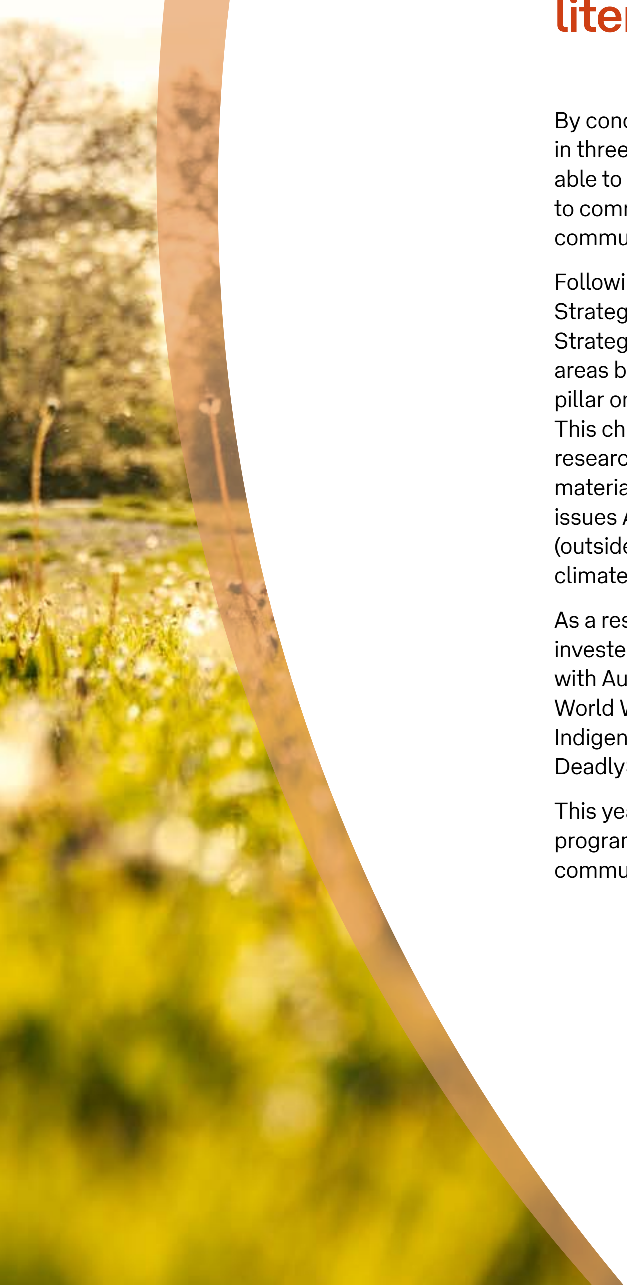
In its third consecutive year, the 2023 program received over 4,400 applications across the country, of which 30 per cent were from regional Australia. In FY23, the number of winners increased from 57 to 100 with 40 per cent from regional areas. The program has recognised and rewarded more than 200 small businesses in the past three years.

Local Business Partners program

Entering its fourth year, the Local Business Partner (LBP) program focuses on developing our Post Office Network to build and account manage a portfolio of business customers. This year we saw another 90 Post Offices onboarded as Tier 1 Local Business Partners, bringing the total number to 275 and the total number of participating outlets in the program to 1,435 (Tier 1 and Tier 2). The Post Office Network is now managing a portfolio of over 184,102 business customers with a per annum revenue contribution of $456 million in FY23, up $106 million from FY22. This year there was a concerted effort and focus on ensuring all LBPs had the correct tools and resources at their disposal to efficiently manage their portfolio of customers, including the rollout of Salesforce My Community to all partners and setting a framework for Coaching & Support.

Our communities

Since 2019, the Australia Post Community Strategy has focused on the pillars of mental health, literacy and disaster support.



By concentrating efforts and resources in three key areas, we have been able to deliver significant benefit to communities, team members and community partners.

Following a review under the Post26 Strategy, our 2023–2026 Community Strategy will continue with the same focus areas but will extend to include a focus pillar on environmental sustainability. This change was informed by external research and Australia Post's 2022 materiality survey, which indicated the key issues Australians are concerned about (outside cost of living) are mental health, climate change and natural disasters.

As a result, in FY23, Australia Post invested primarily in key partnerships with Australian Red Cross, Beyond Blue, World Wide Fund for Nature Australia, Indigenous Literacy Foundation, DeadlyScience and The Big Issue.

This year, we've also run grants programs and team member community engagement programs.

Our evolved Community Strategy aligns to Australia Post's strategic imperatives and ensures our nation-wide network and infrastructure are efficiently leveraged. Through our partnerships and programs, we're helping build stronger, more connected communities around the country.

In FY23 Australia Post's community investment was $22,829,149. Cash contributions were made through national partnerships and our grant programs. We also contributed through time spent by our people volunteering, and value-in-kind of products, delivery network and services like charity mail.

We have forgone revenue of $20,875,895. This is revenue from products and services that we would have received but chose to waive totally or partially for community benefit. In addition, we facilitated $501,532 in donations to community organisations from our team members through our workplace giving program and from customers via donations made in Post Offices and our online shop.

Bringing mental health support to the community

We're continuing to use our network to connect more people with mental health information, support services and each other with our partner Beyond Blue.

In FY23 we supported Beyond Blue by sending three million Connection Postcards to raise awareness of Beyond Blue's support services and encourage people to connect with each other.

The postcard had two parts, the first contained tips for mental wellbeing and information on Beyond Blue's 24/7 support services. The second part was a prepaid postcard to encourage community members to send to a family member or friend for free within Australia. Postcards were distributed to families in outer-metro and regional centres, which Beyond Blue's research suggested would benefit most from hearing about their services, with the postcards also available in participating Post Offices.

Other mental health support included:

- delivering information about Beyond Blue's NewAccess mental health coaching support program to over 1.5 million letterboxes nationally
- distributing 2,000 host kits for the inaugural 'Big Blue Table' fundraising campaign. The campaign raised $560,000, helping 8,500 people access Beyond Blue's 24/7 Support Service
- facilitating Beyond Blue's Community Events and Speakers programs, which reached an estimated 1.4 million people
- raising more than $66,000 via our online shop, RoundUp, over the counter donations and the sale of Beyond Blue Christmas baubles.

Celebrating First Nations literacy and storytelling

This year our team members delivered over 109,000 books to 411 remote First Nations communities, and we reached the significant milestone of more than 388,000 books delivered since our partnership with the Indigenous Literacy Foundation (ILF) launched in 2019. More than half of these culturally appropriate books are written and illustrated by First Nations authors.

To support the United Nations International Decade of Indigenous Languages (2022-2032), we sold two new bilingual titles published by the ILF (*Karrkin* and *No Way Yirrikipayi)*across more than 550 Post Offices nationally.

Developing First Nations scientists

In 2022, Australia Post was proud to launch our partnership with Indigenous not-for-profit DeadlyScience. Founded in 2018 by Kamilaroi man Corey Tutt OAM, DeadlyScience celebrates Australia's first scientists – First Nations people – and empowers Indigenous students to discover science, technology, engineering and maths pathways through innovative programs.

Since May 2022, we have used our network to send telescopes, board games, books, more than 1,500 boxes of LEGO, and other STEM materials to First Nations children in more than 750 schools and communities across Australia.

National Science Week in August 2022 provided an exciting opportunity to bring First Nations science into the classroom, with the creation of the DeadlyScience Guide to Glass, a hands-on practical resource for teachers of Foundation to Year 6 students. Developed in partnership with DeadlyScience, this guide features the cross-curriculum priority of Aboriginal and Torres Strait Islander histories and cultures.

Partnering for environment awareness

In May 2023, we proudly entered into a three-year partnership with the World Wide Fund for Nature Australia (WWF-Australia). The partnership is aligned to our 2025 Sustainability Roadmap and supports an ongoing commitment to delivering a more sustainable future.

Together, Australia Post and WWF-Australia will raise critical awareness of the need to restore and protect koala habitats.

To support the launch of our partnership, Australia Post created a Resoftable plush toy of our new mascot Pip the Koala. Pip the Koala is made from 10 recycled plastic bottles. For every Pip the Koala toy sold, $2 is donated to WWF-Australia to help protect and restore koala habitats.

Helping communities with disaster support

Our partnership with Australian Red Cross continued in FY23, with a focus on helping communities prepare for a disaster, respond in times of disaster and assist communities with recovery.

In 2022, we co-designed a Disaster Preparedness Quiz with Australian Red Cross to help Australians understand how prepared they are for a disaster. We promoted the quiz via postcards delivered to more than 750,000 households in high-risk areas. In October 2022, the Victorian Government requested access to the quiz as part of their emergency resources, demonstrating the value of sharing vital information to help prepare communities for disasters.

We also raised more than $21,000 via in-store and online donations, and the sale of Australian Red Cross Christmas baubles for the Red Cross Disaster Response and Recovery Fund.

Through our operations and network, we supported communities to prepare, respond and recover from disaster in FY23 by:

- leveraging our national network to raise awareness about the importance of preparing for disaster
- activating our Disaster Response Plan following floods in Victoria, Tasmania and New South Wales in October 2022 and offering free 12-month mail redirection to 51 local government areas impacted by flooding
- working hard to ensure that, despite extreme weather events disrupting operations and transport networks, particularly in remote regions, our services had minimal changes. When flooding caused significant delivery delays to Western Australia, Northern Territory and Queensland, our partner Qantas air-freighted letters and small parcels to impacted towns, while we partnered with delivery contractors to resume road freight once it was safe.

The Big Issue

In FY23, Australia Post's partnership with The Big Issue entered its 27th year. Through the sale of *The Big Issue* magazine, the not-for-profit supports and creates work opportunities for people experiencing homelessness, marginalisation and disadvantage.

In March 2023, our Group Chief Executive Officer & Managing Director Paul Graham, and senior managers Anita Britcher and Geoff Hyland, hit the pavement as magazine vendors, to raise awareness and funds.

We continued to increase accessibility for The Big Issue vendors in metropolitan and regional areas, with 21 selected Post Offices serving as magazine distribution points. Responding to letters received via our Santa Mail program was also undertaken by The Big Issue Women's Subscription Enterprise, providing employment opportunities for 13 women experiencing disadvantage.

Our grant programs

Australia Post has two grants programs that run annually, which this year supported more than 500 community groups nationally. The People of Post Grants, support community groups and not-for-profit organisations as nominated by Australia Post team members, and the Community Grants program supports groups and not-for-profit organisations focused on supporting mental health and wellbeing.

In the last financial year:

- the Community Grants program awarded 70 grants of up to $10,000 each; and
- the People of Post Grants program awarded grants of up to $1,000 to 438 community organisations.

Encouraging a culture of giving

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

Donations made by eligible team members are matched by Australia Post, up to $200 per person per year. This year more than 1,600 individuals generously participated in Workplace Giving, with much needed funds going directly to 348 charities. A total of $627,368 was contributed, including $410,857 in team member donations and $216,511 matched donations by Australia Post.

Delivering the Goods

For over 200 years, Australia Post has quite literally been delivering the goods. So this year, we took the phrase – the goods – and made it mean infinitely more to our brand by linking it to the role Australia Post plays in supporting communities. The *Delivering the Goods* campaign showcases our deep commitment to the people of Australia, by promoting each of our community programs and partnerships, and our environmental sustainability initiatives. Since January, it has been shown across social media, radio, YouTube, and a four-week burst on TV.

Grant supports community to connect for better mental health

Australia Post was proud to support Six Degrees with a $10,000 Community Grant for their Helping Hands project, a community-based peer support program for young Muslim people. The program connects 'Help Seekers' with 'Help Givers' who are specially trained to provide mental health support to those enduring hardship. The goal is to normalise the conversation around mental health and offer a safe space for young people to access important mental health tools and resources. With funds from their 2022 Australia Post Community Grant, the team at Helping Hands was able to create promotional materials for events, provide more resources for Help Givers and curate a welcoming space for mental health sessions.

Social Impact Report

Mental health

Help all Australians stay mentally well

3 million postcards

delivered to help connect people with **Beyond Blue**'s mental health information, support services and each other

748 enquiries and **378** bookings generated for Beyond Blue's New Access program from Australia Post letterbox drops

IMPACT DELIVERED

409 connection postcard recipients surveyed: **76%** learned the importance of connecting with others and Beyond Blue's support service, **75%** had sent or intended to send the postcard on and of those **97%** who sent the card to others felt it had a positive effect on them

IMPACT DELIVERED

31% found it a catalyst to talk to others about mental health issues, **28%** felt better equipped to seek support and **69%** passed the information on to others

Literacy & learning

Help First Nations children develop critical literacy and learning skills

109,860 books

from the **Indigenous Literacy Foundation** (ILF) delivered to 411 remote First Nations Communities and a total of 388,000 since the partnership began in 2019

6,356 copies

sold of three bilingual ILF titles *No Way Yirrikipayi!*, *Karrkin (My Body)* and *Moli det Bigibigi*

2,667 packages

of science books and equipment delivered to First Nations children in over 750 schools for **DeadlyScience**

Grants and giving

Support and connect local communities through our grant programs and the generosity of our team members

70

organisations received a **Community Grant** of up to $10,000 for projects to help improve connection and mental health in local communities. **50%** awarded in regional and remote locations

348

charities supported by more than **1,600+** team members through **workplace giving**. $410,857 donated by team members and $627,368 overall

438

People of Post Grants of up to $1,000 awarded

IMPACT DELIVERED

95.5% of the 218 Australia Post team member nominators who were surveyed, felt proud to work for Australia Post after participating

UN Sustainable Development Goals we directly impact.

Since 2009 we have measured our community investment in line with the Business for Societal Impact (B4SI) methodology. The social impact report demonstrates the contributions made, the direct outputs as a result of contributions and the impact across Australian communities and our team members over the financial year 2023.

Disaster support

Help communities prepare for, respond to and recover from disasters

1,710

free mail redirection and mail hold services provided to people affected by the 2022 floods in New South Wales, Victoria and Tasmania

IMPACT DELIVERED

Disaster preparedness quiz co-designed with Australian Red Cross to help Australians prepare for a disaster.

85% of people who completed the quiz felt more prepared afterward

750,000

postcards encouraging preparedness actions delivered to households in high-risk disaster areas

Environment

Protect and restore the habitat of the koala, as part of our commitment to delivering a more sustainable future

3 year

partnership signed with **World Wildlife Fund for Nature Australia** (WWF-Australia), with a shared goal to double the koala population across eastern Australia by 2050

$21,507

in fundraising in May and June 2023 for WWF-Australia to help protect and restore koala habitats

Resilience and opportunity

Leverage our network and people to support vulnerable members in our communities

9,713

participants directly supported by our partnership with **Clontarf Foundation**

IMPACT DELIVERED

83% of the young Aboriginal and Torres Strait Islander men who graduated in calendar year 2022 are engaged in employment or further study

120 hours

of voluntary work to support **The Big Issue**'s Vendor Breakfasts and Community Street Soccer program

744 pallets

of groceries delivered to help **Foodbank** distribute essential food around Australia

The data we report is verified by B4SI yearly in a statement available in our Corporate Responsibility Indices on auspost.com.au/about-us

1 Overview
2 Business review
3 Remuneration report
4 Financial report

Creating a sustainable future

As the world around us changes rapidly, Australia Post's refreshed strategy and priorities will ensure we remain financially and environmentally sustainable, so we can deliver a better tomorrow for another 200 years.

With our Post Offices playing a vital role across communities, connecting regional Australia and supporting small businesses, we need to meet changing community needs and create a sustainable network. We are working hard to improve the reliability, performance and efficiency of our delivery networks for consumers and business customers and to ensure we meet the increasing customer demand for digital solution and services.

We are also constantly striving to minimise the impact of our operations on the environment. Our 2025 Sustainability Roadmap sets out bold social, economic and environmental commitments to put us on a path to Net Zero emissions by 2050. Collaboration across the enterprise, in addition to partnerships with key suppliers, will play a critical role in our decarbonisation journey.

5.7 million[1]

AusPost app users

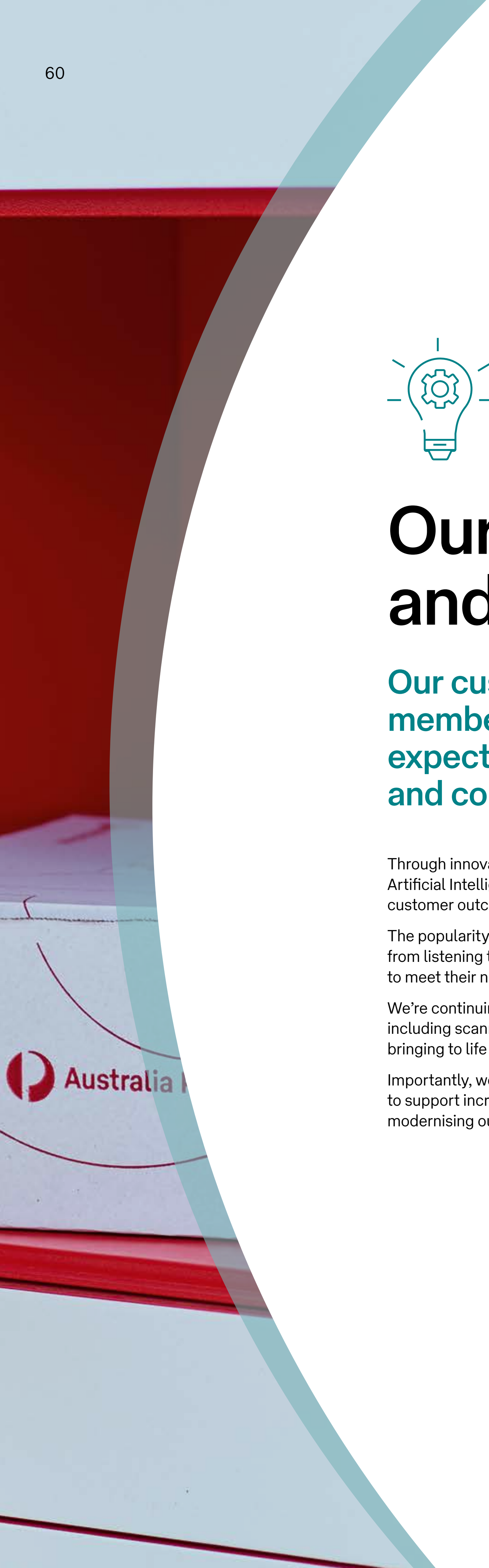
1 In FY23 an app user is defined as a customer who has downloaded and launched the app, visiting at least one page. This figure excludes users who have downloaded but not launched the app.

16% total

waste reduction YoY

27% more

solar generation YoY



Our innovation and expertise

Our customers and team members have rising expectations for simple, digital and convenient experiences.

Through innovation and investment in technology we are harnessing Artificial Intelligence (AI) and data insights to plan and produce better customer outcomes, and improve our digital products and services.

The popularity of our AusPost app demonstrates the positive outcome from listening to our customers and continually refining our products to meet their needs.

We're continuing to develop our market leading receiving experience including scanning, tracking and notifications; and investing in and bringing to life the Post Office of the future.

Importantly, we're empowering and enabling our team members to support increased customer expectations by simplifying and modernising our systems.

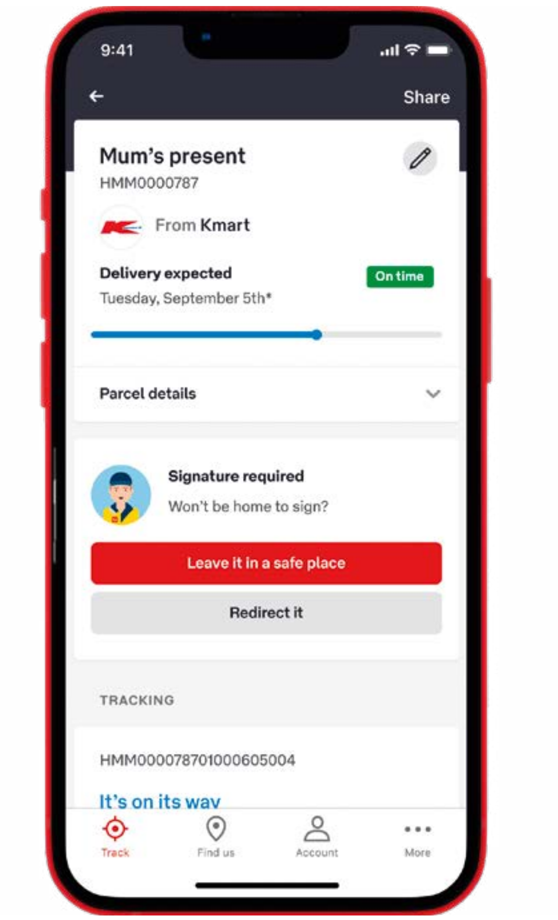
Creating market-leading digital experiences

Using AI to help our customers

The new Australia Post consumer chatbot, a cross-enterprise collaboration, can detect and respond to multiple customer queries, provide more accurate tracking information and use speech analytics from the Contact Centre to further fine tune its responses. This new conversational AI technology was also introduced to our two business-focused chatbots, MPB and BSP, and went live on our website in December 2022.

Apple Pay now in our Online Shop

In collaboration with SecurePay, our online shop now offers Apple Pay in addition to our existing suite of credit card, PayPal, and Business Credit Account (for eligible customers) payment methods. Available for iPhone, iPad and in the Safari browser for Mac users, this payment option can be accessed by more than half our customer base.



The AusPost app

Uptake of the AusPost app continues at a steady rate, bolstered by the number one business app rating in both the Android and Apple stores in December 2022. We've introduced new features and enhancements including:

- notification preferences, allowing customers to tailor their notifications, and delivering more than $1 million in savings for Australia Post
- enabling customers to authorise somebody else to collect their parcel via contactless and seamless delegation of authority
- co-branded tracking and notifications from participating merchants allowing customers to see which retailers their parcels are coming from
- capability to direct customers to sign up for parcel lockers and collect parcels via the app.

Our app traffic as a percentage of total digital traffic is now 48 per cent, up 10 per cent year on year. The number of unique AusPost app users is also growing, up 21 per cent year on year. Our app continues to account for more than half of total tracking visits – a major touchpoint for our customers – and research shows that app users are highly engaged, using it an average of 12 times a month.

Meeting future customer expectations

With ever increasing consumer expectations we are developing, trialling and implementing new features to ensure we deliver a better tomorrow for all Australians.

Digital carding trials

As we look to drive sustainability and improve customer outcomes, in FY23 we ran trials replacing attempted delivery parcel cards with SMS or email notifications.

These were conducted in Victoria with MyPost members receiving a digital card advising their parcel was available for collection from the Post Office. Further trials will roll out across other states.

Not only does this initiative have the potential to improve the customer parcel collection experience through eliminating issues from illegible handwriting, weather and misplaced cards, there is the opportunity to significantly reduce CO_2 emissions and print and paper resources.

Next day speed services

Using comprehensive network analytics, we have identified 80+ potential new zones for StarTrack and Express Post where next day services could be offered. This follows the delivery of the first phase of a new zoning model to enable unified performance measurement and inform future service offerings.

These enhancement zones are based on population growth and demand for B2B and B2C courier services, with future phases incorporating additional attributes.

Leveraging forecasts

Australia Post leverages sophisticated AI based forecasts to accurately predict future demand, producing a range of forecasts targeted to specific business-use cases.

This helps us have the right assets in place to meet demand and customer expectations, particularly during our peak period. We use forecasting to predict what days will have the most volume and to plan when and where we'll need more transport, airfreight, resources and pick-ups for customers.

We share forecasts with our top 300 customers, enabling them to better plan for their customers. Together these forecasts provide actionable insights to more effectively schedule assets across our first, middle and last mile, and to reliably streamline a parcel's journey from order to delivery. Our AI-based forecasting, provides Australia Post with a data-driven differentiator to compete in an evolving marketplace.

Shipping and tracking APIs

Our shipping and tracking API suite supports lodgement and shipping services for Parcel Contract customers. The APIs calculate price estimates, create and update shipments, and generate labels and manifests. In place since 2015, in FY23, we reached a milestone of processing more than 1.28 billion parcels. Based on the average parcel size this is more than 240,000km or enough to circle the earth five times.

Reimagining our Post Office Network – Orange Community Hub

Australia Post is reimagining our Post Office network to continue to meet the needs of customers and the communities in which we operate, while increasing the long-term sustainability of our Post Offices.

Every day 725,000[1] Australians walk through a Post Office door, making Australia Post a frequent physical point of connection and the most present service provider in regional and remote Australia. Building on this connection and commitment to customers and communities, Australia Post is piloting community hubs, to support our vast existing network.

These pilot locations will offer a new and leading retail experience, in partnership with retail merchants and leading brands. Some community hubs will feature a physical marketplace where local, particularly online-based businesses can exhibit their wares, as well as offers tailored to the local area.

We'll be piloting a new design for our first community hub and intend to kick off a broader pilot with a small number of strategically located community hub sites to inform what is standard across the retail network of the future. Orange Post Office has been selected to become our first pilot. Work is underway, with the Hub expected to be fully trading in the second half of the 2023 calendar year.

1 The daily average foot traffic over FY23 (excluding weekends and national public holidays).

POST+ Point of Sale

Through the POST+ program, Australia Post will introduce a brand-new retail Point of Sale (POS) solution, replacing the existing 30+ year old EPOS system used across the Post Office Network.

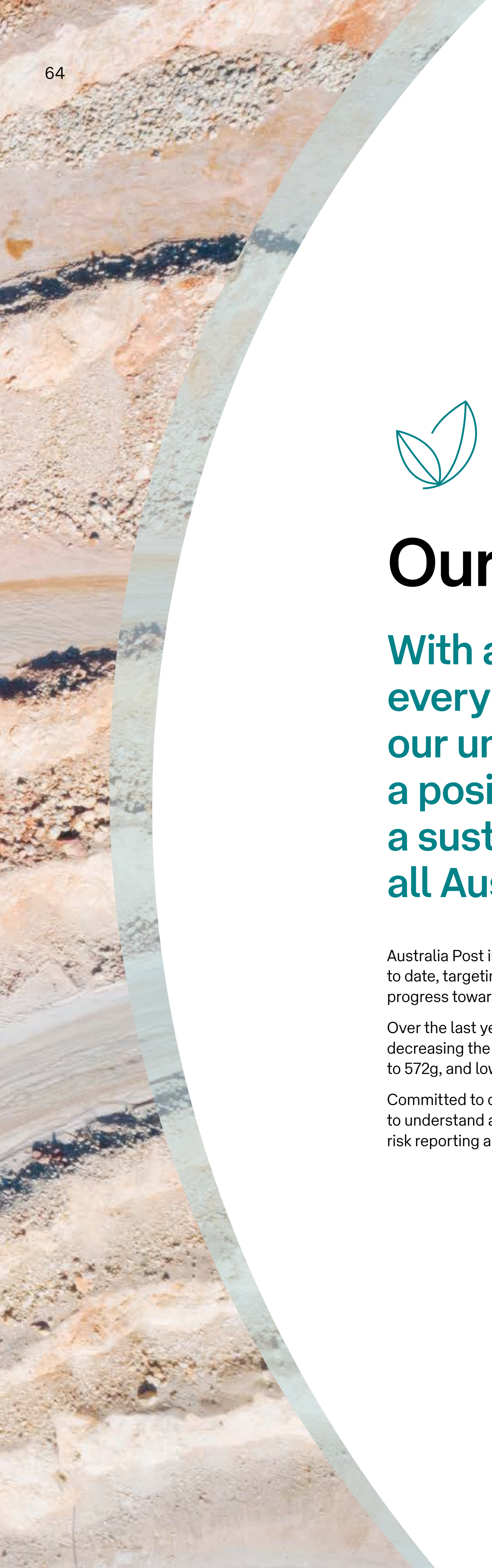
This year we've seen excellent progress made on the journey to introduce the new POS solution.

