2020 Annual Report

Protect
Serve
Safeguard

Australia Post

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

Front cover: Effie, Docks Operation Support from Melbourne Parcel Facility

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

Performance highlights

Our business performance

- Record revenue of $7.5 billion, up 7 per cent
- Profit before tax of $53.6 million, up 30 per cent
- Business efficiency savings of $281.1 million
- 80 per cent growth in eCommerce during the first eight weeks of the COVID-19 pandemic
- Non-letter revenue was up 15 per cent, constituting 73 per cent of total revenue
- Delivered approximately 400 million parcels, including 118 million during the last quarter

Our people

- Introduced measures to protect and support our people during the challenges of bushfires and COVID-19
- Reduced manual handling touchpoints by 520,000 per day across six sites
- Achieved record attendance and productivity through the first COVID-19 quarter
- Invested $20 million in PPE to keep our people safe
- Provided security for more than 33,000 postal employees by signing a Memorandum of Understanding to protect employee conditions
- Used new ways such as SMS and video to connect with our workforce and keep them informed about COVID-19
- Celebrated our diversity with workplace initiatives, community activities and online forums

Our customers and communities

- Supported 10,802 jobs in regional and remote Australia through our delivery and Post Office network
- An increase of 57 per cent in visits to our digital channels, with 495 million visits
- Facilitated an estimated $2.4 billion eCommerce boom during the height of the COVID-19 crisis, helping create local jobs
- 230 million SMS messages sent to customers between April and June 2020, advising them of their parcel's status.
- Supported fire-ravaged communities with free mail redirection, over-the-counter donations in Post Offices and the disaster relief stamp pack
- Launched our Community Strategy including partnerships with Beyond Blue, the Australian Red Cross and the Indigenous Literacy Foundation

Our network

- $316.1 million capital investment
- Opened the Brisbane Parcel Facility in Redbank, Queensland - the largest parcel facility and delivery centre in the southern hemisphere - and rolled out automation at six other sites
- Made significant adjustments to support communities through COVID-19, with 16 pop-up facilities and up to 17 planes chartered per day
- Partnered with supermarkets and pharmacies to deliver essential items during COVID-19
- $50 million investment in security including X-ray equipment, explosive trace detection units and automated conveyer systems

Our innovation and expertise

- Launched Sending Made Easy, introducing national flat rate retail pricing for parcels up to 5 kilograms
- Secured new agreement with the Universal Postal Union
- Supported businesses to work remotely and adapt to eCommerce during COVID-19
- Launched Workforce Verification, providing a streamlined and efficient verification solution to employers
- Supported small business growth through our Local Business Partner program

Our environment

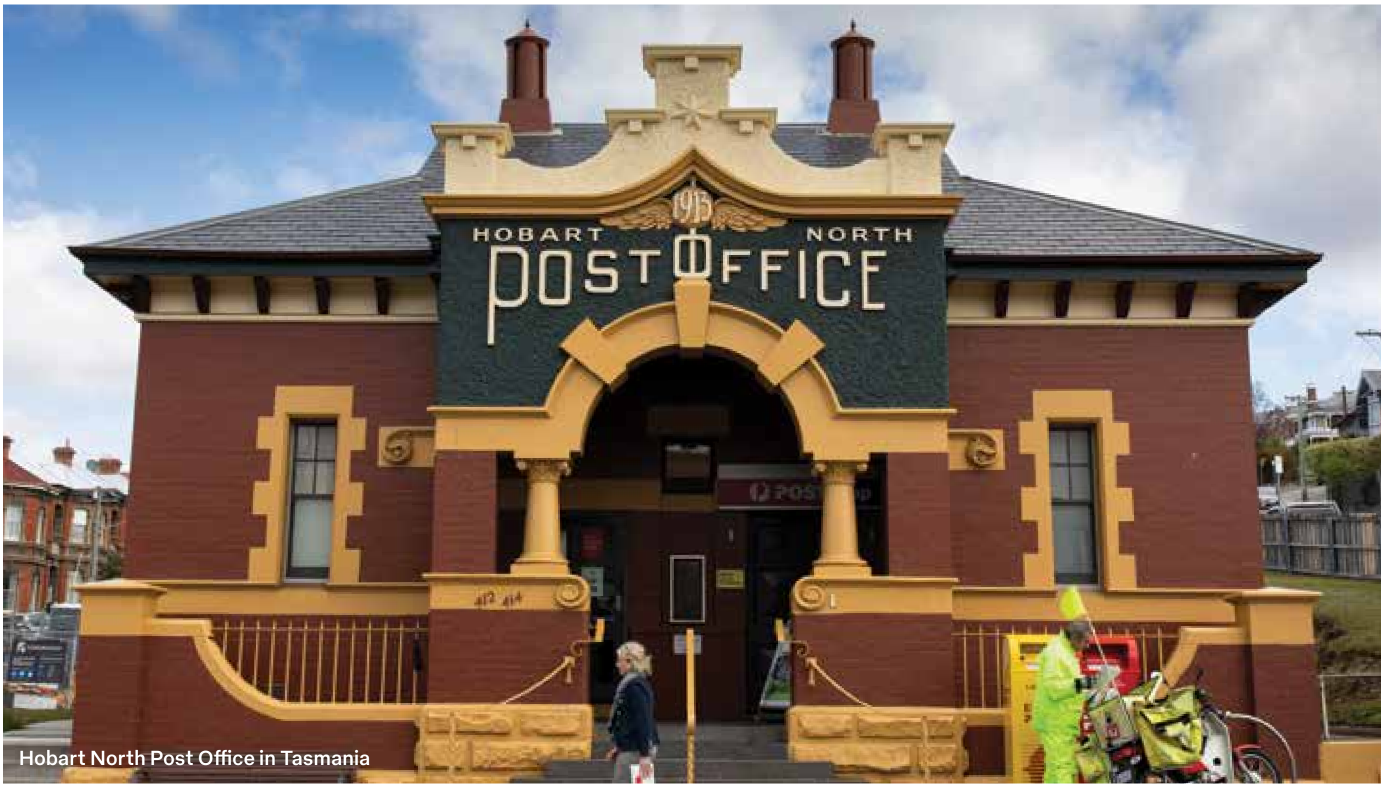
- Achieved our 2020 emissions target to reduce CO_2e (Carbon Dioxide equivalent) by 25 per cent, equivalent to 100,000 tonnes of CO_2e since 2010
- Achieved our 2020 reuse and recycling target to divert 100,000 tonnes of material from landfill between 2016 and 2020
- Introduced 'best in market' plastic satchels with 80 per cent recycled content, and mailing boxes that are 100 per cent certified by the Forest Stewardship Council (FSC)
- Implemented carbon neutral delivery for all parcel products sent through the Retail and MyPost business channels, offsetting the emissions of 62 million parcel deliveries annually

Performance against targets

Performance indicator	Standard/Target	Performance
Profit before tax	$15.0 million	$53.6 million
Shareholder return on equity	0.5%	1.9%
Dividend declared for 2019/20	$6.1 million	$27.9 million
Dividend paid in 2019/20	$24.0 million	$21.0 million
Street posting boxes	10,000	15,036
On-time letter delivery	94.0%	97.1%
Retail outlets		
In total	4,000	4,330
In rural and remote areas	2,500	2,520
In metropolitan areas*	90.0%	93.7%
In non-metropolitan (i.e. rural and remote) areas#	85.0%	88.8%
Delivery frequency per delivery point		
at least 5 days per week	98.0%	98.8%
no less than 2 days per week	99.7%	99.9%

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

About Australia Post



Hobart North Post Office in Tasmania

Today, more than ever, Australia Post is at the heart of Australian communities, connecting them to each other and the world. In a year that has been one of the most challenging in Australia Post's more than 200-year history, as Australia's leading logistics and integrated services business, our objective has nevertheless remained the same: to support our customers to grow and communities to thrive, to create products that people value and trust, and to always deliver great service and value to our customers and the community.

As bushfires swept across our nation and isolated many communities, our Post Offices stayed open and acted as a vital local hub for Australians, particularly in rural and regional Australia.

They helped communities stay connected, and at a time when cash was crucial, our Bank@Post service helped bushfire-affected communities access the essential goods they needed. Then, we moved on to the next challenge - the onset of a global pandemic - and again, our Posties, our drivers, and our facilities played an important role, helping deliver the essential items Australians needed.

As a Government Business Enterprise (GBE) that operates under the *Australian Postal Corporation Act 1989* (APC Act), Australia Post is a completely self-funded business with both commercial and community service obligations. It requires us to make the best use of our assets and resources, enabling us in turn to earn profits that can be reinvested in our business for the benefit of the Australian community.

Section 27 of the APC Act prescribes our community service obligations (CSO), which require us to provide an accessible and reliable letters service, at a uniform price, for all Australians, regardless of where they live.

We deliver to
12.3 million
delivery points across Australia

But as we continue to transform and innovate our business to meet the changing needs and expectations of our customers, what we do is much more than just delivering on our community service obligations.

We continue to meet the growing demand for online shopping, exacerbated this year by the challenges of COVID-19. Our investment in our parcels business in recent years, ensured we were well placed to tackle the massive spike in parcel volumes as people were forced to stay home, and traditional bricks and mortar retail was required to adapt online.

Each year, we make a direct contribution of over $3 billion to national GDP through our operations; and the indirect economic impacts that flow from our activities contribute almost as much again.

Our workforce of more than 75,000 people is made up of 35,000 employees and an extended workforce of contractors, licensees and subcontractors. We continue to place the safety of our people as our highest priority because we believe everyone should feel safe and well in the course of their day.

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

About this report

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

Financial capital
Our business performance

Human capital
Our people

Social capital
Our customers and communities

Manufactured capital
Our network

Intellectual capital
Our innovation and expertise

Natural capital
Our environment

Our annual report provides an overview of our business activities and our financial, environmental and social performance for the 2019/20 financial year in a single, integrated report.

The report is prepared in accordance with legislative requirements, the Integrated Reporting <IR> framework, the Global Reporting Initiative Standards (GRI) Core option and the 10 principles set out in the UN Global Compact. Our approach to value creation, governance, performance and future outlook are reported against the six capitals of the <IR> framework – financial, human, social, manufactured, intellectual and natural capitals.

The report includes a detailed Remuneration Report.

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*.

Further details can be found on our Carbon Disclosure Project submission via our website.

The disclosures in this report give consideration to the main principles outlined by the Task Force on Climate-related Financial Disclosures. This report is approved by the Australia Post Board and presented to Australia Post's Shareholder Ministers consistent 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 2019/20 reporting period. Any restatements of information (due to changes in cost allocations or to allow like-for-like comparisons) are clearly noted and explained throughout this report. There were no significant changes in the boundary or scope of this report in 2019/20.

Identifying material issues

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

The top 10 material issues nominated by our internal and external stakeholders for 2020 were:

- Employee safety, health and wellbeing
- Contribution to the local economy
- Post Office network viability
- Operating profitably
- Fair labour practices
- Viable parcel business
- Customer experience
- Workforce engagement
- Employer of choice
- Changing competitive landscape

More information about our materiality review is included on page 57.

Corporate Governance Statement and Corporate Responsibility Index

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

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

Chair's message

In a year of unprecedented challenges, Australia Post has continued to implement change, travelling along a path of transformation that is crucial for a business that seeks to continue to connect Australians to each other and the world.

Australia Post maintains a sense of history with an important place in the community, supporting businesses in the good and the difficult times.

We have a clear eye on the future and are aware of the ongoing need to transform to remain relevant, sustainable, and to be able to support businesses, communities – and the people in them – over the coming years.

Like many postal businesses around the world, the onset of a global pandemic posed many challenges, and added to those already faced by the digital disruption of our traditional core businesses, particularly the decline of our letters business.

In the last year, revenue in the domestic and international letters business was down year on year 9.9 per cent (split first half 8.9 per cent and second half 11.1 per cent). Domestic letter volumes, also decreased year on year by 14.5 per cent (split first half 10.8 per cent and second half 18.2 per cent). While international letters volumes fell by 16.3 per cent year on year, impacted by global conditions, international parcel revenue still grew by 6.2 per cent year on year.

As an organisation, the process of transformation continues at pace, serving our communities and seizing new customer opportunities.

As online shopping grows, with significant growth during the COVID-19 period as Australians stayed home, we have cemented our role as the nation's most-chosen provider of business to consumer delivery services. During the year, domestic parcel revenue grew by 17.8 per cent year on year.

This strong growth was achieved despite the challenges that came with COVID-19, with protecting the health and safety of our staff and customers paramount, and requiring rapid adjustment to the way in which our business was conducted.

The support and the rallying of our people right across the network was palpable, and I am incredibly proud of the way the transformation is being managed by our team.

An important community hub

More than ever before, our Post Offices are vitally important hubs for local communities. After the local doctor and police, Australia Post is also the most trusted service provider in regional communities.

It is why we remain absolutely committed to maintaining Post Offices as required under our CSO. However, we recognise that we will need to continue to innovate and add new financial and government services, as well as other transactional services, to sustain community-based Post Offices into the future.

Looking forward

We will continue to make investments in our deliveries space across the first, middle and last mile, improving capacity and increasing reliability and improving customer satisfaction. Across our Post Office network we will continue the parcel locker rollout and look to improve merchandise in store, while investing in systems to provide customers with a single account (for both business and personal) and simplify self-service options.

We will continue to support the growth ambitions of our business and government customers, providing innovative solutions and deep customer insight.

Our product and innovation strategy will continue to focus on the creation of products and services that our customers love and trust, while growing and protecting existing revenue streams and driving cost efficiencies.

Behaving responsibly

Reinforcing our commitment to transparency and sustainable development, this Annual Report has been prepared and presented in accordance with: the International Integrated Reporting <IR> Framework; the GRI Standards Core option; and the Ten Principles of the UN Global Compact.

Thank you

Our Group Chief Executive Officer and Managing Director, Christine Holgate continues to lead from the front, making a real impression on the business, while also refreshing the structure and composition of our senior Executive Team.

I would especially like to acknowledge Christine in welcoming me to the organisation, and similarly for her team's contribution to our strategy and the fresh thinking that they have injected into our business this year.

I would also like to thank my fellow Directors, our many business partners and, of course, our wonderful nationwide team of people. You do a tremendous job serving Australians, in communities everywhere, every day.

Lucio Di Bartolomeo
Chair

Strategic direction


Delivering near Mt Kosciusko, in regional New South Wales

In an environment where non-letter products are an ever-increasing part of our network, Australia Post's purpose is aligned to the full range of services that customers value.

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 choice of delivery standards.

We provide access to important services for the community such as applying for a passport, banking and 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 substitution, in-person services remain highly valued by the Australian community. In addition, we offer a range of digital payment solutions for businesses and consumers.

We want our business to grow so that it delivers $10 billion in revenue and the ability to handle 700 million parcels annually by 2025. We want to be the partner of choice for our customers and suppliers and to be an employer of choice with word-class safety results.

Nearly three quarters of Australian households are shopping online and, in 2020, the percentage of consumer spending transacted online has increased significantly during the COVID-19 pandemic.

We will continue to play a leading role in eCommerce, and to increase our role in the provision of vital financial and government services, especially in remote and rural communities.

We will pursue five strategic priorities in 2020/21:

Supporting communities to thrive	Partnering for growth with our customers on their domestic and international business	Creating products that people love and trust	Driving efficiencies	Providing great service and value through operational excellence

Group Chief Executive Officer and Managing Director's message

This year has been unprecedented in our 211 year history. I am so proud of our extended team who together have demonstrated courage and determination as they have worked hard to support the communities they serve. In the face of several extraordinary challenges including bushfires, floods and COVID-19, our Post Offices remained open and our Posties and Delivery Drivers delivered.

Although we faced many challenges, I am pleased to report Australia Post achieved a record full-year revenue of $7.5 billion; up 7 per cent on the previous year and recorded a profit before tax of $53.6 million for the period. These headline results mask the significant challenges that our business faced and the efforts the team made to adapt to them quickly.

Our strategy through these challenges was simple; **Protect** our people with regard to their physical, mental and financial wellbeing; **Serve** our country, continuing to deliver and stay open, and **Safeguard** our business, as we knew this was our best defence to protect services and jobs for the long term.

From the onset of COVID-19 we were committed as one to stay open to serve the needs of all Australians and Australian businesses wherever we could. In the space of weeks, our business experienced years of growth in parcels requiring us to respond. In adapting to this change so successfully and for remaining profitable, we have our people and customers to thank.

We have delivered impressive results amidst many challenges

Our domestic parcel business once again cemented Australia Post's position as market leader, with revenue growth of approximately 17.8 per cent, including our StarTrack Road business. This business once again contributed more than half of our Group revenues, initially boosted by a record peak, and then further lifted by the dramatic change in retail behaviour that resulted from COVID-19, and our ability to work with customers to deliver new eCommerce solutions.

Our international parcel business was significantly impacted by the grounding of flights due to COVID-19, but revenue was still up 6.2 per cent for the year. While our international business will face challenges as we emerge from a COVID-19 world, we are well equipped to tackle them.

During what were difficult times for many communities, our financial services business and our Bank@Post service in particular was crucial. Even in the midst and in the aftermath of horrifying bushfires, our Community Post services sustained communities and ensured that all Australians had access to local banking services, allowing us to serve those affected when they needed us most.

Our letters business both domestically and internationally continues to decline, with revenue down year on year almost 10 per cent, exacerbated by the onset of COVID-19, which while accelerating the growth in our parcels business, spurred the deceleration in our letters business. Now, on average an Australian household only receives a letter every other day and our letter volumes are down 56.4 per cent from our peak letter volumes.

Changes to our operating environment threatened our ability to deliver and highlighted the need for temporary regulatory relief

As COVID-19 threatened our country, many of our traditional partners, such as Qantas which previously carried many of our letters and parcels across the country in the belly of its passenger planes, significantly reduced their network. In response we chartered, with Qantas's help, up to 17 planes a day so we could keep the parcels and letters moving. We opened 16 additional pop-up processing facilities, many the size of football fields, so we could meet both the increasing demands of consumers and businesses. However, the impacts of these changes increased our operating costs significantly. These changes, coupled with the need to operate safely, including introducing split shifts and safe distances for our people, meant we could not be certain of meeting our delivery standards. Faced with significant parcel demands, as many households became dependent on Australia Post deliveries in lock down, we asked our Government for help.

We sought temporary regulatory relief from the federal government to help us better manage demands and to enable us to retrain up to 2,000 Posties to deliver parcels in vans. This relief means that until 30 June 2021 in metropolitan areas only, letter delivery will occur every other day – freeing up our Posties to drive vans to help deliver the parcels that Australians need.

While Posties can deliver some of our parcels, increasingly the parcels are too large for a bike or an electric delivery vehicle (eDV) – particularly as Australians have settled into a new way of life at home, with products like office and exercise equipment becoming increasingly popular.

Customers remain at the centre of all that we do

We continue to focus on our customer needs and improving their service, and as I wrote last year, while we continue to make progress, we will always strive to improve. We met or surpassed all our community service obligations, including delivering on time and ensuring access to Community Post Offices and street post boxes.

We committed more resources to manage customer enquiries efficiently and trained over 20,000 employees in customer service. We employed additional casuals at the peak of COVID-19, when parcel volumes soared and Australians became more reliant on the products they had ordered.

We invested over $316 million in our operational network, opened our new parcel facility at Redbank in Brisbane, and installed new sorting automation and tracking in Sydney, Melbourne and Canberra, just in time for our record-breaking Christmas 2019 peak. The Brisbane Parcel Facility at Redbank is the largest parcel processing and delivery centre in the southern hemisphere. Our investments across the period were funded by free cash flow from operations, and our cash flow from operating activities increased from $279 million in 2019 to $578 million in 2020.

Our results reflect the unwavering efforts of all our people

Once again, none of these achievements would have been possible without the significant contribution from our people, particularly given the challenging circumstances that faced many. They remained focused on serving their communities – whether it be helping provide an important community hub during bushfires, or ensuring that the essential items required during lockdown reached vulnerable members of the community.

It is the people that staff our Post Office network, it is the people that deliver those goods, but it is also the people behind the scenes that forge partnerships with the likes of Coles, Woolworths, the Australian Red Cross and the Pharmacy Guild of Australia – that help us serve our communities. They pulled together to deliver for our customers through the most challenging weather conditions, and from bushfires to floods, Australia Post still delivered to your home.

We are committed to a safe and sustainable future

We continue to operate with an eye on the impact our business has on the environment around us, and this year, we redoubled our commitment to sustainability by publicly issuing our Group Corporate Responsibility Plan. We have articulated new 2030 aspirations that align to the UN Sustainable Development Goals and a three-year roadmap to achieving these. I commend you to read our approach to sustainable development online at auspost.com.au/CR.

As always, but particularly during a year of unprecedented challenges, the safety and wellbeing of our people remains our greatest priority and we have worked hard to protect them. Our COVIDSafe Plan has protected of our people whilst they have continued to serve the community,

We have employed measures such as zoning, physical distancing and temperature checks in our facilities, screens at our Post Office counters and have had many of our people working from home since March, all helping to stop the spread of infection.

Our investment in automation has meant we could process significantly increased volumes of parcels without resultant increases in manual handling injuries and we have rolled out over 1,200 eDVs, enabling us to further reduce the amount of motorbikes in our business. With our Board's support, this will remain an important area of focus going forward.

I would like to send thanks to the many stakeholders for all the important work they do in supporting Australia Post. This includes our hardworking Licensed Post Office Partners and Contractor Delivery Teams, who play such an important role every year, but particularly this year.

Thank you to our Board, Executive Team and our employees, for your commitment and hard work. Thank you to our Shareholder Ministers, for your support in enabling our business plans.

And most importantly, my thanks to the great people of Australia, who as always, we are here to serve.

Christine Holgate
Group Chief Executive Officer and Managing Director

Corporate responsibility

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

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

Within just 12 months, we have made significant progress in providing our customers and communities with more sustainable products and services. This includes:

- introducing Carbon Neutral Delivery for our retail customers, partnering with Qantas Future Planet
- providing 'best in market' sustainable packaging with plastic satchels that are made from 80 per cent recycled contents, and mailing boxes that are 100 per cent certified by the Forest Stewardship Council (FSC)
- ensuring our packaging is 100 per cent recyclable, following the adoption of the Australian Recycling Label and a take-back scheme with REDcycle Australia.

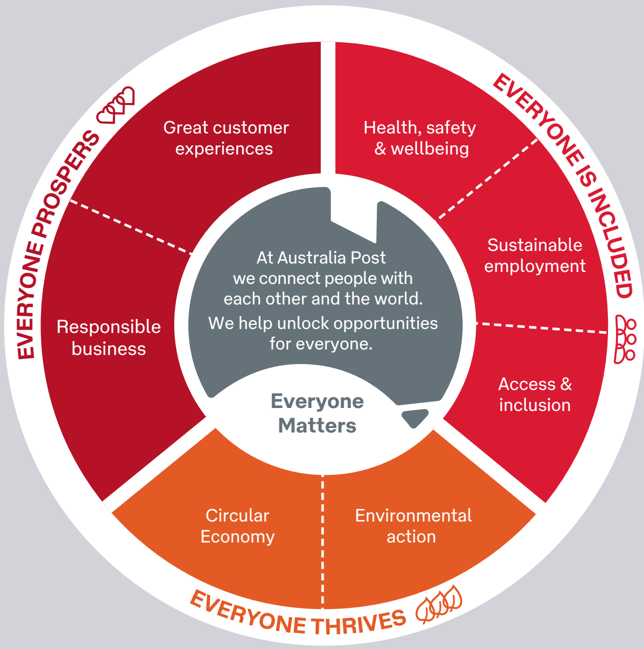
Despite the changed economic and community circumstances brought on by COVID-19, we have been able to operate at capacity while continuing to positively impact our people, customers and communities, the environmental and our bottom line. We have:

- placed safety first, with no instances of the virus being contracted in the workplace in 2019/20
- partnered with Beyond Blue, the Indigenous Literacy Foundation and the Australian Red Cross to help communities connect and thrive, maintaining strong partnerships during these unprecedented times
- delivered a 90 per cent increase in parcels to customers, while responsibly controlling our carbon emissions
- achieving gender pay parity for the fourth consecutive year.

Reduced emissions by

100,000 tonnes

- equivalent to taking 41,665 cars off the road



Significantly, at end June 2020, we met our two 2020 environmental targets. We have:

- diverted 100,000 tonnes of material from landfill - equivalent to 16 Olympic sized swimming pools
- reduced emissions by 100,000 tonnes - equivalent to taking 41,665 cars off the road.

Underscoring the relationship between environmental and economic sustainability, this reduction in emissions has saved the business over $75 million in electricity costs over 10 years.

Learn more about Australia Post's commitment to sustainable development at: auspost.com.au/CR where you can download our *2020-22 Group Corporate Responsibility Plan*, which won the Corporate Social Responsibility Award at the 2020 World Post and Parcel Awards. Additionally, our 2018/19 Annual Report won the Best Integrated Report at the 2020 Corporate Register Reporting Awards.

Network overview

Our extensive network supports a vast range of customer and business needs

4,330
Post Offices

33,039
Parcel lockers

15,036
Street Posting Boxes

4,691
Vans, utes, trucks and cars

3,764
Electric delivery vehicles (eDV) and electric assisted motor bikes (eAMB)

5,412
Motorcycles

up to 17
planes chartered per day*

~228m
Customer visits physical

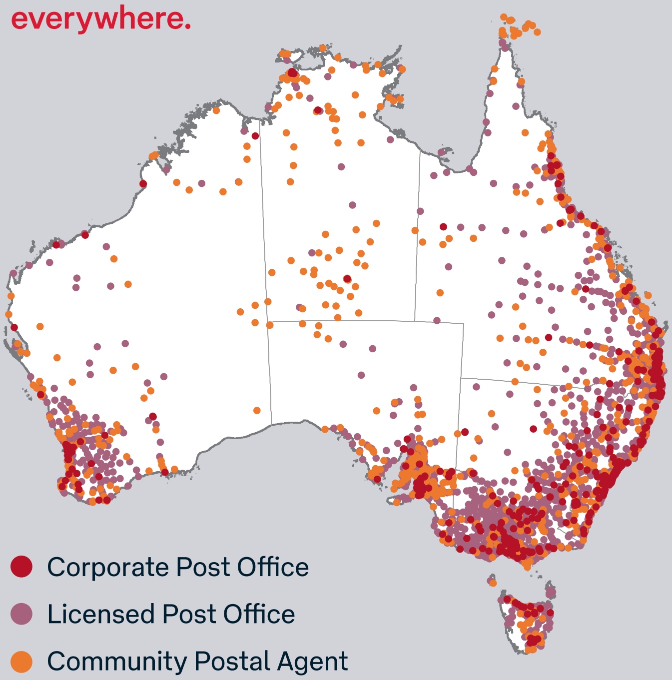
~495m
Customer visits digital

10m
MyPost members#

~75,000
People in our extended workforce

12.3m+
Delivery points

Our network of 4,330 Post Offices enables convenient local access to essential services in communities everywhere.