The team increased its testing of POST+ with seven Post Offices (including two Licensed Post Offices) now using POST+ to complete a growing range of transactions. These 'Test and Learn' Post Offices are sharing their feedback with the Program – ensuring issues and opportunities are addressed prior to the full launch.

We've engaged with frontline team members and Licensees, including providing opportunities to get hands on with the system. These sessions received incredible feedback with 99 per cent of attendees finding POST+ better than the outgoing EPOS system.

The POST+ team invited team members to share their feedback on how to make the system more accessible. POST+ will support our team members living with disability thanks to its adjustable stand setup, touch screen and carefully designed interface compliant with accessibility standards.

Development of the system progressed well throughout the year with the full rollout to over 3,500 Post Offices anticipated in FY24.



Our environment

With a footprint that touches every community, we recognise our unique position to make a positive impact and create a sustainable future for all Australians.

Australia Post is currently pursuing our most ambitious environmental agenda to date, targeting Net Zero emissions by 2050. We are proud to be making strong progress towards the 2025 goals outlined in our 2025 Sustainability Roadmap.

Over the last year we've continued to reduce the impact of sending parcels, decreasing the carbon emissions per item delivered for domestic parcels from 625g to 572g, and lowering the emissions of Express Post parcels from 1555g to 1379g.

Committed to driving a culture of continuous environmental improvement, we aim to understand and manage environmental risks, and comply with climate-related risk reporting and financial disclosures.

Climate-related risks and opportunities

We give consideration to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) across metrics, governance, strategy and risk management.

Strategy

The 2025 Sustainability Roadmap reiterates the critical need to transparently manage the physical and transition risks associated with climate change. We incorporate climate change and severe weather-related risks into building design standards, property evaluations, asset management activities and network planning and integrate and maintain climate change and severe weather considerations in our safety policies, processes and considerations. As the world shifts to a lower-carbon economy we are also identifying and managing our exposure to risks associated with this transition, such as the adoption of new technology and regulation change. In this context, we continue to enhance our resilience taking into account the evolving threat and solution landscape.

Governance

We have an Executive-chaired cross-functional Environmental Sustainability Working Group that monitors our environmental performance, including carbon emissions and energy management. The Leadership Team oversees climate-related opportunities and risks in accordance with the strategies, policies and targets endorsed by the Audit and Risk Committee (formerly the People and Sustainability Committee) and which are approved by the Board. The Audit and Risk Committee and the Board have oversight of all enterprise risks and are responsible for overseeing the implementation of the 2025 Sustainability Roadmap, which is led by the Group Sustainability Office.

Risk management

As a key business risk, climate change is identified, assessed and monitored in line with the Group Risk Management Policy. We manage physical and transition climate-related risks, primarily in our retail, delivery and processing activities. This allows us to better identify and respond appropriately, while ensuring our business is resilient, our people are safe and we can continue to sustainably serve the community.

The specific climate-related physical and transition risks we've identified for the business are being integrated into 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.

Environmental performance

This year we commenced a broad program of work focused on meeting the goals outlined in the 2025 Sustainability Roadmap including targeting Net Zero emissions by 2050. This table outlines how we're currently tracking against key environmental goals.

2025 Environmental targets	Snapshot of our progress
Target Net Zero by 2050	Scope 1, 2 and 3 emissions have all reduced, a first since 2019
Reduce emissions by 15% by 2025 (FY19 baseline)	Overall emissions reduction totalling 10% (since baseline)
Source 100% renewable electricity by 2025	Purchased more renewable electricity than ever before and generated 27% more electricity ourselves
Packaging range aligned to the 2025 National Packaging Targets	Average recycled content included in all packaging sold is 74%
Decrease waste to landfill by 20% (FY19 baseline)	Waste to landfill is 12% lower than baseline
Increase recycling rate to 70%	Recycling rate has increased to 69% of total waste

Emissions reduction

We're one of the largest Australian businesses to have an emissions reduction target validated by the Science Based Target Initiative. Our goal is to reduce Scopes 1, 2 and 3 emissions by 15 per cent by 2025, aligned to a 'well below 2ºC' scenario, using our 2019 baseline. Over the past financial year, Australia Post reduced its carbon footprint (for Scopes 1, 2 and 3) by 10 per cent. We achieved a reduction in our Scope 1 (6.1 per cent), Scope 2 (24.7 per cent) and Scope 3 emissions (8.6 per cent). We achieved this through reduced fuel usage in vans (ours and third party contractors) and decreased waste-to-landfill volumes. We've generated more of our own electricity via rooftop solar, bought renewable electricity, and have improved fuel efficiency in domestic air freight.

Our fleet

We operate Australia's largest fleet of electric delivery vehicles – 5,098 – and continue to procure more. Electric delivery vehicles comprise over 37 per cent of our total fleet and complete 49 per cent of all our delivery rounds.

Australia Post used 41.1 million litres of fuel in FY23, representing a reduction of five per cent. A range of factors contributed to this, including better planning resulting in reduced reliance on third-party contractors and route consolidation. Bulk tanks across the Australia Post and StarTrack network exclusively contain AMPOL additised diesel fuel.

Our properties

We have increased our investment in GreenPower renewable electricity to help tackle our Scope 2 emissions and help realise a decrease in absolute emissions. In 500 locations we purchased 100 per cent GreenPower in FY23. We continue to invest in Renewable Energy Certificates, with a view to steadily increasing this investment until 2025.

We opened our newest Parcel Facility in Kemps Creek, New South Wales, a 33,680sqm facility, which is the second largest in our network. Together with our property partner Goodman, we installed a 1,500 kilowatt solar array system on the warehouse roof, enabling an estimated carbon emission saving of 1,680 tonnes per annum. Electric vehicle charging stations have been fitted, and we've taken additional measures including the installation of rainwater tanks to collect greywater and drip irrigation for native landscaping.

Overall, we've realised an increase of more than 27 per cent in renewable electricity production compared to prior years based on new solar panel installation on facilities. This now represents close to five per cent of the electricity usage of the property portfolio, saving over $1 million in operational expenses each year.

Our partners

We continue to innovate to reduce our aviation emissions with our partner Qantas, focusing on newer more fuel-efficient aircraft and fuel efficiency within our network.

We're an inaugural member of the Qantas Sustainable Aviation Fuel (SAF) Coalition with five of Australia's largest companies, supporting Qantas to buy, use and trial SAF, to advocate for SAF production in Australia and to scale the SAF market so that Qantas can reduce their emissions.

SAF is non-conventionally derived aviation fuel made from sustainable biogenic sources such as used cooking oils, council waste, plant oils, agricultural residues and non-biological sources. Compared to regular jet fuel, lifecycle carbon emissions reduce by up to 80 per cent, and up to 90 per cent for non-biological SAF. SAF also contains fewer impurities which enables an even greater reduction in emissions.

Qantas air freight accounts for approximately 35 per cent of our Scope 3 emissions (and 27 per cent of our Scopes 1, 2 and 3 combined). Our investment in the SAF Coalition highlights the strength of our partnership and our continued focus on Scope 3 emissions reduction opportunities.

Our customers

Carbon neutral delivery – 200m milestone with Qantas

Since 2019, we've offset the carbon emissions of 200 million parcels, equivalent to taking over 115,000 cars off the road, or roughly 275,000 tonnes of emissions.

Specifically, in partnership with Qantas Future Planet, parcel postage paid via the Post Office, Online Shop, or a MyPost Business account is carbon neutral[1]. Customers receiving parcels sent carbon neutral receive a notification to let them know via their AusPost App.

Automated customer carbon reporting tool

We launched the automated Customer Carbon Calculator, an innovative tool that generates a report calculating the carbon footprint for business account customers. It accurately measures environmental impact by utilising the customer's actual shipment volumes and the carbon emissions allocated to Australia Post and StarTrack parcel and letter services. This information empowers customers to make informed decisions.

Procurement of new metal ULDs

Australia Post continually innovates to embed circularity in our operations at scale to reduce resource use, maximise material reuse and ultimately generate less waste.

During FY22 we ordered more than 111,500 metal Unit Load Devices (ULDs) which are parcel receptacles designed for reuse and durability, instead of timber pallets which have a 90-day life span.

This investment – which came online during late FY22 and early FY23 – has reaped environmental benefits including reduced landfill and disposal costs of broken pallets, and a significant reduction in the use and disposal of plastic pallet wrap.

ULDs can be stacked two high, resulting in fewer trips, lower fuel consumption and emissions for our fleet. ULDs also reduce safety risks and provide greater customer satisfaction as they help our customers achieve their environmental goals.

We estimate 5,000 tonnes of timber pallet waste has been avoided annually and, as ULDs have a 10+ year lifespan, we anticipate waste reduction and associated operational cost savings will amplify going forward.

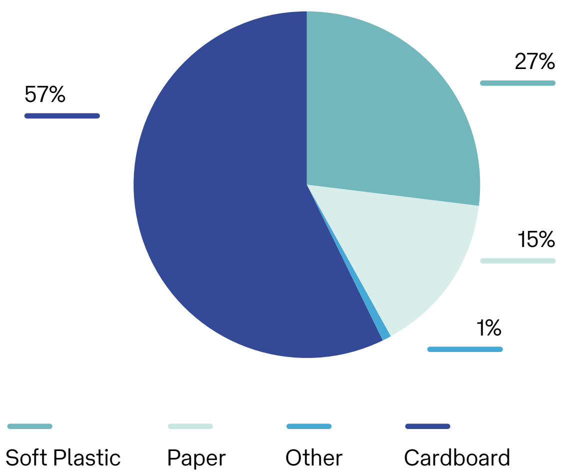
1 Carbon offset for international parcel deliveries is to the international hub only.

Our packaging

The 2025 Sustainability Roadmap outlines our aspiration to have all our packaging aligned with the 2025 National Packaging Targets.

Australia Post sells a wide packaging range including parcel boxes, satchels and envelopes. We also sell packaging with Australia Post's branded retail products. In the last calendar year[1] customers purchased over 3,900 tonnes of packaging mostly comprising cardboard, soft plastic and paper.

Materials used in Australia Post's packaging



Australia Post is focused on reducing the environmental impact of its packaging. We remain a member of the Australian Packaging Covenant Organisation (APCO) and are committed to supporting the 2025 National Packaging Targets. Australia Post has also introduced a set of Sustainable Packaging Principles to guide packaging design decisions. These aim to support our goals to increase the use of recycled materials, increase the use of the Australasian Recycling Label (ARL), and improve the recyclability of our packaging.

Recycled materials

Australia Post is dedicated to reducing the use of virgin materials in packaging by prioritising recycled materials. As an example, our most popular packaging items – branded satchels and parcel boxes – all incorporate some recycled materials. Our parcel boxes also display the Forest Stewardship Council (FSC) logo, indicating that they're made from responsibly managed sources, and are made in Australia, reducing the emissions associated with transport.

Australia Post has increased the number of packaging items in the range containing some amount of recycled content from 35 per cent to 40 per cent in 2022[Footnote 1].

Use of the ARL

The ARL is an on-pack label that provides instructions about how to recycle correctly. It aims to increase the recoverability of materials for recycling and supports the 2025 National Packaging Targets. Australia Post has increased inclusion of the ARL on its packaging from 22 per cent to 38 per cent in 2022[Footnote 1].

Recyclability

Australia Post continues to improve the recyclability of its packaging. Currently, all Australia Post branded parcel boxes can be recycled through regular kerbside recycling bins. Several other products have also been replaced so that they can be recycled, including wine box packaging.

Pause in soft plastic recycling

Australia Post is dedicated to collaborating closely with industry partners and suppliers to actively explore viable solutions for reintroducing soft-plastic recycling. We are optimistic about the re-establishment of a robust soft plastics recycling system in the country.

To reduce the amount of soft plastic waste, we have also launched a dual-use plastic satchel that encourages and facilitates a second use by including two seals. Targeting e-commerce business customers who have a significant volume of returns, this packaging can also be reused for any purpose.

Footnote 1 Packaging data, sourced from third-party providers, is based on the 2022 calendar year as reported to APCO.

Emissions Methodology Overview

Greenhouse gas emissions reporting has been developed with methodology that is consistent with the Whole-of-Australian Government approach as part of the APS Net Zero 2030 policy.

Australia Post reports on progress for Scope 1, Scope 2 and Scope 3 emissions as well as specific additional indicators linked to the requirements of other reporting frameworks.

Australia Post has developed a Data Dictionary to capture the specific details for each of the individual indicators included in the table below. The Data Dictionary is available on our website alongside the FY23 Annual Report.

Reporting Data

	2019	2020	2021	2022	2023
Scope 1 Emissions (tonnes)	**120,274**	**125,923**	**135,939**	**131,026**	**122,974**
Natural Gas	5,360	5,631	5,394	5,035	5,170
LPG (All)	5,723	6,732	6,127	6,682	6,082
Diesel including generation	101,941	106,808	119,194	114,578	106,439
Petrol	7,250	6,752	5,223	4,731	5,284
Scope 2 Emissions (tonnes) [Footnote 1]	**143,770**	**129,607**	**112,905**	**112,210**	**84,467**
Electricity Grid (Location based)	152,181	138,644	133,087	128,628	114,707
Electricity Grid (Market based) [Footnote 1]	143,770	129,607	112,905	112,210	84,467
Scope 3 Emissions (tonnes)	**718,821**	**693,409**	**704,373**	**738,843**	**675,247**
Energy and fuel losses [Footnote 2]	47,608	47,341	48,992	45,270	42,881
Sub-contracted Road Transport [Footnote 2]	257,131	260,639	288,286	301,592	287,715
Sub-contracted Air Transport	295,602	270,938	253,973	275,621	235,456
Sub-contracted rail	9,894	9,139	9,707	7,486	8,075
Sub-contracted ship	2,354	1,778	2,362	783	401
Business Air Travel (Domestic) [Footnote 3]	3,761	1,811	584	1,034	1,861
Business Air Travel (International) [Footnote 3]	297	1,012	5	54	483
LPO electricity	21,880	20,509	18,943	19,467	17,551
Waste to landfill	12,533	13,051	14,175	14,861	10,675
Material packaging and data centres [Footnote 4]	47,302	47,548	48,189	51,896	50,373
Material packaging disposal [Footnote 4]	20,459	19,643	19,157	20,779	19,776
Scope 1, 2 and 3 totals	**982,865**	**948,939**	**953,217**	**982,079**	**882,688**
Other Indicators					
Energy Consumed (GJ)	2,431,788	2,356,953	2,495,743	2,526,511	2,374,037
Renewable Energy Production (GJ)	17,001	16,645	21,384	23,984	30,469
Renewable Energy Certificates (surrendered)	74	5,199	14,741	3,425	16,969
Greenpower purchased (MWh)	0	0	0	8,647	14,833
Carbon Offsets	-1,543	-89,363	-150,124	-103,823	-100,443
Waste to Landfill (Tonnes)	9,381	9,615	10,753	11,315	8,211
Waste Recycled – Operational	10,476	10,654	13,538	19,885	17,873
Water (kilolitres)	471,959	421,829	376,581	384,687	398,682

Footnotes:

1 This year we are reporting electricity use according to the market based CERT methodology and recalculated Scope 2 totals accordingly.

2 Scope 3 liquid fuels emission factors were revised by the Federal Government, therefore, we recalculated totals from FY19.

3 Due to APS Net Zero reporting requirements these items are now separated.

4 The historic packaging waste and recycling data has been updated to FY19 as part of a detailed internal review.

Our waste

To support the waste targets outlined in the 2025 Sustainability Roadmap, we've adopted a strategic approach to waste management.

External waste audits have been conducted by an independent assessor at 20 industrial facilities. This helped to identify key waste streams such as cardboard, pallets and soft plastics, and opportunities to improve. Armed with this data, we created waste action plans for 30 key sites, nominated Waste Champions at those sites, and progressed the War on Waste @ Post engagement campaign. Aligned with output from the waste audits, this education program aims to reduce consumption, reuse products and materials and improve recycling.

New waste compactors and balers

Waste compactors and balers are effective tools for reducing the size of recyclable materials like cardboard and plastic to enable us to recover more of these valuable materials.

These investments reduce collection frequencies, contamination, and space requirements, leading to higher values for waste materials as a commodity. During the last financial year, we installed 14 new balers in eight facilities across five states.

E-waste disposal

We partner with PonyUp for Good who provide e-waste sustainability programs and community impact outcomes. This year 15,747 kilos of obsolete technology was recycled, bringing the partnership total to 65,574 kilograms of e-waste diverted from landfill. By donating 50 per cent of their profits to SecondBite, 11,150 meals were donated to community food programs this year. Since 2017 we've donated 80,009 meals to Australians in need.

Overall, we're on track to meet our 2025 targets of increasing the recycling rate to 70 per cent and decreasing waste to landfill by 20 per cent (FY19 baseline).

StarTrack waste management

StarTrack has embraced the ambitious waste management targets in the 2025 Sustainability Roadmap. Incorporating data sourced through external waste management audits, internal audits were completed at 38 sites.

The information sourced during this process led to the creation of site-specific action plans, a result of collaboration with JLL, StarTrack site team members and Waste Leads.

Creating a national monthly report, combined with empowering site teams to drive their own initiatives through their action plans, has led to impressive results.

The overall StarTrack recycling rate has increased from 71 per cent to 84 per cent since FY19, and nine of the top 10 waste generating sites achieved the enterprise target of 70 per cent during FY23.

Our technology

Digital Carbon Platform

We revolutionised the way we monitor the environmental impact of our services by launching the Digital Carbon Platform (DCP). It empowers us to measure, track, and analyse Scope 1, 2, and 3 carbon emissions and energy use, enhancing transparency and accountability. These insights will allow us to identify areas for optimisation and implement strategies to reduce emissions. Furthermore, the platform provides accurate and transparent data for auditing and reporting, ensuring we create bespoke reports to meet relevant regulations.

Our team

Sustainability training

We launched the first dedicated sustainability training module to empower our sales and product teams to have more meaningful discussions with customers. It has been rolled out across the business and 2076 team members have completed the training. Sustainability content has also been embedded into the enterprise-wide Our AP Way training.

Awards and recognition

For the second year, we were a finalist in the Australian Financial Review's 'Sustainability Leaders' list. Australia Post was recognised for using our transport network for good, enhanced circularity initiatives, and ongoing investment in electric vehicles.

We continued to support the Banksia Foundation, a not-for-profit organisation that promotes and celebrates sustainable business practices. The Banksia National Sustainability Awards recognise sustainability leadership and innovation. Australia Post was proud to sponsor the inaugural award of Sustainable Leadership in eCommerce and reCommerce. We were also a finalist in the Large Business Sustainable Leadership category.

Our future

We're progressing towards the 2025 Sustainability Roadmap goals through innovation, investment, integration throughout the business and partnerships with customers and suppliers.

We aspire to better understand the nature and biodiversity impacts of our operations and deliver nature-positive solutions. Our partnership with the World Wide Fund for Nature – Australia will help to inform our approach.

Initiatives to reduce emissions in line with the science remain our focus. We will continue to invest in renewable electricity, through Renewable Energy Certificates, electric vehicles and charging infrastructure, and will collaborate to reduce our Scope 3 emissions. Some of the challenges of fleet electrification we're tackling include large electric trucks being in their infancy, electric van equivalents being unavailable, charging infrastructure costs and the geography of our nation.

To accelerate the transformation to a circular economy, we'll identify additional opportunities for waste prevention in our value chain and deliver waste management plans to better manage waste as a resource. Sustainability remains at the forefront of packaging decisions, including innovating our products, supporting customers and expanding our product stewardship programs.

We continue working to articulate and cost the impacts of climate change on our business, to analyse scenarios and externalities involving different short – and long-term climatic conditions, and to embed new climate risk disclosure and reporting obligations. We continue to foster collaboration with other GBEs to share knowledge and learnings.

Australia Post will maintain partnerships with government, the not-for-profit sector, industry, business partners and community representatives to cultivate more sustainable practices and support the implementation of the Sustainable Development Goals.

Managing our key risks

Australia Post operates in a complex and evolving environment, re-adjusting to post pandemic operations and challenges associated in a rapidly transitioning digital economy.

Our traditional business (letter delivery and associated over the counter letter products) continues to experience year-on-year declining letter volumes in a regulatory framework that restricts the ability of the business to adapt to this situation. These regulations, last reviewed in the 1980s and 1990s, impose a high and increasing fixed-cost environment unable to be supported by declining letter revenue, or offset by increasing letter prices.

To manage this uncertainty and to maximise the opportunities presented, Australia Post has a robust risk management framework that supports our goals and objectives. The Board, supported by it's committees, sets Australia Post's strategy and direction, approves the Group Risk Policy, Group Risk Appetite Statement and the Group Risk Management Framework. The Audit and Risk Committee is the primary committee for overseeing the effectiveness of risk management and the ongoing adequacy of the risk management framework. In addition, the People Committee also takes a leadership role in managing risk for it's area of responsibility.

Our Leadership Team led by the Group Chief Executive Officer & Managing Director are charged with embedding a positive risk culture across Australia Post, operationalising the risk appetite statements and risk management framework and building risk management thinking into decision making.

The Leadership Team is supported by a three lines of defence model to managing risk which includes leadership from management and their teams for the active management of uncertainties and challenge, support, and oversight from an objective Risk function, an independent third line Internal Audit program, and external assurance across a range of compliance and accreditation programs.

The diagram opposite provides an overview of Australia Post's risk governance and the accountabilities for the management of risk. The key risks faced by Australia which may impact on our ability to achieve our key strategic priorities are also detailed opposite.

Risk Governance

Australia Post Board

Strategy | Risk policy | Risk appetite | Risk framework

Audit & Risk Committee

People Committee

Leadership Team

(Supported by Business Unit Leadership Teams)

Strategic risks

Risks that impact Australia Post's ability to meet its strategic objectives

- Maintaining strong relationships with all stakeholders
- Achieving long-term sustainability
- Post Office network
- Technology stability and availability

Operational risks

Risks that impact Australia Post's ability to deliver its operational objectives

- Safety & wellbeing
- Workforce & industrial relations
- Cyber risk
- Operational network disruption

Emerging & watchlist risks

- **Workforce attraction & retention**
- **Data management**
- **Strategic program delivery**

Three lines of defence model

Management

First line

Own, manage & report risk

- EGMs and their Leadership Teams
- Functional Business Units
- Site Managers & Teams

Second line

Business engagement, oversight and sets the framework & standards

- Group Risk, Compliance & Security

Independent assurance

Third line

Provides independent assurance of frameworks & controls effectiveness

- Internal Audit
- External Assurance Providers

Safety

We understand that our people are our most valuable resource and strive to create a safe working environment for our team members and everyone who visits our locations. As safety risks are an inherent element of Australia Post's operational work, we continually invest to build the culture we need to deliver our strategy and keep our people safe.

Strategies implemented to manage this risk include:

- governance and oversight structures including Board, Audit and Risk Committee, People Committee and other governance forums
- continual review and improvement of comprehensive controls to reduce critical safety risks
- investment in automation, safer delivery models, infrastructure and technology
- safety training across Australia Post
- programs to address key risk areas (e.g. manual handling, psychological safety) and regular audits focused on the health and safety management system
- community engagement to highlight how the public can help reduce the safety exposures of our team members.

Strong stakeholder relationships

We maintain strong relationships with our stakeholders to secure support for the modifications required to adapt to a changing product mix, volume growth and customer and community expectations.

Strategies implemented to manage this risk include:

- stakeholder engagement to articulate regulatory challenges, understand stakeholder views and balance proposed changes with our long-term sustainability and stakeholder needs
- proactive engagement with Federal Ministers, Ministerial Advisers, Shareholder Departments, Members of Parliaments and their offices, Senators and their offices
- extensive enterprise-wide coordination and stakeholder engagement process
- Postal Services Modernisation Steering Committee and Policy Workstream working with Shareholder Departments.

Achieving long-term sustainability

Australia Post seeks to operate in a financially sustainable manner. Our traditional business (letter delivery and associated over the counter letter products), which has significant levels of high fixed costs to maintain (infrastructure and equipment), continues to experience declining letter volumes in a regulatory framework that restricts the ability of the business to adapt to this situation.

Strategies implemented to manage this risk include:

- continually review financial plans, operational capacity and processes to manage changing circumstances
- short, medium, and long-term budgets, including cash flows, aligned to strategy, informed by eCommerce and retail market drivers
- capital investment plan derivation and monitoring processes
- monthly performance review and quarterly reforecasting processes
- continued review of our operational and strategic capacity plans using the latest data so we can efficiently meet volume and growth areas to maintain customer service levels
- shareholder engagement on key operational requirements.

Post Office network

We are focused on operating an efficient, high-quality Post Office Network, which is responsive to a competitive environment and meets customer and community expectations.

Australia Post continues to optimise the Post Office Network, however regulatory requirements on the size and shape of the network limit our ability to maximise the national network architecture.

Strategies implemented to manage this risk include:

- rationalising products and services and being more targeted to meet local community and customer needs
- trial new store formats
- reconfigure existing stores for capacity and merchandise strategy
- investment in technology and security of the network to support Bank@Post
- upgrading our Point-of-Sale system
- local pick-up and delivery services for business customers
- pursue the Modernisation agenda on size and shape of the network.

Technology: stability and availability

Australia Post faces risks and challenges associated with technology assets and their ability to continually provide services to the required standard. Rapid changes in technology, along with reliance for certain activities on third parties, creates risks to operational delivery and to meeting our community and commercial obligations.

Strategies implemented to manage this risk include:

- evolving our Technology Strategy to consolidate existing programs and create new initiatives
- simplifying and modernising legacy technology platforms and business applications
- robust change, incident and problem processes to minimise unscheduled outages
- technical Recovery Plans to prepare and respond to unforeseen outages
- scheduled backups to protect and recover data and minimise risk of data loss.

Workforce and industrial relations

Australia Post's labour model must evolve to align with changes in customer and community needs. In addition, as one of the country's largest direct and indirect employers, there is complexity in managing a diverse and dynamic workforce.

Strategies implemented to manage this risk include:

This risk is managed through proactive engagement and active monitoring of Australia Post's workforce including:

- five Enterprise Bargaining Agreements in place covering the majority of our workforce
- Union Consultation Framework to facilitate communication of changes
- audit and compliance activities including due diligence (payments, visas, subcontracting) processes, compliance reviews and spot audits
- trialling new delivery models in consultation with union representatives and employees.

Cyber risk

Australia Post faces a continually evolving cyber threat landscape creating risks to our operations, business continuity and privacy/information security objectives.

We proactively manage this risk with dedicated cyber risk resources, continued investment, and aligning to best practice frameworks such as the Australian Signals Directorate Essential Eight Principles.

Strategies implemented to manage this risk include:

- security monitoring to prevent or detect a broad range of threats and alert unusual activity and endpoint protection to protect against viruses and malware
- periodic user access reviews and account activity monitoring and privileged access management remediation and Identity Management solution upgrade
- cyber security assessment, training, and awareness programs
- incident management processes to respond to and recover from an outage or cyber event
- security assessment and assurance of supply chain parties in relation to information security posture
- ongoing technology asset lifecycle management and investment.

Operational network disruption

Australia Post's ability to maintain operations in response to challenges, including weather events, pandemic, and technology disruptions, is key to its ability to meet its stakeholder expectations.

Strategies implemented to manage this risk include:

- Business Continuity, Incident and Pandemic Management program, training and processes including contracts with major third-party suppliers
- peak period planning which forecasts operational network resourcing needs
- investment in major processing site infrastructure to a distributed multi-hub network
- significant investment in processing capacity and automation in recent years
- Network Operations ability to alter business as usual operations quickly to adjust to changing volumes.

Our Board

Siobhan McKenna BEc. (Hons), MPhil **Chair (non-executive)**

Siobhan McKenna was appointed Chair of Australia Post in December 2022 (current term expires in December 2025). Siobhan has a significant international background in strategy and operations in the public and private sectors. As a CEO, she has led consumer-facing businesses in the media and digital sectors and she is currently CEO Broadcasting, News Corp. She was previously a Commissioner of the Australian Productivity Commission, Chair of NBN Co, Partner of McKinsey & Company and Director of Woolworths Group Limited and AMCIL. Siobhan is also Executive Chairman of Foxtel, Fox Sports and Australian News Channel, and Chairman of Nova Entertainment.

Robyn Clubb AM BEc., CA, F Fin, MAICD **Director (non-executive)**

Robyn Clubb was appointed to the Australia Post Board in September 2022 (current term expires September 2025). Robyn has over twenty years of senior executive experience within the financial services industry, including roles with Citibank and AMP. She is also an experienced non-executive director within the agribusiness, energy and government sectors. Robyn is currently a non executive director of Elders Limited (ASX:ELD), Essential Energy, (NSW Government-owned) and the Chair of ProTen Limited. She also chairs the Audit Risk and Compliance Committee of Elders Limited. She is a former non executive director of Murray Irrigation Ltd, The Rice Marketing Board for the State of NSW, Rural Bank, Landcom and Craig Mostyn Group and the former Chair of the Australian Wool Exchange and Fresh Country Farms Leasing Limited. Robyn is also Chair of the RAS Foundation, the charitable arm of the Royal Agricultural Society of NSW. She resides on a property in rural south eastern NSW and maintains a strong interest and involvement in rural and regional issues.

Dr Richard Dammery BA (Hons), LLB, MBA, Ph.D, FAICD **Director (non-executive)**

Richard Dammery was appointed to the Australia Post Board in September 2021 (current term expires in September 2024). Richard is an experienced company director and senior adviser. He currently serves on the boards of Aussie Broadband Limited (ASX:ABB), Nexus Day Hospitals Group, Salta Properties Pty Ltd and WiseTech Global Ltd (ASX:WTC). His previous directorships include leading data analytics group, Quantium Group and Australian Leisure and Hospitality Group (now part of ASX-listed Endeavour Group), Creative Partnerships Australia and Doctor Care Anywhere PLC (ASX:DOC). Richard has held a range of senior leadership roles in major Australian companies, and was a corporate partner with Minter Ellison. He is an adjunct Professor at Monash University Business School.

Launa Inman BCom (Hons), MCom, GAICD, MCEW **Director (non-executive)**

Launa Inman was appointed to the Australia Post Board in May 2022 (current term expires in May 2025). Ms Inman is a professional non-executive director having served on the Boards of several ASX companies including CBA and Super Retail Group. She has significant governance experience on both Remuneration and Audit committees and brings a wealth of experience in retail, finance, restructures and transformation. Launa is the Chair of the PayPal Melbourne Fashion Festival. She is an Advisory Board Member of Fantastic Furniture Holdings Limited. Launa is a Director of the not-for-profit organization, the Alannah and Madeline Foundation. Prior to her non-executive director roles, Launa was the Chief Executive Officer/Managing Director of three iconic Australian companies; Billabong International, Target Australia and Officeworks.

Tony Nutt AO BA (Hons) **Director (non-executive)**

Tony Nutt was appointed to the Australia Post Board in March 2018 (current term expires in March 2024) and brings a depth of knowledge and a range of skills including public policy and budget expertise, strategy development and implementation, and stakeholder relations. Mr Nutt has more than 35 years' experience advising both Federal and State government, including more than ten years' service as a Principal Adviser to former Prime Minister, the Hon John Howard OM AC and Chief of Staff to the former Attorney-General, the Hon Daryl Williams AM KC. 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), a director of Australians for Indigenous Constitutional Recognition and a member of the council of the National Museum of Australia.

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

See profile on page 78.

New director

Dr Jodie Auster MBBS, MBA **Director (non-executive)**

Dr Jodie Auster was appointed to the Australia Post Board in July 2023 (current term expires in July 2026). Jodie has extensive experience working with global consumer technology platforms and has led several start up businesses to achieve scale in Australia and the U.S. Dr Auster is currently Strategic Advisor to the global CEO at Uber. Prior to this role, she led Uber Eats across Asia Pacific as the Regional General Manager. Previously, Dr Auster was a Director of Customer Operations and Vice President of People for Thumbtack in San Francisco, General Manager of Scoopon in Australia, and a consultant for Bain & Company in Australia. Jodie started her professional career as a doctor in the Victorian public health system and trained as an emergency physician. Jodie is currently a non-executive director of AMCIL.

Former directors

Lucio Di Bartolomeo
Term on the Board concluded on 21 November 2022

Andrea Staines OAM
Term on the Board concluded 26 June 2023

Deirdre Willmott
Term on the Board concluded 26 June 2023

Our Leadership Team

Paul Graham Group Chief Executive Officer and Managing Director

Paul Graham is the Group Chief Executive Officer and Managing Director of Australia Post. Paul is a supply chain industry leader, with more than 30 years' experience. Paul comes to Australia Post from Woolworths Group, where he was Chief Supply Chain Officer and Managing Director of Primary Connect. In this role he oversaw a strategic rebuild of the supply chain network, including over $2 billion of infrastructure investment. He has held senior roles working across logistics in Australia, the UK, Taiwan, Singapore and Germany, including as Global Chief Operating Officer and Chief Executive Officer for Europe, Middle East & Africa for DHL.

Passionate about mental health and wellbeing, Paul is the Chair of the Healthy Heads in Trucks and Sheds Foundation, with a goal to improve mental wellbeing within the transport and logistics industry. Migrating from Northern Ireland, Paul knows the value of Australia Post as an essential service; trusted to connect Australians to each other and to friends and family around the world.

Rod Barnes Executive General Manager, Network Operations

Rod joined Australia Post in January 2016, bringing three decades of experience in logistics. He has played a significant role in how Australia Post has evolved to serve the growing eCommerce market. As Executive General Manager, Network Operations, Rod is responsible for leading Australia's biggest logistics network, which delivers billions of items annually to millions of delivery points across Australia and 212 countries, territories and regions across the world.

With a focus on 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.

Rodney Boys Group Chief Financial Officer

Rodney joined Australia Post as Group Chief Financial Officer in May 2019 after more than 25 years with Wesfarmers and a number of Wesfarmers Group subsidiaries in several Australian states and the United Kingdom. Over the last 15 years, Rodney held a range of executive leadership positions in Bunnings. This included the executive responsible for overseeing Information Technology, Supply Chain and Chief Financial Officer for three years. Rodney's deep financial expertise is matched by his broad experience across a range of industry sectors and in managing complex Information Technology and Supply Chain transformations.

Susan Davies Executive General Manager, People and Culture

Sue is Australia Post's EGM People and Culture, having joined the business in February 2015 and being appointed to this role in July 2018. Sue is responsible for leading Australia Post's people strategy to drive future growth by continuously meeting changing customer and community needs.

With over 30 years industry experience, Sue has held a range of senior HR and operational roles across the transport and logistics industry, in Australia and internationally. Sue is committed to providing a workplace that is accessible and inclusive, and is the Executive Sponsor of Accessibility Matters, providing people with disability a voice, influence and support. She is a Board member of the Australian Network on Disability, sponsors the Australia Post Indigenous Emerging Leaders Program and represents Australia Post on the Refugee Settlement Success Advisory Body. As an advocate for mental health and wellbeing awareness, Sue previously served on the Board of the Healthy Heads in Trucks & Sheds Foundation.

Tanny Mangos

Executive General Manager, Community, Sustainability and Stakeholder Engagement

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

Tanny has led organisational responses to major economic, regulatory and industry trends against a backdrop of changing customer and community expectations. Most recently she held a number of senior roles at Bank of Queensland and oversaw the bank's Customer Advocate function. With extensive risk, reputation, crisis and stakeholder management experience, Tanny is passionate about driving positive change for organisations and industry. She also brings to the role significant expertise working in government to achieve strong outcomes for customers and the community. A purpose and values driven leader, over her career she has been successful in building high performing teams.

Catriona Noble

Executive General Manager, Retail, Brand & Marketing

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

During her time with ANZ, Catriona was responsible for key retail distribution channels to customers including ANZ's Australian branch network. At McDonald's Catriona held the role of Chief Restaurant Officer, Asia, Pacific, Middle East and Africa, based in Singapore. In this role she was responsible for more than 10,000 restaurants and 200,000 people. Previously, Catriona was CEO and Managing Director for McDonald's Australia, and Chair of Ronald McDonald House Charities for approximately five years.

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

Gary Starr

Executive General Manager Parcel, Post & eCommerce Services

As Executive General Manager, Parcel, Post & eCommerce Services, Gary is helping to transform Australia Post into a customer-led, solutions-based organisation.

Gary is an accomplished business leader with more than 30 years' of experience in the telecommunications and technology sectors. During this time, Gary has held a range of senior leadership roles across sales, marketing, operations and executive management. Prior to joining Australia Post in 2016, Gary spent a decade at Motorola. In this role, he led Motorola Solutions' business across South East Asia, with a particular focus on the public safety, transportation, retail, supply chain and manufacturing sectors. With a focus on innovation, customer centricity and world-class go-to-market capability, Gary has ensured Australia Post continues to delight its customers – even through periods of unforeseen global disruption. As the Senior Executive sponsor for LGBTQIA+ inclusion, Gary is passionate about recognising and celebrating Australia Post's diverse workforce.

New Leadership Team member

Michael McNamara

Executive General Manager, Digital, Technology and Data

Michael joined Australia Post as Executive General Manager, Digital, Technology and Data in July 2023. Prior to this, Michael was the CEO at Digital Victoria for two years and also held the roles of Chief Information Officer and Deputy CEO for Services Australia, where he led the Australian Government's program of widescale digital transformation. With more than 25 years of experience in digital transformation, Michael has played a critical role in this evolving space. Before joining the public sector, he had a lengthy private sector career supporting the likes of ANZ, CBA and other banking and energy providers to build and modernise their digital infrastructure. Michael was ranked in the top 10 in the CIO50 awards in 2021 for his work supporting essential government services such as Centrelink and Medicare during COVID-19 lockdowns.

Corporate Governance Statement

for financial year 2023

This is a summary version of the Corporate Governance Statement approved by the Board of the Australian Postal Corporation (Australia Post/the Corporation) on 29 August 2023.

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

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

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

Australia Post Board (& Committees)

Leadership Team

Our Team

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

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

At 30 June 2023, the Board had two Committees – a People Committee and an Audit and Risk Committee. Until February 2023, the Board had four Committees – the Audit and Risk Committee, the People and Sustainability Committee, the Nomination and Remuneration Committee and the Safety Committee. Each Committee's members bring a range of qualifications, knowledge, skills, and experience to assist the Committees to perform their functions and responsibilities.

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

Non-Executive Directors are appointed by the Governor-General on the nomination of the Minister for Communications. Australia Post seeks to maintain a Board of Directors with a broad range of skills, experience and knowledge relevant to overseeing the business of a 21st century eCommerce, digital, retail and mail enterprise and to managing business, risk and governance issues as they arise. 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 organisation 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 reviews its own performance each year, including its performance against the requirements of its Charter, as contemplated by its Charter and the GBE Guidelines. An independent review of the Board's performance is conducted every two years, while an internal review is conducted in the intervening years. Each Committee undertakes an annual self-assessment of their performance against the requirements of its Charter and provides that information to the Board.

The Board's performance review for FY23 was conducted by an external provider.

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

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

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

Australia Post has a Code of Conduct, referred to as 'Our Ethics', that applies to Australia Post and its Directors, employees, Licensees, agents, 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 FY23

	Australia Post Board		Audit and Risk Committee		People Committee [Footnote 1]		Nomination and Remuneration Committee [Footnote 1]		Safety Committee [Footnote 1]	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Siobhan McKenna	6 [Footnote 2]	6	2	2	2 [Footnote 2]	2	1	1	1	1
Lucio Di Bartolomeo	3 [Footnote 2]	3	–	–	–	–	3	3	1	1
Paul Graham	10	10	–	–	–	–	–	–	–	–
Andrea Staines OAM	10 [Footnote 2]	10	2	2	5	5	5 [Footnote 2]	5	–	–
Robyn Clubb AM	8	8	3 [Footnote 2]	3	–	–	–	–	2	2
Richard Dammery	10	10	4	4	3	3	4	4	3 [Footnote 2]	3
Launa Inman	10	10	4 [Footnote 2]	4	–	–	1	1	2	2
Tony Nutt AO	10	9	–	–	5	4	5	5	–	–
Deidre Willmott	10	10	1	1	5 [Footnote 2]	5	–	–	–	–

Notes:

(a) Number of meetings held while a Director/Committee member.

(b) Number of meetings attended while a Director/Committee member.

Footnotes

1 Effective 22 February 2023 the Nomination & Remuneration Committee and Safety Committee ceased, and the name of the People Committee changed from People and Sustainability Committee.

2 Forum Chair for all or part of financial year. Where part year: Board – Lucio Di Bartolomeo until 21 November 2022; Andrea Staines OAM (Acting) until 14 December 2022; Siobhan McKenna from 15 December 2022. Audit and Risk Committee – Launa Inman until 17 October 2022; Robyn Clubb from 18 October 2022. People Committee – Deidre Willmott until 26 June 2023; Siobhan McKenna from 27 June 2023.

Remuneration report

Message from the Chair

On behalf of the Board, I am pleased to present Australia Post's FY23 Remuneration Report. This report summarises the organisation's performance over the year and the resulting remuneration of its Group Chief Executive Officer & Managing Director, senior executives and Directors.

Key Management Personnel Changes

There were some changes to the composition of the Board of Directors in FY23. I acknowledge and thank former Chair Lucio di Bartolomeo (whose term concluded on 21 November 2022), former Deputy Chair Andrea Staines OAM and Deidre Willmott (both of whose terms concluded on 26 June 2023). I welcome Robyn Clubb AM (appointed to the Board effective 15 September 2022) and Dr Jodie Auster (appointed to the Board effective 6 July 2023).

During the year, senior executive Leonie Valentine left the organisation. I thank her for her contribution to Australia Post. In July 2023 we welcomed Michael McNamara to the Leadership Team as our Executive General Manager Digital, Technology & Data.

FY23 Performance Scorecard outcomes

The main driver of scorecard outcomes was progress against the Post26 Strategy, with the FY23 Enterprise Scorecard designed to measure achievement against those imperatives. Since joining Australia Post, I can see the Post26 Strategy is beginning to reshape the business to better meet the needs of our customers and communities. As our first financial loss since 2015 indicates, however, the year was not without challenges and we must continue to adapt and change so that we can return to financial viability.

The FY23 Enterprise Scorecard outcomes reflect current challenges as well as areas where we have made progress. Business Net Promoter Score (NPS) and Consumer NPS performance were above Stretch performance. Delivery in Full on Time and Group People Engagement performance improved.

Safety and wellbeing are our highest priorities. We had a 5.5 per cent reduction in serious injuries to team members for the second year in a row. We remain resolved to keep our people as safe as we can.

The results on non-financial KPIs were offset by the adverse financial performance of the business with our Profit Before Tax result below our Scorecard expectations. As a consequence, the overall FY23 Enterprise Scorecard result was below 100 per cent of Target performance for the first time since FY15. Scorecard outcomes can be found in greater detail in Section 2.4.

Remuneration Framework Review

Each year the Board reviews the remuneration framework and the measures used to reward performance. For the FY23 Variable Remuneration (VR) framework the Board considered the Australian Public Service Commission's Performance Bonus Guidance and took steps to ensure that VR Key Performance Indicators (KPIs) were closely aligned to Australia Post's corporate plan and the Post26 strategic imperatives and priorities. Performance targets were set to incentivise actual performance that improved outcomes for Australia Post, its Shareholder and the community.

During the last 12 months the Board has continued to review the remuneration framework in the context of the Guidance principles for the restrained use of performance bonuses. As a result of this review, the Board has in FY24 reduced eligibility for VR to a targeted cohort of the organisation's most senior leaders who have the greatest capacity to deliver exceptional outcomes for Australia Post, its Shareholder and the community.

In making this and other changes, the Board acknowledges the Group will still need to attract and retain the necessary skills, in a competitive commercial marketplace, to deliver the organisation's strategic priorities. In determining the changes, the Board consulted with independent remuneration advisers. The changes are described in greater detail in Section 2.5.

In summary

Despite a challenging year with a financial result below our expectations, FY23 saw continued progress against our Post26 Strategy to turn Australia Post into the modern business that Australia needs.

Our core business remains strong and supports Australia's growing eCommerce sector. Our app was the number one ranked business app in Apple and Android stores in December 2022. The continued rollout of Our AP Way training, and our strong emphasis on safety, means our people will continue to deliver for the community in the future. We remain focused on meeting the needs of our customers and the community and delivering a better tomorrow.

Siobhan McKenna
Chair

Remuneration report 2023

Table of Contents

Remuneration report

1 Who is covered by this report?

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

The information provided in this 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 2023 (FY23) as it applies to KMP, comprising Non-Executive Directors, the Group Chief Executive Officer & Managing Director (Group CEO & MD) and senior executives. For the purposes of this report, senior executives are defined as the team members reporting to the Group CEO & 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'). These roles are typically titled 'Executive General Manager' (EGM) and include the Group Chief Financial Officer.

Also included are aggregate disclosures of OHPS of Australia Post, where total remuneration exceeded $240,000, in accordance with the PGPA Rule. Reporting under the PGPA Rule is provided in bands, with the first band being from $240,000 to $245,000 and subsequent bands in increments of $25,000.

The KMPs covered in this year's report and the details of movements throughout FY23 are outlined in the table below:

Table 1: FY23 Key Management Personnel

Name		Position [1]	KMP Status
Board of Directors	Siobhan McKenna [2]	Chair	Part Year
	Paul Graham	Group CEO & MD	Full Year
	Dr Richard Dammery	Director	Full Year
	Launa Inman	Director	Full Year
	Tony Nutt AO	Director	Full Year
	Robyn Clubb AM [3]	Director	Part Year
Former Directors	Lucio Di Bartolomeo [4]	Chair	Part Year
	Andrea Staines OAM [5]	Deputy Chair	Part Year
	Deidre Willmott [6]	Director	Part Year
Group CEO & MD and Senior Executives	Paul Graham	Group CEO & MD	Full Year
	Rod Barnes	EGM Network Operations	Full Year
	Rodney Boys	Group Chief Financial Officer	Full Year
	Susan Davies	EGM People & Culture	Full Year
	Tanny Mangos	EGM Community, Sustainability & Stakeholder Engagement	Full Year
	Catriona Noble	EGM Retail, Brand & Marketing	Full Year
	Gary Starr	EGM Parcel, Post & eCommerce	Full Year
Former Executives	Leonie Valentine [7]	EGM Customer Experience & Digital Technology	Part Year

Details of remuneration for these KMP are disclosed in Section 5.2 of this report.

1 Position reflects position title at end of financial year or at employment cessation date.
2 Siobhan McKenna was appointed Chair with effect from 15 December 2022.
3 Robyn Clubb was appointed to the Board with effect from 15 September 2022.
4 Lucio Di Bartolomeo's term on the Board concluded 21 November 2022.
5 Andrea Staines' term on the Board concluded 26 June 2023.
6 Deidre Willmott's term on the Board concluded 26 June 2023.
7 Leonie Valentine ceased employment with Australia Post with effect from 10 February 2023.

2 FY23 Remuneration Structure

2.1 Our remuneration framework aligns to our strategic priorities

Our remuneration framework is designed to support Australia Post's strategic imperatives and priorities. Clear principles guide our remuneration decisions and design. We review our approach to remuneration on a regular basis to ensure it remains aligned to supporting our customers and communities in order to deliver a better tomorrow.

Strategic Priorities

- Win in eCommerce delivery services
- Reimagine the Post Office network
- Create market leading digital experiences
- Build a sustainable letters service
- Simplify our products and services
- Uplift culture and leadership; simplify operations and systems

Remuneration Principles

Australia Post's remuneration approach supports the strategic objectives of the Enterprise through a performance-based remuneration and recognition framework designed to drive outcomes, whilst remaining aligned to community expectations. Australia Post increasingly operates in highly competitive commercial markets and must ensure its remuneration framework is competitive with market practice and effectively attracts and retains a skilled workforce.

- Externally accountable
- Simple & transparent
- Fair, equitable and motivational
- Strategically aligned and performance linked
- Shared responsibility and personal accountability
- Clear governance

Remuneration Governance

The Board is responsible for actively overseeing Australia Post's remuneration framework and strategy. The Board takes into consideration advice and recommendations of the People Committee as well as from external remuneration consultants engaged by the Board or the People Committee.

Remuneration report

Fixed Annual Remuneration (FAR)

FAR generally includes base salary, benefits and entitlements received in cash, superannuation and any salary sacrificed items.

Group CEO & MD

- The Remuneration Tribunal sets the Total Remuneration Reference Rate (TRRR) applicable to the Australia Post Group CEO & MD position. This position is classified by the Remuneration Tribunal as a Principal Executive Officer (PEO) Band E.
- The Board then determines the Group CEO & MD's FAR within a range from 10 per cent below to five per cent above the TRRR. The Group CEO & MD's FAR may not exceed the TRRR within the first 12 months of appointment.
- The Board may seek external independent remuneration advice.

Leadership Team

- Remuneration is set with reference to various factors determined as appropriate by the Board and the Group CEO & MD including external benchmarking.
- Senior executives' remuneration is determined by the Group CEO & MD and reviewed annually by the People Committee.

FAR is positioned competitively to attract, motivate and retain senior executives and contract level team members and to reflect individuals' responsibilities, skills, performance, qualification and experience. FAR is regularly benchmarked to multiple sources of information including external market surveys, and is typically reviewed annually.

At-risk Remuneration (VR)

VR is an "at risk" remuneration opportunity awarded subject to the achievement of relevant individual, team, strategic and Enterprise KPIs.

Group CEO & MD

The Remuneration Tribunal has determined that the Group CEO & MD position is eligible for VR up to 100 per cent of FAR. This VR opportunity and outcome is aligned to the strategic priorities of the Enterprise through an individual performance scorecard comprising a mix of financial and non-financial metrics. The determination of VR including the scorecard elements is endorsed by the People Committee and decided by the Board.

The Group CEO & MD's KPIs were set by the Board for FY22 and FY23 at the time of his appointment in April 2021, with the following individual performance scorecard weightings determined for FY23 at that time:

- 50 per cent Enterprise Financial KPIs
- 50 per cent Non-Financial KPIs

No financial gateway was set for this period. From FY24, the Group CEO & MD's KPIs and VR conditions will be the same as the Leadership Team's.

Leadership Team

In FY23 the senior executives' VR is based on performance against the Enterprise Scorecard with each participant also having specific KPIs aligned to their contribution to the strategic objectives of the Enterprise. Each individual scorecard is endorsed by the People Committee and determined by the Board with the following weightings:

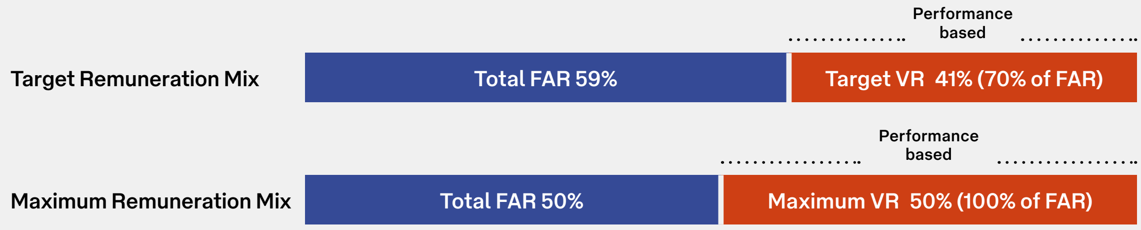
- 50 per cent Creating a financially sustainable future
- 15 per cent Supporting each other
- 15 per cent Delighting our customers & communities
- 20 per cent Strategic priorities

Other eligible team members have individually tailored KPI measures cascaded into their scorecard from the Enterprise Scorecard.

2.2 FY23 senior executive remuneration mix

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

What is the remuneration mix for our Group CEO & MD and senior executives?



2.3 Approach to FY23 Variable Remuneration

The FY23 VR aims to reward all senior executives and other participants for delivering performance against the Enterprise Scorecard and other metrics, through a range of financial and non-financial key performance indicators (KPIs) that are aligned to the strategic priorities of the Group. Balanced scorecards are developed at the start of the performance period, aligned to the objectives and measures in both our corporate plan and Post26 Strategy, and cascaded accordingly.

Group CEO & MD

As noted previously, the Group CEO & MD's FY23 VR scorecard was set at the time of his appointment in April 2021 and comprised 50 per cent weighting against enterprise financial KPIs (Group Revenue and PBT) and 50 per cent weighting on strategic KPIs. No financial gateway was set for FY23. From FY24 the Group CEO & MD's VR scorecard will be the same as the Leadership Team's.

Leadership Team

The Leadership Team's individual performance assessment and VR outcomes are based on the Enterprise Scorecard and their relative contribution.

How we assess Business Performance against the FY23 Enterprise Scorecard

Strategic imperatives & priorities	KPI Measure	Link to Strategy
Creating a financially sustainable future	Profit Before Tax (PBT)	Australia Post maintains both community and commercial obligations. We are obliged, where possible, to make a commercial return on our assets.
Supporting each other	Group People Engagement	Team member engagement drives performance.
	Safety Index	Safety of our team members, contractors, work partners, customers and the broader community is of paramount importance to the Enterprise.
Delighting our customers & communities (Strategic KPIs)	Consumer NPS	Customer advocacy and loyalty is critical in order to win in a competitive eCommerce market.
	Business NPS	NPS is a key metric in measuring customer advocacy and is a lead indicator of customer retention.
	Delivery In Full On Time (DIFOT)	DIFOT drives customer advocacy through timely delivery of parcels whilst reducing cost due to multiple parcel handling.
Win in eCommerce Delivery Services	Measured by progress against specific strategic initiatives	Strategic initiatives to transform and optimise freight transportation and capability, increase network automation, create market leading sending and receiving experiences, and drive profitable eCommerce growth.
Reimagine the Post Office Network		Reshape the retail network to meet the changing needs of Australian communities including improving our B2B and B2C retail offerings, enhancing digital and self-service options, and developing retail capability and presence in new ways.
Environ-mental Impact Index		Our Environmental Impact Index measures our progress against the *Delivering for our Planet* elements of our 2025 Sustainability Roadmap. This includes reductions in emissions and waste to landfill and increases to recycling rate metrics.
Build a Sustainable Letters Service		Drive the modernisation of postal services in Australia in close consultation with our shareholder, the Federal Government, and all Australians.