* since April 2020 # August 2020

Value creation

Our business performance

Key inputs

- $577.8 million cash from operations
- $6,785.3 million gross assets
- $316.1 million cash used in investing
- Assets of $7.609 billion managed under Australia Post Superannuation Scheme

Key activities

- Partnered with supermarkets and pharmacies to deliver essential items to isolated people
- Introduced flat rate retail pricing for domestic parcels up to 5 kilograms
- Increased the basic postage rate and made other pricing changes

Key outcomes

- $7,499.2 million in revenue
- $53.6 million in profit before tax
- $21.0 million dividend paid to our Shareholder
- Facilitated an additional $2.4 billion in eCommerce during the COVID-19 crisis, including $560 million for rural and remote areas
- We have covered $241 million of letters losses, a CSO cost of $393 million, and our return on equity is 2.4 per cent

Our people

Key inputs

- A workforce of more than 75,000 people including employees, contractors, community postal agents and licensees
- Continuing strong commitment to safety and wellbeing
- Active support of diversity across our workforce
- Skilled and proficient workforce

Key activities

- Commenced work on an integrated safety culture approach
- Continued work to develop a comprehensive management and reporting system to address modern slavery
- Celebrated the diversity of our workforce including International Women's Day, Pride activities and National Reconciliation Week

Key outcomes

- 3,412 total reportable injuries, representing Total Reportable Injury and Frequency Rate (TRIFR) of 57.1
- Implemented state of the art robotics across our facilities to remove 520,000 daily manual handling touchpoints
- Gender pay parity for the fourth year running

Our customers and communities

Key inputs

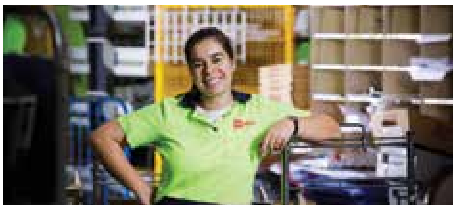
- 495 million digital customer visits
- 228 million retail customer visits
- 125 million visits to our app
- Connecting communities through our retail presence, delivery network and online services

Key activities

- Invested in systems to provide more customer data, through scanning and notifications
- Supported our communities through bushfires, floods and COVID-19
- Provided financial support to community groups and charities through workplace giving and community and workforce grants
- Established partnerships with Beyond Blue, the Australian Red Cross and the Indigenous Literacy Foundation to support the communities we work and live in

Key outcomes

- Economic footprint in regional and remote Australia of $806 million, supporting 10,802 full time jobs
- Record digital traffic, including 73 million visits to our website and app during April (up 200 per cent)
- 800,000 customers signed up to the MyPost app
- More than 289,000 small businesses registered with MyPost Business, up 58 per cent
- Spent $19.7 million with 49 social and Indigenous suppliers
- Contributed $501.6 million in government taxes, duties and dividends



Our network

Key inputs

- 12.3 million delivery points
- 4,330 Post Offices
- 15,036 street posting boxes
- 33,039 parcel lockers
- 2,529 electric bikes (EAMBs) and 1,235 electric delivery vehicles (eDVs)
- 5,412 motorcycles
- 4,691 vans, trucks, utes and cars
- Up to 17 planes chartered per day*
- 481 facilities
- Delivering to 212 countries, territories and regions

Key activities

- Opened the Brisbane Parcel facility in Redbank, the largest parcel processing and delivery centre in the southern hemisphere
- Delivered automation and facility upgrades at five sites
- Invested $50 million in security, including X-ray equipment, explosive trace detection units and automated conveyer systems
- Responded to the operational and process changes required due to COVID-19
- Deployed a single digital scanner platform across 33,500 devices, enabling rapid deployment of new capabilities

Key outcomes

- 2.8 billion letters and parcels processed through our network
- Record parcel delivery of 50 million parcels in December, including 2 days over 3 million and 22 week days in a row over 2 million
- More than 2 million parcels delivered a day for 10 weeks during COVID-19
- Obtained temporary regulatory relief from Federal Government to help manage record parcel volumes

Our innovation and expertise

Key inputs

- Highly skilled and experienced workforce
- Reach and scale of our networks
- Commitment to creating products that customers love and trust

Key activities

- Launched Workforce Verification product, providing streamlined and efficient verification solution to employers
- National rollout of Domestic Letters with Tracking prepaid envelopes, tracking notifications for domestic letter with tracking or Registered Post and a new Local Government Area Unaddressed Mail delivery solution
- Launched Collect & Return, offering shoppers collect and return options from Post Offices, 24/7 parcel lockers, supermarkets, pharmacies and department stores nationwide
- Refreshed Bank@Post agreements for more than 70 institutions and delivered Coin and Cash Exchange and NAB passbook withdrawal services
- Transitioned 4,500 employees to VPN to facilitate working from home
- Telecommunications network transformation upgrading 1,350 sites, and enabling a remote workforce of 9,000 staff, including call centres, in days

Key outcomes

- Product availability of 99.8 per cent in 2019/20
- Sending Made Easy product and price changes launched, reducing 256 price points to four
- 63 per cent of parcels lodged via our new lodgement platform in June, up from 43 per cent
- 1.35m Digital iD™ customer verifications and 110 per cent year-on-year growth in the number of individuals with a Digital iD™ app
- Globally recognised MyPost and Digital iD™ apps – app store ratings of 4.8 and 4.6 respectively

Our environment

Key inputs

- Electricity consumption of 168,779 Mwh in our network
- Self-generation of 4,623 Mwh from onsite solar
- 42.2 million litres of fuel used by our own fleet and 75.3 million for subcontractors

Key activities

- Completed the Brisbane parcel facility's 900KW Solar Photovoltaic installation
- Completed our LED lighting project to replace all lighting with energy-efficient LED across 107 sites in Victoria and New South Wales
- Continued to roll out our electric delivery vehicles (eDVs), keeping our Posties safe and reducing emissions.
- Overhauled our packaging range, introducing 'best in market' sustainable satchels and mailing boxes

Key outcomes

- Achievement of our 2020 emissions reduction target of 100,000 tonnes of CO_2e
- Achieved our 2020 reuse and recycling target of 100,000 tonnes
- 35,000 LED lights installed, recycling over 107 tonnes of fixtures and fittings, avoiding 11,000 tonnes of carbon and saving $2 million
- Facilitated collection of 265 tonnes of mobile phones and accessories for recycling, since 2008

* since April 2020

Our business performance

Senior Postal Services Officer,
Cathryn at Darwin GPO

Our business performance

$7.5 billion
revenue

$53.6 million
profit before tax

$281.1 million
Business efficiency savings

Financial performance

Australia Post recorded a full-year profit before tax of $53.6 million this year, up 30 per cent, with group revenue, with group revenue – boosted by the boom in eCommerce - up 7 per cent to a record $7.5 billion, a more than $500 million jump on last year. Growing losses in the letters business and increased network costs however resulted in a profit before tax result up only $13 million compared to 2018/19.

Our parcel and services revenue at $5.5 billion was up 15 per cent, adding $729 million to the full year result, highlighting that 73 per cent of total revenue is now generated from highly competitive markets.

Pleasingly, revenue from domestic Australia Post branded parcels rose 25 per cent to $2.5 billion. In the second half of the year parcel revenues were boosted by the continued growth of eCommerce as consumer demand grew as families adapted to lock down restrictions and more businesses went online as their physical stores hibernated.

Costs increased over the period by $477 million including higher operational network costs to support growth in parcels and AP Global, additional processing facilities and chartered air freight to meet customer demands, as well as personal protective equipment for workers. At the same time, we were able to identify over $280 million in cost savings from business efficiency programs implemented across the organisation including reducing support costs by $62 million.

Letter revenues were $2.0 billion for the period, down $220 million or 9.9 per cent for the full year. Although we benefited from a 10 cent increase to the basic stamp price on January 1, the significant disruption in letter volumes in the second half of the year adversely impacted results, with letters losses growing by 26 per cent to a full year loss of $241 million.

The international business was impacted by global conditions - both a significant fall in air freight capacity to and from Australia, and many countries closing their borders in the second half of 2019/20 - with international letters and packets volume down 16 per cent.

Nevertheless, the strong performance of AP Global – our cross-border eCommerce business - saw revenue grow by $146 to $225 million, ensuring our total international portfolio remained strong.

New investments

We continued to invest in transforming the business this year spending $316.1 million across our strategic projects, asset replacement and acquisitions. A major focus of this investment was in network automation and expanding our processing and delivery capacity to efficiently handle future growth in parcel volumes.

This was highlighted by the opening of our new state-of-the-art Brisbane Parcel Facility in Redbank, Queensland in October 2019. Opening ahead of what would be a peak Christmas period, and as 2020 would show, record parcel volumes brought about by COVID-19 induced change in retail behaviour.

Total expenditure of $7.5 billion was up 7.2 per cent on last year, driven by the additional expense involved in delivering record parcel volumes, including 16 new or repurposed parcel processing facilities and over 600 additional employees during COVID-19, as well as maintaining services to our customers through extra chartered flights domestically and internationally.

During the financial year, we paid $21.0 million in dividends to our Shareholder, the Australian Government. Based on this year's result, our declared dividend payment will be $27.9 million. Our balance sheet remains strong, with a closing cash balance of $775.3 million.

Once again, this year, we either met or exceeded all of the prescribed performance standards that underpin the community service obligations, including maintaining 4,330 Post Offices and delivering 97.1 per cent of letters on time or early.

Record peak, delivering
50 million
parcels in December

DELIVERING ESSENTIAL ITEMS

Through a summer of bushfires and the uncertainty of COVID-19, the important role of Australia Post's network was highlighted like never before.

As communities faced bushfires on their doorstep, it was the local Post Office that acted as a community hub, and as banking systems were cut off, for bushfire-affected communities it was the local Post Office that through Bank@Post allowed for the withdrawal of cash.

Barely a few months later, as parts of the nation went into lockdown, we moved quickly to work with the likes of Woolworths, Coles and the Pharmacy Guild of Australia, to help deliver the essential items Australians needed.

"We know so many people are really struggling to get their essential needs during this time, particularly the vulnerable and elderly who may not be able to visit their local supermarket. Making delivery to people's home is critical at this time" said Christine Holgate, Group Chief Executive Officer and Managing Director.

Woolworths Group CEO Brad Banducci said: "Going to the supermarket is a key part of everyday life for many of them, and some will have never even considered ordering groceries online before. "We're working at pace to reshape our business, and thanks to the support of the likes of Australia Post, we will be able to better service those in self-isolation."

We partnered with supermarkets and pharmacies to deliver essential items

Five-year trends	2016	2017	2018	2019	2020
Revenue - letters ($m)	2,508.6	2,554.0	2,433.7	2,216.3	**1,996.4**
Revenue - non-letters ($m)	4,053.6	4,253.2	4,443.3	4,773.5	**5,502.8**
Expenditure ($m)	6,520.9	6,687.6	6,757.6	6,950.3	**7,447.5**
Profit before tax ($m)	41.0	126.1	125.7	41.1	**53.6**
Profit after tax ($m)	36.4	95.4	134.2	40.6	**42.9**
Total assets	5,043.2	5,537.3	5,589.1	5,542.7	**6,785.3**
Return on equity[1] (%)	2.3	5.9	7.8	2.4	**2.4**
Return on average operating assets (%)	1.8	4.0	3.3	1.6	**2.1**
Debt to debt plus equity	27.8	24.9	22.9	23.6	**24.6**
Dividends declared ($m)	20.0	63.3	83.1	25.4	**27.9**
Dividends paid ($m)	-	50.1	78.5	42.2	**21.0**
Estimated cost of community service obligations ($m)	183.6	389.9	403.5	392.2	**393.3**
Total taxes and government charges ($m)	399.3	469.5	540.2	529.4	**480.6**
Capital expenditure ($m)	298.1	295.6	310.2	423.9	**316.1**

Basic Postage Rate[2] (BPR) and consumer price index (CPI)	2016	2017	2018	2019	2020
BPR cents	100	100	100	100	**110**
BPR concession cents	60	60	60	60	**60**
CPI all groups 8 capitals base 2011-12=100	108.6	110.7	113.0	114.8	**114.4**
Year on year change in BPR (%)	42.9	0.0	0.0	0.0	**10.0**

1. Return on equity is calculated as profit after tax as a percentage of equity. Equity has been adjusted to remove the impact of the group's net superannuation liability / asset.
2. Postage rates applicable to standard letters carried within Australia by ordinary post.

More than
200,000
households shopped online for the first time in April 2020

New baseline for eCommerce

The impact of COVID-19 was felt strongly by the retail market which underwent one of its biggest transformations in living memory.

In the eight weeks after the COVID-19 pandemic was declared by the World Health Organisation, growth in eCommerce was up over 80 per cent year on year.

As non-essential businesses closed and people were asked to stay home, online shopping became commonplace for more and more people. The initial focus for shoppers was on essential items, as uncertainty led to 'panic buying' of groceries, pharmaceuticals, hygiene items, and of course, toilet paper. As Australians settled in at home, online purchases transitioned to entertainment, self-improvement, DIY, comfortable and casual clothing and gifts to connect with loved ones. In April alone, more than 200,000 new shoppers turned to online shopping for the first time and many existing online shoppers increased their activity, purchasing online three or more times a month. This indicates that shoppers are staying engaged, and online shopping habits are starting to take hold.

The global COVID-19 pandemic has set a new baseline for eCommerce in Australia, with online predicted to hold a 15 per cent share of the total retail market by the end of 2020.

Pricing

Through the financial year, we made significant changes to some of our pricing structures and offerings, providing better outcomes for the communities and customers we serve, and also working to safeguard our business in the context of changing landscapes.

Basic Postage Rate

On 1 January 2020, the basic postage rate was changed from $1.00 to $1.10, with the concessional stamp rate maintained at $0.60 and the seasonal greeting cards rate maintained at $0.65. On a purchasing power parity basis, this puts Australia Post's basic postage rate as one of the lowest of economically developed countries.

The increase helps keep Post Offices open – including Australia Post's vital rural and remote network – and ensures Australians everywhere can continue to access these important services.

If It Packs, it Posts

From 30 September 2019, we extended our popular domestic national flat rate parcel products to provide greater value for customers sending domestic parcels up to 5 kilograms via Post Offices, MyPost Business and auspost.com.au.

The new sending solution, called *If It Packs, It Posts* offers national flat rate pricing based purely on the parcel's size instead of a combination of weight and where it is being sent from and to. Put simply, if a customer's item fits in any of the new Australia Post *If it Packs, It Posts* product range of packaging and satchels (small, medium, large or extra large) and weighs up to 5 kilograms, it can be sent anywhere in Australia at a flat rate retail price based on the size of packaging the customer has chosen.

Designed to remove complexity and provide certainty of pricing upfront, it is an illustration of us responding to customer needs.

Mail Officer Josh at Canberra Mail Centre

OUR BUSINESS PERFORMANCE

Temporary Regulatory Relief

As we continued to manage significant disruption under COVID-19 restrictions, we sought temporary regulatory relief from the Australian Government to help manage the unprecedented parcel volumes.

The temporary changes to delivery standards will help Australia Post to continue to service the broader needs of the community as quickly as possible.

It will enable us to retrain 2,000 motorcycle Posties as parcel drivers, to help process and deliver parcels in line with timeframes that our business and consumer customers expect.

The temporary regulatory relief includes suspending the priority mail letters service, extending the required delivery time for regular intrastate letters to five days after the day of posting, and allows us to deliver letters in metropolitan areas every second day, freeing up resources to help meet the massive demand for parcels. There have been no changes to letter delivery frequency in rural and remote locations, and also for collection from PO boxes and over the counter at Post Offices in all locations.

Future outlook

With the impact of COVID-19 and the aftershocks of it to be felt for some time, our challenge will to be to continue adapting to that changing landscape amid what will continue to be overall tough economic conditions.

We will continue to provide important community services with our Post Office network again acting as points of connection for communities, while we also meet the challenge of increased demand for parcels as Australians continue to become more accustomed to shopping online.

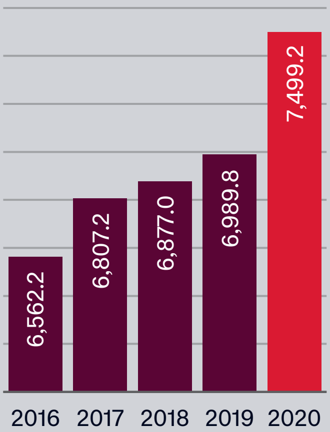
Our Alternative Delivery Model (ADM), which is in place until 30 June 2021, will help meet that challenge, and help manage the expected high parcel volumes being sent across the country and as we continue to manage significant disruption as Australians adapt to a post-COVID-19 world.

We will also continue to trial new products and seek new growth opportunities, particularly in financial and government services and the delivery of international eCommerce, while also looking for opportunities to drive efficiencies.

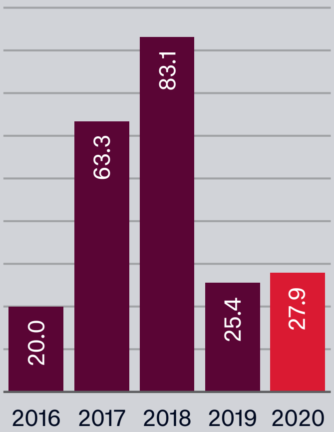
“I feel safe working here. It’s a massive company and a great team, a network of people that all help each other.”

Heathwood Postie Eric has retrained as a parcel driver to help manage unprecedented parcel volumes

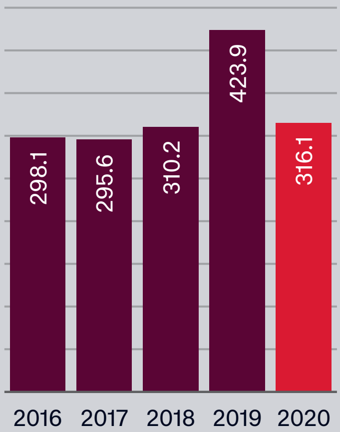
Revenue ($m)



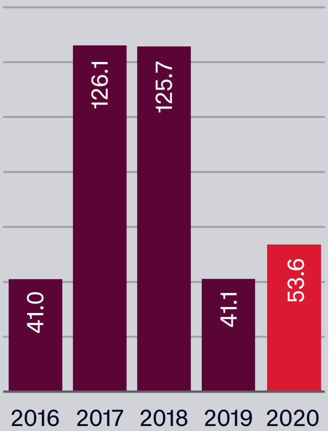
Dividends declared ($m)



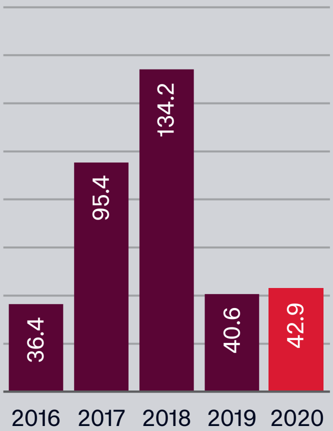
Capital expenditure (cash) ($m)



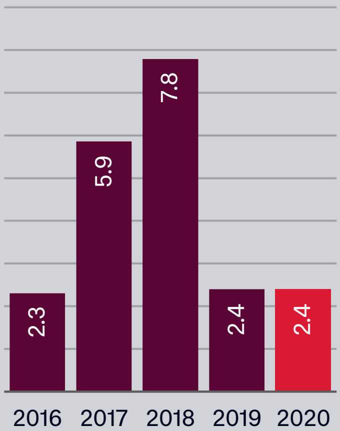
Profit before tax ($m)



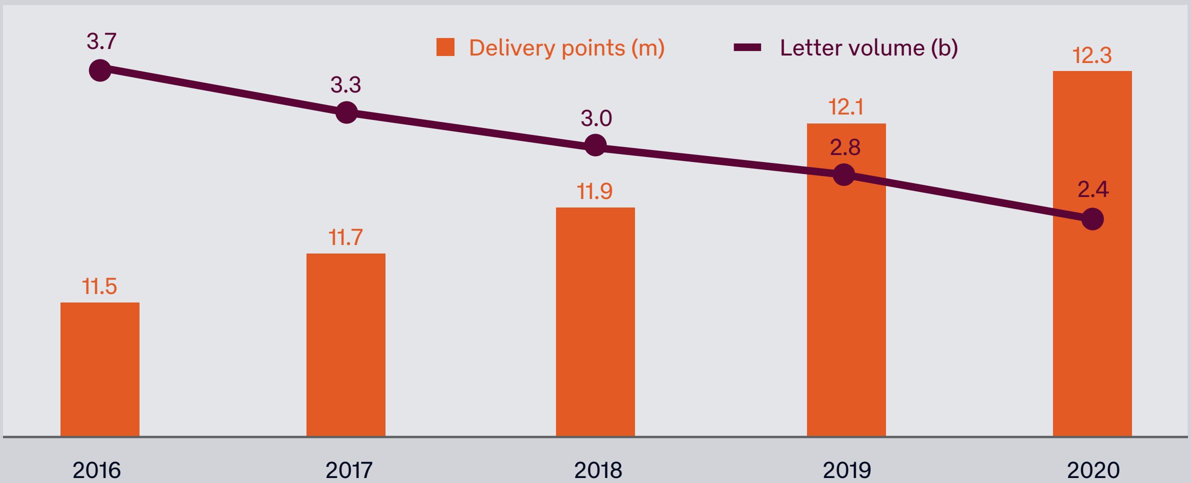
Profit after tax ($m)



Return on equity (%)



Letter volume and delivery points



Our people

Acting Team Leader Rick at Canberra South Delivery Centre

Our people

Keeping our people and customers safe during challenging times

Celebrating diversity and providing a place to share it

Serving our community during the most difficult of times

Our people are in Australian communities every day, delivering essential services that connect and support businesses and consumers.

Without their efforts and commitment, Australians would have been isolated and at higher risk during both the bushfires and COVID-19.

Sharing our values stories

With our new values of Trust, Inclusivity, Empowerment and Safety (TIES) launched in 2019, this year saw the focus shift to embedding these values to cultivate a values-driven culture. TIES pop-up sessions were hosted to help illustrate what our values look and feel like in action.

These sessions enabled our people from across all parts of our business, to share their own stories and reflect on how they align with each of the four values.

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

Titus shares his Values story at Sydney Gateway Facility

Bringing values to life

Our Delight program continues to help bring our values to life through customer service language and mindset tools. The enterprise-wide program is provided for all employees and is designed to create a positive, 'can-do' culture that is focused on the customer.

It links directly to our value of Empowerment, and is an ongoing three-year cultural change program, equipping our staff with the tools to positively and confidently respond to every service situation and create more positive outcomes beyond work.

Safety and wellbeing

The past year has presented unparalleled challenges for the safety and wellbeing of our people. Drought, floods, bushfires and a global pandemic have disrupted our lives, both at work and at home. In the first half of the financial year, we worked to reset our safety and wellbeing strategy, capability and approach. The second half of the financial year almost entirely focused on crisis management and a shift in focus to Protect our people, Serve Australian communities and Safeguard the future of Australia Post.

Physical and mental health

The wellbeing of our people remains our highest priority. In August 2019, we enhanced the safety capability in the organisation through the redesign of the safety team and bringing in external safety professional expertise in a number of key roles, both at group level and operationally. Our existing safety and wellbeing strategies were reviewed in late 2019 and refreshed strategies were endorsed by the Enterprise Safety Council and the Board. Our focus is to build on the strong foundation that has been set across the enterprise and accelerate our progress towards achieving our safety vision of zero harm, by placing the care and wellbeing of our people at the centre of everything we do.

Our safety culture work is focused on developing our leaders into effective safety role models by implementing programs that invest in the hearts and minds of our people so that they take accountability for safety in line with our values. We commenced work in December 2019 to produce a proposed roadmap to the development of a holistic, integrated safety culture approach. This work was paused during COVID-19 restrictions, however has recommenced and was launched with Safety Time in August 2020.

Our physical safety exposures remain consistent in nature, but the specific challenges associated with them are impacted significantly by our rapidly evolving business and the reality of a long-tenured, ageing workforce. Our people conduct significant manual work and they operate vehicles – whilst the very nature of our business does not allow us to remove those risks, we must continue to reduce and control them.

Safety performance

Incidents are reported and investigated to ensure we reduce the future exposure to injury for our workforce. During 2019/20, there were 3,412 Total Recordable Injuries (TRIs) and our Total Recordable Injuries Frequency Rate (TRIFR) was 57.1, up slightly on last year, however was steady as compared to significant increases in parcel volume.

We had a 1 per cent increase in our injuries whilst absorbing a 22.6 per cent increase in year-on-year parcel volumes.

Our injury rate continues to fall and was 40.0, down 4 per cent on last year.

Safety performance – Australia Post Group#	**2019**	**2020**
TRIFR	56.4	57.1
Injury rate	41.7	40.0
Disease rate	14.7	17.2
Fatalities (number)	0	0
Fatality rate (per million kilometres)	0.0	0.0

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

For the purpose of reporting, occupational incidents are assessed to have occurred where the employee was On Duty at normal workplace, On Duty at alternate workplace, Travelling on duty or on Break at their normal workplace. Commuting (Journey to/from) are not included. The reporting parameter is by the Incident Date in period from 1 July 2019 to 30 June 2020, reported as at 30 June 2020. During July 2020, 92 additional TRIs were lodged for the previous period. Total Recordable Injuries (TRIs) and Frequency Rate (TRIFR) are employee occupational work related incidents where medical treatment has been sought through the WorkReady Program or where a claim for workers' compensation has been made. These do not include First Aid injuries. TRIFR is the total number of TRIs per one million exposure hours worked for employees only. The reporting period is 1 July 2019 to 30 June 2020, reported as at 30 June 2020. Exposure Worked Hours are only employees worked hours and do not include any leave hours nor contractor hours. An Injury or Disease is defined by the Type of Occurrence Classification System (TOOCS) based on their nature of injury. Injury and Disease rates are also calculated per one million exposure worked hours. Only employee fatalities are counted where these are accepted workers compensation claims pursuant to the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act).

Note: For 2019/20 there were 3,412 TRIs and a total of 59,714,206.47 exposure worked hours. Thus the TRIFR is calculated at 57.1 (rounded to 1 decimal point). The Injury Rate at 2 decimal points is 39.96 (based on 2,386 Injury TRIs) and the Disease Rate at 2 decimal points is 17.18 (based on 1026 Disease TRIs), and these rates have been rounded to 1 decimal point to reflect 40.0 and 17.2 respectively in the above table.

Reducing manual handling risk

Parcel-sorting automation and facility upgrades will remain our most effective measure of reducing manual handling risk. We continued with our safe design approach to the prevention of workplace injuries at our new Brisbane Parcel Facility, the new Melbourne North Parcel Delivery Centre, the new air can handling system at Sydney West Letters Facility and other automation at Alexandria, Eastern Creek and Dandenong Letters Centre.

Through the implementation of automation, we have reduced manual handling touchpoints by 520,000 per day across these sites in the first half of 2019/20.