Variable Remuneration Financial Gateway

The Board is responsible for overseeing and, in the case of the Group CEO & MD, determining VR outcomes. Board discretion may be applied when determining VR outcomes in exceptional circumstances. For FY23, the Board established a gateway to VR outcomes. With the exception of the Group CEO & MD as noted earlier, this gateway applies to the portion of VR relating to Enterprise Financial measures (50 per cent of total VR opportunity). Should this gateway not be achieved, no VR outcomes relative to Enterprise Financial measures are paid. Non-Enterprise Financial KPIs can be paid at threshold (where applicable), Target or Stretch, independent of that gateway.

Assessing Individual Performance

Individual performance is reviewed regularly against individual team member scorecards and individual behavioural gateways that must be met prior to an individual being eligible for a VR payment:

Behavioural & Performance Gateways

- Living our Enterprise values and meeting minimum behaviour expectations.
- Meeting our *Code of Ethics*.
- Completion of all assigned compliance training.
- Minimum performance rating of "Achieving Expectations" or equivalent.

Remuneration report

2.4 Performance against FY23 Enterprise Scorecard

The FY23 Enterprise Scorecard focused our team members to strive for our purpose of delivering a better tomorrow, through a range of KPIs that are tailored to the strategic priorities and imperatives of the Enterprise. Performance against those KPIs is detailed in the table below.

FY23 Performance against the Enterprise Scorecard   Not met   Met Entry   Met Target   Met Stretch

KPI Measure (Performance) | **Outcome**

Profit Before Tax (PBT)

The Group's full year Loss Before Tax of $200.3 million was $255.6 million below last year's PBT. Revenue was below Budget, driven by lower than forecast parcel volumes, offset in part by benefits from yield-increasing initiatives, reductions in variable costs and ongoing focus on cost containment across both operational and support functions. The trading EBIT loss was compounded by higher redundancy provisions from structural changes associated with the Future Operating Model and decisions to exit non-core businesses.

Group People Engagement

The 2023 Our AP Way Say culture and engagement survey took place between 20 and 31 March 2023. The survey had a participation rate of 63 per cent (over 22,000 team members) and resulted in an overall engagement score of 66 per cent. This reflects a one percentage point increase since 2021 and is in line with the Australian average norm. The increase in Enterprise engagement since 2021 was driven by a significant five percentage point uplift in Network Operations engagement, and over 20,000 team members participating in Our AP Way.

Safety Index

Australia Post used a proactive and lead safety index to embed behaviours that mitigate the risk of negative safety events. In FY23 these included Hazard and Near Miss reporting, frontline leaders doing safety walks on our critical and high risks (called Go See Walks) and at least 98 per cent of actions from safety events being closed on time. Stretch performance targets were exceeded and 85 per cent of sampled events audited met minimum investigation requirements including actions to mitigate repeat incidence.

Consumer NPS

The end of year average Consumer NPS result was above Stretch.

The return of NPS to pre-COVID levels has been quicker than anticipated, reflecting strong peak period performance, positive team interactions with our customers and communities, and the continuing improvement of DIFOT performance.

Business NPS

The end of year average Business NPS result was above Stretch.

Strong peak period performance, effective team interactions and positive DIFOT results saw a return of NPS to pre-COVID levels faster than expected. A return to good service performance in Queensland after the floods saw a strong end to the year and an overall positive result.

Delivery In Full On Time (DIFOT)

Positive trends were shown in DIFOT and network health, culminating in strong performance in the last quarter.

Despite the strong finish, DIFOT performance was challenged in some periods based on labour and equipment constraints post-COVID and a series of prolonged environmental impacts including severe flooding in New South Wales, Queensland and Victoria. These issues contributed to the DIFOT outcome being above Entry and below Target noting the positive trajectory that commenced and accelerated across the second half.

KPI Measure (Progress against Strategic initiatives)

Win in eCommerce Delivery Services
There has been good progress in FY23 improving the reliability, performance and efficiency of our delivery networks. Highlights include the opening and upgrading of facilities (including Boorna Wangkiny Mia in Perth which is capable of processing 14,000 parcels per hour), record use of parcel locker facilities, as well as achievement of yield initiatives.

Reimagine the Post Office Network
Progress has been made in FY23 to reshape the Post Office network. Highlights include the extension of the Bank@Post partnership with Westpac for another 10 years and successful trials of POST+ point of sale technology at Post Offices. Whilst the development the POST+ system progressed well throughout FY23 a key challenge will be the full rollout in FY24 to over 3,500 Post Offices.

Environmental Impact Index
The Environmental Impact Index for FY23 was above Stretch. This can be attributed to reductions in emissions and waste to landfill. The reduction in emissions was driven by decreased and more efficient road transport activities, both in last mile and linehaul operations, as well as reduced fuel usage in vans (Australia Post and third party contractors). The reduction in waste to landfill was achieved by the early and successful implementation of recycling programs at key sites.

Build a Sustainable Letters Service
Headway has been made in FY23 in providing a letter service that meets contemporary Australian needs including securing and implementing a 10 cent rise in the Basic Postage Rate for reserved ordinary letters and securing union support for a trial of a new delivery model. Further progress requires changes to Australia Post's regulations.

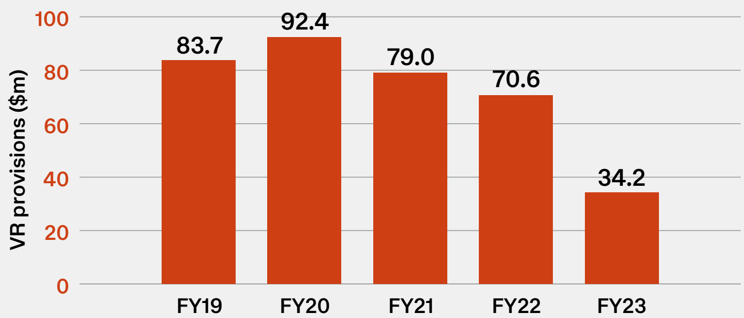
Group CEO & MD

The Group CEO & MD's VR scorecard for FY23 comprised a 50 per cent weighting against enterprise financial KPIs (Group Revenue and PBT) and a 50 per cent weighting on strategic KPIs. The Group Revenue result was marginally less than Target (less than 1.0 per cent lower) and the KPI was assessed at Entry level performance. The PBT KPI was assessed below Entry level performance. These, and the results on the strategic KPIs, contributed to a total VR outcome of 59 per cent of the Maximum VR opportunity (84 per cent of the Target VR opportunity).

Leadership Team

The Leadership Team's relative performance was assessed against the Enterprise Scorecard. Based on those outcomes they were eligible for, and were awarded, VR outcomes averaging 40 per cent of their Maximum VR opportunities (57 per cent of their Target VR opportunities). These FY23 VR outcomes were significantly lower than previous years reflecting the lower Enterprise financial performance results. Across the Group, the total at-risk VR provisions for FY23 were $34.2 million, a significant reduction relative to previous years (*see C1 Employee Provisions in Notes to Financial Statements*):

Historical Variable Remuneration ($m)



Historical VR outcomes [1]	FY19	FY20	FY21	FY22	FY23
VR outcome (average % of Maximum opportunity)	54%	58%	60%	57%	30%
VR outcome (average % of Target opportunity)	102%	109%	113%	109%	57%

1 All VR participants. Includes KMP, senior executives, OHPS and other eligible team members.

2.5 FY24 remuneration outlook

Review of Australia Post's remuneration framework

The Australian Public Service Commission released "*Performance Bonus Guidance – Principles governing performance bonus use in Commonwealth entities and companies*" (Guidance) on 13 August 2021 and Australia Post has considered its alignment to those principles.

The Guidance sets an expectation that Australia Post's remuneration framework be strategically aligned and linked to strong actual individual and Enterprise performance. The Guidance also strongly expresses the Government's desire for the restrained use of at-risk bonuses and limited employee eligibility for bonus programs.

Australia Post's remuneration principles (set out in Section 2.1) continue to align with the Guidance. Our remuneration principles support the link between the Post26 Strategy and the remuneration framework, ensuring they are strategically aligned and linked to strong actual individual and Enterprise performance. Performance targets are set to exceed normal and planned activity and deliver outcomes to Australia Post, its Shareholder and the community.

The Board carefully considered the Guidance and concluded it was appropriate to make some changes to Australia Post's remuneration framework for FY24. In particular, for FY24:

- the number of team members eligible to participate in the Australia Post Variable Remuneration Plan (APVRP) has been reduced from around 2,500 in FY23 to less than 100 in FY24. Participation in the APVRP has been limited to the Group CEO & MD, Leadership Team and other senior leaders;
- the maximum financial cost of the VR opportunity available through the APVRP has reduced by 81 per cent;
- remuneration packages for team members no longer eligible for VR were simplified with the removal of the at-risk VR opportunity, giving them greater remuneration certainty despite a reduced Maximum VR opportunity overall;
- a one-off increase to fixed remuneration at a rate of 70 per cent of Target VR opportunity was applied from 1 July 2023 to these team members to partially compensate the forgone Maximum VR opportunity; and
- the total Target and Maximum remuneration opportunities for these team members was thereby reduced given the one-off increase in fixed remuneration was at a discounted rate, noting that VR was not guaranteed. The conversion approach was at a discount to Target and Maximum VR opportunity, to historical VR outcomes, and comparatively below conversion approaches taken by other Government Business Enterprises that have also undertaken similar changes.

Australia Post outlook and Target Setting

The outlook for Australia Post for FY24 is challenging. The Enterprise must change to meet the needs of our customers and modernise to become financially, socially and environmentally sustainable. The Enterprise Scorecard approach for FY24 reflects this. The Board has set targets to ensure VR payable for FY24 will represent strong performance against our Post26 Strategy.

How we will assess business performance against the Enterprise Scorecard in FY24

Assessing Business Performance

The FY24 Enterprise Scorecard includes a mix of measures, with a 60 per cent weighting on financial measures and a 40 per cent weighting on non-financial measures. Five equally weighted scorecard measures will drive outcomes and ensure VR payable for FY24 represents strong performance against our strategy.

Net Promoter Score

Our Net Promoter Score (NPS) is aggregated – weighted 50 per cent Consumer NPS and 50 per cent Business NPS. NPS reflects customer advocacy which is driven by customer experience; both are required to deliver the Post26 Strategy and our financial sustainability.

Safety Performance

The safety of our people is at the forefront of everything we do. Leaders are expected to provide a safe workplace and create a culture where good practice is the norm and proactive interventions are both recognised and celebrated. Using Total Recordable Injury Frequency Rate as the safety KPI Measure will recognise where our safety programs of work are reducing the overall number of injuries.

Board Approved Budget, Letters Budget, Business Simplification

In order for Australia Post to return to profitability and be sustainable it is critical to improve all elements of financial performance.

These financial metrics reflect progress against the Post26 Strategy. They seek to drive efficiencies and minimise losses while building a financially sustainable business.

Assessing Individual Performance

Individual performance is reviewed regularly against individual team member scorecards and against individual behavioural gateways that must be met prior to an individual being eligible for a VR payment.

Behavioural & Performance Gateways:

- living our Enterprise values and meeting minimum behaviour expectations;
- meeting our Code of Ethics;
- completion of all assigned compliance training; and
- minimum performance rating of "Achieving Expectations" or equivalent.

Delivering VR outcomes

VR outcomes are determined on achievement of performance levels: Not Met, Met Entry, Met Target and Met Stretch:

- if a KPI is 'Not Met', 0 per cent is awarded for that KPI;
- if a KPI is 'Met Entry', 50 per cent of the Target opportunity is awarded for that KPI;
- if a KPI is 'Met Target', 100 per cent of the Target opportunity is awarded for that KPI; and
- if a KPI is 'Met Stretch', the Stretch opportunity is awarded for that KPI.

3 Remuneration governance

3.1 Role of the Board

The Board has responsibility for the governance of remuneration at Australia Post and actively oversees Australia Post's remuneration framework and strategy. The Board takes into consideration advice and recommendations of the People Committee as well as from external remuneration consultants engaged by the Board or its People Committee.

3.2 People Committee role

The primary function of the People Committee is to provide counsel, guidance and governance regarding Australia Post Group's strategies, frameworks and programs related to people; incentive plans, remuneration policy and reporting; and workplace health, safety and wellbeing. Within the scope of its responsibility, the People Committee endorses certain matters for Board determination. The People Committee:

- reviews and makes recommendations to the Board regarding remuneration levels for the Group CEO & MD in accordance with parameters set by the Remuneration Tribunal;
- provides counsel and guidance to the Group CEO & MD on performance and remuneration for senior executives;
- considers the senior executives' remuneration determined by the Group CEO & MD;
- provides counsel and guidance on Australia Post's approach to the performance review of employees and structure of its incentive plan (APVRP); and
- reviews and endorses the Group Remuneration Policy for Board determination.

The functions ascribed to the People Committee, referred to above, were until 21 February 2023 performed by the Nomination & Remuneration Committee. Effective 22 February 2023, there were changes to the Board's committee structure with corresponding changes to the number, role, function and responsibilities of committees.

3.3 Engagement of independent external advice

Where appropriate, the Board or its People Committee consult external remuneration advisers. When such advisers are used, the Board considers potential conflicts of interest and ensures terms of engagement regulate access to and (when required) set out their independence from, members of management. External remuneration advice was received by the Board from an independent remuneration adviser in FY23. None of the advice received included a remuneration recommendation as defined by the *Corporations Act 2001*.

3.4 Management

Management makes recommendations to the People Committee on individual remuneration arrangements for the Group CEO & MD and senior executives. Additionally, management makes recommendations to the People Committee on people management and remuneration policies and practices.

Upon People Committee endorsement and Board approval, management documents and implements the remuneration framework.

3.5 Group CEO & MD and senior executive contract terms

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

Group CEO & 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 may be adjusted year to year. The Group CEO & MD's remuneration is determined by the Board relative to the TRRR determined by the Remuneration Tribunal. Executive employment contracts generally provide for participation in an at-risk VR plan (the APVRP), in accordance with relevant APVRP rules.

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

Table 2: Employment contract cessation

Scenario	Definition
Termination on notice of a senior executive by the senior executive	The Group CEO & MD may terminate their own employment contract by providing six months' notice in writing. All other senior executives may terminate their employment contract by providing twelve weeks' notice in writing.
Termination on notice of a senior executive by Australia Post	Australia Post may terminate the Group CEO & MD's employment contract by providing six months' notice or providing payment in lieu of all 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 providing payment in lieu of all or part of the notice period.
Termination on notice payments	Termination on notice payments by Australia Post are compliant with legislation and designed to ensure consistent and equitable practices are applied. For the Group CEO & MD and senior executives, termination on notice payments are calculated based on length of service and are no less than an amount equal to the notice period and no more than twelve months' of fixed annual remuneration.
Termination without notice	In certain scenarios as set out in the employment contracts of the Group CEO & 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 the Group CEO & MD or senior executive will be entitled to payment of FAR only up to the effective date of termination.

4 Non-Executive Board Director fees

All Australia Post Non-Executive Directors are appointed by the Governor-General on the nomination of the portfolio Minister for Communications. Non-Executive Directors' fees are set by the Remuneration Tribunal. Australia Post has no role in determining the level of Non-Executive 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 FY23 and FY24.

Table 3: Non-Executive Director fees

Role	Annual Fee with effect from:	
	1 July 2022 [1]	1 July 2023 [2]
Chair	$199,040	$207,010
Deputy Chair	$111,080	$115,530
Non-Executive Directors (Members)	$99,560	$103,550
Audit & Risk Committee Chair [3]	$23,050	$23,980
Audit & Risk Committee Member [4]	$11,530	$12,000
People Committee Chair [5,6]	$19,640	$20,430
People Committee Members [7,8]	$9,830	$10,230

1 Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2022.
2 Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2023.
3 Australia Post Board Chair is not entitled to receive these additional fees if they are a member of this Committee.
4 Australia Post Board Chair is not entitled to receive these additional fees if they are a member of this Committee.
5 Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees if they are members of this Committee.
6 Until 21 February 2023 the People Committee was known as the People & Sustainability Committee.
7 Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees if they are members of this Committee.
8 Until 21 February 2023 the People Committee was known as the People & Sustainability Committee.

5 FY23 statutory remuneration tables

5.1 Overview of statutory requirements

The information provided in this 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. remuneration for Non-Executive Directors and senior executives individually disclosed; and
2. aggregate reporting of OHPS.

Australia Post has defined KMPs as Non-Executive Directors, the Group CEO & MD and senior executives (i.e. people who report directly to the Group CEO & MD and who have responsibility or substantial input into the planning, directing and controlling of the operations of Australia Post).

These team members are the only team members considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of Australia Post. Remuneration received directly or indirectly by KMP is provided under an accrual basis for the years ending 30 June 2022 and 30 June 2023. All remuneration is provided in Australian Dollars. There are no senior executives who are not KMP.

In 2019 the PGPA Rule was amended to require a number of Commonwealth Entities to report on OHPS who are neither KMP nor senior executives. Australia Post has assessed senior executives to also be KMP. Disclosures are provided on an aggregated banded basis for those team members of Australia Post whose total remuneration exceeds $240,000 in FY23. The initial band is from $240,000 to $245,000, with subsequent bands in $25,000 increments.

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

- base salary;
- at-risk variable remuneration;
- other benefits & allowances;
- superannuation;
- long service leave;
- other long-term benefits; and
- termination benefits.

Remuneration report

5.2 Statutory tables

Remuneration received directly or indirectly by KMP under an accruals basis for the most recent financial year FY23 and previous financial year FY22 is as follows:

Table 4: Non-Executive Director Remuneration:

Non-Executive Directors	Year	Director fees [1] $	Other Benefits and Allowances [2] $	Superannuation [3] $	Total Remuneration $
Siobhan McKenna (Chair) [4]	**2023**	**108,290**	–	**11,370**	**119,660**
	2022	–	–	–	–
Robyn Clubb AM [5]	**2023**	**95,211**	–	**9,997**	**105,208**
	2022	–	–	–	–
Dr Richard Dammery [6]	**2023**	**115,384**	–	**12,116**	**127,500**
	2022	79,134	–	7,913	87,047
Launa Inman [7]	**2023**	**114,489**	–	**12,021**	**126,510**
	2022	10,113	–	1,011	11,124
Tony Nutt AO	**2023**	**109,390**	–	**11,486**	**120,876**
	2022	106,450	–	10,645	117,095
Former Board Directors					
Lucio Di Bartolomeo (Former Chair) [8]	**2023**	**77,786**	–	**8,168**	**85,954**
	2022	193,710	462	19,371	213,543
Bruce McIver AM [9]	**2023**	–	–	–	–
	2022	108,110	–	10,811	118,921
The Hon. Michael Ronaldson [10]	**2023**	–	–	–	–
	2022	108,110	–	10,811	118,921
Andrea Staines OAM (Deputy Chair) [11]	**2023**	**119,613**	–	**12,559**	**132,172**
	2022	119,320	462	11,932	131,714
Jan West AM [12]	**2023**	–	–	–	–
	2022	108,348	–	10,835	119,183
Deidre Willmott [13]	**2023**	**119,759**	–	**12,575**	**132,334**
	2022	116,000	–	11,600	127,600
Total (8 Non-Executive Directors)	**2023**	**859,921**	–	**90,292**	**950,213**
Total (9 Non-Executive Directors)	2022	949,294	924	94,929	1,045,147

1 Non-Executive Director fees are set by the Remuneration Tribunal and paid in cash.
2 Other benefits and allowances comprise reportable and non-reportable fringe benefit amounts as determined for taxation.
3 Minimum superannuation contributions are provided as prescribed under Superannuation Guarantee legislation.
4 Siobhan McKenna was appointed Chair, with effect from 15 December 2022.
5 Robyn Clubb was appointed to the Board, with effect from 15 September 2022.
6 Richard Dammery was appointed to the Board, with effect from 30 September 2021.
7 Launa Inman was appointed to the Board, with effect from 30 May 2022.
8 Lucio Di Bartolomeo's term on the Board concluded 21 November 2022.
9 Bruce McIver's term on the Board concluded 30 June 2022.
10 Michael Ronaldson's term on the Board concluded 30 June 2022.
11 Andrea Staines' term on the Board concluded 26 June 2023.
12 Jan West's term on the Board concluded 29 May 2022.
13 Deidre Willmott's term on the Board concluded 26 June 2023.

Remuneration received directly or indirectly by KMP under an accruals basis for the FY23 and FY22 is as follows:

Table 5: Group CEO & MD and senior executives' base salary, short-term benefits and post-employment benefits (accruals basis).

		Short-Term Benefits			Post Employment Benefit	Other Long-Term Benefits			
Group CEO & MD and Senior Executives and Position Titles	**Year**	**Base salary [1] $**	**At-risk variable remuneration [2] $**	**Other benefits & allowance [3] $**	**Superannuation [4] $**	**Long service leave [5] $**	**Other long-term benefits [6] $**	**Termination benefits [7] $**	**Total Remuneration $**
Paul Graham [8] Group CEO & MD	**2023**	**1,428,510**	**887,819**	**2,831**	**25,292**	**41,158**	–	–	**2,385,610**
	2022	1,154,665	885,022	647	19,874	27,745	–	–	2,087,952
Rod Barnes EGM Network Operations	**2023**	**791,105**	**339,690**	–	**25,292**	**26,921**	**100,000**	–	**1,283,008**
	2022	773,872	662,463	497	23,568	20,613	300,000	–	1,781,013
Rodney Boys [9] Group Chief Financial Officer	**2023**	**821,736**	**329,699**	–	**25,292**	**21,836**	–	–	**1,198,563**
	2022	905,930	661,819	–	23,568	(14,590)	–	–	1,576,727
Susan Davies EGM People & Culture	**2023**	**745,562**	**343,055**	**4,565**	**25,292**	**24,729**	–	–	**1,143,204**
	2022	753,862	674,499	902	23,568	9,762	–	–	1,462,592
Tanny Mangos [10] EGM Community, Sustainability & Stakeholder Engagement	**2023**	**640,676**	**255,944**	**579**	**25,292**	**12,644**	–	–	**935,137**
	2022	400,936	303,468	506	15,780	7,490	–	–	728,179
Catriona Noble [11] EGM Retail, Brand & Marketing	**2023**	**817,365**	**327,381**	–	**25,292**	**19,059**	–	–	**1,189,097**
	2022	381,110	304,811	18	11,784	7,575	–	–	705,297
Gary Starr EGM Parcel, Post & eCommerce	**2023**	**807,851**	**332,690**	–	**25,292**	**30,791**	–	–	**1,196,625**
	2022	771,853	665,765	–	23,568	10,355	–	–	1,471,542

1 Base salary comprises the cash salary, including amounts paid on sick leave, net annual leave benefits, purchased leave and amounts salary sacrificed.
2 At-risk variable remuneration comprises accrued performance based at-risk variable remuneration payable within 12 months of the end of the period.
3 Other benefits and allowances comprise cash allowances and reportable and non-reportable fringe benefit amounts as determined for taxation.
4 Superannuation is calculated in accordance with requirements prescribed in the Superannuation Guarantee legislation.
5 Long service leave (LSL) comprises the amount of leave accrued for the period, with reference to actuarial assessments. Where the LSL vesting requirements have not been met on separation, the reversal of the cumulative LSL accrual is reported as a non-cash adjustment to remuneration.
6 Other long-term benefits comprise the paid and accrued cost of long-term retention arrangements for certain key team members.
7 Termination benefits are payments made on separation of the senior executive role.
8 Paul Graham was appointed Group CEO & MD, with effect from 24 September 2021.
9 Rodney Boys was appointed Acting Group CEO & MD, with effect from 23 October 2020 to 23 September 2021.
10 Tanny Mangos was appointed EGM Community, Sustainability & Stakeholder Engagement, with effect from 1 December 2021.
11 Catriona Noble was appointed EGM Retail, Brand & Marketing, with effect from 17 January 2022.

Remuneration report

Group CEO & MD and Senior Executives and Position Titles	Year	Short-Term Benefits: Base salary [1] $	Short-Term Benefits: At-risk variable remuneration [2] $	Short-Term Benefits: Other benefits & allowance [3] $	Post Employment Benefit: Superannuation [4] $	Other Long-Term Benefits: Long service leave [5] $	Other Long-Term Benefits: Other long-term benefits [6] $	Termination benefits [7] $	Total Remuneration $
Former Senior Executives									
Ingo Bohlken [1] EGM Product & Innovation	**2023**	–	–	–	–	–	–	–	–
	2022	371,348	–	–	14,351	(968)	–	382,574	767,306
John Cox [2] EGM Transformation & Enablement	**2023**	–	–	–	–	–	–	–	–
	2022	82,693	–	18	5,892	2,102	-	-	90,705
Nicole Sheffield [3] EGM Community & Customer	**2023**	–	–	–	–	–	–	–	–
	2022	246,520	–	–	11,784	(46,167)	–	–	212,137
Leonie Valentine [4] EGM Customer Experience & Digital Technology	**2023**	**475,560**	–	–	**18,969**	**(7,575)**	–	**248,836**	**735,791**
	2022	397,125	294,783	–	11,784	7,575	–	–	711,266
Total (8 Senior Executives)	**2023**	**6,528,366**	**2,816,278**	**7,975**	**196,016**	**169,564**	**100,000**	**248,836**	**10,067,034**
Total (11 Senior Executives)	2022	6,239,914	4,452,630	2,587	185,521	31,491	300,000	382,574	11,594,716

1 Ingo Bohlken ceased employment with Australia Post with effect from 5 January 2022.
2 John Cox ceased employment with Australia Post with effect from 14 August 2021.
3 Nicole Sheffield ceased employment with Australia Post with effect from 30 October 2021.
4 Leonie Valentine was appointed EGM Customer Experience & Digital Technology with effect from 10 January 2022 and ceased employment with Australia Post with effect from 11 February 2023.

Other Highly Paid Staff Remuneration reported in FY23 (Accruals Basis)

Table 6 sets out remuneration on an accruals basis received directly or indirectly by Australia Post's OHPS. Total reportable remuneration disclosed is the average compensation received by team members in each remuneration band for the duration of employment within the reporting period.

Table 6: FY23 Other highly paid staff – Aggregate reporting

		Short-term benefits			Post Employment benefits	Other long-term benefits		Termination benefits	
Remuneration band	Number of highly paid staff	Average base salary[1] $	Average at-risk variable remuneration [2] $	Average other benefits & allowances [3] $	Average superannuation [4] $	Average long service leave [5] $	Average other long-term benefits [6] $	Average termination benefits [7] $	Average total remuneration $
$240,000 to $245,000	29	160,769	16,555	1,028	16,257	3,642	–	44,090	242,341
$245,001 to $270,000	88	161,238	18,279	1,489	14,229	6,024	541	55,650	257,449
$270,001 to $295,000	96	162,887	13,840	1,552	13,799	6,371	496	84,103	283,048
$295,001 to $320,000	68	173,539	15,763	2,507	15,118	6,792	–	92,573	306,293
$320,001 to $345,000	56	154,707	9,291	2,029	11,479	6,860	–	146,962	331,327
$345,001 to $370,000	27	185,872	15,208	1,914	15,076	8,108	–	129,487	355,664
$370,001 to $395,000	19	205,463	17,059	47	16,658	10,936	4,211	129,943	384,316
$395,001 to $420,000	14	251,233	27,341	31	20,108	7,708	–	101,729	408,149
$420,001 to $445,000	13	223,554	26,320	1,528	18,416	7,380	7,236	146,693	431,127
$445,001 to $470,000	8	294,432	53,351	58	20,835	9,915	–	83,814	462,405
$470,001 to $495,000	3	183,529	5,986	–	9,367	10,597	–	268,382	477,860
$495,001 to $520,000	8	272,018	48,293	–	19,491	9,950	8,066	150,209	508,027
$520,001 to $545,000	6	284,659	44,108	–	22,659	9,144	–	172,926	533,496
$545,001 to $570,000	2	322,420	48,794	349	22,131	13,186	–	145,853	552,734
$570,001 to $595,000	1	364,968	62,215	–	25,292	10,141	120,000	–	582,617
$595,001 to $620,000	4	321,268	73,761	–	20,966	7,456	12,500	162,647	598,598
$620,001 to $645,000	3	278,037	5,063	–	16,949	12,693	75,000	238,718	626,460
$645,001 to $670,000	3	474,812	104,301	–	25,426	13,572	40,000	–	658,111
$670,001 to $695,000	1	288,692	137,067	2,845	25,292	8,292	–	226,498	688,686
$695,001 to $720,000	1	318,709	62,737	–	17,920	10,803	–	295,684	705,853
$1,095,001 to $1,120,000	1	408,873	74,829	–	25,292	15,195	225,000	360,000	1,109,190
Total [8]	**451**								

1 Base salary comprises the average cash salary, including amounts paid on sick leave, net annual leave benefits, higher duties, purchased leave and amounts salary sacrificed.
2 At-risk variable remuneration comprises accrued performance based at-risk variable remuneration payable within 12 months of the end of the period.
3 Other benefits and allowances comprises cash allowances and reportable and non-reportable fringe benefit amounts as determined for taxation.
4 For team members who are members of the defined benefit fund, the superannuation benefit represents the contribution paid to the fund by Australia Post (employer contribution). If the team member is a member of a superannuation contribution scheme, the benefit is calculated in accordance with the requirements prescribed in Superannuation Guarantee legislation.
5 Long service leave (LSL) comprises the movement in the LSL provision based on actuarial assessment. Where the LSL vesting requirements have not been met on separation, the reversal of the cumulative LSL accrual is reported as a non-cash adjustment to remuneration.
6 Other long-term benefits comprises the accrued cost of long-term retention arrangements for certain key team members.
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 5 of this report.

Financial and statutory reports 2023

Table of Contents

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

FY23 FINANCIAL STATEMENTS

In our opinion:

(a) the accompanying financial statements for the year ended 30 June 2023:

- (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.

Siobhan McKenna
Chair
Board of Directors
(on behalf of Directors)

Sydney
29 August 2023

Paul Graham
Group Chief Executive Officer
& Managing Director

Sydney
29 August 2023

Rodney Boys
Group Chief Financial Officer

Sydney
29 August 2023

Annual performance statement

for the year ended 30 June 2023

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 2023 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 2023, and complies with section 39(2) of the *Public Governance, Performance and Accountability Act 2013*.

SMKenna.

Siobhan McKenna
Chair
29 August 2023

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 is obliged to meet 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.

In an environment where non-letter products are an ever-increasing part of our network, Australia Post operates to a more expansive purpose of Delivering a Better Tomorrow.

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

We provide 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, and unrivalled community presence through the Post Office network.

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

In financial year 2023 (FY23), our purpose has been Delivering a better tomorrow for our customers and community. Our strategy was designed to deliver three strategic imperatives: Supporting each other; Delighting our customers and communities; and Creating a sustainable future, and we have been progressing six strategic priorities to realise these imperatives:

1. Winning in eCommerce delivery services;
2. Reimagining the Post Office network;
3. Creating market leading digital experiences;
4. Building a sustainable letters business;
5. Simplifying our products and services; and
6. Uplift culture and leadership; simplify operations and systems.

We continued to engage all our valued stakeholders – our people, customers, partners, community and shareholder.

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

Results

Australia Post's performance against key commercial measures in FY23 is summarised below:

Measure	Performance
Profit/(Loss) before tax	($200.3) million
Shareholder return on equity	-5.5%
Dividends declared in respect of FY23	–
Dividends paid in FY23	$21.8 million

Australia Post's performance against key prescribed performance standards in FY23 is summarised below:

Prescribed Performance Standard		FY23 Performance
On-time letters delivery	94.0%	96.9%
Letters delivery frequency		
– to delivery points every business day	98.0%	98.55%
– to delivery points at least two days per week	99.7%	99.99%
Delivery timetables	Maintain	Maintained
Street posting boxes	10,000	14,934
Retail outlets		
– in total (rural, remote and metropolitan areas)	4,000	4,271
– in rural and remote areas	2,500	2,507
– in metropolitan areas, residences to be located within 2.5 kms of an outlet	90.0%	93.9%
– in non-metropolitan (i.e. rural and remote) areas, residences to be located within 7.5 kms of an outlet	85.0%	89.2%

Analysis

FY23 was a year of significant challenge for Australia Post, amidst challenges of inflationary increases to costs, declines in parcel volumes following two years of extraordinary growth, and the relentless decline in letter volumes. Notwithstanding these challenges, Australia Post again delivered on the objectives of providing an accessible and reliable letters service, meeting all prescribed performance standards and improving safety outcomes for team members.

While Australians shopped online in increasing numbers in FY23, many reduced their levels of online spend. In FY23, 9.4 million households (up 0.7 per cent relative to FY22) are estimated to have made an online purchase, representing around 82 per cent of the total Australian population. Total online spend, however, was down 7.6 per cent, with smaller average basket sizes.

Australia Post again delivered for its customers during the 2022 peak period. Just like in 2021, Australia Post delivered 52 million parcels in December. New records were set in FY23 for the most items delivered in a week, and the most items lodged with Australia Post in a single day – on 28 November 2023.

The processing capacity of the delivery network was expanded – with new facilities, new delivery centres and other network improvements – and Australia Post increased its number of unit load devices, which help move items more efficiently throughout its network. It sourced additional vehicles to help deliver increasing parcel volumes, including electric delivery vehicles, motorcycles, vans, and trucks, and additional aircraft capacity, including to help move express items around the country.

Annual performance statement

for the year ended 30 June 2023

Following the challenges of FY22, Australia Post comfortably exceeded its prescribed performance standards in FY23. Its letters service, however, again incurred a loss – with households and businesses, on average, now receiving just over two letters per week. The loss emphasises the importance of modernising postal services to meet the contemporary needs of Australian customers.

Parcel services were not immune from economic pressures, as was observed in the decline in the value of online shopping, and a decline in Parcel Post and Express Post service volumes, which were impacted by several factors including interest rate increases – resulting in less discretionary spending and a return to traditional retail shopping.

The Post26 enterprise strategy was launched in August 2022, designed to deliver three strategic imperatives that are enduring, and reflect how Australia Post team members will deliver a better tomorrow by: 'Supporting each other', 'Delighting our customers and communities', and 'Creating a sustainable future'.

The unwavering focus of its people in delivering for customers and responding to challenges has ensured Australia Post continues to achieve across all areas of its business. In the first full year of the Post26 strategy, significant achievements included the following:

- generated improvements to Net Promoter Score for both consumers and businesses, reflecting the customer-focused approach of delivery and retail team members, and meeting business customers expectations through a successful peak period in 2022;
- delivered on an investment program that included new processing and delivery centres in Kemps Creek (New South Wales), Boorna Wangkiny Mia/Perth Parcel Facility (Western Australia), Ballarat (Victoria) and Avalon (Victoria), and a new small parcels sorter at the Melbourne Parcel Facility (Victoria). Perth's brand-new, state-of-the-art parcel processing facility (including a dual name in the traditional language of the Noongar Nation – Boorna Wangkiny Mia, meaning 'Home of the Message Stick') honours Australia's oldest form of communication and cultural diplomacy;
- continued to invest in an electric delivery vehicle fleet (of over 5,000 vehicles) that continues to show safety benefits, with an over 30 per cent reduction in accidents resulting in workers compensation claims;
- progressed POST+, a new point of sale system for the Post Office network, which is replacing the over 30 year-old legacy electronic point-of-sale system in over 3,500 Post Offices. The progress achieved will enable national rollout of the new system to commence in FY24, after trials during FY23;
- established Community Hub@Post, a new Post Office concept whose first example is being introduced in Orange (New South Wales) in the latter half of 2023. The community hub Post Office will promote local businesses and present a refreshed retail experience for regional areas;
- brought Our AP Way to life, with more than 20,000 team members having completed the Delivering a Better Tomorrow workshop of Our AP Way. Results from the Our AP Way Say engagement survey indicated that participants who had completed Our AP Way were more engaged – with engagement 7+ percentage points higher for team members who participated in a workshop;
- delivered the 2023 Our AP Way Say engagement survey, realising a one per cent engagement increase relative to the last survey – a remarkable result in an environment of significant change, with over 63 per cent of employed team members participating;
- increased the number and utilisation of the parcel lockers – with 710 parcel locker banks now at 672 locations providing an additional level for convenience for customers wanting to collect their parcels outside of business hours;
- promoted the Australia Post app, which was ranked #1 business app in both the Android and Apple app stores in December 2022, and with customers encouraged to use the app not just for tracking their parcels but also for choosing delivery choices that are most convenient to them such as leaving parcels in a safe place, using a parcel locker, or collecting parcels from a Post Office instead of home delivery;
- launched Viva Engage, a communications platform for front line and support office team members to find and share the information and updates they need;
- realised a 10 cent increase to the basic postage rate, effective from 3 January 2023. As volumes decline relentlessly, however, this increase has had a minor impact on mitigating letters service losses;
- expanded the Local Business Partner program to continue developing the sales capability of Post Office personnel – the program encouraging licensed and corporate Post Offices alike to promote Australia Post products and services to their local small and medium business customers. In FY23, an additional 104 'tier one' and 315 'tier two' Post Office partners joined the program;
- launched the 2025 Sustainability Roadmap, formally supporting the Australian Government's commitment to Net Zero by 2050. In doing so, Australia Post became the first Commonwealth Government Business Enterprise to target Net Zero emissions by 2050;
- launched the Access and Inclusion Plan 2023–2025, focusing on all aspects of a person with disability's life. The Plan is about team members, customers and suppliers, and aims to deliver a better tomorrow for people with disability over three years, with commitments aligned to five focus areas: Our People, Our Customer, Our Place, Our Community and Our Suppliers; and
- announced a new 10-year agreement with Westpac to provide agency banking services through the Post Office network, ensuring ongoing access and support for communities.

Financial statements audit report

INDEPENDENT AUDITOR'S REPORT

To the Minister for Communications

Opinion

In my opinion, the financial statements of the Australian Postal Corporation and its subsidiaries (together the Group) for the year ended 30 June 2023:

(a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Group as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Group, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by the Directors, Group Chief Executive Officer & Managing Director and the Group Chief Financial Officer;
- Consolidated Statement of Comprehensive Income;
- Consolidated Balance Sheet;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows; and
- Notes to the financial statements comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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

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

Financial statements audit report

Key audit matter	How the audit addressed the matter

Valuation of unearned revenue liability
Refer to Note A1 'Revenue and other income' and Note B7 'Payables'
The Group has recognised an unearned revenue liability of $304.8 million, which includes a provision for the estimated value of postage products sold but not yet used at 30 June 2023.
The Group defers revenue to reflect the postage products sold which are either unused or undelivered at reporting date, where service will be provided in future accounting periods. The Group's estimate of unearned revenue is considered subjective. It is reliant on key assumptions and inputs including, estimating the amount of postage products sold which are still unused at reporting date and estimating the expected timing and amount of future utilisation of those unused postage products. This requires judgement and expertise to be applied in the calculation.
Due to its subjectivity, I consider the valuation of unearned revenue liability to be a key audit matter.
	To audit the valuation of unearned revenue liability, I performed the following procedures:
	• assessed the design, implementation, and operating effectiveness of key controls over revenue recognition by testing a sample of transactions;
	• conducted analytical procedures, including monthly trend analysis, on revenue transactions during the period to confirm year-end unearned revenue balances. Where material variances were identified against set expectations, such as parcel and mail volumes and seasonality of business, supporting documentation has been examined and enquiries made of the Group to obtain explanations for the variances; and
	• assessed the actuarial calculation of postage products sold but not yet used. This involved:
	  ○ testing the integrity of the underlying postage product revenue data used in the actuarial calculation; and
	  ○ assessing the reasonableness of the key assumptions related to the expected timing and amount of future utilisation of those unused products, through comparison to historical balances and past practice.

Key audit matter	How the audit addressed the matter
Valuation of goodwill *Refer to Note B3 'Intangible assets' and Note B5 'Impairment of non-financial assets'* The Group has recognised $501.6 million in relation to goodwill. These assets are required by the Australian Accounting Standards to be tested annually for impairment. The estimation process includes the use of a valuation model which is complex, involves significant judgement, and is based on assumptions about the future, such as the discount rate adopted and cash flow forecasts. As such, I consider this to be a key audit matter. The Group provides details on the assumptions used in the impairment tests, including those regarding the level at which the assets are tested, the discount rate, the expected future cash flows and the type of valuation model used, in Note B5 to the financial statements.	To audit the valuation of goodwill, I performed the following procedures: • evaluated the appropriateness of the methodologies used by the Group to perform the valuation; • assessed the reasonableness of the composition of the discount rate adopted by the Group, by independently determining the discount rate; • agreed the cash flow forecasts used in the impairment test to the business plans approved by the Board; • assessed the Group's historical accuracy in meeting its forecasts, through comparison of actual results to original budgets; and • assessed the adequacy of the financial statements disclosures. The assumptions that have the most significant effect on the determination of the recoverable amount of its assets were evaluated. These disclosures were considered with reference to the applicable Australian Accounting Standards requirements.

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

Key audit matter	How the audit addressed the matter

Valuation of net superannuation asset
 	
Refer to Note C3 'Post-employment benefits'
 	
The Group recognised a net superannuation asset of \$800.5 million at 30 June 2023 which comprises a superannuation asset and defined benefit scheme obligations. The measurement of the net superannuation asset involves significant judgement.
 	
The measurement of the Group's superannuation asset includes investments which are recognised at fair value.
 	
The measurement of the defined benefit scheme obligations liability involves the selection and application of multiple complex assumptions such as salary growth, discount and inflation rates.
 	
The valuation of the net superannuation asset is sensitive to long-term assumptions consistent with those disclosed in Note C3. Movements in these assumptions for the defined benefits obligations together with the fair value movement of the investments carried by the defined benefit scheme can result in material movements in the net superannuation asset. As such, I consider this a key audit matter.
 	
The Group provides disclosures in Note C3 on how the changes in the present value of the defined benefit obligations are recognised and measured in the statement of comprehensive income.
	To audit the valuation of the net superannuation asset I performed the following procedures:
	
	• assessed the design, implementation and operating effectiveness of internal controls over the management of the defined benefit scheme, including management of the members' data used for the valuation;
	• assessed and evaluated the independence and competency of the Group's actuary;
	• tested the superannuation contribution data provided to the Group's actuary for accuracy and completeness including assessing the quality assurance processes used by the Group to confirm the integrity of the data;
	• evaluated the appropriateness of the methodology and reasonableness of the key assumptions applied when performing the valuation by:
	    ○ comparing economic assumptions to long-term expectations over the term of the defined benefit obligation, based on the Government's economic forecasts;
	    ○ assessing the detailed analysis undertaken by the Group's actuary for consistency with historical membership experience in relation to:
	        ▪ rates of mortality, redundancy, resignation, disability and retirement;
	        ▪ the proportion of members who will select each form of payment option available under the plan terms; and
	        ▪ promotion and future salary increases;
	• assessed the reasonableness of the results of the valuation by confirming the appropriateness of the reconciliation of changes in the valuation of the scheme asset and defined benefit obligations;
	• tested the fair value of the investments including agreement of amounts to supporting documentation such as external confirmations; and
	• evaluated the appropriateness of the disclosure of the significant assumptions applied and of the uncertainties that impact the key assumptions, including the sensitivity analysis.

Financial statements audit report

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Group, the Board of Directors is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Accountable Authority is also responsible for such internal control as the Accountable Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Authority is responsible for assessing the ability of the Group to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Accountable Authority is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial 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 Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

29 August 2023

Consolidated statement of comprehensive income

for the year ended 30 June 2023

Consolidated ($m)	Note	2023	2022
Revenue			
Goods and services	A1	8,864.8	8,864.1
Other income			
Interest	A1	9.3	4.7
Rental	A1	36.5	35.2
Other income and gains	A1	54.6	69.9
	A1	100.4	109.8
Total income	A1	**8,965.2**	**8,973.9**
Expenses (excluding finance costs)			
Employees	A2	3,558.7	3,377.9
Suppliers	A2	4,871.8	4,890.6
Depreciation and amortisation	A2	577.2	543.6
Other expenses	A2	112.9	68.7
Total expenses (excluding finance costs)	A2	**9,120.6**	**8,880.8**
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees		**(155.4)**	**93.1**
Finance costs	A2	(46.8)	(37.9)
Share of net profits/(losses) of equity-accounted investees		1.9	0.1
Profit/(loss) before income tax		**(200.3)**	**55.3**
Income tax (expense)/benefit	A3	65.7	(5.8)
Net profit/(loss) for the year attributable to equity holders of Australian Postal Corporation		**(134.6)**	**49.5**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	C3	(115.7)	110.4
Income tax on items that will not be reclassified to profit or loss	A3	34.7	(33.1)
Total items that will not be reclassified to profit or loss, net of tax		**(81.0)**	**77.3**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(0.9)	0.2
Unrealised gains/(losses) on cash flow hedges		1.1	(2.0)
Income tax on items that may be reclassified to profit or loss	A3	(0.3)	0.6
Total items that may be reclassified to profit or loss, net of tax		**(0.1)**	**(1.2)**
Other comprehensive income/(loss) for the year		**(81.1)**	**76.1**
Total comprehensive income/(loss) for the year attributable to equity holders of Australian Postal Corporation		**(215.7)**	**125.6**

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

Consolidated balance sheet

as at 30 June 2023

Consolidated ($m)	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	A4	640.2	380.9
Trade and other receivables	B1	827.5	820.0
Prepayments		132.6	130.7
Inventories		52.7	76.9
Income tax receivable		–	15.9
Other current assets		3.4	4.6
Assets held for sale	B6	6.9	–
Total current assets		**1,663.3**	**1,429.0**
Non-current assets			
Net superannuation asset	C3	800.5	950.5
Property, plant and equipment	B2	1,861.3	1,906.7
Intangible assets	B3	805.7	798.6
Right-of-use assets	B4	891.2	957.9
Investment property	B6	125.7	160.5
Deferred tax assets	A3	154.3	47.0
Equity-accounted investees		11.4	9.9
Other non-current assets		40.1	33.3
Total non-current assets		**4,690.2**	**4,864.4**
Total assets		**6,353.5**	**6,293.4**
Liabilities			
Current liabilities			
Current lease liabilities	B4	239.6	240.3
Trade and other payables	B7	1,320.6	1,208.9
Employee provisions	C1	792.0	764.1
Interest-bearing liabilities	D2	174.4	–
Other provisions	B8	26.3	15.9
Income tax payable		1.9	–
Total current liabilities		**2,554.8**	**2,229.2**
Non-current liabilities			
Interest-bearing liabilities	D2	372.0	350.3
Employee provisions	C1	265.3	246.2
Other provisions	B8	63.9	60.8
Non-current lease liabilities	B4	750.0	825.7
Other non-current liabilities		7.8	4.0
Total non-current liabilities		**1,459.0**	**1,487.0**
Total liabilities		**4,013.8**	**3,716.2**
Net assets		**2,339.7**	**2,577.2**
Equity			
Contributed equity		400.0	400.0
Reserves		17.7	17.8
Retained profits		1,922.0	2,159.4
Equity attributable to equity holders of the parent		**2,339.7**	**2,577.2**

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

Consolidated statement of changes in equity

for the year ended 30 June 2023

Consolidated ($m)	Contributed equity	Reserves	Retained profits	Total equity
Balance at 30 June 2021	**400.0**	**19.0**	**2,068.9**	**2,487.9**
Comprehensive income				
Profit/(loss) for the year	–	–	49.5	**49.5**
Other comprehensive income/(loss)	–	(1.8)	110.4	**108.6**
Tax on other comprehensive income	–	0.6	(33.1)	**(32.5)**
Total comprehensive income/(loss) for the year	**–**	**(1.2)**	**126.8**	**125.6**
Transactions with owners				
Distribution to owners (refer to note A5)	–	–	(36.3)	**(36.3)**
Balance at 30 June 2022	**400.0**	**17.8**	**2,159.4**	**2,577.2**
Comprehensive income				
Profit/(loss) for the year	–	–	(134.6)	**(134.6)**
Other comprehensive income/(loss)	–	0.2	(115.7)	**(115.5)**
Tax on other comprehensive income	–	(0.3)	34.7	**34.4**
Total comprehensive income/(loss) for the year	**–**	**(0.1)**	**(215.6)**	**(215.7)**
Transactions with owners				
Distribution to owners (refer to note A5)	–	–	(21.8)	**(21.8)**
Balance at 30 June 2023	**400.0**	**17.7**	**1,922.0**	**2,339.7**

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 2023

Consolidated ($m)	Note	2023	2022
Operating activities			
Cash received			
Goods and services		9,755.9	9,669.5
Interest		9.0	3.3
Income tax refunds		10.4	–
Total cash received		**9,775.3**	**9,672.8**
Cash used			
Employees		(3,457.1)	(3,340.2)
Suppliers		(5,347.5)	(5,422.6)
Financing costs [1]		(44.8)	(33.5)
Income tax paid		–	(123.7)
Goods and services tax paid		(315.8)	(301.9)
Total cash used		**(9,165.2)**	**(9,221.9)**
Net cash from operating activities	A4	**610.1**	**450.9**
Investing activities			
Cash received			
Proceeds from sales of property, plant and equipment and investment properties		50.7	61.1
Repayment of loan from equity-accounted investees		3.7	–
Total cash received		**54.4**	**61.1**
Cash used			
Purchase of property, plant and equipment and investment properties		(209.3)	(258.2)
Purchase of intangibles		(133.8)	(169.0)
Total cash used		**(343.1)**	**(427.2)**
Net cash from investing activities		**(288.7)**	**(366.1)**
Financing activities			
Cash received			
Proceeds from borrowings		200.0	–
Total cash received		**200.0**	–
Cash used			
Repayment of borrowings		–	(100.0)
Cash payments for the principal portion of lease liabilities		(239.6)	(221.0)
Dividends paid		(21.8)	(36.3)
Total cash used		**(261.4)**	**(357.3)**
Net cash used by financing activities		**(61.4)**	(357.3)
Net increase/(decrease) in cash and cash equivalents		**260.0**	**(272.5)**
Effects of exchange rate changes on cash and cash equivalents		**(0.7)**	**0.3**
Cash and cash equivalents at beginning of year		380.9	653.1
Cash and cash equivalents at end of the year		**640.2**	**380.9**

1 For the year ended 30 June 2023 financing cost includes interest paid on lease liabilities of $22.3 million (2022: $18.5 million).

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

Notes to the financial statements

for the year ended 30 June 2023

About the financial statements

This section outlines the basis on which the Australian Postal Corporation and its controlled entities (the 'Group') financial statements have been prepared, including discussion on any new accounting standards or government rules that directly impact financial statement disclosure requirements. In this section, we also outline significant events and transactions that have occurred after balance date affecting the Group's financial position and performance.

The Australian Postal Corporation (the Corporation) is incorporated under the provisions of the *Australian Postal Corporation Act 1989* as amended, and is an Australian Government owned for-profit entity.

Australia Post support office:

111 Bourke Street
Melbourne VIC 3000
Australia

The consolidated general purpose financial report of the Group for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 29th August 2023.

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);
  - (a) has been prepared in accordance with the requirements of: *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
  - (b) 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 prepared on the basis that it will continue to operate as a going concern;
- 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 2022. Refer to note E5 (d) for further details; and
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note E5 (e) for further details.

As per the prior comparative period, the Leadership Team contemplates business decisions on the basis of Group profitability, with the Group viewed as a single operating segment, comprising the provision of delivery and related services to customers across a shared network. Consistent with the manner in which the chief operating decision makers view performance information, total income and net profit or loss after tax are the relevant measures of performance.

In accordance with AASB 8 *Operating Segments*, segment information is not required as the Group's equity and debt instruments are not traded in a public market, nor does the Group file the consolidated financial report with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. It is noted that performance information within the single operating segment is available at a profit before tax level for reserved and non-reserved product lines. However, the business is not managed on this basis, and the information is made available only to satisfy regulatory requirements within the *Australian Postal Corporation Act 1989*. The Directors will continue to monitor, in future periods, the need to present any additional Group profitability information.

Key judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates and assumptions to future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note	Note description
A1	International mail revenue
B1	Allowance for expected credit losses
B4	Leases
B5	Impairment
B6	Investment property
B7	Unearned delivery revenue
B8	Other provisions
C1	Employee provisions
C3	Post-employment benefits

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in note E1.

A subsidiary is an entity that the Group controls. Control is deemed when the Group is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are consolidated from the date on which control is obtained through to the date on which control ceases. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to align any inconsistent accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Foreign currency translation

The functional currency of the Corporation and its Australian subsidiaries is Australian dollars.

The Group has four overseas subsidiaries, as discussed in note E1. On consolidation, those entities:

- assets and liabilities are translated into Australian dollars at the rate of exchange prevailing at the reporting date; and
- the statement of comprehensive income is translated at exchange rates prevailing at the dates of the transactions.

The exchange rate differences arising are recognised in other comprehensive income.

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the presentation currency spot rate of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in 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.

Notes to the financial statements

for the year ended 30 June 2023

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 Post26 strategy focuses on creating a modernised and financially sustainable business, 21st century e-commerce, digital, mail and retail organisation. 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.
- **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

At balance date, the Group had a three year and one month revolving credit facility of $450 million expiring 31 July 2024. This facility is used to manage short-term liquidity requirements and remained undrawn at 30 June 2023. Subsequent to 30 June 2023, the Group has extended this facility to 31 July 2026 at a reduced amount of $300 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 2023. The focus is on Group revenue streams, expenses, taxation, cashflows and dividend performance.