Reducing critical risk

As part of our critical risk control focus, our commitment to reducing our motorcycle fleet has also continued with the aim of reducing motorcycles by 61 per cent in 2021. The introduction of electric delivery vehicles (eDVs) and increase in the use of electric bicycles has been a key change to help us achieve this commitment. Recent developments arising from COVID-19 will accelerate the reduction with 2,000 additional vans being brought into our fleet to also replace motorcycles.

520,000
daily manual handling touch points have been removed from our network

Industry leader

The objective of our psychological safety and wellbeing stream is for Australia Post to be a leader in creating psychologically safe and mentally healthy workplaces. We empower our people through the provision of a framework of consultation mechanisms and supporting tools and resources to take ownership of psychological safety and wellbeing in their workplace.

We will continue to build relationships with expert partners such as Beyond Blue to complement our internal strategies and resources. We offer independent, free and confidential counselling and coaching via our Employee and Workforce Assistance Program to employees, our extended workforce including contractors, licensees, sub-contractors, and their families. We continue to raise awareness for the availability of these support programs as we seek to combat the stigma around reaching out for support.

We have seen continued growth in the use of the broader services suggesting a change in how these programs are viewed, from a reactive counselling service to a proactive service.

EMERGING INDIGENOUS LEADERS PROGRAM

Luke Brennan has been with Australia Post for ten years and in 2019 was selected to join the Emerging Indigenous Leaders Program.

“The program has changed my life has helped build the person I am today. The amazing people I have met along this incredibly inspirational journey of the emerging leaders program, I now call all of them family. I have them tattooed on my wrist. I have never been so inspired by anything in my life.

“Before starting the program, I was just a truck driver, I had a poor work ethic and was really going nowhere fast. Fast forward to just after the completion of the course, I’ve seen myself in an acting supervisor’s role now for over 6 months.

I am absolutely loving it and continuing to lead and inspire my co-workers daily, without the tools and knowledge I gained from the program I would not be where I am today.”

Luke talks about the Emerging Indigenous Leaders Program

Perspex screens were installed to keep our retail employees safe

Bushfire and COVID-19 Safety Response

The start of the 2020 calendar year has been dominated by two major crisis response events, first the bushfires and associated air quality issues and then COVID-19. During these first six months of the year, from a safety perspective, our strategy, planning and resources have been almost entirely dedicated to ensuring the safety and wellbeing of our people in those two contexts.

From a physical safety perspective that has involved evacuations and facility closures during the bushfires and detailed risk assessments to determine safe operations in poor air quality.

We transitioned non-operational staff to work from home during COVID-19 lockdowns and ensured our frontline staff could continue to work safely through a variety of physical distancing measures such as zoning in facilities, temperature checks, contactless delivery, staggered shift times and Perspex screens in Post Offices.

We engaged with our external medical provider, Jobfit, and obtained advice on a daily basis in the early stages of the pandemic to ensure we were adequately informed and prepared to protect our people.

Jobfit provided advice on our infection control procedures, reviewed our risk assessments including the use of appropriate personal protective equipment and kept us up to date on the rapidly evolving epidemiological aspects of the virus as they related to our workplace.

There have also been significant psychological safety challenges related to the bushfires and COVID-19. Detailed and specific mental health and wellbeing programs have been put in place related to these two events including onsite counselling in bushfire impacted areas, proactive support for high-risk remote workers and manager guides for dealing with common reactions during both events.

Our ongoing response to the COVID-19 situation will continue to impact on the broader safety and wellbeing objectives of the business as we deal with the immediate risk of the virus. We will be closely monitoring and managing the risks associated with even more dramatic increases in parcels and the changes to the nature of our work.

Contact tracing

We responded to the rapidly evolving impacts caused by COVID-19 across our business and community by implementing a range of policies, procedures and tools, to support our team members and ensure their safety.

A key area of this response was the implementation of a COVID-19 Suspect, Probable or Confirmed Case Management Process, which was implemented from the onset of the COVID-19 outbreak in March 2020 and was predominately supported by our existing senior Safety and Operational teams.

We developed a case management process early, which would become particularly useful later as case numbers increased throughout Victoria. This included comprehensive contact tracing which enabled us to move quickly to require people to quarantine to ensure the safety of our people and the community.

We evolved this process to implement technology solutions and dedicated contact tracing teams capable of scaling up and down rapidly as required.

Celebrating National Reconciliation Week at Brisbane Central Business Hub

Diversity and inclusion

Reconciliation Action Plan

As we neared the end of our current *Reconciliation Action Plan (2017-2020)* (RAP), we continued to achieve many positive outcomes. As of 30th June 2020, we have our largest ever Aboriginal and Torres Strait Islander workforce, with 1,120 First Nations people now part of our workforce.

We achieved our commitment to increase our Aboriginal and Torres Strait Islander workforce to 3.0 per cent of our total workforce by 30th June 2020, and our retention of Aboriginal and Torres Strait Islander workforce continues to be higher across our organisation when compared to non-Indigenous staff.

We are also working alongside other corporates including Telstra, NAB and Lendlease, and supported by Indigenous Business Australia and the Victorian State Government to build capacity within, and supporting the growth of, Aboriginal and Torres Strait Islander businesses in Victoria.

Work has begun on developing our new *Reconciliation Action Plan 2020-22*, with our Engagement and Diversity team working in consultation with our RAP Working Group and Reconciliation Australia. Critically, our Aboriginal and Torres Strait Islander workforce will have an opportunity to review and provide input into the plan.

Reconciliation and supporting our Aboriginal and Torres Strait Islander people in our workplace remains so important. As an organisation, we are proud of how we have supported our First Peoples, but we need to do more. We are committed to ensuring reconciliation is everyone's responsibility.

Gender balance

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

Our workforce is made up of
147
nationalities

We define gender pay parity as within a +/-2 per cent band. We have achieved gender pay parity for the fourth year running.

We continue to address areas within the business where women remain under represented, particularly in operational areas, so after a pilot in NSW we have started a nation wide rollout of our Women@Post Program to improve how we attract, grow and retain our female employees.

Driving careers and growth

We also continue to support the development and retention of female employees through ProjectMe, a seven-week career and personal development program designed to give our women the tools to build resilience, self-awareness and career agility. ProjectMe was made available to 400 women.

To support our women to move into and thrive in leadership roles, our Elevate program creates a cohort of high-potential women with the confidence and capability to set up and drive business outcomes and challenge the status quo. Through the success of this program, we have been able to identify and develop a strong pipeline of female talent to move into leadership roles.

In 2020/21, we will be moving this program in house and aligning it strongly with succession planning and senior leader sponsorship to further improve outcomes for our women leaders.

We also continue to support and be an active member of NAWO (National Association for Women in Operations) to provide development and networking opportunities for our women in operational and frontline roles.

Women@Post

Women@Post is a localised engagement program to support the recruitment and engagement of women in operations at Australia Post. Piloting in NSW East Territory, Women@Post is now running in Victoria, Western Australia, New South Wales and is confirming sites in Queensland. The program engages women at facilities to provide feedback around workplaces, systems and practices which impact women, and devise action plans to make our organisation an employer of choice.

In light of COVID-19 restrictions, a closed Facebook group was created to support engagement and connection of women in any role in our workforce and includes weekly Facebook Livestreams from women leaders across the business.

Warren Mason, Area Manager NSW with Christine Holgate

WARREN MASON, SERVING OUR COMMUNITIES

We are very proud of the work that some of our staff do, above and beyond the call of duty. We have leaders right across the network, working hard to make a real difference. It is something that Warren Mason exemplifies.

Warren was this year recognised for being a true leader, highly admired and esteemed within Australia Post and the broader community, with a loyalty that is underlined by 30 years of service. A true mentor, he encourages all to take on development opportunities, and is a great champion for the Indigenous Emerging Leaders program. Warren is highly active in Indigenous affairs, and is a member of the Aboriginal Medical Services Board.

Celebrating International Women's Day

International Women's Day is celebrated every year at Australia Post - recognising the significant contributions that women make to our workplaces, culture, and communities. This year, Group Chief Executive Officer and Managing Director Christine Holgate joined in the festivities at Sydney Parcel Facility and spoke about her career journey, and experience as a leader.

Christine Holgate with Yvette at the International Women's Day celebration at Sydney Parcel Facility

PostPride and Rainbow Peer Support

Our PostPride Network and Rainbow Peer Support Group work towards improving visibility and the experiences of our lesbian, gay, bisexual, trans, intersex, and staff of diverse genders, sexes, and sexualities in the workplace.

This year we participated in Fair Days in Perth and Newcastle, the Sydney Mardi Gras and Midsumma in Melbourne, as well as Pride Marches (in Melbourne, Perth, Adelaide, Geelong) These activities and workplace based initiatives reflect our commitment to being as an LGBTI+ inclusive and supportive business to our customers and the communities which we serve.

In response to COVID-19 restrictions, we created the Rainbow Peer Support Facebook group for our LGBTI+ staff, holding monthly Facebook Livestream featuring senior leaders and prominent members of the broader LGBTI+ community.

Accessibility Matters employee network

Accessibility Matters, our employee network of people with lived experience of disability, either personally, as a carer or with manager responsibilities, was established in 2019. Our network has now grown to include employees across Western Australia (WA), Queensland (Qld), New South Wales (NSW), the Australian Capital Territory (ACT) and Victoria (Vic).

Members meet monthly via video to share their unique experiences, with a view to improving accessibility at Australia Post. This Group are currently playing an important role in the development of our new *Accessibility Action Plan 2020 to 2022*.

Alicia Santa-Cruz Thompson (Darra, Qld) joined Accessibility Matters so that she could change people's perception of disability. Alicia's daughter has Down Syndrome and as a parent, she wants people to focus on what others can do rather than the disability.

> "I want to help change attitudes, so often people will see the disability rather than the person."

Samuel Quinn (Dandenong, Vic) joined the network to help raise awareness of the need to ensure workplaces provide the right adjustments for people to fully participate at work. For Samuel, this means booking Auslan interpreters so that he can contribute fully and have the same opportunities as others.

> "Being deaf doesn't mean I have a disability, I speak Auslan so it's only when there is a communication barrier that I find it challenging to contribute/participate."

Our Accessibility Action Plan

Our *Accessibility Action Plan 2017-19*, lodged with the Australian Human Rights Commission, outlines Australia Post's commitment to improving accessibility for people with disability across four key areas: Our People, Our Place, Our Customer and Our Community.

In May 2020, the end of Plan audit commended our progress and noted key achievements including the establishment of our employee network called Accessibility Matters, a comprehensive review of our recruitment process to identify and mitigate barriers for candidates with disability, and building disability confidence through the delivery of training and access to a range of resources.

It also noted opportunities, namely to improve outcomes for people with disability, the development and implementation of an enterprise Workplace Adjustment Policy, completion of the Disability Confident Recruiter program, and to continue building disability awareness and confidence through our induction program and in programs for our customer-facing roles.

Celebrating International Day of People with Disability

On 3 December we celebrated IDPwD across the organisation by sharing a short film about the benefits of employing people with disability. The film featured Greg Richardson, a Team Leader at the Perth Parcel Centre and his son Michael who has Down Syndrome. Greg has been concerned about Michael finding meaningful work as he grows older and so he supported Michael to join us as a Christmas Casual working at Malaga. Greg moved across to work alongside Michael and it is fair to say they learnt from each other "We spent our evenings discussing postcodes to help Michael with his sorting. Michael has also been quick to offer me some tips about manual handling and parcel care," said Greg. Michael continues to be a valuable member of the team, working as a casual employee, even leading a stretching session for the team.

Michael who works at Perth Parcel Centre

Modern Slavery

Operating ethically and reporting transparently

We are committed to addressing the crime of Modern Slavery. Since 2018, a cross-functional group has been working to ensure that our operations and supply chain are slavery free. The group has been designing a comprehensive, whole-of-business approach to managing and reporting on modern slavery, in accordance with new government legislation.

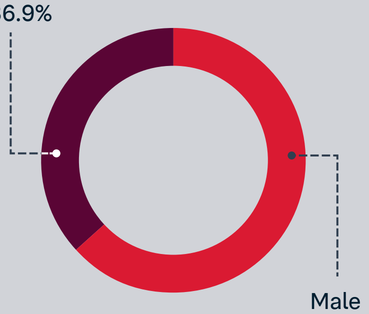
Future outlook

Our ongoing commitment to safety will remain paramount, particularly during what will continue to be challenging times for staff and our communities alike. We will continue to keep our people informed and well equipped to tackle the challenges that come our way.

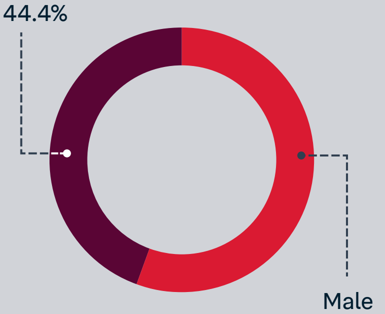
Empowering our leaders and driving growth and progression from within, will ensure that we continue to be an employer of choice, as we drive programs that provide opportunities for all, in an environment that supports inclusion for all diversity groups.

We will continue to build on the cultural readiness of our people, working with the business to address local issues that create better opportunities for achieving gender balance, again with a focus in our operations areas.

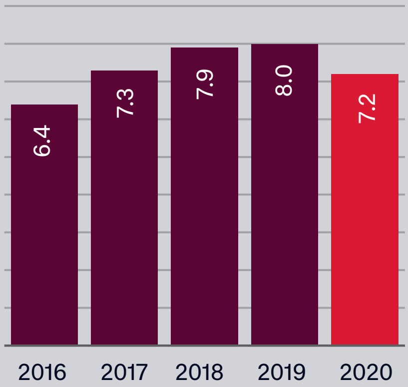
Our workforce



Our Executive Team



Turnover rate (%)



Diversity profile	2016*	2017^	2018^	2019^	2020^
Women	38.7%	36.7%	36.4%	36.5%	36.9%
Aboriginal and Torres Strait Islander people	2.1%	1.8%	1.9%	1.9%	3.0%
People with disability	6.0%	4.8%	4.3%	4.0%	5.7%
Lesbian, Gay, Bisexual, Transgender and Intersex people	0.9%	0.9%	1.2%	1.6%	3.1%
Culturally and linguistically diverse	25.3%	22.4%	22.1%	22.5%	30.0%
Female Senior Managers (Band 4 and above)	35.4%	37.7%	36.6%	38.0%	38.4%
Women on Australia Post Board of Directors	33.3%	44.4%	44.4%	44.4%	44.4%
Aged under 30	9.3%	9.6%	9.8%	10.2%	9.7%
Aged 30 to 50	48.1%	47.0%	46.1%	41.9%	41.2%
Aged over 50	42.6%	43.4%	44.1%	47.9%	49.1%

^ Australia Post Group * Australia Post only **Note:** This data is based on self-declaration and includes our casual workforce.

Total employees: Five year summary [1]	2016	2017	2018	2019	2020
Full-time employees	26,939	27,132	27,333	27,785	27,959
Part-time employees	7,990	7,838	7,537	7,316	7,039
Total employees	**34,929**	**34,970**	**34,870**	**35,101**	**34,998**

1. Excludes casuals and external contractors.

	Workforce representation		Females		Males	
Total employees: 2020	**No.**	**%**	**No.**	**%**	**No.**	**%**
Permanent						
Full-time	27,065	77.3%	8,314	23.8%	18,751	53.6%
Part-time	6,546	18.7%	3,996	11.4%	2,550	7.3%
Total Permanent	**33,611**	**96.0%**	**12,310**	**35.2%**	**21,301**	**60.9%**
Fixed Term						
Full-time	894	2.6%	256	0.7%	638	1.8%
Part-time	493	1.4%	194	0.6%	299	0.9%
Total Fixed Term	**1,387**	**4.0%**	**450**	**1.3%**	**937**	**2.7%**
Total Employment	**34,998**	**100.0%**	**12,760**	**36.5%**	**22,238**	**63.5%**

All Ongoing Employees Current Reporting Period (2019/20)

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

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

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

All Ongoing Employees Previous Reporting Period (2018/19)

	Male			Female			Indeterminate			
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeter-minate	Total
NSW	6,417	686	**7,103**	2,513	1,003	**3,516**	0	0	0	**10,619**
Qld	2,867	393	**3,260**	1,386	781	**2,167**	0	0	0	**5,427**
SA	938	229	**1,167**	242	306	**548**	0	0	0	**1,715**
Tas	320	30	**350**	91	78	**169**	0	0	0	**519**
Vic	6,244	1,027	**7,271**	3,141	1,335	**4,476**	0	0	0	**11,747**
WA	1,495	217	**1,712**	693	508	**1,201**	0	0	0	**2,913**
ACT	423	59	**482**	122	68	**190**	0	0	0	**672**
NT	62	22	**84**	51	30	**81**	0	0	0	**165**
External Territories	0	0	**0**	0	0	**0**	0	0	0	**0**
Overseas	0	0	**0**	0	0	**0**	0	0	0	**0**
Total	**18,766**	**2,663**	**21,429**	**8,239**	**4,109**	**12,348**	**0**	**0**	**0**	**33,777**

All Non-Ongoing Employees Previous Reporting Period (2018/19)

	Male			Female			Indeterminate			
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeter-minate	Total
NSW	243	104	**347**	53	82	**135**	0	0	0	**482**
Qld	75	33	**109**	42	43	**85**	0	0	0	**194**
SA	28	65	**93**	2	27	**29**	0	0	0	**122**
Tas	8	4	**12**	4	3	**7**	0	0	0	**19**
Vic	159	69	**228**	82	56	**138**	0	0	0	**366**
WA	50	19	**69**	14	28	**42**	0	0	0	**111**
ACT	13	5	**18**	2	2	**4**	0	0	0	**22**
NT	0	1	**1**	4	3	**7**	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	**577**	**300**	**877**	**203**	**244**	**447**	**0**	**0**	**0**	**1,324**

Our customers and communities

Trisha, Postal Services Officer at Dubbo Post Office

Our customers and communities

495 million
digital customer visits and **228 million** retail customer visits

10,802
jobs supported in regional, rural and remote Australia through our delivery and Post Office network

230 million
SMS messages sent to customers between April and June 2020

As a big national organisation with a network that holds tremendous reach, our customers and communities are fundamentally central to all that we do.

We help our customers connect with their communities, and we serve them both, listening to and responding to what they need.

While we have been doing that for 211 years, the needs of our country have significantly changed through this period. Just over 30 years ago, when the *Australian Postal Corporation Act 1989* was passed, the internet was in its infancy and we delivered postal telegrams as well as letters to homes. Today our communities expect and need us to do so much more.

Connecting communities

Our Post Offices provide access to a range of essential services to communities across the country and we continue to invest in our people, services, and new ways of working to ensure we are able to continue to sustain Post Offices into the future.

The Post Office Network experienced significant growth in 2019/20 with trading revenue increasing by 7.1 per cent compared to 2018/19.

We continue to build towards being a leading market place with new offers such as PO Box Plus and a local Pickup and Delivery national offer to attract new customers.

Our delivery volumes via Parcel Lockers, PO Boxes and the Parcel Collect service continue to grow, with an 11.8 per cent growth on previous years. We have also expanded our Parcel Locker network to over 33,000 locker compartments, across 400 locations.

Licensed Post Offices

We continue to maintain a strong partnership with our Licensed Post Offices, and engagement with our licensees increased significantly, up 10 per cent on last year.

This has been enhanced through strong stakeholder engagement with the Australia Post Licensees Advisory Council (APLAC), working together to provide additional support for our licensees across the nation.

Our Licensed Post Offices represent the face of Australia Post to most Australians, particularly in rural and remote locations where our presence is most valued. Our licensees are critical to our future growth aspirations and to Australia Post being a key part of communities Australia wide.

Licensed Post Offices, who as small businesses understand the challenges that come with the job, are helping to expand our small business offering as part of the rollout of Local Business Partner program, offering an expanded suite of business products and services. We have also worked with licensees through the challenges of this year to assist where they may have been experiencing cash flow impacts.


Licensee Jolene at Freeling LPO in South Australia

Bank@Post

We continue to improve our Bank@Post offering, with the delivery of new services including our coin and cash exchange which provides customers with easy access to coins and notes. This solution aims to ensure that customers of banks exiting from local areas still maintain the ability to access coin floats.

During the initial onset of COVID-19 we also acted to ensure services were available to those who needed it most. This included a new passbook withdrawal and cheque encashment service to support vulnerable customers. We provided localised support in over 400 locations due to branch closures, and we increased cash limits across ten banks – delivering improved customer experience, enabled larger deposits, and also reduced risk associated with split deposits.

10,802 jobs and growing

For the first time we have measured our economic and social contribution to non-metropolitan areas.

An independently produced Deloitte Access Economics report, commissioned by Australia Post, revealed that we support 10,802 jobs and a $10.6 billion eCommerce market through our delivery and Post Office networks and we are increasingly important to regional and remote Australia.

The report showed an Australia Post presence in a community supports local businesses and the economy with more than one third of the 2,500 Post Offices in regional Australia providing in-conjunction businesses, such as newsagencies and general stores.

It also showed that our presence contributed to wellbeing, with socially isolated people visiting the Post Office more frequently than others, and 74 per cent of regional residents saying that local Post Offices make a 'broader social contribution beyond selling products and services'.

Customer service enhancements

While we take pride in having strong positive working relationships with our customers, the strength of these relationships was never more important than during the challenging times of 2020.

With COVID-19 forcing many retail business models to undergo quick and pointed change, we were there to closely engage with our business customers, sharing information that could help them as they pushed further into the online space.

We are the third most
trusted
service provider in regional and remote communities

Improving the customer experience

Through the challenges, triumphs and changes of the last year, the customer experience remains at the forefront of everything we do.

COVID-19 presented a rapidly changing environment for operations and our customers, with volumes at or exceeding our recent peak Christmas period and limited ability to supplement resources to process parcels due to social distancing rules.

During this time we were able to rapidly add to and change our scanning process and customer notifications, enabling us to provide the most relevant and current information on the progress of our customer's parcels.

We made a significant investment in systems and data to develop a customer dashboard that assists our delivery facilities and MyNetwork team to address customer concerns far more quickly and thoroughly, resolving issues for customers and merchants within one business day. We are continuing to focus on reducing this further.

We continue to look at how we meet the evolving needs of customers, merchants and the community and are developing tools to enable our delivery team to have a bigger role in how this is achieved.

Postal Manager Virginia at Dubbo Post Office, our Corporate Post Office of the Year

Online community

Our online community continues to grow with 495 million visits to our website and app, a 57 per cent increase on the previous year. Our AusPost app – rated 4.8 on the app store – continues to be a key driver of this growth, with 125 million visits, representing 85 per cent growth year on year, helping customers get real-time tracking updates.

Our online shop also saw significant growth, with revenue of $23 million – an increase of 29 per cent year on year – driven by range expansion and an improved customer experience which pushed visits up by 30 per cent. This was also reflected in the number of customer orders increasing by 200,000 – up 53 per cent.

MyPost Business revenue increased significantly to $134 million (up 81 per cent) as more small businesses signed up, with new savings bands introduced in June 2020 offering customers more savings off eligible products when sending items within Australia.

Engaging our customers

Dear Australia

We launched our *Dear Australia* campaign in May, encouraging Australians to mark an extraordinary moment in time with a letter to Australia, seeking to capture the highs and lows, and moments of joy and learnings for all of us.

Acknowledging that the COVID-19 pandemic had a significant impact on families, communities and our way of life, we created a national letterbox where everyone in Australia could send a letter to share their experience.

The campaign appeared on television, radio, social media and online video, and letters were accepted until 18 August 2020.

At the end of the campaign, all eligible letters were transferred to the National Archives of Australia to be kept for future generations.

The Great Aussie Coin Hunt

In September, in partnership with the Royal Australian Mint, we launched the *Great Aussie Coin Hunt* - an iconic reflection of Australian life through an appealing A-Z set of specially themed $1 coins.

The campaign included a road trip – two vans taking the event to communities across the country during October – one travelling the east coast and one heading west.

The vans created a sense of excitement in communities, and allowed us to engage with Australians to hunt for the marked coins by visiting their local Post Office, celebrating a shared sense of nostalgia and pride.

The campaign was a great success, with an uplift in foot traffic into our Post Offices, our mobile app and solid awareness across the country with coverage across different media.

Putting a stamp on it

Our 2019/20 stamp issue program included themes that continued to celebrate important cultural milestones and events. This included a commemoration of the passing of the marriage equality legislation and our Stamp Collecting Month themed release, which highlighted the practice of sustainable gardening focusing on educating primary school aged children on sustainable gardening practices.

We launched a new service called MyStamps enabling customers to personalise their own stamps to celebrate their own key milestones.

Get the most from the Post

With delivery delays at the height of the COVID-19 pandemic leading to an increase in negative customer feedback, *Get the most from the Post* was created to highlight our network improvements during a testing time, while also providing handy tips for customers to ensure their parcels were delivered as quickly as possible.

Running nationally on television, digital, radio and press, the campaign positively influenced audience perceptions and feelings towards Australia Post including greater empathy and favorability towards Australia Post once they understood the challenges faced by the business.

Our people provided donations to fire-affected areas

Minister for Communications, Cyber Security and the Arts the Hon Paul Fletcher MP visited Batemans Bay Post Office after the bushfires

Supporting our communities through the bushfires

Mental health remains one of our chief priorities

As a summer of bushfires shook the nation to its core, our people were part of the communities hit hardest by the fires. In rural and remote locations, our customers are also neighbours and friends. Caring for our workforce involved looking after them as they struggled to come to terms with the impacts, and equipping them to be part of the support network in their local communities that they also serve.

In partnership with Beyond Blue we devised a simple mental health postcard for affected communities. The postcard was provided to Post Offices, Posties and other workers in affected regions to give out to people who might need additional support.

Affirming our commitment to supporting Australian communities

The launch of our Disaster Relief Stamp packs in February 2020 affirmed our commitment to supporting Australian communities when disaster occurs, and thanked Australians for their support of communities and the Australian Red Cross. For every $5.50 stamp pack sold, Australia Post committed to donate $2 to the Red Cross Disaster Relief and Recovery Fund. To date over 88,000 of the 100,000 packs have been sold. Our total donation that will result from this will be $200,000.

More than a postal service

In many cases the Post Office became even more important as a community hub, as electricity outages due to the fires left many without power and the simple act of charging a phone became problematic.

Many Post Offices had generators to provide supplementary power and Bank@Post served its community well, facilitating transactions and providing cash to residents when there was no other source available to them.

Towns like Batemans Bay, which was hit by fires on New Year's Eve, saw the local Post Office quickly become a makeshift service centre and hub for the town.

Delivering support to fire devastated areas

We heard many stories of support and resilience from our people in bushfire-affected areas including drivers collecting donations from pet suppliers and retail businesses to drop off pallets of food, drink and pet food to fire affected areas; people sewing and knitting pouches for wildlife shelters; animal rescue centre being set up at the Cobargo Post Office for injured and rescued wildlife; and team members in East Gippsland cooking meals for bushfire victims.