A1 Revenue and other income

Revenue and other income for the year

The components of revenue and other income for the year ended 30 June are as follows:

Consolidated ($m)	2023	2022
Rendering of services to:		
– Related entities [1]	179.4	192.0
– External entities	8,416.3	8,385.0
	8,595.7	8,577.0
Sale of goods to external entities	269.1	287.1
Revenue from contracts with customers	**8,864.8**	**8,864.1**
Interest income from:		
– Cash and cash equivalents	9.2	1.1
– Loans and receivables	0.1	0.3
– Interest rate swaps	–	3.3
Interest income	**9.3**	**4.7**
Rental income from:		
– Operating lease income	17.5	15.8
– Operating sub-lease income	19.0	19.4
Rental income	**36.5**	**35.2**
Net gain from sales of investment property	6.3	6.6
Net revaluation gain on investment property	0.2	14.6
Gain on disposal of property, plant & equipment	11.5	30.0
Gain on lease reassessments/modifications (lessee)	0.6	–
Other income	36.0	18.7
Other income and gains	**54.6**	**69.9**
Total other income	**100.4**	**109.8**
Total income	**8,965.2**	**8,973.9**

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.

A1 Revenue and other income (continued)

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 2023, the international mail related accrual was $46.9 million (2022: $50.7 million).

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)	2023	2022
Over time		
– Domestic mail products, parcels and express and international	7,869.7	7,890.4
– Retail, agency and other	726.0	686.6
Point in time		
– Retail, agency and other	269.1	287.1
Revenue from contracts with customers	**8,864.8**	**8,864.1**

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 2023.

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 $284.0 million (2022: $211.1 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)	2023	2022
Salaries and wages	2,784.3	2,768.4
Leave and other entitlements	309.1	228.0
Superannuation expenses	257.3	297.9
Other employee expenses	208.0	83.6
Employee expenses	**3,558.7**	**3,377.9**
Purchase of services from external entities	4,675.0	4,689.1
Purchase of goods from external entities	196.8	201.5
Supplier expenses	**4,871.8**	**4,890.6**
Depreciation:		
– Property, plant and equipment	261.8	239.9
– Right-of-use assets	231.6	224.4
Amortisation	83.8	79.3
Depreciation and amortisation expenses	**577.2**	**543.6**
Impairment of assets:		
– Receivables	10.3	11.8
– Inventory	9.7	5.9
– Property, plant and equipment	25.9	3.7
– Right-of-use assets	4.2	6.0
– Intangibles (including goodwill)	6.7	–
	56.8	27.4
Loss on lease reassessments/modifications	–	0.8
Sundry expenses	56.1	40.5
Other expenses	**112.9**	**68.7**
Total expenses (excluding finance costs)	**9,120.6**	**8,880.8**

The components of finance costs for the year ended 30 June are as follows:

Consolidated ($m)	2023	2022
Bonds	20.1	17.3
Interest on lease liabilities	22.3	18.5
Other interest	4.4	2.1
Total finance costs	**46.8**	**37.9**

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 2023

A3 Taxation

Taxation for the year

The major components of tax expense/(benefit) are:

Consolidated ($m)	2023	2022
Statement of comprehensive income		
– current income tax charge	0.1	49.9
– adjustments for current income tax of previous years	7.1	27.0
– deferred income tax relating to origination and reversal of temporary differences	(65.8)	(44.1)
– adjustments for deferred income tax of previous years	(7.1)	(27.0)
Income tax expense/(benefit) reported in the statement of comprehensive income	**(65.7)**	**5.8**
Other comprehensive income		
Net remeasurement on defined benefit plans	(34.7)	33.1
Sundry items	0.3	(0.6)
Income tax expense/(benefit) recognised in other comprehensive income	**(34.4)**	**32.5**

Tax reconciliation:		
Profit/(loss) before income tax	**(200.3)**	**55.3**
At the Group's statutory income tax rate of 30% (2022: 30%)	(60.1)	16.6
Investment revaluation	2.6	(0.2)
Capital gains tax impact of property disposals and divestments	(13.2)	(14.0)
Associate and overseas subsidiary tax impacts	2.4	2.5
Goodwill impairments	1.9	–
Sundry items	0.7	0.9
Income tax expense/(benefit) on profit/(loss) before tax	**(65.7)**	**5.8**

Deferred income tax in the balance sheet relates to the following:

	2023	2022
Accrued revenues	(23.7)	(17.5)
Right-of-use assets	(268.7)	(289.5)
Intangibles	(6.3)	(7.8)
Research and development	–	(0.3)
Net superannuation asset	(240.1)	(285.1)
Other	(11.6)	(9.5)
Deferred tax liabilities	**(550.4)**	**(609.7)**
Property, plant and equipment	40.9	24.5
Lease liabilities	307.3	329.1
Accrued expenses and other payables	36.0	22.3
Provisions	270.1	259.6
Make good	22.7	21.2
Tax losses	27.5	–
Other	0.2	–
Deferred tax assets	**704.7**	**656.7**
Net deferred tax assets	**154.3**	**47.0**

A3 Taxation (continued)

Deferred income tax relates to the following:

Consolidated ($m)	2023	2022
Provisions	(10.5)	14.9
Research and development	(0.3)	(27.5)
Intangibles	(1.5)	(1.5)
Right-of-use assets and lease liabilities	1.0	(8.1)
Property, plant and equipment	(16.4)	(11.5)
Accrued expenses	(13.7)	(1.8)
Accrued revenue	6.2	(4.6)
Net superannuation asset	(10.3)	(27.4)
Make good	(1.5)	(3.7)
Tax losses	(27.5)	–
Other	1.6	0.1
Deferred income tax expense/(benefit)	**(72.9)**	**(71.1)**
Net superannuation asset	(34.7)	33.1
Other	0.3	(0.6)
Deferred tax charged to other comprehensive income	**(34.4)**	**32.5**

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 2023

A4 Cash flows

Consolidated ($m)	2023	2022
Cash at bank and on hand	525.8	380.9
Cash equivalents	114.4	–
Total cash and cash equivalents	**640.2**	**380.9**

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)	2023	2022
Net profit/(loss) for the year	**(134.6)**	**49.5**
Impairment of assets:		
– Property, plant and equipment	25.9	3.7
– Intangibles (including goodwill)	6.7	–
– Inventory	9.7	5.9
– Right-of-use assets	4.2	6.0
– Receivables	10.3	11.8
	56.8	27.4
Other non-cash/investing items:		
– Depreciation and amortisation	577.2	543.6
– Net revaluation (gain)/loss on investment property	(0.2)	(14.6)
– Net gain from sale of investment property	(6.3)	(6.6)
– Net gain from sale of property, plant and equipment	(11.5)	(30.0)
– Loss/(gain) on lease reassessments/modifications (lessee)	(0.6)	0.8
– Sundry items	(4.9)	(5.7)
(Increase)/decrease in assets:		
– Receivables	(19.5)	(59.1)
– Other current assets	2.0	(24.9)
– Deferred income tax asset	(72.7)	(71.7)
– Superannuation asset	34.4	91.1
Increase/(decrease) in liabilities:		
– Creditors, other payables and accruals	109.2	50.2
– Employee entitlements	63.4	(53.4)
– Income tax payable	17.4	(45.7)
Net cash from operating activities	**610.1**	**450.9**

Recognition and measurement

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits, negotiable certificates of deposits and commercial papers 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)	2023	2022
Final ordinary dividend (from prior year results)	21.8	26.1
Interim ordinary dividend	–	10.2
Total dividends paid	**21.8**	**36.3**
Dividend not recognised as a liability	–	21.8

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)	2023	2022
Trade receivables	728.2	713.8
Accrued revenue	125.2	121.0
Allowance for expected credit losses	(33.2)	(21.6)
	820.2	813.2
Other receivables	7.3	6.8
Total current trade and other receivables	**827.5**	**820.0**

Total trade receivables are aged as follows ($m):

Consolidated ($m)	2023	2022
Not past due	650.2	650.5
Past due 1 – 30 days	38.7	36.3
Past due 31 – 60 days	6.3	5.4
Past due 61 – 90 days	4.2	1.5
Past due 91 days	28.8	20.1
Total trade and other receivables	**728.2**	**713.8**

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 reasonable expectation of recovery include insolvency and ageing of the invoice issued. Refer to note D2 for further information on the Group's credit risk management policy.

Accrued revenues in relation to the sale of goods or performance of services are recognised when the good has been transferred or the service has been performed, but an invoice has not yet been issued.

These receivables are interest-free and for Australian customers, they normally have settlement terms of between 10 and 30 days. International customers are settled in accordance with Universal Postal Union arrangements that may be longer than 30 days.

Key estimate: Allowance for expected credit losses

The Group recognises lifetime expected credit loss allowances on initial recognition of receivables and accrued revenue using the simplified approach with a provision matrix based on the historical credit loss experience within invoice ageing categories, adjusted for the Group's forward-looking estimate of recovery conditions based on macroeconomic data specific to receivable and accrued revenue profiles.

The Group also considers broader macroeconomic impacts, recognising the uncertainty that exists in relation to the evolving nature of domestic and international economic factors. Expected credit loss allowances are not recognised on receivables or accrued revenue from entities related to the Australian and State Governments with a carrying value of $60.0 million (2022: $51.6 million) for which the probability of default is negligible.

At 30 June 2023, the total receivables determined to be impaired is $33.2 million (2022: $21.6 million).

Notes to the financial statements

for the year ended 30 June 2023

B2 Property, plant and equipment

The reconciliation of the opening and closing balances of owned property, plant and equipment at 30 June is as follows:

Consolidated ($m)	Land	Buildings	Total land and buildings	Plant and equipment	Total
Gross book value	224.1	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**
Additions	0.3	76.3	76.6	183.7	**260.3**
Depreciation	–	(78.2)	(78.2)	(161.7)	**(239.9)**
Disposals	(0.9)	(0.3)	(1.2)	(1.4)	**(2.6)**
Sundry items Footnote 1	–	(7.6)	(7.6)	(12.8)	**(20.4)**
Gross book value	223.5	1,728.2	1,951.7	2,299.4	**4,251.1**
Accumulated depreciation	–	(1,116.8)	(1,116.8)	(1,227.6)	**(2,344.4)**
Net book value at 30 June 2022	**223.5**	**611.4**	**834.9**	**1,071.8**	**1,906.7**
Additions	0.7	64.4	65.1	153.0	**218.1**
Depreciation	–	(81.7)	(81.7)	(180.1)	**(261.8)**
Disposals	(0.8)	(2.9)	(3.7)	(2.0)	**(5.7)**
Sundry items Footnote 1	–	6.7	6.7	(2.7)	**4.0**
Gross book value	223.4	1,779.1	2,002.5	2,383.1	**4,385.6**
Accumulated depreciation	–	(1,181.2)	(1,181.2)	(1,343.1)	**(2,524.3)**
Net book value at 30 June 2023	**223.4**	**597.9**	**821.3**	**1,040.0**	**1,861.3**

Footnote 1 Sundry items comprised of:

2023 – $31.6 million of net transfers from intangible assets, ($1.3 million) net transfers to investment property, ($25.9 million) of impairment losses and ($0.4 million) foreign currency translation.

2022 – ($14.2 million) of net transfers to intangible assets, ($2.5 million) net transfers to investment properties and ($3.7 million) of impairment losses.

Recognition and measurement

Owned property, plant and equipment assets are measured at the cost of the asset, less depreciation and impairment. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation, and the cost of major inspections. Where the replacement of part of an asset is considered significant, the Group recognises these as separate assets with specific useful lives. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred. The expected cost for decommissioning an asset after its use is included in the cost of the respective asset at its present value, if the recognition criteria for a provision are met.

Depreciation

Owned property, plant and equipment assets, excluding land and any assets under construction, are depreciated to their estimated residual values over the expected useful lives using the straight-line method of depreciation. Useful lives and residual values are reviewed annually considering key assumptions including forecast usage, changes in technology, physical condition and potential climate change implications which are recognised in the current or future reporting periods, as appropriate.

A summary of the useful lives of owned property, plant and equipment assets is as follows:

Asset	Useful life
Buildings	General post offices: 70 years Other facilities: 40 – 50 years
Plant and equipment	Motor vehicles: 3 – 10 years Specialised plant and equipment: 7 – 20 years Leasehold improvements: lower of lease term and 10 years Other plant and equipment: 3 – 10 years

B2 Property, plant and equipment (continued)

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)	2023	2022
Owned property, plant and equipment	90.0	91.6

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	1,255.0	507.8	36.0	19.2	**1,818.1**
Accumulated amortisation	(1,079.7)	–	(15.9)	(8.0)	**(1,103.5)**
Net book value at 30 June 2021	**175.4**	**507.8**	**20.1**	**11.3**	**714.6**
Additions	164.7	–	–	–	**164.7**
Amortisation expense	(74.4)	–	(2.8)	(2.1)	**(79.3)**
Sundry items Footnote 1	(1.1)	(0.2)	–	(0.1)	**(1.4)**
Gross book value	1,417.4	507.6	29.6	19.1	**1,973.7**
Accumulated amortisation	(1,152.8)	–	(12.3)	(10.0)	**(1,175.1)**
Net book value at 30 June 2022	**264.6**	**507.6**	**17.3**	**9.1**	**798.6**
Additions	129.5	–	–	–	**129.5**
Amortisation expense	(78.9)	–	(2.9)	(2.0)	**(83.8)**
Sundry items Footnote 1	(32.3)	(6.0)	–	(0.3)	**(38.6)**
Gross book value	1,510.8	501.6	29.5	18.8	**2,060.7**
Accumulated amortisation	(1,227.9)	–	(15.1)	(12.0)	**(1,255.0)**
Net book value at 30 June 2023	**282.9**	**501.6**	**14.4**	**6.8**	**805.7**

Footnote 1 Sundry items comprised of:
2023 – ($31.6 million) of transfers to property, plant and equipment, ($6.3 million) of goodwill impairment, ($0.4 million) of customer relationships impairment and ($0.3 million) of foreign currency translation.
2022 – $14.2 million of transfers from property, plant and equipment, ($15.0 million) of transfers from intangible assets to other non current assets and ($0.6 million) of foreign currency translation.

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.

Notes to the financial statements

for the year ended 30 June 2023

B3 Intangible assets (continued)

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)	2023	2022
Intangible assets	12.7	11.0

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 (CGUs) as follows:

Consolidated ($m)	2023	2022
Goodwill – Parcels	492.9	492.9
Goodwill – Other CGUs	8.7	14.7
	501.6	**507.6**

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.

B4 Leases (continued)

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 & equipment	Total
Balance at 1 July 2021	**825.3**	**201.6**	**1,026.9**
Additions	124.4	19.3	143.7
Depreciation	(176.6)	(47.8)	(224.4)
Reassessments and modifications	38.4	(20.7)	17.7
Impairment	(6.0)	–	(6.0)
Balance at 1 July 2022	**805.5**	**152.4**	**957.9**
Additions	144.3	15.5	159.8
Depreciation	(181.2)	(50.4)	(231.6)
Reassessments and modifications	1.6	7.7	9.3
Impairment	(3.6)	(0.6)	(4.2)
Balance at 30 June 2023	**766.6**	**124.6**	**891.2**

Lease liabilities

The Group's lease liabilities at 30 June are as follows:

Consolidated ($m)	2023	2022
Current lease liabilities	239.6	240.3
Non-current lease liabilities	750.0	825.7
Total lease liabilities	**989.6**	**1,066.0**

The table below detailed the contractual undiscounted cash flows for arrangements where the Group is a lessee:

Consolidated ($m)	2023	2022
Less than 1 year	259.6	255.8
1 to 2 years	199.5	214.2
2 to 5 years	372.2	398.0
Over 5 years	247.3	285.5
Total undiscounted lease liabilities	**1,078.6**	**1,153.5**

Other amounts recognised in the statement of comprehensive income for the year ended 30 June are as follows:

Consolidated ($m)	2023	2022
Depreciation expense for right-of-use assets	231.6	224.4
Interest expense on lease liabilities	22.3	18.5
Expenses relating to short-term leases	1,319.6	1,350.6
Expenses relating to leases of low-value assets	22.0	21.9
(Income) from sub-leasing of right-of-use assets	(19.0)	(19.4)

Amounts recognised in the statement of cash flows for the year ended 30 June are as follows:

Consolidated ($m)	2023	2022
Interest paid on lease liabilities	22.3	18.5
Principal portion of lease payments	239.6	221.0
Total cash outflow for leases	**261.9**	**239.5**

B4 Leases (continued)

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.

B4 Leases (continued)

Key judgement: Determining the lease term

The Group determines a lease term as the non-cancellable period of a lease, together with both:

- Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option;
- Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option; and
- If a significant penalty or economic disincentive exists for either party to the lease agreement on termination. When assessing whether an option to extend or terminate a lease is reasonably certain, the Group considers several factors including the nature of the asset, its location and its strategic significance to the Group.

At 30 June 2023, 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 2023. The undiscounted cash flows of these extension options not considered reasonably certain of being exercised are estimated to be $1,596.9 million (2022: $1,484.4 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.

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 $36.5 million (2022: $35.2 million).

Operating leases

Lease payments receivable generally comprise a base amount plus an incremental contingent rental based on movements in the Consumer Price Index and reviews to market-based levels.

The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

Consolidated ($m)	2023	2022
– within 1 year	27.2	34.8
– from 1 year to 2 years	14.6	22.1
– from 2 years to 3 years	9.6	11.0
– from 3 years to 4 years	8.5	6.7
– from 4 years to 5 years	8.1	5.6
– over 5 years	15.5	19.5
Total lease receivable under operating leases	**83.5**	**99.7**

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 operating lease if it does not transfer substantially all of the risks and rewards incidental to ownership of an underlying asset.

As an intermediate lessor, a sub-lease is classified as a finance lease or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the Group, as a lessee, has accounted for applying the short-term practical expedient, the sub-lease is classified as an operating lease.

Notes to the financial statements

for the year ended 30 June 2023

B5 Impairment of non-financial assets

Assessing for impairment

The Group tests property, plant and equipment, right-of-use assets, intangible assets, intangible assets not yet available for use and goodwill for impairment:

- at least annually for indefinite life intangible assets, intangible assets not yet available for use and goodwill; and
- where there is an indication that the asset may be impaired (which is assessed at least each reporting date); or
- where there is an indication that previously recognised impairment (on an asset other than goodwill) may have changed.

If the asset does not generate largely independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the CGU to which it belongs. Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less cost of disposal or value in use. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

During the year, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) initiated a public consultation process to inform options to modernise postal services in Australia (Postal Services Modernisation) which may include changes to the regulatory requirements under which the Group operates. At 30 June 2023 information collected from the public consultation process including submissions relating to letter stamp prices, letter delivery frequency and post office numbers remains under review. The Group will continue to monitor changes in Government policy with respect to Postal Services Modernisation and the regulatory framework governing Postal Services as changes arising may result in a material change to the Group's estimated cash flows.

CGUs containing goodwill

The recoverable amount of goodwill in other CGUs with a carrying amount of $8.7 million as at 30 June 2023 has been determined by value in use calculations.

During the year, the Group has recorded impairment charge of $6.3 million on the goodwill allocated to the AP Global CGU and POLi Payments CGU of $5.0 million and $1.3m respectively.

The projected cash flows for the AP Global CGU have been updated to reflect economic challenges in European and North American operating regions resulting in decreased consumer demand and increased freight-forwarding costs. The pre-tax discount rate applied to cash flow projections is 20.8 per cent (2022: 21.0 per cent) and cash flows beyond the five-year period are extrapolated using a 2.0 per cent growth rate (2022: 2.0 per cent).

The Group initiated an orderly closure of the POLi Payments business and will cease operation by 30 September 2023, accordingly, the synergies that are representative of the $1.3 million of goodwill allocated to the POLi Payments CGU will cease to exist.

There was no other impairment recognised during the 2023 financial year for other CGUs containing goodwill (2022: nil).

Impairment testing for CGUs containing goodwill

The recoverable amount of each CGU is determined using a value in use calculation based on a discounted cash flow model. Cash flow forecasts are extracted from four year corporate plans approved by senior management and the Board. The corporate plans are developed annually with a four year outlook and, for the purpose of value in use calculations, are adjusted on the understanding that actual outcomes may differ from the assumptions used. The forecasts are extrapolated for a further one year and a terminal value applied based on Group estimates, taking into consideration historical performance and consensus forecasts of the long-term average growth rate for the industry of each CGU or asset.

The Group continues to assess the potential impacts of climate change and the transition to a lower carbon economy in impairment assessments. To the extent applicable, financial impacts of meeting our medium-term goals as outlined in the Group's 2025 Sustainability Roadmap are incorporated into management forecasts. Whilst a best estimate of these impacts has been considered in the current period impairment assessment, the Group will continue to assess its understanding of the potential long-term financial impacts from climate-related physical and transition risks and opportunities, and update the cashflow forecasts used for impairment testing as required.

A pre-tax discount rate applicable to the specific cash generating unit has been applied. Discount rates used are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. Other assumptions are determined with reference to external sources of information and use consistent, risk adjusted estimates for variables such as terminal revenue growth rates. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to fall below carrying values.

B5 Impairment of non-financial assets (continued)

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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Parcels CGU	6.3	7.4	2.0	2.0	12.8	12.8
Other CGUs [1]	2.5	4.4 – 5.4	2.0	2.0	20.8	13.0 – 21.8

1 In the 2023 and 2022 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.

B6 Investment property

Investment property as at 30 June is as follows:

Consolidated ($m)	2023	2022
Investment property held for sale	6.9	–
Investment property held for rental and capital appreciation	125.7	160.5
Total investment property	**132.6**	**160.5**

Investment property is held by the Group for leasing to third parties for rental return as well as capital appreciation. Approximately 60.0 per cent (2022: 65.0 per cent) of the Group's investment properties generate rental return with the remainder being held for development and capital appreciation. Rental income from investment property is included in operating lease income in note A1.

At 30 June 2023, two investment properties are classified as held for sale where their carrying amount of $6.9 million will be recovered principally through a highly probable sale transaction rather than continuing use and measured at fair value.

Investment property is held by the Group for leasing to third parties for rental return as well as capital appreciation.

The Group has no restrictions on the use of its investment property portfolio but is subject to an annual maintenance requirement on a number of properties subject to heritage requirements.

Recognition and measurement

Investment property is measured initially at cost, including transaction costs. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation, but excludes the costs of day-to-day servicing.

Subsequent to initial recognition, investment property is measured at fair value, with gains or losses arising from changes in the fair value recognised in the statement of profit and loss.

Derecognition

When investment properties are disposed of, they are derecognised with the difference between the net disposal proceeds and the carrying amount of the investment property recorded in the statement of comprehensive income.

B6 Investment property (continued)

Transfers

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to a third party. Where an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where an investment property is reclassified to owner-occupied property, the deemed cost of the property for subsequent accounting is its fair value at the date of change in use.

Key judgement: Classification

The classification of property as investment property requires management judgement, with the determination subject to change over time depending on how the property is being used by the Group. The Group has determined that these properties classified as investment property are held for the primary purposes of generating rental income or for capital appreciation. Where a property is also occupied by the Group, it is classified as an investment property where the floor space occupied for internal use is an insignificant portion of total floor space.

Key estimate: Valuation

At each period end, the Group reassesses the fair value of its investment property portfolio. In the 2023 financial year, this assessment was conducted by Opteon Property Group (Opteon) (2022: Opteon), an accredited, external and independent valuer. Opteon is an industry specialist in valuing these types of investment properties in accordance with Australian Valuation Standards. The fair value for each property has been determined by reference to the highest and best use of the property taking into account the specific characteristics and location of the assets and the economic environment as at the reporting date.

Key valuation inputs and sensitivities

The Group's valuer has considered the effects of increased economic uncertainty and has reported on the basis that market uncertainty exists at the reporting date which may affect future valuation assessments, where relevant.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, information is considered from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; or
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

At 30 June 2023, 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 $69.5 million (2022: $78.0 million).

B6 Investment property (continued)

Key valuation inputs and sensitivities (continued)

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	2023	2022
Capitalisation rate [1]	7.00%	6.75%
Discount rate [2]	7.50%	7.00%
Terminal yield [3]	7.50%	7.00%

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.

Notes to the financial statements

for the year ended 30 June 2023

B7 Payables

The components of payables at 30 June are as follows:

Consolidated ($m)	2023	2022
Trade creditors	665.5	594.8
Agency creditors [1]	65.1	63.8
Salaries and wages	139.9	119.5
Unearned revenue:		
– Unearned delivery revenue	138.8	130.3
– Other advance receipts	166.0	166.1
Borrowing costs	2.9	1.6
Other payables	142.4	132.8
Total current trade and other payables	**1,320.6**	**1,208.9**

1 Non-interest bearing and normally settled on next business day terms.

Unearned revenue

Current year unearned revenue comprises both unearned delivery revenue of $138.8 million (2022: $130.3 million) and other advance receipts of $166.0 million (2022: $166.1 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)	2023	2022
Balance as at 1 July	**296.4**	**299.7**
Additions (consideration received)	369.8	367.8
Utilised (recognised as revenue)	(361.4)	(371.1)
Balance as at 30 June	**304.8**	**296.4**

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 that 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 or invoiced to 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.

B8 Other provisions

The Group's other provisions at 30 June are as follows:

Consolidated ($m)	Property make good provision	Legal Provision	Total
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**
Reassessments and additions	15.5	0.9	16.4
Unused amount reversed	(4.2)	(0.8)	(5.0)
Utilised	(0.9)	(3.5)	(4.4)
Discount rate adjustment	0.7	–	0.7
Balance at 30 June 2022	**75.2**	**1.5**	**76.7**
– current provision	**14.4**	**1.5**	**15.9**
– non-current provision	**60.8**	**–**	**60.8**
Reassessments and additions	8.2	10.0	18.2
Unused amount reversed	(2.7)	(0.2)	(2.9)
Utilised	(2.4)	(0.1)	(2.5)
Discount rate adjustment	0.7	–	0.7
Balance at 30 June 2023	**79.0**	**11.2**	**90.2**
– current provision	**15.1**	**11.2**	**26.3**
– non-current provision	**63.9**	**–**	**63.9**

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.

Notes to the financial statements

for the year ended 30 June 2023

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)	2023	2022
Current provisions		
Annual leave	237.6	240.2
Long service leave	397.9	383.6
Separations and redundancy	54.2	12.5
At-risk variable remuneration	34.2	70.6
Workers' compensation	51.8	48.5
Other employee provisions	16.3	8.7
Balance at 30 June	**792.0**	**764.1**
Non-current provisions		
Long service leave	55.2	55.3
Separations and redundancy	12.9	–
Workers' compensation	197.2	190.9
Balance at 30 June	**265.3**	**246.2**

Recognition and measurement

Employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Annual leave

The liability for annual leave benefits expected to be settled within 12 months of reporting date is recognised in current provisions, measured as the present value of expected future payments for the services provided by employees up to the reporting date. Liabilities for benefits which are expected to be settled beyond 12 months are discounted to present value using market yields on corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows, and are also recognised in current provisions. On-costs included within the liability for the year amounted to $24.0 million (2022: $24.9 million).