People across our workforce were involved in volunteering with emergency services organisations, including helping the Victoria State Emergency Service to evacuate people in bushfire affected areas; delivering critical supplies to remote communities through Vivek, a Customer Service Consultant; and helping the NSW Rural Fire Service brigade on the frontline in Bega.

Our people also gave up their own time to drive trucks and deliver hay to communities in Cobargo and parts of Gippsland.

Our COVID-19 response in the community

During the pandemic, Australia's ways of living and working changed dramatically, with significant and unforeseen impacts on our organisation. We needed to adapt quickly to support our customers, business customers and communities across all of our channels.

As Australians moved away from their workplaces, individuals and small businesses were faced with quickly setting up offices in their homes. We provided practical support including reducing the cost of mail redirection services for small businesses across the country, which made a difference to those struggling with the overwhelming logistics associated changing the location of their working arrangements.

We used our network and reach to promote Beyond Blue's Coronavirus Mental Wellbeing Support Service to the community, including targeted mental health resources for our staff and small business owners.

KEEPING UP WITH DEMAND FOR COMFORT ITEMS

Clothing was once again one of the leading categories for online purchases during the year, and during the COVID-19 period, volume in this category did not suffer. With more people spending more time at home and keen to do so comfortably, sleepwear enjoyed a significant jump in popularity.

Just Group's Peter Alexander was one of the customers that experienced a jump in sales for the months of March and April, aided by not only lockdown but the fact that Mothers Day was fast approaching.

As we adjusted our network to deal with COVID-19, many of Peter Alexander's customers were wondering where their new sleepwear items were. And with Mothers Day around the corner, we worked hard to make sure no mum would be disappointed. With almost daily calls, our teams and Just Group worked to manage the massive volume that was coming through.

Executive General Manager Business, Government and International Gary Starr said Australia Post was keen to meet the needs of its business customers and the demand of people at home.

"Our team worked closely with Just Group, and it is testament to that, that Peter Alexander had a successful Mother's Day online, as we leveraged our unrivalled delivery network which was operating around the clock, and scaled up to meet the additional demand and challenges of COVID-19."

Just Group's CEO Mark McInnes said it underlined the importance of strong working relationships.

"Just Group has an expanded portfolio of well-known retail brands, and we were determined to meet the expectations of our customers, even during difficult and unprecedented times. Working with Australia Post on forward thinking solutions, we were able to do that, strengthening the working relationship even further, and protecting our brand's reputation in the eyes of our customers."

Delivering emergency relief food packs

We developed a partnership with the Victorian State Government's Emergency Food Relief program, the Australian Red Cross and Foodbank to provide emergency relief food packs to people in mandatory isolation or in vulnerable circumstances in metropolitan Melbourne. To date we have delivered more than 1,700 Foodbank Emergency Relief Packs, each containing enough food and personal items for a family of four for a fortnight.

Supporting our Post Offices

Despite the challenges associated with distanced communities, our Post Offices remained open wherever possible to support rural and remote Australia. Post Offices often worked with the community to assist with contactless delivery for those in the high risk areas. In Charleville, Queensland, our local Post Office staff and Posties went above and beyond to take on home delivery duties of food and essential items to customers who were unable to come to town.

To meet our changing customer needs our Post Office operations adapted to ensure access for customers in all areas of the network. Where demand changed significantly, such as in CBD areas, on some occasions we closed Post Office front-of-house areas but retained access such as through hatches and 24/7 service zones. In our rural and remote Post Offices, we supported the amendment of trading hours to ensure our Post Office teams could work safely and continue to provide the community with services.

Supporting Post Office Licensees and Community Postal Agents

Our licensed Post Offices represent the face of Australia Post to most Australians, particularly in rural and remote locations where our presence is most valued. Our licensees are critical to our future growth aspirations and to Australia Post being a key part of communities Australia wide. Support for licensed Post Offices is unwavering and will continue after the pandemic, as it has during this time.

From the outset of the pandemic, working closely with APLAC every step of the way, we focused on providing support and assistance to our licensees and agents to ensure that they can continue to safely serve the community. We added a dedicated COVID-19 page to our Post Office licensee communication platform. This enabled us to easily communicate key messages relevant to the retail network including how we were helping our communities, how to stay mentally healthy during stay-at-home restrictions and what support was available for small businesses in each state.

We worked with licensees who may have experienced cash flow impacts, provided localised support to keep Post Offices open where licensees, agents or their staff had to go into quarantine and provided support to adjust operating hours to suit local business situation, as well as the needs of their local community.

This joint approach helped ensure licensees and agents knew that they were supported through this period, and that they could make decisions that best satisfied the needs of their people, their business and their communities.

The introduction of the Local Business Partner program also ensures that our business customers receive a consistent experience whether in contact with a Licensed Post Office (LPO), Corporate Post Office, Business Centre or Sales Representative.

Moving from pilot to program, the Local Business Partner program gives every participating Post Office the opportunity to effectively sell products to support their customers' growth within Australia Post.

Providing vital financial services in regional areas

The value of our Bank@Post product to regional communities has never been greater than during COVID-19. More than 400 bank branches across Australia closed temporarily during the pandemic, reducing access to core financial services. In addition, hotels, retail outlets and other stores who were in some cases housing a town's only automatic teller machine, were also closing their doors. Our Post Offices were able to maintain critical services and support those in communities who were reliant on these services. This was particularly important during the first round of Australian Government stimulus announcements, as many of those receiving payments accessed available funds via the local Post Offices.

Helping small business

We negotiated payment plans for customers detrimentally impacted by COVID-19, helping many of the more than one million small businesses registered in Australia that we serve.

We supported small business with a program of reduced redirection fees, reduced packaging costs, and the waiving of late payment fees and interest due on credit.

We held off any business parcel price increases that were due, and reduced minimum lodgment volumes from 100 items to just 10 (and other requirements) on print post, to help mailing houses have more flexibility in this period.

International letters and parcels

Inbound letter and parcel demand, and outbound letter demand, has declined significantly in recent months, impacted by the dramatic decrease in the international air transport network and pandemic impacts affecting overseas postal organisations. We saw inbound letter and parcel (including small packet) volumes collapse and the volatility of inbound volumes made it difficult to forecast what our domestic delivery network might need to carry on a particular day.

Disruptions to international air transport from February this year had an immediate impact on our ability to deliver letters and parcels overseas. Before this, our average uplift was approximately 225 tonnes of letters and parcels per week to approximately 114 countries, territories and regions.

As we faced the removal of our core international air capacity, we found new solutions to uplift over 2.5 million kilograms of letters and parcels in the nine-week period until late June 2020. These alternatives included using Qantas Group partner airlines, other airlines and sea freight.

Mental health partnership

We finalised a three-year partnership with Beyond Blue, designed to help improve our community's understanding of how to stay mentally well, and reduce stigma around mental health issues and increase awareness of early intervention support services.

Through the partnership, we are leading a positive change in the way Australians talk about mental health. Through our vast network, we are helping to deliver Beyond Blue's resources so that we can better reach those in need and share stories of hope, recovery and resilience.

Through a pilot program in 2019, we distributed flyers to 400,000 households in regional New South Wales and Queensland to promote NewAccess, a free and confidential mental health coaching program. A further 400,000 households were then reached in 2020.

Literacy partnership

Delivering books to remote Indigenous communities

More than 95,000 children's books have been flown, trucked and delivered into the hands of thousands of Indigenous children in more than 300 remote communities through Australia Post's partnership with the Indigenous Literacy Foundation.

These books are helping to ensure that children in remote Indigenous communities have better access to resources and better opportunities to develop literacy skills, particularly during this time of isolation.

The Pen Pal Club

In September 2019, we successfully launched an educational letter writing program and picture book aimed at primary schools, including resources and an online matching platform.

The Pen Pal Club book was written for Australia Post by acclaimed Indigenous author Sally Morgan. The book follows a group of Australian children who exchange letters and learn fun facts about each other, their families and their home towns, all the while uncovering the excitement of letter writing.

Resources that are curriculum aligned and encourage letter writing were created and housed on auspost.com.au/education along with a platform that enables classrooms to be 'matched' to commence their own pen pal program with another classroom in Australia.

More than 8,000 classrooms have signed up to the program and the next evolution of the program (The Senior Pen Pal Club) was launched in September 2020.

HAZARA WOMEN LEARNING TO DRIVE

The Australian Hazara Women's Friendship Network (AHWFN) received a $10,000 Australia Post Community Grant in 2019, which is helping to support and train 40 women to get their VicRoads Learners permit, a key step in empowering and enabling them to engage with the wider community.

The group is based in the Melbourne outer suburb of Dandenong, equipping women with functional English, supporting them to become Australia citizens and providing access to sports and recreation activities to increase their overall wellbeing. They continue to work towards fostering a sense of belonging for the Hazara Women and empowering them to participate in community life.

The Hazara Women Learning to Drive project received a $10,000 Australia Post Community Grant

National Australia Day Council

We established a three-year agreement with National Australia Day Council, as a major sponsor of the Australian of the Year Award. Through this partnership we aim to jointly promote pride in our great nation, and connection through the telling of positive, inspiring stories on a national scale. We were involved in several events in the lead up to Australia Day and helped to promote the Award through social media, advertising, event collateral and internal promotion.

Contributing to communities

Partnering with social enterprises

Our procurement choices can make a positive difference in our communities and the environment. By partnering with social enterprises and Indigenous businesses in our supply chain, we are using our procurement spend to create jobs and opportunities where it matters most. As a member of Supply Nation, we have been engaging with Indigenous businesses in our supply chain since 2010. In 2015, we formalised our commitment to social enterprise procurement when we became founding members of Social Traders Connect.

This year, we spent over $19.7 million with 49 social and Indigenous suppliers, creating new employment opportunities for those organisations. By purposefully changing our approach to procurement, we are now buying goods and services from a broader range of social and Indigenous enterprises. In our new *2020-2022 Group Corporate Responsibility Plan* we have set our target to procure through social enterprises and Indigenous businesses as we continue to look for opportunities to create a more inclusive supply chain and reach our $60 million spend target by 2022.

Community Grants

The 2019 Australia Post Community Grants program supported projects that bring people together and provided communities with grants of up to $10,000. A total of 1,780 grant applications were received and 75 were awarded, totalling $501,799, with more than half of the grants supporting rural and remote communities.

The 2020 Australia Post Community Grants program offered grants of up to $10,000 each for community organisations delivering projects that improve mental health and wellbeing and connection in local communities.

Eligibility and assessment criteria were aligned with global best practice, with clear guidelines and a simple application process.

Applications opened in June, with grant recipients due to be announced during Mental Health Month in October.

Post a Smile

As Australians looked for more meaningful ways to stay connected with friends, family and community, we created a social movement and asked Australians to #PostASmile to a friend, family member, an aged care resident, or their hero to brighten up someone's day.

Helping bring a smile to people's faces during the COVID-19 pandemic, the campaign ran on our social and internal channels and generated a large amount of positive interactions, reaching almost 7 million people.

Workforce Grants

In 2019, we launched our inaugural Workforce Community Grants program to increase engagement with our workforce by supporting charitable projects they care about. The program received 470 nominations from employees across the country and 419 Workforce Community Grants were awarded a total of $209,000 in June 2019.

Our Payments and Financial Services team volunteered at the FareShare kitchen as part of our volunteer leave program

Our 2020 Workforce Nominated Grants were launched in March, just before COVID-19 became a global pandemic. In response to this, we extended the application period and eligibility to include non-project specific activity and provided more time for organisations to use funds they receive (up to $500 per organisation). We received 224 applications and grants of up to $500 were awarded to more than 200 organisations in July 2020.

Community investment

This year we contributed more than $20.96 million to the community through our community investment program. Some of these contributions were in the form of direct cash investments to important partnerships with the Australian Red Cross, Beyond Blue and the Indigenous Literacy Foundation.

Contributions were also made through time spent by our people volunteering and as value in-kind, such as support to community organisations through products and services like charity mail. To support the community, we have forgone revenue of over $31 million. This is revenue from products and services that we would have received but chose to waive totally or partially for community benefit. We assess our community investments in line with the LBG (formerly known as the London Benchmarking Group) internationally recognised approach and the data we report is verified by LBG each year. The LBG verification statement can be found in our Corporate Responsibility Index on auspost.com.au.

Workplace giving

Once again, our workforce reached into their pockets when it mattered most, and through our Workplace Giving online platform, donated $841,642, an increase of $21,000 (2.5%) on 2018/19. This was made up of $523,878 in employee donations and $317,763 in matched donations by Australia Post.

This included $119,000 (including Workplace Giving Program donation matching) for bushfire-recovery related charities such as Red Cross Disaster Relief and Recovery Fund, WIRES Wildlife Rescue, NSW Rural Fire Service and Save the Koala Fund, which staff chose to support through our Workplace Giving Program.

Testament to our ongoing support, we were recognised at the 2019 Workplace Giving Australia Excellence Awards for our support of farmers and rural communities doing it tough because of drought. We won two awards: Best Public-Sector Program and Most Innovative Charity/Employer Partnership (in conjunction with Rural Aid) in recognition of our multi-tiered response program, which included drought relief appeals via Workplace Giving to support Australian Red Cross, Rural Aid, Lifeline and Aussie Helpers.

Complaints

We always aim to deliver meaningful, high-quality service, however when that service is not at this standard, we want our customers to be able to easily access the most convenient channels to let us know, so we can respond and improve.

In 2019/20, our Customer Contact Centre dealt with 1.19 million customer complaints, up from 1.17 million in 2018-19 (revised from the figure reported in the 2019 Annual Report of 1.16 million to include both Australia Post and StarTrack and allow like-for-like comparisons). Customer complaints include any instances where a customer has contacted Australia Post Group to express dissatisfaction with a product or service, perceived failures, or when the customer has experienced an unacceptable interaction with our staff. This represents 0.04 per cent of the more than 2.8 billion items we delivered during this period.

The improvement of our self-service options for customers tracking their parcels and updates to our online channels contributed to making it easier for customers to lodge an enquiry. Alongside self-service and our online capabilities, live chat service continues to make it easier for customers to connect with us 24 hours a day, seven days a week.

Privacy

We are committed to protecting our customers' privacy and have robust protocols in place to investigate any complaints or concerns we receive.

In 2019/20, no incidents were reported to the Office of the Australian Information Commissioner (OAIC) under the Notifiable Data Breaches scheme. Further, no adverse determinations were received from the OAIC during this period.

Our Stakeholder Council

The Australia Post Stakeholder Council (Council) provides advice and guidance on a range of issues throughout the year as a representative voice for Australia Post's key stakeholder segments including customers, small businesses, suppliers, community members, and our workforce.

The Council reviews and guides our approach to stakeholder engagement and corporate responsibility.

At 30 June 2020 the Stakeholder Council had ten members and had met four times during the financial year.

Council Members

Council members have roles and experience in diverse segments of Australian communities – including in connection with Australians young and old, small and medium-sized businesses, environmental issues and corporate responsibility, Indigenous affairs, community services, and stakeholder relations.

Council members are:

- Sarah Agboola – CEO & Founder, mtime
- Graz van Egmond – CEO, Banksia Foundation
- George Etrelezis – Small Business Consultant
- Paul Greenberg – Founder & Executive Director, National Online Retailers Association
- Angela Hite – Licensee, Middlemount Licensed Post Office
- Julia Landford – Founding Director, Canberra NatureArt Lab
- Dr Kay Patterson AO – Age Discrimination Commissioner, Australian Human Rights Commission
- Geoff Rohrsheim – Co-Founder, Hatch Creations
- Jodie Sizer – Owner & Co-CEO, PWC's Indigenous Consulting
- Nicole Sheffield – Council Chair and Executive General Manager, Community & Consumer.

Council Statement

After having had the opportunity to review Australia Post's draft 2020 Annual Report, the Australia Post Stakeholder Council (Council) believes that Australia Post has demonstrated its commitment to corporate responsibility, including social and environmental sustainability.

As coverage of Australia Post's material issues evolves to further integrate its social and environmental performance, the 2020 Annual Report appears to reflect a strategic approach to a whole-of-business focus on delivering improved social and environmental outcomes for the Australian community.

The Council believes that the 2020 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, September 2020

Scams

We remain alert to the use of scams and the risks posed by them, and continue proactive and reactive activities to promote awareness by the general population.

We regularly participate in public and internal scam awareness campaigns to promote safe, responsible and secure data management. We also use internal channels to educate and promote safer digital practices, as well as provide regular training and support for our customer-facing staff. We publish the latest scam awareness information on our website and online channels.

We also participated in various Australian Government led campaigns including the Australia Competition and Consumer Commission Scams Awareness Week (August 2019), The Australian Cyber Security Centres Stay Smart Online Program (October 2019) and the Australian Governments Safer Internet Day (February 2020).

Future outlook

We will look to continue our expansion in financial and government services, particularly in rural and remote communities, and continue to make the local Post Office a place where communities can access the essential services they need.

We will partner with our customers to grow their business, domestically and internationally, while also helping them navigate the perhaps uncertain waters of a post-COVID-19 world, and how they can tackle the challenges and opportunities that will present.

Licensee Adrian at Freeling LPO in South Australia

Our network

Gurupudesh at our StarTrack facility in Tullamarine in Victoria

Our network

$316 million
capital investment

Partnered with supermarkets and pharmacies to deliver essential items during COVID-19

50 million
parcels delivered during our December peak

Record peak period

Ahead of a record Christmas peak period, the opening of our Brisbane Parcel Facility at Redbank in Queensland positioned us with new facilities and automation to handle the increasing parcel volume generated through online shopping.

New sorting equipment was introduced in time for peak with the Alexandria Delivery Facility small parcel sorter on 8 November, the Melbourne North line parcel sorter on 18 November, the Dandenong Letters Centre small parcel sorter on 22 November and the Eastern Creek PDC Line Sorter on 6 December.

Even before COVID-19, online purchases were contributing around 11 per cent of total retail spending nationally, and with the investments we had made in our network and our people, we were prepared for the increasing customer demands for parcel deliveries.

The Black Friday and Cyber Monday shopping events generated 422 tonnes of parcels for our domestic air network – up 31 per cent on 2018. During our December peak period, we took on 2,300 additional casuals in the network processing and delivery space.

By the end of the financial year, we had processed more than 400 million parcels, including 118 million during the final quarter of the financial year, as more people turned to online shopping while in lock down.

Bushfires

With impacts to our people and service from October into early January across the country – our number one priority was safety, and fortunately no bushfire-related injuries were recorded.

Some Post Offices closed for brief periods due to resourcing impacts or workers being impacted by road closures.

Our Corporate and Licensed Post Offices continued to provide essential community services throughout this crisis, including cash withdrawal, SIM cards, charging stations and as a central point for the community to meet and receive information.

COVID-19

As the weight of a global pandemic took hold, there were delivery delays in our network. A number of factors contributed to these delays - a reduction in air freight capacity, cancellation of passenger flights (which also carry our parcels), a significant increase in parcel volumes and the size of those parcels, many of which required manual sorting, and hygiene and social distancing requirements in our network, such as social distancing through zoning and staggered shift start times to reduce cross over of workers.

We worked quickly and with purpose to meet the unprecedented demand. We began operating our processing and delivery services seven days a week and in many instances, around the clock. With passenger flights all but grounded, we had up to 17 dedicated freighters to help manage volumes. We also repurposed and opened 16 new processing and delivery facilities, and hired more than 600 casual staff for our network and call centres.

Supporting the vulnerable

Supporting vulnerable communities using our unrivalled network capabilities became one of the first priorities at the onset of the COVID-19 pandemic. We worked with the Pharmacy Guild of Australia in March 2020 to quickly form a partnership to allow vulnerable members of the community to receive medication and other essential supplies through our Express Post network, with pharmacies receiving the full cost back through an Australian Government rebate.

We partnered with supermarket chains to deliver essential grocery items to the vulnerable and isolated. The packages delivered contained meals, snacks and essential items for those in genuine need and were delivered via contactless doorstep delivery, within 2 to 5 business days Australia wide.

Upgrades for the future

We started work on one of the largest telecommunications transformations in the country, rolling out a series of upgrades to our expansive network that will optimise performance for services across the country, as we plan for the future.


The team at Capalaba Delivery Centre in Queensland

With over 4,000 sites to be upgraded, we are ensuring facilities and Post Offices have the most up-to-date access to technology and services - meaning faster parcel processing, greater bandwidth for digital services, while delivering a significantly higher service level at every site. It also means speedier connections at Post Offices - making it easier for our people and better for our communities.

The transformation is a key step in our growth strategy, one that includes the rewrite of retail point of sale, telematics in vehicles and facilities, and leveraging the recent partnership with Google for data analytics.

Making online shopping easier

Further extending our extensive network of collect and return locations, we announced a partnership with fulfillment technology provider Doddle, making online shopping even easier.

The new Collect & Return product will offer shoppers the choice to collect and return online shopping at a diverse network of locations including Post Offices, 24/7 Parcel Lockers supermarkets, pharmacies and department stores nationwide.

At launch, the network of retail partners included selected IGA supermarkets, Priceline pharmacies, Aventus Group shopping centres and selected assets managed by 151 Property Retail.

The partnership builds on our existing network of 4,330 Post Offices, parcel lockers in 400 locations and 15,036 Street Posting Boxes to make it even easier for customers to choose where and when they collect and return their online shopping.

Post+ Program

In 2019, we launched the POST+ Mobile point of sale application for use in 400 Post Offices across Australia, the first step to replacing our point of sale across the Post Office network.

POST+ Mobile was well received by our frontline workers, providing greater flexibility with how they serve customers. It can be used on the floor to serve customers before they join the queue, or behind the counter as an additional service lane. It can also be used outside of the Post Office to support pop-up shops and special events. Products and services delivered through POST+ Mobile include product and postage sales, gift card sales, parcel tracking and bill payment for selected billers.

Following the success of Post+ Mobile, the Post+ Program was established in June 2019 to deliver a new point of sale platform for our Post Office network. The new platform supports our ambition to be a leading edge marketplace that connects Australians with the world by enabling a vast portfolio of sophisticated eCommerce, financial, identity and government services
through our Post Office network. It will enable new services to be brought to market faster, cheaper and with fewer constraints while also providing the capability to drive a wide range of complex transactions.

Air cargo and mail security

In July 2019, the Australian Government announced a range of measures to further strengthen Australia's domestic aviation security in response to evolving threats. We have worked closely with the Australian Government to implement and meet more stringent piece-level examination requirements.

This has brought about increased safety and security of our network, and protects our employees and the wider community. We have now invested over $50 million on X-ray equipment, explosive trace detection units, automated conveyer systems, building extensions and an uplift of physical security.

We have collaborated with the border agencies – Department of Agriculture, Water and the Environment and Australian Border Force – and have now commenced security screening with industry leading Computed Tomography (CT) 3D X-ray equipment at Melbourne Gateway Facility in 2019. This technology will be rolled out at our Sydney Gateway facility in the year ahead.

Cyber security

Within a rapidly evolving cyber security landscape, we continue to simplify our technology environment to drive efficiency and customer experience. Recent cyber incidents suffered by major Australian and international organisations reinforces the impact that cyber attacks can have on a business.

We have monitoring systems that regularly scan, patch and update our data and technology infrastructure to inform and protect against emerging vulnerabilities and strengthen our anti-malware protection capabilities using next generation capabilities.

Through a new secure email gateway platform, we have enhanced our ability to detect and prevent advanced threats in emails that target our people. We continued to evolve and enhance our Cyber Education and Awareness program for our people through regular targeted cyber briefings, classroom-based cyber education and simulation activities.

Cross border solutions

Australia Post Global eCommerce Solutions (AP Global), previously Aramex Global Solutions, is now very much part of the Australia Post family and one of the leading suppliers of cross-border eCommerce delivery solutions.

With an established presence in key global trade lanes, including Asia, Europe and the United States of America (USA), it provides end-to-end logistics solutions to a portfolio of iconic global eCommerce merchants.

In 2020, AP Global saw year on year revenue growth of 54 per cent mainly driven by the high demand on its cross-border eCommerce delivery service.

It expanded its offering to include new trade lanes from Europe to USA and Asia which accounted for 40 per cent of its total revenue.

Expansion also included the opening of an office in the USA and the operation of Australia Post ETOEs (Extraterritorial Offices of Exchange) in Chicago, Los Angeles and New York, helping capture a growing demand on products from the US to Australia. This trade lane is expected to drive significant growth in the next financial year.

Combined with our unrivalled last-mile capabilities with a strong partnership network of postal operators and best-in-class eCcommerce delivery companies, the bespoke platform is expected to continue offering growth opportunities, with a unique delivery experience.

Future outlook

We will ensure that we continue to be equipped to manage increasing demand in our parcels business, as Australians adapt to a changing retail landscape.

Adding automation to more sites, together with the investment in our brand new parcel facility in Adelaide, will significantly boost parcel processing capacity and improve service standards for Australians and provide a return on investment. Automation will also help reduce manual handling and create safer jobs for our people.

We will continue to do everything we can to nurture our letters business which remains important to not just the organisation, but to so many Australians that rely on it.

We will continue to embed new technology in our business where it assists us in improving the overall customer experience, as well as where it helps us drive innovative solutions and efficiencies.

2020 Inside Australian Online Shopping

eCommerce in overdrive

eCommerce growth

↑ 80% YOY

for the 8 weeks following the World Health Organisation's pandemic announcement

Easter 2020, the busiest period in Australian online shopping history

2% bigger than Black Friday/ Cyber Monday 2019

Online purchases in April 2020

6.8% higher than the busiest period in 2019[1]

Making History- April 2020

5.2m

households shopped online, **up 31%** compared to the average in 2019

200k+

new households shopping online for the first time

Total purchases

↑ 95% YOY

1. 30 days to 18 December 2019. **Source:** Inside Australian Online Shopping 2020 eCommerce Industry Report, released April 2020.

Our innovation and expertise

Contact Centre Consultant Ryan
at our at Brisbane Call Centre

Our innovation and expertise

Introduced national flat-rate retail pricing for parcels up to 5 kilograms

Supported workplaces transitioning to remote working

Launched Workforce Verification, providing a streamlined and efficient verification solution for employers

This year we continued to invest in the people and the expertise that will further protect our people, serve our communities and safeguard our business.

From our state-of-the-art Brisbane Parcel Facility at Redbank in Queensland to the continued progress of our Digital iD™ offering, we continue to transform our business, creating products and experiences that customers can rely on, and further supporting the sustainability of our business.

Workforce Verification

During the year, we launched a new employment screening service that offers employers a streamlined and efficient way to screen candidates and existing employees.

As background employment screening such as police checks becomes increasingly mandatory and more frequent, Workforce Verification helps employers streamline the process, reduce administration costs and candidate dropouts, and improve the overall experience.

Borne out of our very first Accelerator program, the Workforce Verification service cements our position as a trusted leader in identity services and employment screening, verifying employees faster and more efficiently through an easy to use low touch platform that leverages both our digital technologies and our retail network.