At-risk variable remuneration

The Group recognises a liability and expense for at-risk variable remuneration 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 are 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.

C1 Employee provisions (continued)

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 $29.0 million (2022: $26.4 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 $53.6 million of claims made in the 2023 financial year (2022: $56.3 million).

Key estimates:

The self-insured risk liability required management judgement and independent actuarial assessment of key assumptions including, but not limited to:

- future inflation;
- interest rates;
- average claim size;
- claim development; and
- claim administration expenses.

Notes to the financial statements

for the year ended 30 June 2023

C2 Key management personnel remuneration benefits

This note has been prepared in accordance with the requirements of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 and* AASB 124 *Related Party Disclosures*.

For the purposes of this note, the Group has defined key management personnel as Board Directors, the Group Chief Executive Officer and Managing Director (GCEO & MD) and senior executives who report directly to the GCEO & MD and who have authority and responsibility for planning, directing and controlling the activities of the organisation. These employees, typically titled Executive General Managers, are the only employees considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of the Group. Executive directors are classified as senior executives and are disclosed in this note.

Key management personnel remuneration by category

Remuneration received directly or indirectly by key management personnel under an accrual basis for the year ended 30 June is as follows:

	Key management personnel	
Corporation and consolidated ($)	**2023**	**2022**
Short-term employee benefits [1]	10,212,539	11,645,348
Post-employment benefits	286,308	280,450
Other long-term benefits [2]	269,564	331,491
Termination benefits [3]	248,836	382,574
Total key management personnel remuneration	**11,017,247**	**12,639,863**

1 Short-term employee benefits comprises cash salary, accrued annual leave, at-risk variable remuneration (if payable within twelve months of the end of the period), allowances and non-monetary benefits comprising reportable and non-reportable fringe benefit amounts.
2 Other long-term benefits comprises accrued long service leave and paid and accrued cost of long-term retention arrangements for certain key team members.
3 Termination benefits are payments made on separation of the senior executive role.

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)	**2023**	**2022**
Senior executives	8	11
Non-executive directors	8	9
	16	**20**

Related party transactions

Transactions entered into directly by key management personnel or key management personnel related entities with the Australian Postal Corporation have been either domestic or trivial in nature.

A number of key management personnel 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

Prior to 1 January 2012, new Contract employees and prior to 1 July 2012, new Award employees could choose to join either the Australia Post Superannuation Scheme (APSS) defined benefit or a complying accumulation superannuation fund of their choice. The APSS provides members with a lump sum superannuation benefit that is based on a formula that accrues at a fixed rate based on the member's final average salary and length of service. The APSS closed to new employees from the above dates and since then all new employees have joined either the Corporation's default accumulation fund or a complying accumulation fund of their choice. All employees who are members of an accumulation fund receive employer superannuation contributions at least at the rate prescribed by the *Superannuation Guarantee (Administration) Act 1992*. Australia Post and StarTrack Award employees receive superannuation benefits of 12.0 per cent of their ordinary time earnings (OTE) while all other employees receive superannuation benefits of 10.0 per cent of their OTE for the financial year ended 30 June 2022, 10.5 per cent of their OTE for the financial year ended 30 June 2023 and 11.0 per cent of their OTE from 1 July 2023.

Defined benefit post-employment 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)	2023	2022
Current service cost	132.3	156.6
Interest cost on benefit obligation	159.4	92.7
Interest income on plan assets	(202.9)	(114.2)
Plan expenses	2.7	11.9
Defined benefit superannuation expense	**91.5**	**147.0**

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		
Opening defined benefit obligation at 1 July	3,142.6	3,495.7
Interest cost	159.4	92.7
Current service cost	132.3	156.6
Benefits paid and payable	(285.8)	(272.7)
Actuarial (gain)/loss due to changes in financial assumptions	(0.5)	(338.6)
Other remeasurements	(30.3)	8.9
Closing defined benefit obligation at 30 June	**3,117.7**	**3,142.6**
Changes in the fair value of the plan assets		
Opening fair value of plan assets at 1 July	4,093.1	4,426.9
Return on plan assets excluding interest income	(138.3)	(212.6)
Interest income on plan assets	202.9	114.2
Contributions by employer	57.2	55.8
Benefits paid and payable	(285.8)	(272.7)
Plan expenses	(2.7)	(11.9)
Contributions tax reserve	(8.2)	(6.6)
Fair value of plan assets at 30 June	**3,918.2**	**4,093.1**
Amount recognised in other comprehensive income		
Remeasurements on liability	30.8	329.7
Return on plan assets excluding interest income	(138.3)	(212.6)
Contributions tax	(8.2)	(6.6)
Total amount to be recognised in other comprehensive income	**(115.7)**	**110.5**

Notes to the financial statements

for the year ended 30 June 2023

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

From 1 July 1990 to 29 April 2022, the APSS was operated by the APSS Trustee (PostSuper Pty Ltd) in accordance with the APSS Trust Deed. On 30 April 2022, members and assets of the APSS defined benefit were transferred, via successor fund transfer, to Australian Retirement Trust (ART) and since then it has operated as a sub-fund within ART, hereafter referred to as the APSS Plan. The APSS Plan also provides accumulation benefits to members who make voluntary contributions to their APSS Plan account, however accumulation benefits are excluded from these disclosures. The APSS was closed to new entrants on 1 July 2012.

The Corporation is the Principal Employer contributing to the APSS Plan. In addition, certain employees of the Associated Employers (StarTrack Express Pty Ltd, StarTrack Retail Pty Ltd and Decipha Pty Ltd) are also members of the APSS Plan as at 30 June 2023 and are included in these disclosures.

The APSS Plan is governed by the following documents:

- The Trust Deed of the Australian Retirement Trust;
- The Benefit Deed, Participation Deed and Services Agreement between Australian Retirement Trust, Australian Postal Corporation, StarTrack Retail Pty Ltd, StarTrack Express Pty Ltd and Decipha Pty Ltd dated 3 March 2022; and
- The Successor Fund Transfer Deed and Deed of Indemnity between Australian Retirement Trust and PostSuper Pty Ltd dated 3 March 2022.

ART is a "regulated fund" under the provisions of the *Superannuation Industry (Supervision) Act 1993* ("SIS") and is a complying defined benefit superannuation fund for taxation purposes. The APSS Plan is operated by the ART Trustee, with a separate APSS Committee acting as a liaison between ART and the Corporation to represent members of the APSS Plan and oversee ART's member services and performance to employee members. The ART Trustee is required to act in good faith and in the best financial interests of members at all times and operate in accordance with the governing rules of the APSS Plan.

Funding arrangement and requirements

The APSS Plan is funded by the Corporation and its Associated Employers, with the funding requirements being based on the recommendations of the APSS Plan Actuary. The current funding recommendations are based on a methodology that calculates the long-term costs to provide the APSS Plan defined benefits, taking into account expected long term investment returns of the assets used to fund the APSS Plan, plus additional contributions that may be required in the event that assets are not sufficient to meet members' vested benefits. The Group is expected to make employer contributions (excluding salary sacrifice contributions in respect of accumulation accounts) of $55.5 million for the year ending 30 June 2024 (2023 actual employer contribution: $57.2 million).

As under the current arrangements, the Corporation can cease making contributions at any time to the APSS Plan, the Corporation has no legal requirement to contribute to the APSS Plan. As such, the Corporation does not currently have any minimum funding requirements in respect of the APSS Plan.

C3 Post-employment benefits (continued)

Categories of plan assets ($m)[1]

The fair value of total plan assets is as follows:

Consolidated ($m)	2023	2022
Cash and cash enhanced	667.0	547.1
Australian public equities	346.5	340.6
International public equities	187.3	174.1
Private equity	958.9	1,076.2
Property	354.9	396.6
Infrastructure	257.1	260.3
Fixed income	1,079.8	1,250.8
Other	66.7	47.4
Total fair value of plan assets	**3,918.2**	**4,093.1**

Fair value of plan assets

Active market: Investments for which values are based on quoted market prices in active liquid markets, e.g. recognised stock exchanges and therefore classified as level 1 investment (consistent with note D4 on fair value categories), include listed equities and exchange traded derivatives.

Inactive or unquoted market: ART's financial assets and liabilities are a combination of directly held investments and indirectly held investments made via unlisted trusts which in turn invest in a variety of underlying investments. These include investments in infrastructure, private credit, private equity and property that are domiciled in Australia and overseas. ART has adopted a valuation policy, the purpose of which is to ensure it has an appropriate framework to value investment assets in a manner that ensures they are valued on an equitable and consistent basis. ART ensures that valuation techniques are consistent and may utilise independent parties to undertake reviews of the investment valuation framework controls and procedures on a periodical and as needs basis.

(i) Directly held assets: ART or its investment manager appoints independent external valuation experts and property appraisers to provide regular investment valuations with most material investments being valued at least annually. ART has policies and procedures governing the appointment and rotation of third-party valuers. The expertise, knowledge and familiarity with local market conditions, market transactions and industry trends of the independent valuation experts and property appraisers are important inputs to the valuation process. Valuations performed by third party valuers are reviewed by internal teams within ART to confirm that an appropriate valuation methodology has been used and that key inputs, assumptions and judgements made by the valuer are appropriate.

ART has a management committee ("Valuation Review Committee") which provides assistance to the Audit, Finance & Risk Committee to fulfil its responsibilities to manage valuation risk of the ART's investments. During the year, the Valuation Review Committee may review valuations of the investments with significant unobservable inputs (level 3 investments) more frequently to ensure that the most current valuations are reflected in member balances. This is to improve the responsiveness and accuracy of the current valuation process in both normal and stressed market circumstances. Where valuations are performed at a date other than balance sheet date, ART considers whether the valuation continues to remain appropriate as at the balance sheet date.

(ii) Indirectly held assets: ART generally values interests in level 3 investments managed by external investment managers using the valuation provided by the relevant external investment manager. As ART's underlying interest in these investments are not actively traded in a public market, the valuation provided by the external investment manager is considered unobservable and is therefore classified as a level 3 investment. ART reviews the valuation methodology adopted by the relevant investment manager and makes further enquiries, as appropriate, relating to valuation methodology and key inputs used to determine valuations.

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.

Notes to the financial statements

for the year ended 30 June 2023

C3 Post-employment benefits (continued)

Amount recognised in the balance sheet

The amount recognised in the balance sheet as at 30 June is as follows:

Consolidated ($m)	2023	2022	2021	2020	2019
Present value of benefit obligation (wholly funded)	(3,117.7)	(3,142.6)	(3,495.7)	(3,429.2)	(3,408.5)
Fair value of plan assets	3,918.2	4,093.1	4,426.9	4,056.1	4,258.8
Net superannuation asset/(liability) [1]	**800.5**	**950.5**	**931.2**	**626.9**	**850.3**

1 The Corporation's entitlement to any surplus in the APSS Plan is limited by the terms of the relevant Trust Deed and applicable superannuation laws. On termination, any money and other assets remaining in the APSS Plan after the payment of benefits and expenses of the Scheme would ultimately be realised and the proceeds distributed to the employers (including the Corporation) in such shares as determined by the Corporation. Outside termination, there is scope for the Corporation to request a return of surplus, which may be no more than the amount (as determined by the APSS Plan Actuary) by which the total fund value exceeds the total accrued benefit value. In addition, the Corporation benefits from the surplus through reduction in future superannuation expense and contributions.

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	2023	2022	2023	2022	2023	2022
Discount rate	5.6	5.2	(171.3)	(183.2)	193.3	207.6
Average future inflationary salary increases [1]	6.25 to 30 June 2024; 3.5 to 30 June 2025; 3.0 thereafter	6.5 to 30 June 2023; 3.0 thereafter	118.2	128.1	(106.6)	(115.4)

1 Excludes promotional salary increases.

The determination of the defined benefit obligation requires a number of other assumptions to be made regarding the future including the demographic profile of membership and level of benefits to be provided by the fund.

Related party transactions

The Group performed administrative services on behalf of the APSS Scheme up to 30 April 2022. These services were provided on normal commercial terms. No payment was received by Australia Post for these services for the year ended 30 June 2023 (30 June 2022: $13.1 million).

Accumulation post-employment benefits

Australia Post pays the Superannuation Guarantee contribution (10.0 per cent up to 30 June 2022 and 10.5 per cent up to 30 June 2023, 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. From 1 July 2023, the Superannuation Guarantee contribution will increase from 10.5 per cent to 11.0 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-employment benefits is as follows:

Consolidated ($m)	2023	2022
Accumulation superannuation expense	165.8	150.9

C3 Post-employment benefits (continued)

Maturity profile

The duration of the liabilities is approximately 7 years (2022: 7 years), calculated using expected benefit payments on an accrual basis.

Superannuation Act 1976

Some of the Corporation's current and past employees are also entitled to benefits under the *Superannuation Act 1976*, but the Group has no contribution obligation in respect of these benefits. The superannuation asset or liability relating to the Commonwealth Superannuation Scheme (CSS) under the *Superannuation Act 1976* is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course. The Commonwealth takes full responsibility for the CSS liabilities for any Australia Post employees (past and present) remaining in the CSS. Disclosures regarding the CSS Scheme are located in the Department of Finance Annual Financial Report.

Our funding structure and management of our financial risks

As a result of its operations, the Group is exposed to multiple forms of risk. This note sets out the nature of the financial risks and their quantification and management. This section also sets out the strategies and practices the Group utilises to minimise the exposure to these risks in order to execute our Group strategy as well as outlining the current Group funding structure.

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 targeting an investment grade rating. The Group holds an A+ Negative Outlook rating (2022: A+) 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, lease liabilities and interest bearing liabilities 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.

Notes to the financial statements

for the year ended 30 June 2023

D2 Managing our financial risks (continued)

Financing facilities

At reporting date, the Group had a three year and one month revolving credit facility of $450 million expiring 31 July 2024, which is available for draw down for a minimum of 30 days. (2022: three year and one month revolving credit facility of $450 million expiring 31 July 2024). This facility is used to manage short-term liquidity requirements and has remained undrawn at 30 June 2023 (2022: undrawn). Subsequent to 30 June 2023, the Group has extended this facility to 31 July 2026 at a reduced amount of $300 million.

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 2023, the maximum credit risk in respect to guarantees is $297.6 million (2022: $347.8 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 is 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 (2022: 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 significantly 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.

Credit risk management: trade and other receivables

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating, financial position, past experience and industry reputation. In addition, individual receivable and accrued revenue balances are monitored on an ongoing basis for increases in credit risk based on repayment history and collection status, with the result that the exposure to credit loss is historically not significant.

Interest rate risk management

The Group's objective in managing interest rate risk is to minimise interest rate exposure by matching asset and liability positions to achieve a natural hedge, whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements. Interest rate risk is measured by regularly reviewing the net exposure from interest-bearing assets and liabilities. The risk can be managed by the use of interest rate swap contracts wherein the Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on agreed notional principal amounts.

Interest bearing liabilities

The consolidated borrowing position of the Group at 30 June comprises the following fixed-rate unsecured bonds, which are repayable in full with $175 million maturing on 13 November 2023, $180 million maturing on 1 December 2026, $100 million maturing on 8 December 2027 and $100 million maturing on 22 May 2029.

The $100 million bond maturing on 22 May 2029 is issued as a Sustainability Bond under the Australia Post Sustainable Finance Framework and aligns with the Sustainability Bonds Guidelines 2021, Green Bonds Principles 2021, Social Bonds Principles 2021, Green Loans Principles 2023 and Social Loan Principles 2023.

On this basis, the weighted average duration of debt is 3.1 years (2022: 2.9 years).

D2 Managing our financial risks (continued)

Consolidated ($m)	2023	2022
Payable in less than 1 year Footnote 1,2	174.4	–
Current loan liabilities	**174.4**	**–**
Payable in 1 – 5 years Footnote 1,2	273.5	350.3
Payable in over 5 years Footnote 2	98.5	–
Non-current loan liabilities	**372.0**	**350.3**
Total	**546.4**	**350.3**

Footnotes

1 Measured at amortised cost.

2 Designated in fair value hedge relationships at amortised cost and adjusted by the gain/loss attributable to interest rate risk.

The table below sets out the changes in interest bearing liabilities:

Consolidated ($m)	Bonds payable	Lease liability [1]	Total
As at 30 June 2021	**463.4**	**1,134.0**	**1,597.4**
Changes in fair value	(13.1)	–	**(13.1)**
New leases	–	135.0	**135.0**
Cash flows	(100.0)	(239.5)	**(339.5)**
Other non-cash movements	–	36.5	**36.5**
As at 30 June 2022	**350.3**	**1,066.0**	**1,416.3**
Changes in fair value	(3.9)	–	**(3.9)**
New leases	–	153.9	**153.9**
Cash flows	200.0	(261.9)	**(61.9)**
Other non-cash movements	–	31.7	**31.7**
As at 30 June 2023	**546.4**	**989.7**	**1,536.1**

1 Refer to note B4 for further information on lease liability.

Interest rate risk sensitivity

An interest rate sensitivity analysis of the Group at the reporting date has been performed, using a 104 basis point (2022: 79 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 $5.5 million (2022: $2.0 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)	2023	2022
Financial assets		
Cash and cash equivalents (floating rate)	465.7	219.9
Financial liabilities		
Bonds payable (fixed rate)	546.4	350.3
Interest rate swaps (fixed rate)	(281.8)	(136.1)
Interest rate swaps (floating rate)	290.0	140.0

Notes to the financial statements

for the year ended 30 June 2023

D2 Managing our financial risks (continued)

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 2023						
Trade and other payables	765.8	–	–	–	**765.8**	**765.8**
Lease liabilities	259.6	199.5	372.2	247.3	**1,078.6**	**989.6**
Bonds payable	199.3	17.0	317.6	104.8	**638.7**	**546.4**
Interest rate swaps (net settled)	3.3	2.6	3.1	0.3	**9.3**	**8.2**
Hedge foreign exchange contracts (net settled)	(0.5)	0.1	–	–	**(0.4)**	**(0.4)**
	1,227.5	**219.2**	**692.9**	**352.4**	**2,492.0**	**2,309.6**
As at 30 June 2022						
Trade and other payables	705.0	–	–	–	**705.0**	**705.0**
Lease liabilities	255.8	214.2	398.0	285.5	**1,153.5**	**1,066.0**
Bonds payable	16.8	187.0	198.0	–	**401.8**	**350.3**
Interest rate swaps (net settled)	0.3	1.4	2.3	–	**4.0**	**3.9**
Hedge foreign exchange contracts (net settled)	0.9	(0.3)	–	–	**0.6**	**0.6**
	978.8	**402.3**	**598.3**	**285.5**	**2,264.9**	**2,125.8**

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.

Foreign currency exposure and sensitivity

Sources of foreign exchange transaction risk are a result of foreign sourced and priced capital equipment, purchases or sales in foreign currencies (including fuel purchases) and foreign currency bank accounts.

D2 Managing our financial risks (continued)

The following table details the carrying amount of financial assets and financial liabilities with foreign currency exposure as at 30 June 2023, with a sensitivity analysis of the effect on profit after tax and equity as at 30 June 2023 from a 8.5 per cent (2022: 8.3 per cent) favourable/unfavourable change in the Australian dollar based on Australian Government Department of Finance guidance with all other variables held constant.

Consolidated AUD ($m)	Exposure	Exchange +8.5% Impact on profit	Exchange +8.5% Impact on equity	Exchange -8.5% Impact on profit	Exchange -8.5% Impact on equity
2023					
Financial assets					
Cash on hand	30.3	(1.7)	–	1.7	–
Trade and other receivables	58.2	(3.5)	–	3.5	–
Other assets	1.5	–	(1.4)	–	1.4
Financial liabilities					
Trade and other payables	(125.9)	7.5	–	(7.5)	
Other liabilities	(1.1)	–	2.4	–	(2.4)
Net exposure	**(37.0)**	**2.3**	**1.0**	**(2.3)**	**(1.0)**

	Exposure	Exchange +8.3% Impact on profit	Exchange +8.3% Impact on equity	Exchange -8.3% Impact on profit	Exchange -8.3% Impact on equity
2022					
Financial assets					
Cash on hand	31.3	(1.7)	–	1.7	–
Trade and other receivables	73.2	(4.4)	–	4.4	–
Other assets	0.6	–	(0.6)	–	0.6
Financial liabilities					
Trade and other payables	(100.4)	5.8	–	(5.8)	–
Other liabilities	(1.2)	–	3.1	–	(3.1)
Net exposure	**3.5**	**(0.3)**	**2.5**	**0.3**	**(2.5)**

Of the total $37.0 million of foreign currency denominated exposures, the cash and foreign currency derivative amounts relate to $13.5 million in GBP, $8.5 million in USD, $6.1 million in HKD, $2.5 million in EUR, $0.8 million in NZD, $0.3 million in CNH and $68.8 million in SDR net payables. (2022: Total of $3.5 million of foreign currency denominated exposures, the cash and foreign currency derivative amounts relate to $11.0 million in USD, $8.9 million in GBP, $7.6 million in HKD, $2.9 million in NZD, $1.3 million in EUR, $0.1 million in CNH and $28.3 million in SDR net payables).

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 2023 and 30 June 2022. The receivables and payables denominated in SDR are highly variable in amount and timing, in particular due to the timing of receipts and settlements with overseas postal administrations.

Commodity price risk management

Commodity price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The Group's objective on commodity price risk management is to ensure that movements in commodity prices do not adversely affect operating costs. The hedging strategy is set annually as part of the planning process and the hedging activities are evaluated monthly.

Exposure

The Group is exposed to commodity prices directly through the bulk purchase of fuel, and indirectly arising from contractual pricing mechanisms with third party providers. The risk is measured by reviewing forecast commodity exposures monthly and managed by entering into long term supply contracts and the use of fuel surcharges.

D3 Using derivatives to hedge risks

Types of hedging instruments

The Group uses the following types of derivative financial instruments as part of its risk management strategy:

Foreign currency derivatives

All foreign currency contracts are entered into on the basis of known or projected exposures. The Group has elected to adopt hedge accounting in respect of some of its foreign currency hedging exposures. The fair value of foreign currency contracts designated as hedging instruments is a net asset of $0.5 million (2022: net liability of $0.6 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 five 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**
2023			
BUY [1]			
0 – 12 months	29.0	–	–
Over 12 months	0.1	–	–
	29.1	**–**	**–**
SELL [2]			
0 – 12 months	–	–	12.0
Over 12 months	–	–	3.0
	–	**–**	**15.0**

1 Average buy exchange rates to the Group's functional currency AUD are: USD 0.691.
2 Average sell exchange rates to the Group's functional currency AUD are: SDR 1.967.

	Notional amount (foreign currency) ($m)		
Consolidated	**USD**	**EUR**	**SDR**
2022			
BUY [1]			
0 – 12 months	6.4	7.7	–
Over 12 months	7.8	–	–
	14.2	**7.7**	**–**
SELL [2]			
0 – 12 months	–	–	17.4
Over 12 months	–	–	3.0
	–	**–**	**20.4**

1 Average buy exchange rates to the Group's functional currency AUD are: USD 0.711 and EUR 0.623.
2 Average sell exchange rates to the Group's functional currency AUD are: SDR 1.923.

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 $290.0 million, hedging debt maturing in 2023, 2026, 2027 and 2029.

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)
2023		
Within one year	5.50	70.0
From 1 – 5 years	4.00	70.0
From 1 – 5 years	4.99	100.0
Over 5 years	4.76	50.0
2022		
From 1 – 5 years	5.50	70.0
Over 5 years	4.00	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.

Notes to the financial statements

for the year ended 30 June 2023

D3 Using derivatives to hedge risks (continued)

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 is 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.

D4 Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash

The carrying amount is fair value due to the asset's liquid nature.

Receivables/payables

Due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.

Derivatives

The fair values are calculated as the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major currencies. Accordingly, these financial instruments are classified as Level 2.

The fair value of forward contracts is calculated by reference to forward exchange market rates at reporting date for contracts with similar maturity profiles. As market rates are observable they are classified as Level 2.

Interest-bearing loans and borrowings

Quoted market prices or dealer quotes for similar instruments are used to value long-term debt instruments except corporate bonds based on discounting expected future cash flows at market rates. Accordingly, these financial instruments are classified as Level 2.

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
2023		
Financial liabilities		
Bonds payable	546.4	547.0
2022		
Financial liabilities		
Bonds payable	350.3	356.2

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 2023

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:

	2023 %	2022 %
AP Global Holdings Pty Ltd Footnote 1	100	100
AP International Holdings Pty Ltd Footnote 1	100	100
APost Accelerator Pty Ltd Footnote 4	100	100
APost Innovation Pty Ltd Footnote 4	100	100
Australia Post Digital iD Pty Ltd Footnote 4	100	100
Australia Post Licensee Advisory Council Limited Footnote 6	50	50
Australia Post Services Pty Ltd Footnote 5	100	100
Australia Post Transaction Services Pty Ltd Footnote 2	100	100
Australia Post Global eCommerce Solutions Private Limited Footnote 7	100	100
Australia Post Global eCommerce Solutions (Aust) Pty Ltd Footnote 1	100	100
Australia Post Global eCommerce Solutions (UK) Limited Footnote 8	100	100
Australia Post Global eCommerce Solutions (USA) Inc. Footnote 9	100	100
Australian Express Freight Pty. Limited Footnote 4,11	100	100
Australian Express Transport Pty. Limited Footnote 4,12	100	100
AUX Investments Pty Ltd Footnote 1	100	100
Decipha Pty Ltd Footnote 1	100	100
Mardarne Pty. Ltd. Footnote 4,13	100	100
POLi Payments Pty Ltd Footnote 4	100	100
POSTlogistics (Hong Kong) Pte Limited Footnote 10	100	100
PostSuper Pty Ltd Footnote 4,14	100	–
Private Syndicate Pty Ltd Footnote 4,14	100	–
SecurePay Holdings Pty Ltd Footnote 3	100	100
SecurePay Pty. Ltd. Footnote 3	100	100
Star Track Express Holdings Pty Limited Footnote 1	100	100
Star Track Express Investments Pty Limited Footnote 1	100	100
Star Track Express Pty Limited Footnote 1	100	100
StarTrack Retail Pty Ltd Footnote 1	100	100

Footnotes

1 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.

2 Large proprietary company required to prepare and lodge audited financial statements with ASIC.

3 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.

4 Small proprietary company not required to prepare and lodge audited financial statements with Australian Securities and Investments Commission (ASIC).

5 Small proprietary company which holds an Australian Financial Services Licence and is required to prepare and lodge audited financial statements with ASIC.

6 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.

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 RSM US LLP, USA.

10 Entity incorporated in Hong Kong and not audited by the Australian National Audit Office (ANAO). Audited by Moore Stephens CPA Limited, Hong Kong.