Local Business Partner program

As always, our role is to support the Australian community and help businesses grow. The introduction of the Local Business Partner program ensured that business customers receive a consistent experience whether in contact with a Licensed Post Office (LPO), Corporate Post Office, Business Centre or Sales Representative.

Moving from pilot to program, the Local Business Partner program gives every participating Post Office the opportunity to effectively sell products to support their customers' growth within Australia Post. Customers choose who they do business with and this program helps to ensure our workforce is ready and capable to respond to business opportunities wherever they present.

The principle behind the program is to help small businesses wishing to start an online business or grow their business by providing local expertise via specially trained and supported LPO licensees who are accredited as Local Business Partners.

COVID-19 has accelerated the drive to online, led by the small business sector, one of the driving forces behind the Australian economy, employing more than five million people.

This initiative helps local small business reach customers locally, nationally and internationally.

SERVING OUR COMMUNITIES

In March, in the wake of the COVID-19 pandemic, we worked with the Pharmacy Guild of Australia to launch our new Pharmacy Home Delivery Service.

It allowed pharmacies around the country to offer free delivery on prescriptions to vulnerable customers, including those isolating themselves at home on the advice of a medical practitioner, people over 70 and people with chronic health conditions.

George Tambassis, National President of the Pharmacy Guild, said the important service added to the options available for many in the community who rely on medication to maintain their health and wellbeing.

“Pharmacies provide critical services to members of the community who require medicines and health advice, with many Australians reliant on continued medication to support their long-term health. In any one year there are over 465 million individual patient visits to community pharmacies around the country,” Mr Tambassis said.

Group Chief Executive Officer and Managing Director Christine Holgate said Australia Post recognised that coronavirus was already having an impact on the lives of many Australians, and that making home delivery quick and easy was vital.

“We know so many people rely on their local pharmacy for essential medication, particularly the vulnerable and elderly who may not be able to visit their local store. Making delivery to people’s home is critical at this time,” Ms Holgate said.

“We also understand the challenges facing small business at the moment and we have designed a simple system that will allow pharmacies to offer Express Post delivery to their customers, allowing them to continue to trade.”.

Changing the way we work

Our business has always planned for and responded to change so our experience in innovation and finding new ways of operating came to the fore as we faced the challenges of the COVID-19 pandemic.

With safety as a priority, we very quickly moved to support a shift for our corporate workforce to work from home, to keep them and our frontline workers safe. Within weeks, we had rolled out virtual private network (VPN) access for more than 14,000 users, and soon after began to introduce collaboration platforms such as Webex to keep our workforce connected and operating at the same capacity that they had done when in corporate offices.

As parcel volumes increased we had to find more space to process them and identified 16 additional sites that were quickly set up as pop-up processing facilities. This helped us to meet the increasing demands of consumers and businesses, while releasing pressure at our traditional sites and ensuring the safety of our people. We made changes to our delivery processes to keep our people and our customers safe, introducing contactless delivery in place of signature on delivery.

It was not just the volume of parcels that increased, but also their size with people ordering bulky items such as office and gym equipment to set up at home. These parcels could not be delivered by Posties and took up more room in delivery vans, requiring a solution that would meet our customers’ needs and protect our network.

We invited some of our Posties to move across to van delivery roles, enabling us to deliver more of these larger parcels, while Posties continued to deliver the smaller parcels as part of their letters round.

As more people shopped online - some for the first time – we saw an increase in demand for information about the status of parcel delivery. Traffic to our digital platforms was at a record high and more than 10 million people now have a MyPost account.

Our experience and expertise in the air freight sector was called upon to identify new ways to get parcels to and from international and domestic destinations, as our traditional method in the cargo space of passenger flights was limited as the number of international and interstate flights decreased significantly. We found new carriers and chartered our own flights to keep the parcels moving through the network, continually adjusting as new options opened up.

Increasing parcel volumes at our delivery centres were alleviated with the introduction of pop-up facilities

Growth beyond eCommerce

While eCommerce has shown enormous growth, other areas of our business have also developed in response to COVID-19.

When faced with the challenge of supporting workplaces that were transitioning to remote working practices, we offered our mail digitisation solution, Decipha, to ensure they could continue to receive their mail without putting employees at risk of having to go into offices to retrieve mail.

We had more than 300 new property practitioners register for the Verification of Identity service in three months, as conveyancers, mortgage brokers and property lawyers turned to this service for property transfer verification while their offices were shut.

We are the nation's largest
electric vehicle
fleet operator for last mile delivery

Forward thinking

We are always looking for new ways to solve problems for our customers, and a key role of innovation is generating and exploring many fresh ideas to create new and improved products and services our customers will love and value.

We ran two Australia Post HackDayz where 49 teams made up of 180+ staff volunteered to hack together to create innovative new technology and business solutions over an intensive two-day time period. Over 800 staff attended the final HackDayz idea showcases and selected winning ideas were taken forward by different parts of our business for further development. Nine small teams made up of staff and university students went through our 8-week Accelerator program to test the customer desirability of early stage new product and service ideas.

Great ideas for Australia Post also come from outside our organisation. We partnered with RMIT's Health Transformation Lab and over 50 Victorian health sector organisations to explore new and innovative ways we could help deliver new health products and services into the home and into remote communities.

Our Innovation team has established and chaired a Global Postal Innovation Community (GPIC) where new ideas and innovation opportunities are shared with an online community of innovation teams from around the world looking to reimagine postal organisations for the 21st century.

Digital iD™

We saw an 84 per cent increase in the number of customers integrating to our platform across a range of industries, and recorded 110 per cent growth in the number of consumers with a Digital iD™ on their smartphone.

We increased the number of our services where consumers can use Digital iD™, including applying online for a Mail Redirection Concession, applying for a PO Box, and applying for a Police Check. This adds to the existing services with Digital iD™ capability, including applying for mail redirection and mail hold, applying for a parcel locker, and picking up a parcel.

Our Digital iD™ service also received the highest level of accreditation for an Identity Service Provider by the Digital Transformation Agency (DTA), providing customers and businesses added confidence when completing their identity transactions.

We worked with well-known brands such as EFTPOS and Mastercard, and continue to see strong growth in the number of customers we are onboarding.

Future outlook

We will continue to build the products our customers want, using data and new technology to offer new innovative customer solutions and to assist us improve the overall customer experience.

We will continue the process of digitising and modernising our process, improving scanning and notifications, giving greater visibility to customers as we modernise Post Offices around the country.

We will learn from the rapid change that was required to adjust to the challenges of COVID-19, and use it to better position us for future challenges, while also helping drive operational efficiencies and improved safety outcomes.

Our environment

Letter Postal Delivery Officer Brittany at Canberra South Delivery Centre

Our environment

Achieved 2020 target of reducing our CO_2 emissions by

25%

since 2000

Diverted

100,000

tonnes of material from landfill since 2016

Introduced satchels made from

80%

recycled content

Our approach to environmental management focuses on the most material areas for the business. This means reducing our environmental impacts, facilitating a circular economy, and ensuring we have a transparent and traceable supply chain.

Over the last three years we have actively worked to achieve our environmental commitments, so we can safeguard our business for the future. We have made significant progress in reducing our overall level of CO_2e emissions and improving our emissions intensity. We have diverted waste otherwise destined for landfill, and established innovative partnerships with customers to help facilitate a circular economy - where customers can use our network to recycle and reuse materials.

Moving forward, this year we also established new waste reduction and recycling targets, as well as a target to reduce all our direct and indirect emissions, including those in our value chain.

Delivering on our Environmental Action Plan and 2020 targets

This year we concluded our three-year Environmental Action Plan. This plan focused on four key areas that were most relevant to our business, our customers and stakeholders:

1. Emissions reduction
2. Reuse and recycling
3. Resilience building
4. Supply chain activities.

We are proud to have achieved our two key environmental targets. We reduced our carbon emissions by 25 per cent from our year 2000 baseline, and by 100,000 tonnes since 2010 - equivalent to taking 41,665 cars off the road. We also diverted over 100,000 tonnes of material from landfill - enough to fill 16 Olympic sized swimming pools.

Our significant progress in environmental management has been recognised with several awards as well as a B rating for our submissions to the Carbon Disclosure Project for the last three years, which places us in the top ten Australian companies. Some key highlights from our Environmental Action Plan follow.

We achieved our key targets in the 2018-20 Environmental Action Plan

Key Environmental Action Plan 2018-20 achievements

Decoupling carbon emissions from our economic growth, as we grew by

9%

While **reducing emissions by 6%** - representing a

14% reduction

in emissions intensity in the past three years.

Facilitated the collection of over

265 tonnes

of **mobile phones** and accessories for recycling since 2008 by distributing free custom satchels through our partnership with MobileMuster.

Completed the Brisbane Parcel Facility's **900KW Solar Photovoltaic installation**. Made up of 3,244 individual panels and covering an area of 5,300m², at full capacity it will avoid

1,200 tonnes

of CO_2e, which is equivalent to taking 500 cars off the road each year.

Collaborated, ideated, tested, and implemented innovative new approaches that delivered both commercial and environmental benefits across our supply chains, such as with Tech Collect, a new program that allows customers to use our network to post e-waste for recycling.

As we continue to integrate sustainability across every aspect of the Australia Post Group, we have released new and ambitious environmental actions and commitments that are reflected in our *2020-22 Group Corporate Responsibility Plan*. This broader Plan now supersedes the *2018-20 Environmental Action Plan*.

Diverting waste from landfill

Management of waste is consistently ranked among our most significant environmental issues, as identified through our annual Materiality Assessment. Our portfolio is diverse in nature, leading to a variety of waste types being generated.

We are proud to have achieved our 2016-20 reuse and recycling target this year. We will continue to safeguard the future of both our business and planet by reducing waste going to landfill and increasing recycling rates, both within our business and for our customers too. We have achieved this through collaboration with key business customers and through rethinking our approach to waste management. For example, we have a new avenue to upcycle our soft plastics into alternative plastic products, such as wheel stops.

Chiltern Post Office in north east Victoria is part of the REDcycle soft plastics recycling program

REDUCING PLASTIC TO LANDFILL

In 2019, we teamed up with REDcycle to offer our customers access to over 1,800 soft plastics recycling points at major supermarkets across Australia. The Chiltern Post Office in Northeast Victoria has been offering the REDcycle soft plastics recycling program since 2014, servicing customers from Chiltern, Beechworth, Rutherglen, Springhurst to Wahgunyah. Chiltern Post Office alone has helped to divert over 1.8 million pieces of plastics from going to landfill.

Recycled content packaging

For over 15 years, we have been a signatory to the Australian Packaging Covenant Organisation (APCO). APCO administers how governments and businesses are managing the environmental impacts of packaging in Australia, and signatories aim towards the following 2025 National Packaging Targets, which were set in 2018:

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

We have made significant progress towards targets 1 and 3, and continue to work on initiatives towards targets 2 and 4.

Together with one of our major customers and fellow Australian brand, Country Road Group, we trialled our first 80 per cent recycled content plastic satchel in December 2019. This successful trial led to the launch of our new recycled plastic satchel range which contains 80 per cent recycled content plastic. We are committed to having 100 per cent of our plastic satchels range made from recycled content plastics by the end of 2021.

Facilitating Australia's transition to a circular economy

Our presence in Australian communities, coupled with our logistics capability have enabled us to partner on a number of reuse and recycling initiatives to accelerate Australia's transition to a circular economy. A circular economy is one that exchanges the typical cycle of make, use and dispose in favour of redesigning, keeping products in use, recycling and regenerating.

We continue to coordinate an active multi-stakeholder network known as Revamp. In November 2016, we established the Revamp Network to provide a collaborative forum for stakeholders to share ideas and participate in opportunities that help drive better circular economy outcomes, with a particular focus on textiles and e-waste. The network continues to grow in popularity, bringing together people from across business, government and the not-for-profit sector to explore ways we can transition to a circular economy.

Giving Made Easy reduces landfill through donations of clothing to charities

KEEPING OLD CLOTHES OUT OF LANDFILL

We partnered with the Salvation Army and online clothing retailer THE ICONIC to launch an initiative encouraging customers to donate old clothes to charity, rather than allowing them to end up in landfill. In January 2020 the fashion site announced Giving Made Easy - an online portal where customers can download a pre-paid postage label to send their pre-loved clothes to the closest Salvos store via the Australia Post network.

The Salvos then distribute the clothes to its network of 330 stores where they are sold to help raise funds to support those experiencing homelessness, addiction, emergency situations and domestic violence, as well as those impacted by the summer bushfire crisis.

OUR ENVIRONMENT

Our new waste and recycling targets

Looking to the future, we have established two new targets to reduce our waste and increase our recycling. These new targets will provide transparency and demonstrate our commitment to both the environment and controlling operational costs. Our new targets (baseline year 2018/19) are to:

a) reduce total operational waste volume by 20 per cent by June 2025

b) increase the operational waste recycling rate to 70 per cent by June 2025.

These targets expand on our existing commitment to positive environmental outcomes, represent leading best practice, adopt the waste hierarchy, and complement the Australian Government's 2018 National Waste Policy.

Energy efficiency and reducing carbon emissions

In 2010, when we set our 2020 target of reducing emissions by 25 per cent, our carbon intensity was 64 tonnes of carbon per million dollars of revenue. Today we are down to 40 tonnes of carbon per million dollars of revenue. Over this 10-year period, we have managed to grow our business by over 40 per cent while reducing our carbon intensity by 37 per cent. Although our operating activities will continue to be energy intensive, we have had great success in decoupling our economic growth from our greenhouse gas emissions.

Achieving our carbon reduction target has resulted in both commercial and environmental benefits. Over the last 10 years, we have avoided over $75 million in costs, mainly from energy efficiency improvements and property consolidation, and saved over 100,000 tonnes of Scope 1 and 2[1] CO_2e emissions. The CO_2e emissions savings have come from several key projects:

LED lighting

This year we completed our LED lighting project to replace all lighting with energy-efficient LED across 107 sites in Victoria and New South Wales. This project, which was the result of collaboration between our Procurement, Property and Sustainability teams, has resulted in reduced energy consumption, while providing improved lighting for our people in our facilities.

Electric vehicles for our Posties

Since 2013, we have been transforming our network to become Australia's largest electric vehicle fleet operators for last mile delivery. Our improved performance has been recognised with carbon credits from the Australian Government's Emissions Reduction Fund (ERF) – one of the first times for a project of this kind. The ERF provides independent validation of our work, as well as additional funds to reinvest in more projects to achieve our goal of being a smart low-carbon logistics provider.

We continue to roll out our electric delivery vehicles (eDVs), to our delivery fleet. These vehicles are more visible and stable, with increased rider protection and lower on-road speeds, all of which help with keeping our Posties safe. These eDVs have space to carry three times more than a motorcycle and help with the increasing demand for parcels. With 2,529 electric bikes (EAMBs) and 1,235 electric delivery vehicles (eDVs) already in use nationally, we remain the nation's largest electric vehicle fleet operators for last mile delivery, driving to deliver reduced environmental impacts.

Installation of solar panels is contributing to a reduction in our Co_2 emissions

Carbon neutral delivery

In October 2019, we implemented carbon neutral delivery for all parcel products sent through the Retail and MyPost business channels. Since then, we have offset the emissions of over 62 million parcels. This was achieved by purchasing carbon credits from the Qantas Future Planet program, supporting projects with environmental and social outcomes, primarily in Australia and our region. These offsets are endorsed by the Australian Government's Climate Active program.

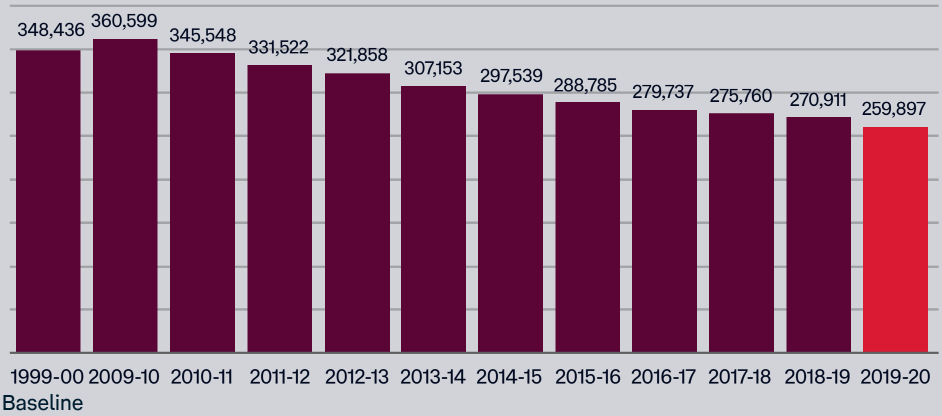
Emissions reduction targets

We have set a new, forward-looking carbon emissions reduction target, which ensures we are well placed to meet changing regulatory and customer expectations. This new target safeguards our future and supports our position as Australia's postal services provider.

Our new science-based carbon reduction target (baseline year of 2018/19) is a 15 per cent reduction in our Scope 1, 2 and 3 CO_2e emissions by 2025. This represents a 2.5 per cent reduction pathway each year, totalling a reduction of over 127,000 tonnes. This aligns to a "well below 2C scenario" science-based target.

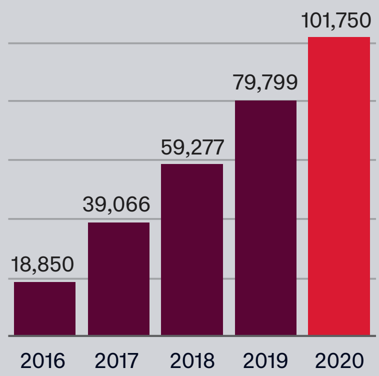
1. Scope 1 emissions are direct emissions from owned or controlled sources, this mainly comes from our large trucks.
Scope 2 emissions are indirect emissions from the generation of purchased energy across our 1,200 properties.
Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Total Scope 1 and Scope 2 direct and indirect emissions (TO CO_2e)



CO_2e emissions reduction (%)	-4.2	-4.1	-2.9	-4.6	-3.1	-2.9	-3.1	-1.4	-1.8	-4.1
Tonnes reduction	-15,051	-14,026	-9,664	-14,705	-9,614	-8,754	-9,047	-3,977	-4,849	-11,014

Reuse and recycling target (cumulative)



Note: Includes offsets for eDVs and electric bikes (1,332 tonnes). Original target was 261,327 tonnes.

Resilience building

The changing climate and extreme weather events, such as the 2019 summer bushfire crisis, pose physical risks to the safety of our people, our operations, our assets and our ability to service our customers. We must anticipate and prepare for these events into the future. As we shift to a lower-carbon economy we must also identify and manage our exposure to risks associated with this transition, such as adoption of new technology and regulation change. In this context, building our resilience is more important than ever.

To this end, this year we undertook an internal assessment of the physical and transition risks and opportunities our business faces so that we can better identify and respond appropriately, while ensuring our network is resilient, our people are safer, and we can continue to serve the community.

By working with government agencies, our customers, partners and the community, we will continue to incorporate severe weather-related risks into building design standards, property evaluations, asset management activities and network planning. We are committed to integrating and maintaining climate change and severe weather risks in our safety policies, processes and considerations.

Supply chain

Having a transparent and traceable supply chain means we understand important aspects about the products we buy, use and sell, including who made them and whether they were made with consideration for the environment. Our Supplier Code of Conduct is included in all contracts and is required to be adhered to. It sets out our minimum expectations of our suppliers, including making sure environmental impacts and hazards are minimised.

Our Group Compliance Management Framework continues to facilitate improved documentation and monitoring of controls for all risks, including those relating to the environment. We are engaging with a range of key supply chain partners, both domestically and overseas, to make sure there are environmental performance management indicators in place. This is a vital and formal part of our commitment to working with our suppliers, and ensures we are meeting the standards we set out for ourselves, as well as continually striving to improve.

For the past four years, we have also been working with the not-for-profit membership organisation, Supplier Ethical Data Exchange (Sedex), to make sure we have the highest level of transparency in our everyday procurement processes. Through the Sedex online database, we can more easily manage potential risks in our supply chains and continually improve transparency, through improved processes and monitoring.

Recognition of our achievements

We were very proud to be recognised as an Industry Sector Award Finalist for outstanding achievers in sustainable packaging at the 2019 Australian Packaging Covenant Organisation Awards.

We were also finalists in the 2019 Banksia Sustainability Awards in the Large Business category for our *Everyone Matters* Group Corporate Responsibility Plan, and won in the Corporate Social Responsibility category of the 2020 World Post and Parcel Awards.

OUR PARTNERSHIP WITH PONYUP FOR GOOD

We continue to partner with e-waste facilitators to provide consumers and small businesses with convenient recycling solutions for their old electronics. Through our partnership with PonyUp for Good, we have collected over 34,000 tonnes of technology products since 2017, with 47 per cent of the equipment able to be reused. PonyUp for Good is a social enterprise that collects decommissioned technology, erases its data and then sells it, donating 50 per cent of the profits to Second Bite, an organisation that redistributes surplus food to community food programs. The re-marketing of equipment through this initiative generated enough money to donate over 15,000 meals to disadvantaged families across Australia this year and almost 60,000 fresh meals in total since we started this initiative.

Our partnership with PonyUp for Good provides funding for community food programs

Challenges

Our customers and stakeholders have increasing expectations of the sustainability of our operations, products and services, and we seek to meet these where practical. Some key challenges identified in delivering on these changing expectations include:

- **Consumer behaviour and expectations**: We are committed to facilitating a circular economy for our consumer and business customers, and will continue to trial and develop initiatives to help challenge the 'make-use-dispose' mindset. However there are significant behaviour change barriers, especially regarding the disposal of soft plastics that need to be overcome to achieve Australia's 2025 National Recycling Targets.
- **The perceived versus actual sustainability of packaging:** The most sustainable option for packaging products is not always the most intuitive, so it is important that we continue to assess our products fully to understand their impacts, and communicate these findings to our customers. Related to this is the challenge of achieving APCO's 70 per cent recycling target of soft plastic satchels. We have partnered with REDcycle to provide an avenue for customers to recycle our satchels, but acknowledge that we will need to enhance our recycling offering to close the annual plastic recycling rate gap.

Additional challenges we face in terms of environmental sustainability include:

- **Working with our supply chain to reduce emissions:** Our scope 3 emissions make up nearly 70 per cent of our entire emissions footprint. To become more energy efficient and sustainable in the long term, we will need to strategically partner with our suppliers, specifically in the aviation and fleet sectors to achieve our new CO_2e emissions reduction target.
- **Technology and availability of product:** In Australia, the development of electric vehicle infrastructure across the whole country is in its infancy, and it is expected that large electric trucks will not reach our region en masse until after 2025. At that stage, we will require significant capital investment to transform our fleet further.
- **Being flexible and adaptable for the future:** We need to ensure our business can adapt and respond to changing environmental and regulatory conditions and expectations.

Future outlook

Our new 2025 emissions reduction and waste and recycling targets will inform new projects and initiatives to complement the commitments in our *2020-22 Group Corporate Responsibility Plan*. Under our energy efficiency program we have identified ten new sites that will undergo energy efficiency improvements, such as the installation of LED Lights, and we will install a new solar system at the Melbourne Parcel Facility.

The ongoing achievement of environmental outcomes will reduce negative impacts and deliver value to our customers, communities and our business.

Environmental Performance Summary

Indicator	2016	2017	2018	2019	2020
Scope 1 emissions (tonnes)	**119,345**	**118,291**	**119,288**	**120,274**	**125,923**
Natural gas	5,278	5,547	5,536	5,360	**5,631**
LPG (All)	5,399	5,845	5,897	5,723	**6,732**
Diesel including generation	100,301	99,318	100,354	101,941	**106,808**
Petrol	8,368	7,581	7,502	7,249	**6,752**
Scope 2 emissions (tonnes)	**169,447**	**161,446**	**156,472**	**152,181**	**135,305**
Electricity Grid	169,447	161,446	156,472	152,181	**135,305**
Scope 3 emissions (tonnes)	**592,888**	**505,556**	**547,698**	**568,787**	**538,769**
Energy and fuel losses	29,483	28,353	26,874	24,555	**25,492**
Sub-contracted road transport	237,061	222,046	199,768	215,677	**217,215**
Sub-contracted air transport	272,874	202,866	272,389	277,411	**248,527**
Sub-contracted rail	5,695	5,659	9,772	9,894	**9,139**
Sub-contracted ship	2,678	3,574	2,851	4,161	**3,585**
Business travel	4,910	4,872	4,058	4,058	**2,799**
LPO electricity	27,270	25,187	19,644	21,880	**20,509**
Waste	12,917	12,999	12,341	11,150	**11,501**
Carbon offsets retired			-140	-1,543	**-89,363**
Other indicators					
Energy consumed (GJ)	2,443,571	2,404,018	2,404,515	2,431,788	**2,466,233**
Renewable energy production (GJ)	3,072	5,403	9,818	17,001	**16,645**
Waste to landfill (tonnes)	9,381	9,285	8,815	9,292	**9,584**
Waste recycled – operational (contract)	8,484	10,532	11,699	10,423	**10,648**
Waste recycled – operational equipment	6,310	5,528	5,705	7,199	**8,291**
Waste recycled and reuse – (customers)	4,056	4,156	2,808	2,900	**3,011**
Water (kilolitres)	479,000	449,300	494,851	471,959	**445,504**

Notes: Australia Post reports all scope 3 related transport emissions based on the calendar year which is then reported to the International Postal Corporation. Australia Post has updated the reported total for rail in 2018-19 due to a methodology change arising from a double counting error. We retired 3,339 tonnes of CO_2e in Renewable Energy Certificates in 2019/20.

GHG Emissions Commentary

- **Scope 1** – We have seen a 4.6 per cent increase, in scope 1 emissions in 2020, related to an increase in emissions from additional fuel consumption from our large trucks and vans delivering more parcels especially in COVID-19 period.
- **Scope 2** – We have seen an 11 per cent reduction in electricity emissions arising from a combination of energy efficiency, including the LED lighting project at 107 sites, and purchase of renewable electricity for our head office.
- **Scope 3** – We have seen a 5 per cent reduction in scope 3 emissions primarily associated with the change in emission factor for our domestic air freight due to improvements made by our supplier Qantas. Other indicators that comprise scope 3 emissions have remained similar year on year.

Highlights

- **Emissions Reduction target** – We achieved the target set in 2010 (scope 1 and 2) with a 25 per cent reduction on the 2000 baseline, a 28 per cent reduction on the 2010 peak, over 100,000 tonnes avoided.
- **Reuse and recycling target** – We achieved the 100,000 tonnes target with a contribution of 101,718 tonnes.
- **Carbon Neutral Parcel Delivery** – We retired 88,031 tonnes for our carbon neutral product offering.

Criteria

- Scope 1 and 2 emissions have been calculated in accordance with the National Greenhouse Accounts (NGA) Factors July 2019.
- Scope 3 emissions have been calculated in accordance with the NGA Factors July 2019, including an air freight factor from Qantas and our sub-contracted road transport being based on the fuel efficiency of our fleet.

Addressing our key risks

The table below summarises the major risk areas ahead of us in terms of likelihood and potential impact, as well as the controls and mitigating actions we are adopting.

Key risk area	Controls and mitigating actions
Health, safety and wellbeing The safety, health and wellbeing of our people continues to be our main priority. We are focused on improving our safety performance as we work towards our ambition of zero harm.	• We are implementing the Safety and Wellbeing Strategy which focuses on a broad range of initiatives designed to eliminate or reduce exposures, including psychological safety and behavioural controls. • We continue to invest in infrastructure, technology and safer and more sustainable modes of transport. We have reduced the number of rounds delivered by motorcycles to 48 per cent and have introduced more than 1,000 electric delivery vehicles during the year. • We implemented safe work practices to address COVID-19 infection risk to protect our workplaces and customers. • We have developed and rolled out focused training to address key safety risks. • Our Employee Assistance Program (EAP) was further enhanced offering free confidential counselling and assistance sessions for our extended workforce and immediate family members. See more on pages 19 - 21
The changing profile of our delivery operations The longer-term trends of decline in letter volumes and growth in eCommerce have significantly accelerated during the year as a result of changed consumer behaviours driven to a large extent by the COVID-19 pandemic. This has resulted in unprecedented increases in parcel volumes, a decline in letters volumes and a substantial disruption to international logistics. We must continue to anticipate and respond to changing market conditions and consumer expectations to support our future growth and commercial ambitions.	• We have adjusted our delivery operations as the needs of the community have changed during COVID-19 increasing our ability to deliver growing volumes of parcels. This includes implementing the temporary changes to our Prescribed Performance Standards and retraining Posties for parcel deliveries. • We monitor eCommerce and retail market drivers to inform short and medium-term planning. • We continually review our operational and strategic capacity plans to address changes in supply, demand, and capacity availability to maintain service levels to our customers. • We have proactively worked with large customers to enhance customer service and have improved performance reporting to better manage parcel volumes through the network. • We continue to promote the effectiveness of direct mail through campaigns and promotions. • We have implemented innovative parcel features, including enhanced tracking notifications, to support delivery to our customers. See more on pages 39 - 40

Key risk area	Controls and mitigating actions
Information security and technology Our data and technology are important assets that enable us to provide great products and services to our customers. We continue to invest in technology solutions and must ensure that our data and systems are protected from increasing external threats so that we can maintain great customer experiences.	• We have continued to focus on proactive vulnerability scanning and penetration testing of platforms and applications to safeguard our network. • We educate our people on cyber security risks through mandatory cyber training programs and awareness campaigns. • We are increasing our alignment to 'essential eight' cyber security capabilities and controls for critical applications and continue to invest in cyber security technology. • We have focused heavily on simplifying the technology environment. See more on pages 41, 45
Maintaining strong relationships with stakeholders We must maintain strong relationships with our stakeholders so that we can continue our engagement about our business and how we continue to serve the community.	• We have proactively engaged with our customers, our people and government to ensure we can meet the changing needs of the community. • Temporary regulatory relief from some Prescribed Performance Standards was announced on 21 April, and we are closely monitoring the impact of this relief with our customers and communities. • We have a Community Stakeholder Forum that meets regularly to discuss planned engagement and communications activities across government, unions, employees, licensees and customers to maintain accountability and trust and understand any concerns and expectations. • We proudly develop engagement initiatives and communication strategies that bring communities together including the successful media and marketing campaigns *Spread the Merry* and *Dear Australia*. See more on pages 30 - 33, 37
Operational transition Our parcels business operates in a highly competitive and fast paced market, where competitors and disruptors could impact market share, growth and profitability. We must also adapt to the ongoing decline in letters volumes. Our priority is to deliver a sustainable, efficient, and optimised operational network.	• We have continued to invest in automation, infrastructure, and technology to achieve efficiencies as part of the One Network Strategy which is designed to uplift the capacity and capability of the network to service projected future customer volumes (letters and parcels). • We are operationalising the temporary changes to the Prescribed Performance Standards in particular the Alternative Delivery Model and we are retraining our Posties to deliver parcels, to support the increased volumes. • We analyse data across the network to capture how the network is operating to influence future design. • We progressed streaming within the network to optimise deliveries across all of our delivery options. See more on pages 13, 16

Addressing our key risks

Key risk area	Controls and mitigating actions
Post Office network Post Offices have remained a focal point in many communities through the recent devastating bushfires, floods and the COVID-19 pandemic and we are proud of our role in serving the community during these times. It is important that our Post Office network continues to evolve in response to changing customer and community needs as we aim to becoming a preferred services provider and leading marketplace for all Australians.	• Key initiatives include a new merchandise strategy, trial of new store formats and layouts, enhancing the sending and receiving proposition, and the implementation of the Customer Centricity Program across the Corporate Post Office Network. • We have invested in technology and security of the Post Office Network to support the growth in our Bank@Post services. • We continue to innovate to deliver more essential services to our customers and have adapted to changes resulting from the COVID-19 government restrictions including increases in sending and receiving of parcels and changes in foot traffic across the network. • We implemented additional safety measures for customers and staff to reduce exposures related to the COVID-19 pandemic. See more on pages 33 - 34
Operational network disruption We have an extensive delivery and Post Office network that has enabled us to continue to serve the community through the significant disruptions caused by natural disasters and the COVID-19 pandemic. We continue to prepare responses and contingency plans for a range of disruptions to our critical sites and processes so that we can meet our customers' expectations.	• We have contingency plans and during periods of high volumes and disruption we have focussed on operational flexibility by bypassing impacted facilities, obtaining additional air freight capacity, extending our delivery window and standing up additional temporary sites and resources. • We are implementing the temporary changes to our Prescribed Performance Standards to allow operations to better cope with the impact of COVID-19. • We have integrated severe weather-related risks into key business decision making processes including our business continuity and risk management frameworks. • We regularly update our Network Plans to consider future growth areas, learnings from previous disruptions, capacity and capability as we move to a distributed multi-hub network. See more on page 39

Materiality assessment 2020

Defining our material issues

Every year we conduct a materiality assessment to learn which aspects matter most to our business and stakeholders. Findings from this review enhance our strategic decisions and inform the content of our Annual Report. For Australia Post, an issue is considered material if it substantially influences the assessments and decisions of our stakeholders, and reflects our areas of greatest economic, environmental or social impact.

Our most recent materiality review built on the process and findings from our 2019 assessment, aligns with the GRI Standards and the <IR> Framework, and follows four key steps:

Identify: Our process starts with a large list of issues, clustered according to six different types of capitals (financial, social, environmental, intellectual, physical and human). These issues were identified through desktop-based research of peers, results of our ongoing dialogue with employees, customers, partners and the broader community, media reports and sustainability thought leadership from industry experts and frameworks, such as the GRI Standards, the UN Global Compact and the International Integrated Reporting Council.

Prioritise: Due to the limitations for stakeholder engagement during the COVID-19 crisis, this year we used the findings from the feedback in 2019 from internal and external stakeholders, refreshed with insights from media analysis reports, the ongoing dialogue with the community, consumers and other stakeholders, and a thorough review of in-house research conducted throughout the year on some of the most pressing issues for Australia Post. We complemented this exercise with an exploration of the impact that those issues have on the economy, the environment and society based on external and independent research specific to our industry. In doing so, the assessment revealed slight adjustments in the materiality of multiple issues in a way that we believe reflects our current operating environment fairly.

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

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

Validate: The results of the process were discussed with and validated by our Annual Report Steering Committee and then used to inform decisions on the relevant disclosures for this Annual Report and our future direction.

The table below summarises the 10 most material issues for Australia Post in 2020*.

- Employee safety, health and wellbeing
- Contribution to the local economy
- Post Office network viability
- Operating profitably
- Fair labour practices
- Viable parcel business
- Customer experience
- Workforce engagement
- Employer of choice
- Changing competitive landscape

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

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

Our Board

Lucio Di Bartolomeo

BE(Civil), MEngSc, MIEA

Chair (non-executive)

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

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

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

Ms Andrea Staines OAM

BEcon, MBA, FAICD, MCEW

Deputy Chair (non-executive)

Andrea Staines was appointed to the Australia Post Board in June 2020 (current term expires in June 2023).

She has been a professional non-executive director for almost 15 years on a range of private, public and not-for-profit entities across Australia and New Zealand. Her experience incorporates significant time in transport and logistics and retail service industries. Ms Staines is currently a director on listed companies SeaLink, Acumentis and Freightways (NZ), and UnitingCare.

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

Mario D'Orazio

BA, Grad. Dip. Ed, FAIM

Director (non-executive)

Mario D'Orazio was appointed to the Australia Post Board in March 2019 (current term expires in March 2022) and has extensive executive and Board experience in the corporate, philanthropic and not-for-profit sectors.

He is currently Chairman of the Australian Institute of Management WA Council and Chair of the WA Academy of Performing Arts and the Australia Council for the Arts.

Mr D'Orazio has strong experience in communications and managing business transformation.

Bruce McIver AM

FAICD

Director (non-executive)

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

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

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

Tony Nutt AO

BA (Hons)

Director (non-executive)

Tony Nutt was appointed to the Australia Post Board in March 2018 (current term expires in March 2021) and brings a depth of knowledge and a range of skills including public policy and budget expertise, strategy development and implementation, and stakeholder relations.

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

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

The Hon Michael Ronaldson

LLB

Director (non-executive)

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

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

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

Jan West AM

BCom, FCA, FAICD, MCEW

Director (non-executive)

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

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

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

Deidre Willmott

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

Director (non-executive)

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

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

Ms Willmott is a director of the Perth USAsia Centre and Kimberley Foundation of Australia in addition to being a member of the UWA Centre for Rock Art Research & Management Advisory Board.

Christine Holgate

Group Chief Executive Officer and Managing Director (executive)

See profile on page 60.

Retirements

John Stanhope AM stepped down as Chairman, with effect from 21 November 2019.

Holly Kramer stepped down from the Board, with effect from 26 June 2020.

Our Executive Team

Christine Holgate

MBA, GAICD, MCEW

Group Chief Executive Officer and Managing Director

Christine joined Australia Post as Group Chief Executive Officer and Managing Director on 30 October 2017, after nearly 9 years as the Chief Executive Officer of Blackmores Ltd.

Christine has more than 30 years of diverse international leadership experience in highly regulated industries, including healthcare, media, telecommunications and finance. She has more than 20 years of public board experience as either a non-executive director or CEO and has held senior management positions in Asia, the Americas and Australia.

Christine has more than 25 years of public board experience and is the inaugural Chair of the Board of the Australia-ASEAN Council (which supports the development of trade and cultural relations between Australia and the 10 member countries of the ASEAN region).

She is Co-Chair Ministerial Advisory Council for Trade and also serves on the Board of the Collingwood Football Club. Christine's past appointments include time as a non-executive director of Ten Network Holdings Limited.

Rod Barnes

Executive General Manager, Deliveries

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

As Executive General Manager, Deliveries, Rod is responsible for leading Australia's biggest logistics network, which delivers 2.8 billion items annually to 12.3 million 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.

Ingo Bohlken

MEcon

Executive General Manager, Product & Innovation

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

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

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

Rodney Boys

BBus, CPA

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 3 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.

John Cox

BA/BSc, Dip Mod Lang, Dip Applied Fin, MAICD

Executive General Manager, Transformation & Enablement

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

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

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

Sue Davies

EMBA, GAICD, MCEW

Executive General Manager, People & Culture

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

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

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

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

Nicole Sheffield

LLB, BA, MBus, MCEW

Executive General Manager, Community & Consumer

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

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

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

Gary Starr

BSc, BEng

Executive General Manager, Business, Government & International

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

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

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

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

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

Corporate governance statement

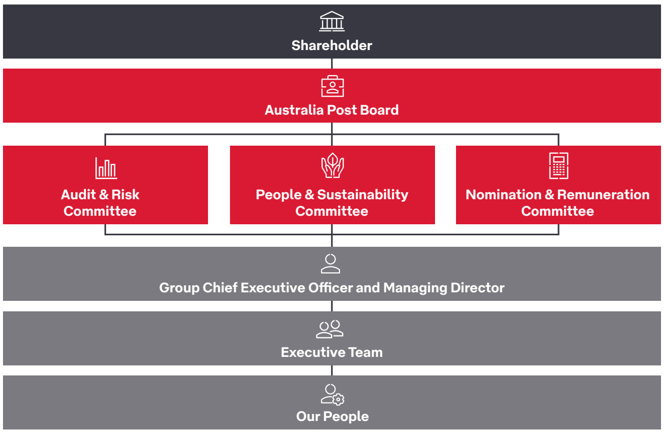
for financial year 2019/2020

This is a summary version of the Corporate Governance Statement approved by the Australia Post Board on 15 September 2020.

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*.

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* 3rd Edition, is published on Australia Post's website.



The Australia Post Board is responsible for the governance of Australia Post. The role of the Board is to decide the objectives, strategies and policies to be followed by Australia Post and 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.

In financial year 2019/20 the Board had established three Committees – the Audit and Risk Committee, the People and Sustainability Committee and the Nomination and Remuneration Committee. In the early part of financial year 2020/21, the Board established a Safety Committee. Each Committee's members bring a range of qualifications, knowledge skills and experience to assist the Committees to perform their functions. For example, the Audit and Risk Committee's members bring qualifications and experience in finance, audit and risk capacities, experience in leading and participating in both Government and commercial organisations, and diverse skills and knowledge adapted from a range of industries and vocations.

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

Non-Executive Directors are appointed by the Governor-General on the nomination of the Minister for Communications, Cyber Safety and the Arts. Australia Post has a Board of Directors with a broad range of skills, experience and knowledge relevant to overseeing the business of a global eCommerce organisation. Diversity of the Board is also a consideration for new appointees.

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

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

The Board's annual performance review, and the Committees' self-assessments, were delayed in financial year 2019/20 as a consequence of the COVID-19 pandemic and will be conducted at a later date.

The Board has delegated to the Group Chief Executive Officer and Managing Director responsibility for implementing Australia Post's strategic priorities and for managing Australia Post's day-to-day operations.

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

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

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

Directors' attendance at meetings 2019/20

	Australia Post Board		Audit and Risk Committee		People and Sustainability Committee		Nomination and Remuneration Committee	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Lucio Di Bartolomeo[1]	14	14	–	–	–	–	4	4
John Stanhope AM[2]	6	6	–	–	–	–	2	2
Christine Holgate	20	20	–	–	–	–	–	–
Andrea Staines OAM[3]	1	1	–	–	–	–	1	1
Holly Kramer[4]	19	16	7	5	4	4	5	4
Mario D'Orazio	20	20	–	–	4	4	6	6
Bruce McIver AM	20	20	7	7	–	–	6	6
Tony Nutt AO	20	20	–	–	4	4	6	6
The Hon Michael Ronaldson	20	20	–	–	4	4	6	6
Jan West AM	20	20	7	7	–	–	6	6
Deidre Willmott	20	20	7	7	–	–	6	6

Notes: (a). Number of meetings held while a Director/Committee member. (b). Number of meetings attended while a Director/Committee member. 1. Lucio Di Bartolomeo was appointed Chair of the Australia Post Board commencing 22 November 2019. 2. John Stanhope AM's term as Chair of the Australia Post Board concluded on 21 November 2019. 3. Andrea Staines OAM was appointed as Deputy Chair of the Australia Post Board commencing 27 June 2020. 4. Holly Kramer's term as Deputy Chair of the Australia Post Board concluded on 26 June 2020. Committee meeting attendances in the table reflect meetings where the Director was a Committee member. Directors may also attend Committee meetings to observe, where invited by the Committee. No Board meetings were held at Australia Post operating sites – one Board meeting was scheduled to be held at an Australia Post operating site but, due to the COVID-19 pandemic, was instead held via videoconference. Two of the Board meetings held were brief teleconferences apprising the Board on management responses to the COVID-19 pandemic. One of the Board meetings held was a dedicated strategy session.

Remuneration report 2020

Message from the Chair

On behalf of the Board, I am pleased to introduce Australia Post's Remuneration Report for FY20.

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

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

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

Overall financial performance against the enterprise scorecard was strong in FY20, including the achievement of our stretch targets for a number of financial KPIs. This has been reflected in the award of performance incentives to eligible employees under Australia Post's Corporate Incentive Plan.

However, the Board decided that incentive payments would not be made for the GCEO&MD and Executive General Managers (EGM) for FY20. This reflected the extraordinary circumstances of the nation. Like any Board, we understand that our remuneration decisions need to take account of stakeholder and community expectations - and that imperative is amplified by our status as a Government Business Enterprise.

Having made that difficult decision, it is important that I acknowledge - on behalf of the Board - the extraordinary contributions of our senior executives in FY20, leading the organisation through unprecedented challenges and massive change.

There were some key changes to the composition of the Board of Directors in FY20. I would like to acknowledge John Stanhope AM, who stepped down as Chairman on 21 November 2019 following the conclusion of his second term, his first term commencing in 2012. I would also like to acknowledge Holly Kramer, who stepped down as Deputy Chair on 26 June 2020 after serving in that role since 2017, and earlier as non-executive Director since 2015. On behalf of the Board, I sincerely thank both John and Holly for their significant contributions to Australia Post over many years. Finally, I welcome Andrea Staines OAM to the position of Deputy Chair, effective 27 June 2020.

There were also several important changes to the composition of the Executive Team during FY20. During the year, senior executives Bob Black, Annette Carey and Philip Dalidakis left the organisation. I would like to thank them for their contribution to Australia Post.

Our Group Chief Executive Officer and Managing Director, Christine Holgate, appointed two new senior executives from within the business:

- John Cox was appointed EGM Transformation & Enablement with effect from 23 March 2020; and
- Rod Barnes was appointed EGM Deliveries with effect from 1 July 2020.

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

This Remuneration Report provides full and accurate disclosure in relation to our remuneration policies and practices for FY20. I encourage you to read what follows.

Lucio Di Bartolomeo
Chair

1. Our organisation and key management personnel

The purpose of the Remuneration Report (report) is to set out the principles and the strategy the Australian Postal Corporation (Australia Post) applies to remunerate key management personnel (KMP) and other highly paid staff. In addition, the report outlines how our remuneration strategy is aligned to our goals and strategic imperatives. The alignment enables performance-based reward and supports the attraction and retention of high-calibre senior executives and staff.

The information provided in the report has been prepared in accordance with disclosure requirements outlined in the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule). The statutory tables contained at the end of this report are compliant with the accounting standard AASB 124 *Related Party Disclosures* and aim to maintain a high standard of clarity and transparency for all stakeholders.

The report details remuneration information for the financial year ended 30 June 2020 (FY20) as it applies to KMP, comprising non-executive directors, the Group Chief Executive Officer and Managing Director (GCEO&MD) and senior executives. For the purposes of this report, senior executives are defined as the employees reporting to the GCEO&MD who have responsibility or substantial input into the planning, directing and controlling of the operations of Australia Post and its controlled entities (often referred to as the 'Australia Post Group', 'Group', or the 'Enterprise'), typically titled Executive General Managers (EGM).

Also included are aggregate disclosures of "other highly paid staff" of the Australian Postal Corporation, where their total remuneration exceeds $225,000, in accordance with the PGPA Rule. Reporting under the PGPA Rule is provided in bands with the first band being from $225,001 to $245,000 with subsequent bands in increments of $25,000.

Remuneration report 2020

The KMPs covered in this year's report and the details of movements throughout FY20 are outlined in the table below:

Table 1: FY20 Key Management Personnel

Name	Position[1]	KMP Team
Board of Directors		
Lucio Di Bartolomeo[2]	Chair	Part Year
Christine Holgate	GCEO&MD	Full Year
Andrea Staines OAM[3]	Deputy Chair	Part Year
Mario D'Orazio	Director	Full Year
Bruce McIver AM	Director	Full Year
Tony Nutt AO	Director	Full Year
The Hon. Michael Ronaldson	Director	Full Year
Jan West AM	Director	Full Year
Deidre Willmott	Director	Full Year
Former Non-Executive Directors		
John Stanhope AM[4]	Chairman	Part Year
Holly Kramer[5]	Deputy Chair	Part Year
GCEO&MD and Senior Executives		
Christine Holgate	GCEO&MD	Full Year
Rod Barnes (Acting)[6]	EGM Deliveries	Part Year
Ingo Bohlken	EGM Product & Innovation	Full Year
Rodney Boys	Group Chief Financial Officer	Full Year
John Cox[7]	EGM Transformation and Enablement	Part Year
Susan Davies	EGM People & Culture	Full Year
Nicole Sheffield	EGM Community & Consumer	Full Year
Gary Starr	EGM Business & Government	Full Year
Former Senior Executives		
Robert Black[8]	Group Chief Operating Officer	Part Year
Annette Carey[9]	EGM International Services	Part Year
Phillip Dalidakis[10]	EGM Corporate Services	Part Year

1. Position reflects position title at end of financial year or at employment cessation date.
2. Lucio Di Bartolomeo was appointed Chair, with effect from 22 November 2019.
3. Andrea Staines OAM was appointed as Deputy Chair, with effect from 27 June 2020.
4. John Stanhope AM stepped down as Chairman, with effect from 21 November 2019.
5. Holly Kramer stepped down from the Board, with effect from 26 June 2020.
6. Rod Barnes was appointed EGM, Deliveries with effect from 1 July 2020. Remuneration reflects the benefits received whilst acting as EGM Deliveries from 1 April 2020.
7. John Cox was appointed EGM, Transformation & Enablement with effect from 23 March 2020.
8. Robert Black ceased employment with Australia Post with effect from 14 April 2020.
9. Annette Carey ceased employment with from Australia Post with effect from 14 April 2020.
10. Philip Dalidakis was appointed EGM, Corporate Services with effect from 1 July 2019. Philip Dalidakis ceased employment with Australia Post with effect from 8 April 2020.

Details of remuneration for the incumbents have been disclosed in Section 8 of the Remuneration Report.

2. Remuneration on a page

The diagram below provides an overview of the FY20 approach to Australia Post Group remuneration (with sections indicating where further information can be found within the report).

Remuneration Governance
(Section 3)

The Nomination & Remuneration Committee makes recommendations to the Board around Australia Post's remuneration policies and practices.

The Committee may seek advice/feedback from the GCEO&MD and senior executives and from external remuneration advisors from time to time.

Remuneration Principles
(Section 4)

Six remuneration design principles to support decision making around executive remuneration are:

1. Externally accountable
2. Simple and transparent
3. Fair, equitable and motivational
4. Strategically aligned and performance linked
5. Shared responsibility and personal accountability
6. Clear remuneration governance

Remuneration Structure
(Section 5)

	GCEO&MD	Executive Team (Senior Executives)
Fixed Annual Remuneration (FAR)	• The Remuneration Tribunal sets the Reference Rate (RR) applicable to the Australia Post GCEO&MD. • The Board then determines the GCEO&MD's FAR within a range from 10% below to 5% above the Reference Rate. • The Board may seek external independent remuneration advice.	• Set with reference to various factors determined as appropriate by the Board and the GCEO&MD. • Regular reviews of scope and accountability of Executives roles and corresponding FAR adjustments were applied to senior executives during FY20 to reflect changes in the size and remit of their roles.
Short Term Incentives (STI)	The Remuneration Tribunal has determined that the GCEO&MD is eligible for performance pay (STI) up to 100% of FAR. The STI is aligned to the strategic priorities of the Enterprise, performance is assessed against the Enterprise scorecard outlined on page 73: • 50% Enterprise financials • 10% Business Unit financials • 20% Strategic KPIs • 20% Leadership & Safety	KPIs determined by GCEO&MD in accordance with the Board approved Enterprise scorecard. Aligned to the strategic priorities of the Enterprise and Business Unit: • 50% Enterprise financials • 10% Business Unit financials • 20% Strategic KPIs • 20% Leadership & Safety Management

Linking Strategy, Performance and Remuneration
(Section 6)

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

Remuneration report 2020

3. Remuneration governance

3.1. Nomination & Remuneration Committee role

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

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

3.2. Engagement of external advice

To inform its decision making during FY20, the Committee sought advice on performance and remuneration related matters from the GCEO&MD, senior executives (KMP) and management.

External independent remuneration advice was received by Australia Post from PricewaterhouseCoopers (PwC) in June 2019, January 2020 and June 2020. None of the advice received included a remuneration recommendation as defined by the *Corporations Act 2001*.

3.3 Remuneration policies

Remuneration is governed at various levels across the Group:

- Non-executive Directors' annual fees are set by the Remuneration Tribunal. Australia Post has no role in determining the level of Non-executive director remuneration.
- GCEO&MD's remuneration is determined by the Board within a range prescribed by the Remuneration Tribunal.
- Senior executives' remuneration is determined with reference to various factors, including external benchmarking, and is approved by the GCEO&MD and considered by the Nomination & Remuneration Committee.
- Other contract employees', including "Other Highly Paid Staff", fixed remuneration review budget and the Australia Post Corporate Incentive Plan is approved by the Board annually. Terms and conditions of employment are outlined in individual contracts.

The Group Remuneration Policy, approved by the Board, and the Australia Post Corporate Incentive Plan (APCIP) provide the framework through which remuneration is governed.

3.4. GCEO&MD and senior executive contract terms

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

The GCEO&MD and senior executive employment contracts typically outline the components of remuneration paid to the individual but do not prescribe how much the total remuneration quantum will be adjusted year to year, with the exception of the GCEO&MD whose remuneration is determined by the Board relative to a reference rate determined by the Remuneration Tribunal. The Contracts provide for participation in a Short Term Incentive (STI) program in accordance with the relevant STI scheme rules.

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

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

Table 2: Employment contract cessation

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

4. Remuneration principles

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

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

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

Remuneration report 2020

5. FY20 remuneration structure

For FY20 the GCEO&MD and senior executives' remuneration arrangements were comprised of two key remuneration components:

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

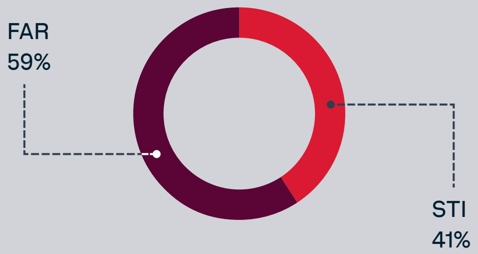
5.1. Remuneration mix

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

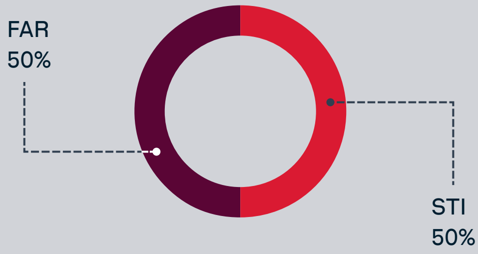
The variable, at risk component of target remuneration, is 41 per cent for both the GCEO&MD and senior executives. The Target STI opportunity is 70 per cent of FAR for the GCEO&MD and senior executives as at 30 June 2020.