11 Trustee of Darra No 2 Trust and Minchinbury No 2 Trust.

12 Trustee of Darra No 1 Trust and Minchinbury No 1 Trust.

13 Trustee of Mardarne No 1 Trust.

14 Dormant entities transferred into the Group effective 27 June 2023.

E2 Australian Postal Corporation

Corporation ($m)	2023	2022
Current assets	2,940.8	2,381.4
Total assets	8,382.1	8,003.1
Current liabilities	4,212.7	3,366.8
Total liabilities	6,106.1	5,355.9
Net assets	**2,276.0**	**2,647.2**
Contributed equity	400.0	400.0
Retained profits	1,858.0	2,229.9
Asset revaluation reserve	17.7	17.7
Hedging reserve	0.3	(0.4)
Total equity	**2,276.0**	**2,647.2**
Net profit/(loss) of the parent entity	(269.2)	47.4
Total comprehensive income/(losses) of the parent entity	(80.9)	77.3
Dividends paid	(21.8)	(36.3)

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 $0.5 million (2022: $0.7 million);
- Issued bank guarantees amount to $245.4 million (2022: $289.5 million) which represent guarantees supporting workers compensation self-insurance licences in various jurisdictions;
- Contract operating lease receivables which relate to sub-lease arrangements in the amount of $83.5 million (2022: $99.7 million); and
- Capital commitments of the parent entity in relation to land and buildings and plant and equipment amount to $87.6 million (2022: $90.7 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 Group's auditors and Ernst & Young (Australia) are as follows:

Consolidated ($)	2023	2022
Australian National Audit Office		
– An audit or review of the financial report of the entity and any other entity in the consolidated entity	1,808,986	1,808,986
– Assurance related	202,000	202,000
	2,010,986	**2,010,986**
Ernst & Young (Australia)		
– Other non-audit related [1]	299,000	410,000
Other auditors for the Group's overseas subsidiaries		
– Audit of financial reports [2]	326,000	297,000
Total auditor's remuneration	**2,635,986**	**2,717,986**

1 These services are performed by Ernst & Young (Australia) directly and include governance and compliance services.
2 Further details of these auditors are outlined in note E1.

Notes to the financial statements

for the year ended 30 June 2023

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)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Balance from previous period	347.8	284.2	1.1	0.4	348.9	284.6
New contingent liabilities	1.2	3.6	0.5	1.1	1.7	4.7
Re-measurement	(39.2)	60.0	(0.7)	(0.1)	(39.9)	59.9
Liabilities realised	–	–	(0.1)	(0.3)	(0.1)	(0.3)
Obligations expired	(12.2)	–	–	–	(12.2)	–
Total contingent liabilities	**297.6**	**347.8**	**0.8**	**1.1**	**298.4**	**348.9**
Balance from previous period	12.7	37.4	–	–	12.7	37.4
New contingent assets	7.2	4.2	–	–	7.2	4.2
Re-measurement	–	–	–	–	–	–
Rights expired	(9.2)	(28.9)	–	–	(9.2)	(28.9)
Total contingent assets	**10.7**	**12.7**	**–**	**–**	**10.7**	**12.7**
Net contingent liabilities	**286.9**	**335.1**	**0.8**	**1.1**	**287.7**	**336.2**

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 2023, there is no material contingent liability with respect to the Group's self insurance activities (2022: nil).

E5 Other accounting policies

a) Accounting for goods and services taxes

Revenues, expenditures and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

b) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Initial cost of inventories also includes the transfer of gains and losses on qualifying cash flow hedges, recognised in other comprehensive income. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials on a first-in, first-out basis. The cost of purchase comprises the purchase price including import duties and other taxes (other than those subsequently recoverable by the Group from the taxation authorities), transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase; and
- finished goods and work-in-progress – cost of direct materials and labour and a proportion of variable and fixed overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where this is lower than cost, inventory impairment is recognised.

c) Current/non-current classification

Assets are disclosed as current when they are expected to be converted to cash or receivable within 12 months of 30 June 2023. Liabilities are disclosed as current when they are due within 12 months of 30 June 2023 or when there is no unconditional right to defer settlement of the liability for at least 12 months after 30 June 2023.

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 2022:

Reference	Description
AASB 2020-3 Amendments to Australian Accounting Standards –Annual Improvements 2018-2020 and Other Amendments	Amendments to existing accounting standards, particularly in relation to: • AASB 3 *Business Combinations* – to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. • AASB 9 *Financial Instruments* – to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. • AASB 116 *Property, Plant and Equipment* – to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset. • AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* – to specify the costs that an entity includes when assessing whether a contract will be loss-making.

Notes to the financial statements

for the year ended 30 June 2023

E5 Other accounting policies (continued)

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 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
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 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 2024	1 July 2024

E5 Other accounting policies (continued)

Reference	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 2022-5	*Amendments to Australian Accounting standards –Lease Liability in a Sale and Leaseback 2018–2020 and Other Amendments*	The amendments introduce a new accounting model for how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. It confirms the following: • On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. • After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2024	1 July 2024
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 2025	1 July 2025

Community Service Obligations

for the year ended 30 June 2023

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.

Organisational arrangements

Australia Post considers the arrangements it has in place to carry out its CSOs are appropriate and adequate. The ongoing focus on monitoring Prescribed Performance Standards satisfaction is coordinated primarily by the office of the Corporate Secretary, with input from deliveries and retail areas.

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 FY23 is estimated at $442.2 million (FY22: $348.5 million), including $237.3 million in rural and remote locations (FY22: $181.8 million).

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 exceeded all of the Prescribed Performance Standards for FY23.

Prescribed Performance Standard		FY23 Performance
On-time letters delivery	94.0%	96.9%
Letters delivery frequency		
– to delivery points every business day	98.0%	98.55%
– to delivery points at least two days per week	99.7%	99.99%
Delivery timetables	Maintain	Maintained
Street posting boxes	10,000	14,934
Retail outlets		
– in total (rural, remote and metropolitan areas)	4,000	4,271
– in rural and remote areas	2,500	2,507
– in metropolitan areas, residences to be located within 2.5 kms of an outlet	90.0%	93.9%
– in non-metropolitan (i.e. rural and remote) areas, residences to be located within 7.5 kms of an outlet	85.0%	89.2%

Auditor-General's report – performance standards

Australian National Audit Office

INDEPENDENT ASSURANCE REPORT

To the Minister for Communications

Opinion

In my opinion, the Australian Postal Corporation has, in all material respects, complied with the performance standards to be met by the Australian Postal Corporation in respect of the frequency, speed and accuracy of mail delivery and the accessibility of services that are prescribed in the Australian Postal Corporation (Performance Standards) Regulations 2019 for the year ended 30 June 2023.

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 2023.

For the purposes of section 28C of the *Australian Postal Corporation Act 1989,* the 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.

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

Auditor-General's report – performance standards

Director's responsibilities

The Directors of the Australian Postal Corporation are responsible for the following:

(a) undertaking activities to meet the Prescribed Performance Standards; and

(b) identifying risks that threaten meeting the Prescribed Performance Standards and controls which will mitigate those risks and monitor ongoing compliance.

Independence and quality management

I have complied with the independence and other relevant ethical requirements relating to assurance engagements and apply Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* in undertaking this assurance engagement.

Assurance Practitioner's 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 2023. 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 2023.

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 2023.

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 2023 does not provide assurance on whether compliance with the Prescribed Performance Standards will continue in the future.

Australian National Audit Office

Grant Hehir
Auditor-General

Canberra

29 August 2023

Domestic letter service monitor (Kantar)

KANTAR

Level 2/16 Palmer Parade
Cremorne, VIC 3121

T +61 (3)8862 5900

July 24, 2023

To The Board of the Australian Postal Corporation

Re: Yearly Basic Monitor Result Certification

We have undertaken an independent monitor of Australia Post's domestic letter service (Priority and Regular) against its delivery undertakings for the year ended June 2023 in accordance with the requirements of the Australian Postal Corporations Act 1989.

Our monitor was based on a properly prepared, statistically valid sample of approximately 206,608 test letters. The sample size was determined with regard to information that Australia Post supplied about the postal network design parameters.

Our testing involves comparing the delivery time taken for each test letter with Australia Post's delivery undertaking for the mail path concerned.

Test letters represented the full range of letter sizes and types recognised as ordinary mail, posted in locations having a daily clearance to locations having a daily delivery, from small to large letters. They were addressed by hand and machine fonts, reflecting the varied mailing practices of postal users.

All addressing was in accordance with Australia Post's specifications for the proper preparation of letter mail. The letters, as specified under the terms of our contract, were indistinguishable from other mail flowing through the Australia Post network.

Our process for calculating the delivery performance was independently audited by Deloitte.

For the year ended June 2023 the sample used by Kantar Australia, Insights Division was consistent with the sample frame provided by Australia Post. The attached Independent Limited Assurance Report from Deloitte states that "nothing has come to our attention that causes us to believe that the results reported by Kantar Australia on Australia Post's performance metric are not prepared, in all material respects, in accordance with the Agreed Business Rules between Australia Post and Kantar Australia for the period 1 July 2022 to 30 June 2023."

Results

For the year ended June 2023, the monitor showed that Australia Post delivered 96.9 per cent of all letters early or on time, and 99.0 per cent of letters were delivered on time or not more than one working day after your delivery undertakings.

Domestic letter service monitor (Kantar)

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 0.1 per cent, these results present fairly the performance of Australia Post's domestic letter service for the year ended June 2023 against the scope provided.

Yours faithfully,

Jon Foged
Managing Director
Kantar Australia & New Zealand
Insights Division

Margaret Persico
Senior Director
Kantar Australia
Insights Division

Survey certification

Deloitte.

Deloitte Risk Advisory Pty Ltd
ACN 611 748 184

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
www.deloitte.com.au

Independent Limited Assurance Report on Kantar Australia recalculation of Australia Post Performance Metric for Basic letter services to the Management of Kantar Australia.

Conclusion

We have undertaken a limited assurance engagement on Kantar Australia's accompanying recalculated results of Australia Post's performance metric for the period 1 July 2022 to 30 June 2023.

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 2022 to 30 June 2023.

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 results reported by Kantar Australia to Australia Post for the period have been calculated in accordance with the Agreed Business Rules, and that they fairly represent the performance of Australia Post's basic letter service for the period as per 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; and
- providing Deloitte a copy of the data outputs from the data capture system on a monthly basis for the purpose of the engagement.

Survey certification

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 of the Australia Post Performance Metric based on the procedures we have performed and the evidence we have obtained. ASAE 3000 requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the results reported by Kantar Australia for the period are not properly prepared, in all material respects, in accordance with the Agreed Business Rules.

A limited assurance engagement in accordance with ASAE 3000 involves identifying areas where a material misstatement of Kantar Australia's reported results of Australia Post performace metric is likely to arise, addressing the areas identified and considering the process used to prepare and calculate Australia Post performace 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 financial year ended 30 June 2023 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.

Although we performed limited procedures on the data provided, the accuracy of the recalculations relied upon the data provided by Kantar Australia being accurate, complete and valid, the Agreed Business Rules being current and correct at the time of Kantar Australia providing the details to Deloitte as well as the full population for testing.

Survey certification

Deloitte.

The scope of this engagement did not include providing assurance on the design and operating effectiveness of internal controls relating to the processing of data. Because of the inherent limitations of any internal control structure it is possible that fraud, error, or non-compliance with the Agreed Business Rules may occur and not be detected. Further, the internal control structure, within which the processes that we have reviewed operate, has not been reviewed and no opinion is expressed as to its effectiveness.

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.

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 were designed for a specific purpose of reporting the performance metric to Australia Post, as a result, the reported results on the Australia Post performance metric may not be suitable for another purpose.

This report has been prepared for use by the management of 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 management of Kantar Australia or for any purpose other than that for which it was prepared.

However, we understand that a copy of this report has been requested by Australia Post for the purpose of their information only. We agree that a copy of this 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.

It is also our understanding that the Australia Post may publish a copy of this report in their annual report which is available via their website. We do not accept responsibility for the electronic presentation of this report in Australia Post's annual report or website. The examination of the security of controls over the electronic presentation of this report in Australia Post's annual report and website is beyond the scope of this engagement.

DELOITTE RISK ADVISORY PTY LTD

Erik Kronborg

Erik Kronborg
Partner
Melbourne Australia, 21/07/2023

Survey certification

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	96.9 (± 0.1)	96.9

Letter/non-letters services

(including reserved services)

	Letters[1]		Non-Letters		Total	
2023	**$m**	**%**	**$m**	**%**	**$m**	**%**
Revenue	1,710.4	19.1%	7,254.8	80.9%	8,965.2	100.0%
Expenditure	2,094.5	23.0%	7,026.1	77.0%	9,120.6	100.0%
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees	**(384.1)**	**247.2%**	**228.7**	**(147.2%)**	**(155.4)**	**100.0%**
Finance costs					(46.8)	
Share of net profits of equity-accounted investees					1.9	
Profit/(loss) before income tax					**(200.3)**	
Income tax (expense)/benefit					65.7	
Net profit/(loss) for the year					**(134.6)**	

	Letters		Non-Letters		Total	
2022	**$m**	**%**	**$m**	**%**	**$m**	**%**
Revenue	1,783.1	19.9%	7,190.8	80.1%	8,973.9	100.0%
Expenditure	2,038.8	23.0%	6,842.0	77.0%	8,880.8	100.0%
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees	**(255.7)**	**(274.7%)**	**348.8**	**374.7%**	**93.1**	**100.0%**
Finance costs					(37.9)	
Share of net profits of equity-accounted investees					0.1	
Profit before income tax					**55.3**	
Income tax (expense)/benefit					(5.8)	
Net profit for the year					**49.5**	

1 Letters includes reserved letters (Revenue $1.5 billion (2022: $1.5 billion) and loss before income tax expense and share of net profits of equity-accounted investees of $213.8 million (2022: loss before income tax expense and share of net profits of equity-accounted investees of $95.8 million)), non-reserved letters (including unaddressed mail), international letters and small packets (i.e. regulated packets less than 2kg).

Statutory reporting requirements index

for the year ended 30 June 2023

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 2023

Statutory reporting requirements

for the year ended 30 June 2023

Introduction

Australia Post is subject to various statutory reporting requirements, including under the *Australian Postal Corporation Act 1989*, the *Public Governance, Performance and Accountability Act 2013*, the *Public Governance, Performance and Accountability Rule 2014*, the *Work Health and Safety Act 2011*, the *Superannuation Benefits (Supervisory Mechanisms) Act 1990*, the *Environment Protection and Biodiversity Conservation Act 1999* and the *Equal Opportunity (Commonwealth Authorities) Act 1987.*

The index on pages 159 to 161 shows where information relating to statutory reporting requirements can be found in this annual report. A number of items are dealt with in the main body of the report. Others are covered below.

Legislation

The powers and functions of Australia Post are set out in sections 14-19 of the *Australian Postal Corporation Act 1989* (APC Act).

Shareholder Ministers

The Minister for Communications, the Hon Michelle Rowland MP, has portfolio responsibility for Australia Post. Under a dual shareholder model, overall responsibility for Australia Post is exercised jointly by the Hon Michelle Rowland MP and the Minister for Finance, Senator the Hon Katy Gallagher.

Indemnities and insurance premiums for directors and officers

Australia Post has in place directors' and officers' liability insurance arrangements, which provide cover in respect of any person who is or was a director or officer of Australia Post, when acting in these capacities. 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. Confidentiality commitments relevant to these arrangements limits more detailed disclosure.

Ministerial direction & Government policy orders

Section 40(1) of the *Australian Postal Corporation Act 1989* (APC Act) empowers the Minister to, after consultation with the Board, direct the Board to vary either or both of: the statement included in the corporate plan of the strategies and policies that Australia Post is to follow to carry out its community service obligations; and the financial target included in the plan. No directions have been issued under this provision.

Section 49 of the APC Act empowers the Minister to, after consultation with the Board, give the board written directions in relation to the performance of Australia Post's functions as appear to be necessary in the public interest. No directions have been issued under this provision.

Section 54(3) of the of the APC Act empowers the Minister to give the board written directions in relation the payment of a dividend recommended by Australia Post. No directions have been issued under this provision.

Section 22 of the *Public Governance, Performance and Accountability Act 2013* empowers the Finance Minister (i.e. the Minister for Finance) to make an order specifying a policy of the Australian Government that is to apply in relation to one or more corporate Commonwealth entities (which may include Australia Post). No orders with application to Australia Post have been issued under this provision.

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 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 that Act, and section 12(2) of that 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.

Statutory reporting requirements

for the year ended 30 June 2023

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 FY23 is estimated to be $29.4 million.

Postal Industry Ombudsman

Australia Post and StarTrack are members of the Postal Industry Ombudsman Scheme. The Postal Industry Ombudsman has estimated the costs of investigating complaints relating to Australia Post (including StarTrack) during FY23 to be in the range of $1.7-1.8 million.

ACCC record keeping rules

The cost of compliance with the ACCC's record keeping rules in FY23 is estimated to be $155,000.

Maintaining heritage properties

The cost of repairing and maintaining heritage listed properties in FY23 was approximately $3 million.

Medical/Educational Remote Area Parcel service

The Medical/Educational Remote Area Parcel service provides for the delivery of medical or education supplies to or from approximately 300 eligible postcodes across Australia at a reduced rate.

In FY23, revenue foregone in relation to the service is estimated to be $54,353.

Superannuation

All Australia Post employees are provided superannuation benefits of at least, and in many cases above, the minimum required by law. Until 2012, Australia Post offered membership of the Australia Post Superannuation Scheme (APSS) to new team members, which pays a lump sum defined benefit. The APSS was closed to new employees engaged under a management contract of employment from 1 January 2012 and to all other employees from 1 July 2012. New Australia Post employees are able to join AustralianSuper, Australia Post's default defined contribution superannuation fund or nominate a complying or stapled superannuation fund of their own choice. On 30 April 2022, the APSS underwent a successor fund transfer into Australian Retirement Trust (ART). Employee defined benefits in the APSS are unchanged by the transfer and continue to accrue with the same entitlements in a dedicated APSS sub-plan within ART.

Work Health and Safety report

Our Work Health and Safety report is contained on pages 26–29 of this report with the following additional statutory information:

- 91 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;
- no improvement notices were issued under section 191 of the WHS Act;
- no prohibition notices issued under section 195 of the WHS Act;
- no non-disturbance notice was issued under section 198 of the WHS Act;
- no remedial action was taken under section 211 or 212 of the WHS Act;
- no written undertakings were accepted by Comcare under section 216 of the WHS Act;
- no applications for internal review were made under section 224 of the WHS Act;
- no applications for external review were made under section 229 of the WHS Act;
- no infringement notices were given under section 243 of the WHS Act; and
- no prosecution was instituted under the WHS Act.

There were 16 (initial) Health and Safety Representative (HSR) training courses and 9 refresher HSR training courses run during the year, with a total of 108 participants trained.

Statutory reporting requirements

for the year ended 30 June 2023

Freedom of information report

In FY23 Australia Post received 188 applications and one transfer from another agency under the *Freedom of Information Act 1982* (FOI Act).

Including the nine applications on hand on 30 June 2022, and with nine applications outstanding on 30 June 2023, a total of 189 applications were resolved in the financial year.

These were handled as follows:

Access granted in full	33
Access granted in part	11
Access refused	116
Requests withdrawn	29
Total Resolved	189

There were eight applications for internal review received during the year.

Categories of documents

The categories of documents maintained by Australia Post include those relating to:

- commercial activities;
- corporate organisation and administration;
- Australia Post's financial management;
- management of assets;
- internal administration including policy development and program administration, reports, briefings, correspondence, minutes, submissions, statistics and other documents;
- Board submissions relating to the business of Australia Post;
- reference material used by team members including guidelines and manuals;
- legal advice; and
- operational documents.

Access to documents

Access to documents under the FOI Act can be obtained by making a written request to:

Freedom of Information Officer
Legal Group
Australia Post Headquarters
GPO Box 1777
Melbourne VIC 3001
or
foi@auspost.com.au

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.

Statutory reporting requirements

for the year ended 30 June 2023

Fraud control

Australia Post does not tolerate fraud and is committed to the highest level of integrity. Our purpose is to reduce fraudulent activity by developing a sustainable anti-fraud culture, building resilience in our systems, processes, and behaviours through improved insights, whilst delivering better outcomes for the Group and our customers.

Fraud governance, prevention, detection, and response for Australia Post is governed by our Group Fraud Policy (Policy), which is fundamental component of the Group's Fraud Management Control System and other related policies. Roles and responsibilities for the Board, management and team members are articulated in the Policy, which was last updated in June 2022. The PGPA Act provides the principles of fraud risk management and outlines our responsibility to mitigate, detect and respond to fraudulent activity. We have identified the key provisions as they relate to fraud management and have aligned our Group Fraud Management Framework (Framework) as appropriate.

The Framework aligns with the Group's Risk Management Policy, and other related policies, and adopts a methodology consistent with the Australian Standard for Fraud and Corruption Control (AS 8001:2021). Application of the Framework is facilitated by the Chief Risk Officer. The Framework is reviewed at least every two years, but a review can be triggered at any time by changes in the Australian Standard or by other legislative and operational requirements.

Examination of mail

International mail

Australia Post is authorised under the APC Act to open mail, as required by the Australian Border Force (ABF), in the following circumstances:

- when it is suspected that articles may contain prohibited substances; or
- to determine that appropriate duties/taxes are met.

ABF personnel have also been authorised under section 90T of the APC Act to remove and open articles in excess of a particular weight which ABF reasonably believes may contain drugs or other chemical compounds being carried in contravention of a law of the Commonwealth. The ABF has also been authorised under section 90FB (3) of the APC Act to act as an authorised examiner for the purpose of examining mail without opening (i.e. by x-ray or with drug detection dogs).

Australia Post is authorised under the *Aviation Transport Security Act 2004* (ATS Act) to examine items using x-ray and open items unable to be cleared by x-ray.

Domestic mail

Biosecurity Inspection and Quarantine officers from a prescribed state or territory are authorised under section 90U of the APC Act to request Australia Post to open, for inspection, any article for delivery in that prescribed state or territory; where the inspection officer has reasonable grounds to believe the item consists of, or contains, quarantine material.

Section 90UA authorises Australia Post to remove articles from the mail stream where it is suspected that the article consists of, or contains scam mail. Suspected scam mail may also be withdrawn from the mail upon receipt of a written request from a consumer protection agency.

In accordance with Section 90FB, Australia Post has appointed authorised examiners at designated locations where mail can be opened for inspection.

Authorised Australia Post team members may open articles in the following circumstances:

- undeliverable articles at approved locations for the purpose of identifying intended recipient or return addresses; or
- to repair an article or its contents so that the article can be made safe for carriage by post.

Australia Post is authorised under the ATS Act to examine items using X-ray and open items unable to be cleared by X-ray.

Statutory reporting requirements

for the year ended 30 June 2023

Disclosure of information

The Corporation is authorised to disclose information to agencies which have the legislative power to obtain such information. This includes instances relating to enforcement of the criminal law, the protection of the public revenue, the reduction of threats to life and notification of next of kin.

As required under sections 43(1)(o)(i) and (ii) of the APC Act, Tables 1 and 2 detail the number of times that such information was disclosed during the year and the authorities or bodies to which it was disclosed.

Table 1. Disclosure of information/documents (Section 90J "Authority") Footnote 1

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)	3,008	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)	61	Australian Criminal Intelligence Commission Crime and Corruption Commission (QLD) Australian Securities & Investments Commission Crime Commission (NSW)

Table 2. Disclosure of information/documents (Section 90K "Authority") Footnote 1

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)	1,020	Department of Fair Trading (NSW) Department of Primary Industries (WA) Department of Justice – Court & Tribunal Department of Mines, Industry Regulation Services Australia Independent Broad Based Anti-Corruption Commission Australian Competition & Consumer Commission Office of Fair Trading (QLD) State Revenue (NSW) State Revenue (VIC) Police (New South Wales) Police (Northern Territory) Police (Queensland) Police (Tasmania) Police (Victoria) Police (Western Australia)

Reports of outside bodies

In September 2022 the Commonwealth Ombudsman, in its Postal Industry Ombudsman role, issued a report entitled 'Australia Post's approach to compensation for items sent using the Signature on Delivery service during COVID-19'.

Footnote 1 Notes: Commonwealth agencies unless otherwise stated.

Statutory reporting requirements

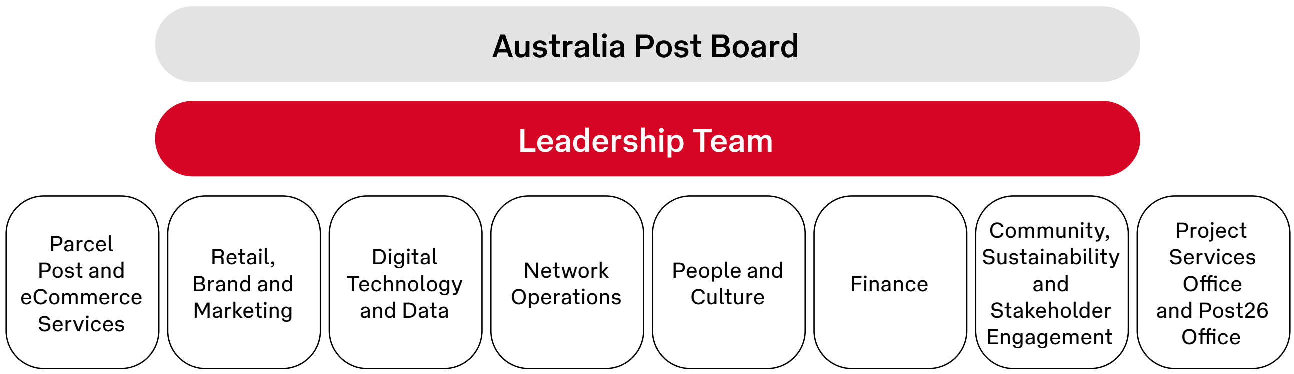
for the year ended 30 June 2023

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 FY23 is estimated at $442.2 million (FY22: $348.5 million), including $237.3 million in rural and remote locations (FY22: $181.8 million).

Our organisational structure



Corporate directory

Copies of the report

The 2023 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 annual.report@auspost.com.au

Contact details

Australia Post Support Office
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 Human Rights Commission IncludeAbility Employer Network (member since 2021)
- Australia Network on Disability (member since 2012)
- Australian Packaging Covenant (a signatory since 2011)
- Australian Red Cross Collective (member since 2021)
- Business for Societal Impact (formerly known as the London Benchmarking Group) (member since 2009)
- CDP (formerly known as the Carbon Disclosure Project) (since 2015)
- Disability Confident Recruiter with the Australian Network on Disability (since 2021)
- Equal Employment Opportunity Network (EEON) (member since 2016)
- Global Reporting Initiative (adopted since 2010)
- Healthy Heads in Trucks and Sheds (Board Chair and inaugural member since 2019)
- International Post Corporation (member)
- International Integrated Reporting <IR> Framework (adopted since 2016)
- National Association of Women in Operations (NAWO) (since 2010)
- Reconciliation Australia – Reconciliation Action Plan program (member since 2011)
- Pride in Diversity (member since 2021)
- Safety and Rehabilitation and Compensation Licensees Association (SRCLA) (Executive committee representation and member since 2009)
- Social Traders Connect (member since 2015)
- Supply Nation (member since 2010)
- United Nations Global Compact (signatory since 2010)
- UN Sustainable Development Goals and the Global Compact Network Australia's CEO Statement of Support (signatory since 2016)

Australia Post