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

GCEO&MD and Senior Executive Target Remuneration Mix



GCEO&MD and Senior Executive Maximum Remuneration Mix



5.2. Fixed Annual Remuneration

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

5.3. Short-Term Incentives

STI aims to reward the GCEO&MD and senior executives for delivering financial performance and non-financial performance against a range of key performance indicators (KPIs) that are aligned to the strategic priorities of the Group. The GCEO&MD and each senior executive have their own scorecard against which their performance is measured and STI paid. The STI plan is called the Australia Post Corporate Incentive Plan (APCIP).

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

Financial Gateway

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

Behavioural Gateways

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

5.4. Remuneration by level

GCEO&MD FY20 remuneration

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

The Remuneration Tribunal is an independent statutory authority established under the *Remuneration Tribunal Act 1973*. The Remuneration Tribunal's role is to determine, report on and provide advice about remuneration, including allowances and entitlements for office holders within its jurisdiction.

The Australia Post GCEO&MD position was classified by the Remuneration Tribunal as a Principal Executive Officer (PEO) Band E which falls within the Tribunal's remit.

The Remuneration Tribunal also confirmed performance pay incentive arrangements for the GCEO&MD up to a STI maximum potential of 100 per cent of FAR. The Board of Australia Post is responsible for determining the performance of the GCEO&MD and determining any incentive outcomes. In accordance with the APCIP, 25 per cent of the GCEO&MD STI award is deferred until September of the following year and remains "at risk", contingent on the sustained performance of the business at the absolute discretion of the Board.

Senior executive (KMP) FY20 remuneration

FAR is positioned competitively to attract, motivate and retain senior executives and reflect the individual's responsibilities, skills, performance, qualification and experience. Reviews are informed by a range of internal and external factors including market comparative remuneration benchmarking to roles in companies of similar size, revenue and complexity, other Government Business Enterprises' remuneration positioning, any changes in role and responsibility, previous salary adjustments, community expectations and internal relativities.

The FY20 STI has been designed to provide a framework that rewards for delivering performance and value creation for Australia Post. The plan recognises the varying contributions of each business unit and enables differentiation in remuneration outcomes based on individual leadership and safety management. The STI scheme is an "at risk" annual incentive opportunity where an STI payment may be awarded subject to the achievement of relevant individual, team, strategic and enterprise KPIs.

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

In FY20, the senior executive STI framework aligns to both individual, business unit and enterprise performance. The key measures that determine a STI outcome for senior executives for FY20 include:

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

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

In accordance with the APCIP, 25 per cent of the senior executives' STI award is deferred until September of the following year and remains "at risk", contingent on the sustained performance of the business at the absolute discretion of the Board.

Other contract level employees FY20 remuneration

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

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

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

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

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

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

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

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

STI amounts are determined on the employee's employment type, grade and performance rating. Eligible employees have a series of individually tailored and quantitative measures cascaded from the Enterprise and Business Unit used in their scorecard.

The outcomes of the scorecard are the basis for eligible individuals STI outcome.

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

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

FY20 Performance scorecards

GCEO&MD (Enterprise scorecard) and senior executives' business unit (BU scorecards) contain Enterprise and BU level financial, strategic, leadership and safety KPIs that are relevant to the senior executives' business area and the individual's role and responsibilities.

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

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

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

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

GCEO&MD and Senior Executives

Enterprise Financial 50%	Business Unit Financial 10%	Strategic KPIs 20% (Tailored 10% Quantitative 10%)	Leadership/Safety Mgt 20% (Tailored 10% Quantitative 10%)

General Managers reporting to a Senior Executive

Enterprise Financial 40%	Business Unit Financial 20%	Strategic KPIs 20% (Tailored 10% Quantitative 10%)	Leadership/Safety Mgt 20% (Tailored 10% Quantitative 10%)

Band 3 and 4 employees

Enterprise Financial 30%	Business Unit Financial 20%	Strategic KPIs 40% (Tailored 20% Quantitative 20%)	Leadership/Safety Mgt 10% (Tailored 5%) Quantitative 5%)

All other participants:

	Tailored (90% Total)		
Enterprise Financial 10%	Business Unit Financial	Strategic KPIs)	Leadership/Safety Mgt

6. Linking strategy, performance and remuneration

6.1. How we assessed the Enterprise Scorecard in FY20

Enterprise Scorecard

The Enterprise Scorecard contains a range of key performance indicators (KPIs) that are aligned to the strategic priorities of the enterprise. The FY20 Enterprise Scorecard KPIs and performance against those KPIs, the basis for the GCEO&MD STI, are detailed in the table below:

Table 3: FY20 Enterprise Scorecard

Measure	KPI	Link to Strategy	Performance	Outcome
Enterprise Financials 50%	Profit Before Tax (PBT)	Australia Post maintains both a community and a commercial regulatory purpose. We are required, where possible, to make a commercial return on our assets.	FY20 full year Group PBT exceeded expectations and was significantly ahead of Budget. The favourable results to Budget included a strong Pre-COVID-19 result with YTD March. The March to June period had significant increases in costs due to operating in a COVID-19 environment, including providing safety equipment ($12m+), operating 16 additional pop-up sites, operating with safe distances etc. Although parcels grew in volume, they also grew in weight and size, which resulted in an increasing number not being able to be carried by the Posties safely and these had to be carried by contractors at a higher cost. Swift action on corporate and support costs and a continued focus on business efficiencies offset additional costs. This was a significant achievement.	Met Stretch
	Group Revenue	Australia Post needs to protect our revenue base in letters, grow in parcels, and seek additional new revenue streams to grow the business.	Full year Revenue was favourable to budget and up on the previous year. FY20 saw our highest ever revenue growth in a year and achieved without acquiring a business. A result further boosted by the COVID-19 parcel volumes. The Group result was secured despite a significant decline in letter volumes and revenue. Some key highlights include: domestic parcels, achieved in a highly competitive market; Financial Services portfolio both over achieved budget and grew significantly year-on-year; AP Global almost trebled in revenue and the strong momentum began before COVID-19.	Met Stretch

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Measure	KPI	Link to Strategy	Performance	Outcome
Business Unit Financials 10%	Enterprise Business Efficiency	Continually challenging ourselves to execute on efficiencies across the business enables Australia Post to be able to invest more in longer-term growth.	Business efficiency is favourable to Budget predominately driven by a focus on productivity, site automation and labour efficiencies, as well as measures taken to contain discretionary spending and preserve cash following the onset of COVID-19.	Met Stretch
	Enterprise New Revenue	New revenue streams are a critical component of growing our total revenue base, and maintaining a profitable business.	FY20 full year outcome exceeded Budget significantly. New revenue has increased due to providing new services to existing customers and winning new customers.	Met Stretch
	Cash		Cash was ahead of Budget at the end of February and significantly ahead of budget at year end. Management's swift actions taken to preserve cash including reducing costs, a disciplined allocation of capital expenditure and vigilant oversight of debtors, supported by the strong revenue performance, resulted in cash closing the year significantly up on Budget.	Met Stretch

Measure		KPI	Link to Strategy	Performance	Outcome
Strategic KPIs 20%		Enterprise Net Promoter Score (NPS)	Customer advocacy and loyalty is critical in order to win in all our businesses, particularly in a fiercely competitive eCommerce market.	In March 2020 it was decided to pause the collection of Enterprise NPS due to the onset of COVID-19. Prior to this at 31 March, Enterprise NPS was above target level performance.	Met Target
		International Parcel Revenue	We will become a global, cross-border eCommerce logistics provider.	International parcel revenue exceeded target. The result was underpinned by excellent AP Global performance. Outbound Parcels still closed the full year up on budget and partly offset the slowing inbound volume due to the impacts of COVID-19. International volumes were severely impacted by the closure of international borders and the lack of international line haul in the last quarter.	Met Stretch
		% parcels streamed across AP and ST network		Streaming rate for the full year was above Budget. The streaming percentage was constrained from March to June as the number, weight and size of parcels grew significantly. However, the absolute number of parcels budgeted to be streamed surpassed both budget and stretch volumes. The growth in parcel volumes and their dimensions underpinned the request for Temporary Regulatory Relief.	Met Target
	Tailored Strategic Milestones	UPU successful outcome		There was an extremely successful UPU outcome, and we exceeded our objectives. The GCEO&MD led the Australia Post team and, with the then Department of Communications and the Arts and Department of Foreign Affairs and Trade, represented the country in negotiations during the UPU extraordinary congress. This resulted in a positive agreement to move untracked packet pricing to self-declared rates.	Met Stretch
		BPR successfully launched		BPR was successfully launched following completion of the necessary consultations and notification process involving Shareholder Ministers and Departments, ACCC and major customers, community groups and Licensed Post Offices.	
		New Post Office services launched		Several new services were launched, including Connect@Post, Sending Made Easy and the Great Aussie Coin Hunt. One of the transformational programmes trialled and launched was the Local Business Partner program, which provides Licensed Post Offices with a suite of products and services for small business customers that were previously unavailable to them. This includes My Post Business and parcel pricing packages. The trial was reviewed by APLAC (Australia Post Licensee Advisory Council), with unanimous support.	
		Returns Parcel Strategy to support Ecommerce growth		Collect and Return (Doddle) launched in February 2020 with a strong pipeline of returns customers to see further growth in FY21.	
		Redbank operational by October 2019		Brisbane Parcel Facility at Redbank was officially operational on 21 October 2019. The site is the largest parcel processing site in the southern hemisphere. Opening the site, we faced many complexities all of which were overcome and the site was fully operational to support our peak period.	
		Commence planning and delivery of EBAs		Significant progress was made on planning and delivery of EBAs. Extensive union consultation completed that secured an MOU with the CEPU to deliver certainty for 12 months in COVID-19 and support for Temporary Regulatory Relief.	

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Measure	KPI	Link to Strategy	Performance	Outcome
Leadership & Safety Management 20%	Group People Engagement	We strongly believe that ensuring our people are engaged is critical to delivering our future strategy.	The group People Engagement Survey scheduled for April was cancelled due to cost restrictions and the requirement for people to work from home, hence no specific measure was captured. However, there is significant evidence about the strong engagement of our people. This includes: • Our Posties opting to deliver and Post Offices remaining open throughout the crisis. • 4,500 employees regularly working from home since the crisis began. • Our workforce immediately agreeing to work in split shifts, which for many significantly changed their operational hours. • The volunteering, on their normal pay, of our workforce to help with the processing and delivery of parcels at our peak. • Record attendance and productivity levels for both our frontline delivery people and call centre teams.	Met Target
	Safety Index	The health, safety and wellbeing of our people is our most important cultural priority.	Full year 98.2% against a target of 85%. FY20 result has been driven by increased encouragement of recording proactive safety initiatives, along with a strong focus on hazard reporting. Although stretch target was achieved, we have rated this at target recognising the significant work that still needs to take place.	Met Target

Measure	KPI		Link to Strategy	Performance	Outcome
Leadership & Safety Management 20%	Tailored Leadership and Safety Management Milestones (10%)	Support the other Executives on delivering their strategic priorities		The above commentary and our performance through COVID-19 evidences the Enterprise's strong leadership: • Securing support to operate • Taking immediate action on curbing expenditure, securing major customer wins • Enabling 16 pop-up processing sites • Safeguarding our people through the crisis and securing support from our employees to still work with attendance at record levels • Seeking Temporary Regulatory Relief • Delivering over budget on our financials, even though we have faced a significant increase in operational costs.	Met Stretch
		Build leadership engagement with the Board and key stakeholders including the Shareholder	Board engagement and support for our strategic direction is critical for our strategy to be realised.	We have built strong and open communications and have been supported by our Shareholder through the COVID-19 pandemic.	
		Drive and develop leadership talent and succession	The quality of our leaders will be a key determinant in our future success.	We have established a number of Leadership and talent development programmes. They start with regular briefings to our Extended Leadership teams, with strategy briefings, weekly briefings through the COVID-19 pandemic and manager support packs. We have a talent development program for 12 next level managers who are on the succession plans for ET roles, this includes a personal development program, mentors being appointed and regular private leadership briefings. Our last two appointments to the ET have been from this program.	
		EBA Approved		See Commentary on EBA Performance above	
		Leadership role across the organisation on driving Safety	Safety is one of our four values, and the safety and wellbeing of our people is our highest priority.	Safety is the largest risk and operational issue we face. The GCEO&MD has led the Enterprise Safety Council and with the support of the Board we have made progress throughout the year. This includes securing support to signicantly reduce our dependency on motorcycles, rolling out automation, reducing physical strains, securing support for telematics and introducing drug and alcohol testing. We have made major progress on our programs to improve Mental Health, including at our Brisbane Contact Centre which previously had our highest reported incident rate. Through COVID-19, we have led with protect our people, immediately introducing split shifts, enabling 4,500 people to work from home with VPN access in less than one week, securing $12m+ of PPE, introducing temperature testing and rolling out safety screens in all our Post Offices.	

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6.2 FY20 Performance outcomes

For FY20 the GCEO&MD performance was assessed against the Enterprise Scorecard. Based on those outcomes the GCEO&MD would have been entitled to an incentive of 95% of the maximum STI. Based on performance to the enterprise scorecard, senior executives would have been entitled to an average of 93% per cent of the maximum STI. However, as noted in the Message from the Chair on page 64, the Board decided that incentive payments would not be made for the GCEO&MD and senior executives for FY20.

7. Non-executive Board director fees

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

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

The following table sets out the non-executive directors' fees (excluding superannuation) as set by the Remuneration Tribunal and covering the financial years 2019 and 2020.

Table 4: Non-executive director fees

	Annual Fee with effect from:	
Role	**1 July 2018[1]**	**1 July 2019[2]**
Chair	$189,910	$193,710
Deputy Chair	$105,980	$108,100
Non-executive Directors (Members)	$94,990	$96,890
Audit & Risk Committee Chair	$21,990	$22,430
Audit & Risk Committee Member	$11,000	$11,220
People & Sustainability Committee Chair[3]	$18,730	$19,110
People & Sustainability Committee Members[3]	$9,370	$9,560

1. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2018.
2. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2019.
3. Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees if they are members of this Committee.

8. FY20 statutory remuneration tables

8.1. Overview of statutory requirements

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

This sees disclosure made in two areas:

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

Australia Post has defined KMP as non-executive directors, the GCEO&MD and senior executives who report directly to the GCEO&MD and who have authority and responsibility for planning, directing and controlling the activities of the Goup. These employees are the only employees considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of Australia Post. Remuneration received directly or indirectly by KMP is provided under an accrual basis for the years ending 30 June 2019 and 30 June 2020. 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 Government agencies to report on "other highly paid staff" who are neither KMP nor senior executives. (Note Australia Post has assessed senior executives to also be KMP). The disclosures are provided on an aggregated banded basis for those employees of Australian Postal Corporation whose remuneration exceeds $225,000 in 2020. The initial band being a range from $225,001 to $245,000 with subsequent bands in $25,000 increments. Reporting is provided on an accruals basis, with the following average remuneration components disclosed:

- Base salary
- Short-term incentives
- Other benefits & allowances
- Superannuation
- Long service leave
- Other long-term benefits
- Termination benefits.

8.2. Statutory Tables

Remuneration received directly or indirectly by key management personnel under an accrual basis for the most recent financial year 2020 and previous financial year 2019 is as follows:

Table 5 Non-executive Director Remuneration

Non-executive directors volunteered to reduce their Fixed Remuneration by 20% during the period 16 April to 8 July 2020 in response to the COVID-19 (coronavirus) pandemic, and the health, community and business challenges and uncertainty it presented.

		Short-term benefits	Post-employment contributions	
Non-executive directors	**Year**	**Director fees[1] $**	**Superannuation[2] $**	**Total $**
Lucio Di Bartolomeo (Chair)[3]	**2020**	**109,451**	**10,398**	**119,849**
	2019	-	-	-
Andrea Staines OAM (Deputy Chair)[4]	**2020**	**945**	**90**	**1,035**
	2019	-	-	-
Mario D'Orazio[5]	**2020**	**102,029**	**9,693**	**111,722**
	2019	27,594	2,621	30,215
Bruce McIver AM	**2020**	**103,620**	**9,844**	**113,464**
	2019	105,990	10,069	116,059
Tony Nutt AO	**2020**	**102,029**	**9,693**	**111,722**
	2019	104,360	9,914	114,274
The Hon Michael Ronaldson	**2020**	**102,029**	**9,693**	**111,722**
	2019	104,360	9,914	114,274
Jan West AM	**2020**	**114,365**	**10,865**	**125,230**
	2019	116,980	11,113	128,093
Deidre Willmott	**2020**	**103,620**	**9,844**	**113,464**
	2019	105,990	10,069	116,059
Former Board Directors				
John Stanhope AM[6]	**2020**	**76,214**	**7,240**	**83,454**
	2019	189,910	18,041	207,951
Holly Kramer[7]	**2020**	**113,321**	**5,383**	**118,704**
	2019	116,980	11,113	128,093
Paul Scurrah[8]	**2020**	**-**	**-**	**-**
	2019	65,761	6,247	72,008
Total (10 Non-executive directors)	**2020**	**927,623**	**82,743**	**1,010,366**
Total (9 Non-executive directors)	2019	937,925	89,101	1,027,026

1. Non-executive directors fees are set by the Remuneration Tribunal and paid in cash.
2. Minimum superannuation contributions are provided as prescribed under Superannuation Guarantee legislation.
3. Lucio Di Bartolomeo was appointed Chair, with effect from 22 November 2019.
4. Andrea Staines OAM was appointed to the Board as Deputy Chair, with effect from 27 June 2020.
5. Mario D'Orazio was appointed to the Board, with effect from 21 March 2019.
6. John Stanhope AM stepped down as Chairman, with effect from 21 November 2019.
7. Holly Kramer stepped down from the Board, with effect from 26 June 2020.
8. Paul Scurrah resigned from the Board, with effect from 15 February 2019.

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

In response to the COVID-19 (coronavirus) pandemic, and the health, community and business challenges and uncertainty it presented, the Board, GCEO&MD and senior executives volunteered to reduce their Fixed Remuneration by 20% during the period 16 April to 8 July 2020.

Overall financial performance against the enterprise scorecard was strong in FY20, including the achievement of our stretch targets for a number of key financial KPIs. However, the Board decided, when finalising the FY20 Financial Statements, that incentive payments would not be made for the GCEO&MD and senior executives at that time.

Remuneration received directly or indirectly by key management personnel under an accrual basis for the most recent financial year 2020 and previous financial year 2019 is as follows:

GCEO&MD, Senior Executives and Position titles	Year	Short-term benefits			Post-employment benefits	Other long-term benefits		Other	Total remuneration $
		Base salary[1] $	Short-term incentives[2] $	Other benefits and allowances[3] $	Superannuation[4] $	Long service leave[5] $	Other long-term benefits[6] $	Termination benefits[7] $	
Christine Holgate GCEO&MD	**2020**	**1,416,631**	**-**	**-**	**21,003**	**38,273**	**138,563**	**-**	**1,614,470**
	2019	1,441,247	831,375	-	20,531	47,573	224,500	-	2,565,226
Rod Barnes[8] EGM Deliveries	**2020**	**134,910**	**-**	**-**	**5,251**	**10,867**	**-**	**-**	**151,028**
	2019	-	-	-	-	-	-	-	-
Ingo Bohlken[9] EGM Product & Innovation	**2020**	**690,448**	**-**	**-**	**21,003**	**18,785**	**69,825**	**-**	**800,061**
	2019	702,457	418,950	41,885	20,531	19,662	69,825	-	1,273,310
Rodney Boys[10] Group Chief Financial Officer	**2020**	**727,355**	**-**	**-**	**21,003**	**18,893**	**-**	**-**	**767,251**
	2019	73,178	-	-	6,455	1,523	-	-	81,156
John Cox[11] EGM Transformation and Enablement	**2020**	**139,174**	**-**	**-**	**5,251**	**5,203**	**-**	**-**	**149,628**
	2019	-	-	-	-	-	-	-	-
Susan Davies[12] EGM People & Culture	**2020**	**683,444**	**-**	**2,098**	**21,003**	**18,990**	**68,906**	**-**	**794,441**
	2019	703,826	413,438	-	20,531	57,759	68,906	-	1,264,460
Nicole Sheffield[13] EGM Community & Consumer	**2020**	**683,972**	**-**	**2,098**	**21,003**	**18,477**	**66,719**	**-**	**792,269**
	2019	686,308	400,313	-	20,531	12,012	66,719	-	1,185,883
Gary Starr EGM Business Government & International	**2020**	**700,876**	**-**	**-**	**21,003**	**18,863**	**68,906**	**-**	**809,648**
	2019	684,717	413,438	9,019	20,531	30,923	85,712	-	1,244,340
Former Senior Executives									
Robert Black[14] Group Chief Operating Officer	**2020**	**804,981**	**-**	**2,098**	**21,003**	**18,994**	**88,659**	**644,399**	**1,580,134**
	2019	999,041	531,956	-	20,531	21,398	128,909	-	1,701,835
Chris Blake[15] EGM Corporate Services	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	566,043	-	-	20,531	(139,497)	-	476,528	923,605

Senior Executives and Position titles	Year	Short-term benefits: Base salary[1] $	Short-term benefits: Short-term incentives[2] $	Short-term benefits: Other benefits and allowances[3] $	Post-employment benefits: Superannuation[4] $	Other long-term benefits: Long service leave[5] $	Other long-term benefits: Other long-term benefits[6] $	Other: Termination benefits[7] $	Total remuneration $
Annette Carey[16] EGM International Services	**2020**	**570,323**	**-**	**1,328**	**21,003**	**14,016**	**65,156**	**295,895**	**967,721**
	2019	746,303	390,938	-	20,531	20,938	65,156	-	1,243,866
Christine Corbett[17] EGM Community & Consumer	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	29,362	-	-	3,069	-	-	-	32,431
Philip Dalidakis[18] EGM Corporate Services	**2020**	**469,205**	**-**	**420**	**18,915**	**-**	**-**	**189,026**	**677,566**
	2019	-	-	-	-	-	-	-	-
Janelle Hopkins[19] Group Chief Financial Officer	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	847,326	-	-	20,531	(87,878)	-	-	779,979
Andrew Walduck[20] EGM Product & Innovation	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	20,272	-	7,784	2,305	-	-	-	30,361
Senior Executive Engaged Under Secondment Arrangement Payment									
Andrew Parker[21] EGM International Services (seconded)	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	30,940	-	-	-	-	-	-	30,940
Total (11 executives)	**2020**	**7,021,319**	**-**	**8,042**	**197,441**	**181,361**	**566,734**	**1,129,320**	**9,104,217**
Total (13 executives)	2019	7,531,020	3,400,408	58,688	196,608	(15,587)	709,727	476,528	12,357,392

1. Base salary comprises cash salary, net of annual leave accrued and taken during the year.
2. Short-term incentives comprises accrued short-term incentives payable within 12 months of the end of the period.
3. Other benefits and allowances comprise of reportable and non-reportable fringe benefit amounts.
4. For employees who are members of the Australia Post Superannuation Scheme (APSS) defined benefit scheme, the superannuation benefit represents the contributions made by Australia Post into the APSS, which is determined using the employer contribution rate. If the employee is a member of a superannuation contribution scheme, the benefit is calculated in accordance with the requirements prescribed in Superannuation Guarantee legislation.
5. Long Service Leave (LSL) comprises the amount of leave accrued for the period. Where the LSL vesting requirements have not been met on separation, the reversal of the cumulative LSL accrual is reported as a non-cash adjustment to remuneration.
6. Other long-term benefits represents the accrued portion of short term incentives that are not payable within 12 months of the end of the period they relate to. This amount represents 50% of the deferred component of the incentive awarded for the relevant year. The total deferred amount will be payable subject to certain performance conditions being met.
7. Termination benefits are payments made on separation of the senior executive role.
8. Rod Barnes was appointed EGM, Deliveries with effect from 1 July 2020. Remuneration reflects the benefits received whilst acting as EGM Deliveries since 1 April 2020.
9. Ingo Bohlken was appointed EGM, Product & Innovation with effect from 30 July 2018
10. Rodney Boys was appointed Group Chief Financial Officer with effect from 27 May 2019.
11. John Cox was appointed EGM, Transformation & Enablement with effect from 23 March 2020.
12. Susan Davies was appointed EGM, People & Culture with effect from 1 July 2018.
13. Nicole Sheffield was appointed EGM, Community & Consumer with effect from 6 August 2018.
14. Robert Black ceased employment with Australia Post with effect from 14 April 2020
15. Chris Blake ceased employment with Australia Post with effect from 31 December 2018. An ex-gratia payment, disclosed under ‘termination benefits’, was made in accordance with the Deed of Separation.
16. Annette Carey ceased employment with Australia Post with effect from 14 April 2020
17. Christine Corbett ceased employment with Australia Post with effect from 13 July 2018.
18. Philip Dalidakis was appointed EGM, Corporate Services with effect from 1 July 2019. Philip Dalidakis ceased employment with Australia Post with effect from 8 April 2020. An ex-gratia payment disclosed under ‘termination benefits’ was made in accordance with the Deed of Separation.
19. Janelle Hopkins ceased employment with Australia Post with effect from 3 May 2019.
20. Andrew Walduck ceased employment with Australia Post with effect from 13 July 2018.
21. Andrew Parker was seconded from PricewaterhouseCoopers (PwC) on a consulting basis, which concluded on 13 July 2018. Andrew was remunerated separately by PwC, with base salary comprising of consulting fees paid to PwC for this secondment.

Remuneration report 2020

Other Highly Paid Staff Remuneration reported in FY20 (Accruals Basis)

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

Table 7: FY20 Other highly paid staff – Aggregate reporting

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Remuneration Band	Number of other highly paid staff	Average base salary[1]	Average short-term incentives[2] $	Average other benefits and allowances[3]	Average superannuation contributions[4]	Average Long-service leave[5]	Average other long-term benefits[6]	Average termination benefits[7]	Average total remuneration
$225,001 to $245,000	93	137,247	42,982	1,758	12,676	3,925	-	36,414	235,002
$245,001 to $270,000	103	151,503	46,525	1,985	14,408	4,644	-	38,736	257,802
$270,001 to $295,000	82	179,718	57,190	1,189	16,364	6,290	-	21,696	282,447
$295,001 to $320,000	67	190,860	65,171	973	17,513	5,912	-	25,261	305,690
$320,001 to $345,000	34	204,223	65,905	1,173	17,939	5,613	-	38,892	333,744
$345,001 to $370,000	19	213,373	80,698	-	18,078	6,635	-	39,855	358,537
$370,001 to $395,000	19	223,837	115,962	1,743	19,437	9,318	-	9,562	379,859
$395,001 to $420,000	11	226,797	101,844	879	19,164	6,652	-	53,309	408,644
$420,001 to $445,000	13	226,037	131,269	3,248	19,623	6,846	-	47,650	434,673
$445,001 to $470,000	9	249,914	106,367	-	19,605	8,186	-	73,346	457,418
$470,001 to $495,000	11	296,164	123,917	-	20,469	7,756	5,475	29,553	483,334
$495,001 to $520,000	6	288,826	119,941	-	21,003	11,916	-	67,568	509,254
$520,001 to $545,000	8	308,096	158,420	-	19,844	9,328	6,521	29,854	532,064
$545,001 to $570,000	5	309,461	152,648	-	19,627	6,787	10,350	54,309	553,181
$570,001 to $595,000	1	370,007	180,211	-	21,003	15,331	-	-	586,551
$595,001 to $620,000	6	307,556	107,158	-	21,628	11,209	35,858	120,398	603,807
$620,001 to $645,000	3	365,712	182,196	-	24,547	20,660	44,939	-	638,054
$645,001 to $670,000	1	351,448	261,032	-	21,003	12,599	-	-	646,081
$695,001 to $720,000	4	308,285	162,457	-	21,555	6,992	44,916	159,888	704,092
$720,001 to $745,000	2	424,750	196,574	-	21,003	4,046	84,627	-	731,000
$745,001 to $770,000	1	421,527	211,146	7,515	29,974	10,160	75,375	-	755,696
$795,001 to $820,000	3	431,018	169,205	1,476	22,651	15,398	63,738	104,751	808,238
$820,001 to $845,000	1	301,313	163,522	-	24,405	7,359	-	339,810	836,409
Total[8]	**502**				**n/a**				

1. Base salary comprises cash salary, including amounts paid on sick leave, net annual leave benefits, higher duties, purchased leave and amounts salary sacrificed.
2. Short-term incentives comprise short-term incentives paid or payable within 12 months.
3. Other benefits and allowances comprises cash allowances and non-monetary benefits reported as gross fringe benefits for taxation purposes.
4. For employees who are members of the APSS defined benefit fund, the superannuation benefit represents the contribution paid to the APSS fund by Australia Post (employer contribution). If the employee is a member of a superannuation contribution scheme, the benefit is calculated in accordance with the requirements prescribed in Superannuation Guarantee legislation.
5. Long Service Leave (LSL) comprises the movement in the LSL provision based on actuarial assessment. Where the LSL vesting requirements have not been met on separation, the reversal of the cumulative LSL accrual is reported as a non-cash adjustment to remuneration.
6. Other long-term benefits comprise short-term incentives that are not payable within 12 months of the period end they relate to.
7. Termination benefits are payments made on separation of employment.
8. For the purposes of this note, senior executives are not disclosed as part of these disclosures, but reported within Table 6 of the Remuneration Report.

Financial and statutory reports

Contents

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

2019/20 Financial Statements

In our opinion:

(a) the accompanying financial statements for the year ended 30 June 2020:

(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 opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors.

Lucio Di Bartolomeo
Chair
Board of Directors
(on behalf of Directors)

Melbourne
20 August 2020

Christine Holgate
Group Chief Executive Officer
and Managing Director

Melbourne
20 August 2020

Rodney Boys
Group Chief Financial Officer

Melbourne
20 August 2020

Annual performance statement

for the year ended 30 June 2020

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 2019-20 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 2019-20, and complies with section 39(2) of the *Public Governance, Performance and Accountability Act 2013*.

Lucio Di Bartolomeo
Chair

21 September 2020

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.

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

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

We deliver letters and parcels to all Australians.

We deliver incoming international letters and parcels, and offer outbound international services for letters and parcels. We provide a range of financial and identity-related services – both on our own behalf and on behalf of businesses and government agencies, through a network of more than 4,000 Post Offices, including over 2,500 in rural and remote Australia. While many of the services offered via our Post Office network are subject to digital substitution, in-person services remain highly valued by the Australian community. We also offer a range of digital services and payment solutions.

Australia Post's 2019/20 Statement of Corporate Intent, which sets out non-commercially sensitive information relating to Australia Post's 2019/20 Corporate Plan, was published on Australia Post's website (auspost.com.au) in August 2019 and remains available on that website at the date of this Statement. Australia Post committed in its 2019/20 Statement of Corporate Intent to continuing to progress our five strategic priorities in financial year 2019/20:

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

Results

Australia Post's performance against key commercial measures in financial year 2019/20 is summarised below:

Measure		Performance
Profit before tax	$15.0 million	$53.6 million
Shareholder return on equity	0.5%	1.9%
Dividends declared in 2019/20	$6.1 million	$27.9 million
Dividends paid in 2019/20	$24.0 million	$21.0 million

Australia Post's performance against key prescribed performance standards in financial year 2019/20 is summarised below:

Performance Standard		Performance
On-time delivery*	94.0%	97.1%
Delivery frequency		
• to delivery points each business day	98.0%	98.8%
• to delivery points at least 2 days per week	99.7%	99.9%
Street posting boxes	10,000	15,036
Retail outlets		
• in total	4,000	4,330
• in rural and remote areas	2,500	2,520
• in metropolitan areas, residences to be located within 2.5 kms of an outlet	90.0%	93.7%
• in non-metropolitan (ie rural and remote) areas, residences to be located within 7.5 kms of an outlet	85.0%	88.8%

* **Note:** *The Australian Postal Corporation (Performance Standards) Amendment (2020 Measures No. 1) Regulations 2020* (Temporary Changes) took effect on 16 May 2020. The on-time delivery performance metrics in this table incorporate the impact of the Temporary Changes.

Analysis

Australia Post can be proud of its achievements in 2019/20 throughout a year of so many challenges. We successfully protected our people, served Australian communities and safeguarded the future of Australia Post through peak online shopping periods prior to Christmas, 2019, the catastrophic impacts of Australia's bushfires, and unprecedented levels of change that resulted from COVID-19. Our 2019/20 profit before tax of $53.6 million, representing a 30.4 per cent increase on FY19, was largely due to the unwavering efforts of all our people. In Post Offices, processing and delivery centres, they worked tirelessly, effectively working through peak demand conditions from November 2019.

Domestic parcel business revenue increased by $567 million, up 17.8 per cent on FY19, based on volume growth of 57 million parcels; a 17.9 per cent volume increase. This unprecedented growth resulted from record cyber shopping events in November and December in the lead up to Christmas, and dramatic growth rates through the last quarter of the year as, in April alone, over 200,000 new customers adopted online shopping.

Letter volumes continued their decline, and as an offset to parcels, the declines accelerated in the final quarter. Despite the benefit of a 10 cent increase to the Basic Postage Rate in January, revenue from our letters business both domestic and international fell by $220 million, down 9.9 per cent, in 2019/20, driven by year on year volume declines of 14.5 per cent.

Our Posties continued to deliver parcels alongside letters throughout 2019/20, but the growth in both volume and size of parcels limited the percentage of total parcels that we could stream to Posties. The need to redeploy our Posties to meet our customers' evolving needs was a key driver in our request for temporary regulatory relief in March.

We realised a once-off opportunity to grow eCommerce for all Australians by redeploying our workforce to Australia's best advantage – providing a parcels delivery capability that continues to meet customers' ever-growing expectations, while still providing a sustainable letters service that meets contemporary customer needs.

The international business was impacted by global conditions due to both a significant fall in air freight capacity to and from Australia, and many countries closing their borders in the second half of 2019/20, with international letters and packets volume down 16 per cent. Nevertheless, the strong performance of AP Global – our cross-border eCommerce business - saw revenue grow by $146 to $225 million, ensuring our total international portfolio remained strong.

Annual performance statement

for the year ended 30 June 2020

Prior to the COVID-19 pandemic taking hold in Australia, our achievements through the peak November and December period had already been noteworthy, and included

- our biggest parcels processing day on record, 16 December, with 3.1 million parcels;
- 32 days of more than 2 million parcels;
- 4.2 million kilograms of total weight flown in December; and
- over 150,000 letters delivered to Santa.

Our investments in capacity and automation, most notably our new processing facility in Redbank Queensland, were critical in accommodating not only our peak parcel volumes leading up to Christmas, but the unprecedented volumes processed through the final quarter of the year.

Throughout 2019/20, our Post Office network continued to provide product and service offers valued by consumers and Australian communities. These included launching a retail parcel service *If It Packs, It Posts*, offering national flat rate pricing for parcels up to 5 kilograms, and delivering savings for customers, particularly in rural and remote Australia.

The devastating impacts of last summer's bushfires reinforced how important both our Posties and Post Offices are to Australian communities. For many communities, their community Post Office provided the only point where they could access identity services and cash, so critical for getting through the initial challenges facing them. We accepted donations through our Post Office network for the Red Cross Disaster Relief and Recovery Fund, to support communities across Australia affected by bushfires and other natural disasters.

Our response to the pandemic included the following initiatives that displayed our commitment to protecting our people and serving Australian communities:

- We prioritised the safety of our people, both our direct and extended workforce through the provision of PPE, social distancing through operational areas and zoning structures in operational facilities. This has been instrumental in limiting the contacted cases COVID-19. We also deployed additional three-wheeled electric delivery vehicles into our national fleet, enhancing the carrying capacity, and safety, of our Posties.
- We have continued delivering mail and parcels every day for Australian communities.
- We allowed Licensed Post Offices to temporarily close if there was a need; although very few closures eventuated.
- In the absence of passenger flights we instigated additional freighters to transport mail interstate and overseas, and established 16 pop-up processing centres to accommodate the unprecedented parcel volumes.
- We provided valued banking services through our Post Office network, which stayed open while over 300 bank branches closed either temporarily or permanently.
- We established partnerships with Woolworths, Coles and the Pharmacy Guild of Australia to deliver essential grocery and pharmaceutical products to vulnerable Australians.

Our Enterprise Net Promoter Score of 17.1 recognises the value that Australia Post has provided consumers and Australian communities throughout the year.

Financial statements audit report

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister of Communications, Cyber Safety and the Arts

Opinion

In my opinion, the financial statements of the Australian Postal Corporation and its subsidiaries (together the Group) for the year ended 30 June 2020:

(a) give a true and fair view of the Group's financial position as at 30 June 2020 and its financial performance for the year then ended; and

(b) comply with Australian Accounting Standards and *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*.

The financial statements of the Group, which I have audited, comprises the following statements as at 30 June 2020 and for the year then ended:

- Statement by Directors, Group Chief Executive Officer & Managing Director and Group Chief Financial Officer;
- Consolidated Statement of Comprehensive Income;
- Consolidated Balance Sheet;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows; 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 the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I 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.

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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 B6 'Payables'* The Group has recognised an unearned revenue liability of $92.2 million, which includes a provision for the estimated value of postage products sold but not yet used at 30 June 2020. The Group defers revenue to reflect the postage products sold which are either unused or undelivered at balance sheet date, where service will be provided in future accounting periods. The Group's estimate of unearned revenue is considered subjective. It is reliant on key assumptions and inputs including, estimating the amount of postage products sold which are still unused at balance sheet date and estimating the expected timing and amount of future utilisation of those unused postage products require judgement and expertise to be applied in the calculation. Due to its subjectivity, I consider the valuation of unearned revenue liability to be a key audit matter.	To audit the valuation of unearned revenue liability, I performed the following procedures: • assessed the design and operating effectiveness of key controls over revenue recognition by testing a sample of transactions; • conducted analytical procedures, including monthly trend analysis, on revenue transactions during the period. Where material variances were identified against set expectations, supporting documentation has been examined and enquiries made of the Group to obtain explanations for the variances; and • assessed the actuarial calculation of postage products sold but not yet used. This involves testing the integrity of the underlying postage product revenue data used in the actuarial calculation together with assessment of the reasonableness of the key assumptions used by the Group, through comparison to historical balances and past practice.

Key audit matter	How the audit addressed the matter
Valuation of Goodwill *Refer to Note B3 'Intangible assets' and Note B4 'Impairment of non-financial assets'* The Group has recognised $507.8 million in relation to goodwill. These assets are required by the Australian Accounting Standards to be tested annually for impairment. This impairment test was significant to the audit because the balance of goodwill is material to the financial statements. As the estimation process includes the use of a valuation model which is complex and involves significant judgement, and is based on assumptions about the future, I consider this to be a key audit matter The Group provides details on the assumptions used in the impairment tests, including those regarding the level at which the assets are tested, the discount rate, the expected future cash flows and the type of valuation model used, in Note B4 to the financial statements.	To audit the valuation of goodwill, I performed the following procedures: • evaluated the reasonableness of assumptions and methodologies used by the Group, together with sensitivity analysis over the key assumptions used in the valuation model prepared by the Group; • assessed the composition and reasonableness of the discount rate adopted by the Group, by independently determining the discount rate; • considered the impact of COVID-19 on the Group's ability to achieve its cash flow forecasts; • agreed the cash flow forecasts used in the impairment test to the business plans approved by the Board. • assessed the Group's historical accuracy in meeting its forecasts, through comparison of actual results to original budgets; and • assessed the adequacy of the financial statement disclosures. The assumptions that have the most significant effect on the determination of the recoverable amount of its assets were evaluated. These disclosures were considered with

	reference to the applicable Australian Accounting Standards requirements.

Key audit matter	How the audit addressed the matter
Valuation of net superannuation asset *Refer to Note C3 'Post employment benefits'* The Group has recognised a net superannuation asset of $626.9 million at 30 June 2020. This is a focus of the audit because the balance is material to the financial statements and its valuation involves significant judgement. The measurement of the Group's net superannuation asset includes investments which are recognised at fair value. The measurement of the defined benefit scheme (Australia Post Superannuation Scheme – 'the Scheme') obligations liability is determined with the assistance of specialist actuaries and involves multiple complex assumptions such as salary growth, discount and inflation rates. The valuation of the net superannuation asset is sensitive to long-term assumptions consistent with those disclosed in Note C3. Movements in these assumptions for the defined benefits obligations together with the fair value movement of the investments carried by the Scheme can result in material movements in the net superannuation asset. As such, I consider this a key audit matter. The Group provides disclosures in Note C3 on how the changes in the present value of the defined benefit obligations are recognised and measured in the statement of comprehensive income.	To audit the valuation of the net superannuation asset I performed the following procedures: • assessed and evaluated the independence and competency of the Group's external actuary, as well as the reasonableness of the Group's key assumptions and estimates used in the valuation of its defined benefit obligations, with particular focus on the reasonableness of the discount rate and salary increase assumptions as described in Note C3; • tested the superannuation contribution data provided by the Group to the external actuary for accuracy and completeness; • tested the fair value of the investments carried by the Scheme including agreement of amounts to supporting documentation such as external confirmations and consideration of the impact of COVID-19, on a sample basis; and • assessed the Group's superannuation disclosures for compliance with the Australian Accounting Standards.

Key audit matter	How the audit addressed the matter
Accounting for AASB 16 Leases and its disclosures *Refer to Note D2 'Managing our financial risks'* *Refer to Note E2 'Leases'* *Refer to Note E6 'Other accounting policies'* I focused on this balance due to its significance to the financial statements, the required adoption of the new Australian Accounting Standard AASB 16 - *Leases* (AASB 16) standard, as well as the complexity and judgments involved in the transition and application of AASB 16. The Group holds a significant number of leases over property, plant and equipment (as the lessee) and the new standard transition adjustments are also significant to the financial statements. Upon transition to AASB 16, lease liabilities of $953.3	To audit the existence, completeness, valuation, presentation and disclosure of the right-of-use asset and lease liability balances, I performed the following procedures: • evaluated whether the Group's new accounting policies as set out in Note E2, satisfied the requirements of AASB 16 including the adoption of transitional options as part of the transition process; • evaluated accounting positions reached by the Group on complex material contracts with particular focus on whether the arrangement contains a lease and whether there is any impact on the lease term (with consideration of extension options); • assessed the robustness of the Group's AASB 16 lease calculation model, including the accuracy of the underlying calculation formulas;

Financial statements audit report

million and right-of-use assets of $857.3 million were recognised in the financial statements on 1 July 2019. At balance date, lease liabilities amounting to $1,130.9 million and right-of-use assets of $1,032.2 million were carried on the balance sheet. Note E6 describes the accounting for the transition and Note E2 describes the accounting policy for leases on the ongoing basis.	• for a sample of leases, agreed the Group's inputs in the AASB 16 lease calculation model; such as key dates, fixed and variable rent payments, extension options and incentives, to the relevant terms of the underlying lease agreements; • assessed whether the Group had included all of its leases taking into consideration the modified retrospective transition approach in AASB 16 and practical expedients adopted by the Group by: o assessing the reconciliation of the operating lease commitments disclosure in the prior year financial statements to the transition disclosures; and o inspecting relevant expense accounts for routine payments during the year to identify the existence of leases not included in the Group's listing of leases. • assessed the incremental borrowing rates (IBR) used to discount future lease payments to present value, by comparing inputs to the calculation of IBR to externally referenced or observed yield curves; and • assessed the Group's transitional and new leases disclosures for compliance with the Australian Accounting Standards.

Directors' responsibility for the financial statements

The Directors of the Australian Postal Corporation are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting and the rules made under that Act. The Directors are also responsible for such internal control as the directors determine necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability 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 directors are 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 directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance 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 directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office

Grant Hehir

Auditor-General

Canberra

20 August 2020

Consolidated statement of comprehensive income

for the year ended 30 June 2020

Consolidated ($m)	Note	2020	2019
Revenue			
Goods and services	A1	7,389.6	6,879.3
Other income			
Interest	A1	8.6	8.0
Rents	A1	38.4	37.5
Other income and gains	A1	62.6	65.0
	A1	109.6	110.5
Total income	A1	**7,499.2**	**6,989.8**
Expenses (excluding finance costs)			
Employees	A2	3,297.7	3,171.9
Suppliers	A2	3,508.2	3,377.8
Depreciation and amortisation	A2	466.5	283.3
Other expenses	A2	120.9	83.1
Total expenses (excluding finance costs)	A2	**7,393.3**	**6,916.1**
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees		**105.9**	**73.7**
Finance costs	A2	(54.2)	(34.2)
Share of net profits/(losses) of equity-accounted investees		1.9	1.6
Profit/(loss) before income tax		**53.6**	**41.1**
Income tax (expense)/benefit	A3	(10.7)	(0.5)
Net profit/(loss) for the year attributable to equity holders of Australian Postal Corporation		**42.9**	**40.6**
Net profit/(loss) for the year attributable to:			
Owners of the parent		42.9	40.9
Non-controlling interest		-	(0.3)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	C3	(161.7)	(25.3)
Other items		0.1	(0.5)
Income tax on items that will not be reclassified to profit or loss	A3	48.5	7.6
Total items that will not be reclassified to profit or loss, net of tax		**(113.1)**	**(18.2)**
Items that may be reclassified subsequently to profit or loss			
Other items		-	(4.7)
Reclassifications to profit or loss		2.8	(1.4)
Income tax on items that may be reclassified to profit or loss	A3	(0.3)	1.7
Total items that may be reclassified to profit or loss, net of tax		**2.5**	**(4.4)**
Other comprehensive income/(loss) for the year		**(110.6)**	**(22.6)**
Total comprehensive income/(loss) for the year attributable to equity holders of Australian Postal Corporation		**(67.7)**	**18.0**
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		(67.7)	18.3
Non-controlling interest		-	(0.3)

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

Consolidated balance sheet
as at 30 June 2020

Consolidated ($m)	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents	A4	775.3	628.0
Trade and other receivables	B1	786.9	788.5
Prepayments		153.0	126.5
Inventories		62.8	53.0
Income tax receivable		-	16.9
Other current assets		6.0	13.6
Total current assets		**1,784.0**	**1,626.5**
Non-current assets			
Net superannuation asset	C3	626.9	850.3
Property, plant and equipment	B2	1,784.2	1,758.9
Intangible assets	B3	708.5	734.1
Right-of-use assets	E2	1,032.2	-
Investment property	B5	161.8	181.5
Deferred tax assets	A3	653.1	356.3
Equity-accounted investees		7.8	5.9
Other non-current assets		26.8	29.2
Total non-current assets		**5,001.3**	**3,916.2**
Total assets		**6,785.3**	**5,542.7**
Liabilities			
Current liabilities			
Trade and other payables	B6	1,055.0	1,016.5
Employee provisions	C1	768.8	743.9
Interest-bearing liabilities	D2	249.9	-
Other provisions	B7	19.3	12.1
Current lease liabilities	E2	183.5	-
Other current liabilities		-	19.6
Total current liabilities		**2,276.5**	**1,792.1**
Non-current liabilities			
Interest-bearing liabilities	D2	467.4	713.5
Employee provisions	C1	263.7	249.9
Other provisions	B7	47.5	47.5
Non-current lease liabilities	E2	947.4	-
Deferred tax liabilities	A3	579.2	357.9
Other non-current liabilities		0.5	68.7
Total non-current liabilities		**2,305.7**	**1,437.5**
Total liabilities		**4,582.2**	**3,229.6**
Net assets		**2,203.1**	**2,313.1**
Equity			
Contributed equity		400.0	400.0
Reserves		19.3	16.8
Retained profits		1,783.8	1,896.3
Equity attributable to equity holders of the parent		**2,203.1**	**2,313.1**

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

FINANCIAL AND STATUTORY REPORTS

Consolidated statement of changes in equity

for the year ended 30 June 2020

Consolidated ($m)	Contributed equity	Reserves	Retained profits	Non-controlling interest[1]	Total equity
Balance at 30 June 2018	**400.0**	**21.2**	**1,945.5**	-	**2,366.7**
Initial application of accounting standards[2]	-	-	**(29.7)**	-	**(29.7)**
Comprehensive income					
Profit/(loss) for the year	-	-	40.9	(0.3)	**40.6**
Other comprehensive income/(loss)	-	(6.1)	(25.8)	-	**(31.9)**
Tax on other comprehensive income	-	1.7	7.6	-	**9.3**
Total comprehensive income/(loss) for the year	-	**(4.4)**	**22.7**	**(0.3)**	**18.0**
Transactions with owners					
Derecognition of non-controlling interest of divested subsidiary	-	-	-	(1.0)	**(1.0)**
Put option to acquire non-controlling interest	-	-	-	1.3	**1.3**
Distribution to owners (refer to note A5)	-	-	(42.2)	-	**(42.2)**
Balance at 30 June 2019	**400.0**	**16.8**	**1,896.3**	-	**2,313.1**
Initial application of accounting standards[3]	-	-	(21.3)	-	**(21.3)**
Comprehensive income					-
Profit/(loss) for the year	-	-	42.9	-	**42.9**
Other comprehensive income/(loss)	-	2.8	(161.6)	-	**(158.8)**
Tax on other comprehensive income	-	(0.3)	48.5	-	**48.2**
Total comprehensive income/(loss) for the year	-	**2.5**	**(70.2)**	-	**(67.7)**
Transactions with owners					
Distribution to owners (refer to note A5)	-	-	(21.0)	-	**(21.0)**
Balance at 30 June 2020	**400.0**	**19.3**	**1,783.8**	-	**2,203.1**

1. Relates to non-controlling interest in DFE Pty Limited for which the Group held 75 per cent of equity interest. DFE Pty Limited holds 100 per cent of equity interest in Mail Plus Pty Ltd and MP Rights Pty Ltd. DFE Pty Limited was divested in January 2019.
2. Relates to the first time adoption of AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* in the year ended 30 June 2019.
3. Relates to the first time adoption of AASB 16 *Leases* in the year ended 30 June 2020. Refer to note E6 for further information.

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 2020

Consolidated ($m)	Note	2020	2019
Operating activities			
Cash received			
Goods and services		8,074.3	7,594.4
Interest		6.7	7.0
Total cash received		**8,081.0**	**7,601.4**
Cash used			
Employees		(3,150.9)	(3,118.2)
Suppliers		(3,998.5)	(3,846.2)
Financing costs[1]		(52.0)	(32.8)
Income tax		(12.2)	(55.2)
Goods and services tax paid		(289.6)	(270.5)
Total cash used		**(7,503.2)**	**(7,322.9)**
Net cash from operating activities	**A4**	**577.8**	**278.5**
Investing activities			
Cash received			
Proceeds from sales of property, plant and equipment		78.7	16.9
Proceeds from divested entities		-	3.2
Proceeds from sales of held for sale assets		-	227.9
Total cash received		**78.7**	**248.0**
Cash used			
Net payments for acquisition and sale of controlled entities less cash acquired		-	(14.0)
Purchase of property, plant and equipment and investment properties		(268.5)	(377.3)
Purchase of intangibles		(47.6)	(46.6)
Settlement of derivative instruments		-	(10.9)
Total cash used		**(316.1)**	**(448.8)**
Net cash from investing activities		**(237.4)**	**(200.8)**
Financing activities			
Cash used			
Cash payments for the principal portion of the lease obligations[1]		(174.5)	-
Dividends paid		(21.0)	(42.2)
Total cash used		**(195.5)**	**(42.2)**
Net cash used by financing activities		**(195.5)**	**(42.2)**
Net increase/(decrease) in cash and cash equivalents		**144.9**	**35.5**
Effects of exchange rate changes on cash and cash equivalents		**2.4**	**0.3**
Cash and cash equivalents at beginning of year		628.0	592.2
Cash and cash equivalents at end of the year		**775.3**	**628.0**

1. Following the adoption of AASB 16 *Leases*, at 30 June 2020:
   - Financing cost includes interest paid on lease liabilities of $22.1 million;
   - Repayments of the principal portion of lease liabilities of $174.5 million have been reclassified from net cash from operating activities to financing activities.

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

Notes to the financial statements

for the year ended 30 June 2020

About the financial statements

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

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

Australia Post headquarters:
111 Bourke Street
Melbourne VIC 3000
Australia

The consolidated general purpose financial report of the Group for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 20th August 2020.

The consolidated financial report is a general-purpose financial report which:

- is required by clause 1(a) of Paragraph 42 of the *Public Governance Performance and Accountability Act 2013 (PGPA Act)*;
- has been prepared in accordance with the requirements of the PGPA Act, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on an accrual basis and in accordance with the historical cost convention, except for investment property and derivative financial instruments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedge relationships are adjusted to record changes in the fair values attributable to the risks that are being hedged;
- is presented in Australian dollars with all values rounded to the nearest hundred thousand dollars unless otherwise stated;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2019 including AASB 16 *Leases*. Refer to note E6 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 E6 for further details.

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

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

Key judgements and estimates

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

A1	International mail revenue
B1	Allowance for expected credit losses
B4	Impairment
B5	Investment property
B6	Unearned delivery revenue
B7	Other provisions
C1	Employee provisions
C3	Post-employment benefits
E2	Leases

Basis of consolidation

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

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

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

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

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

Foreign currency translation

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

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

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

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

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

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

Other accounting policies

Significant other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The notes to the financial statements

The notes to the financial statements include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps explain the impact of significant changes in the Group, for example, acquisitions and restructuring activities; and
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes have been grouped into sections to help readers understand how the Australia Post strategy, as outlined in the Annual Report, is reflected in the financial performance and position of the Group. These sections comprise:

- **Our business performance:** Our Group strategy focuses on reforming our letter services, and extending and building on our parcel and other commercial service offerings. Our financial performance section provides the key financial performance measures of these business areas, as well as group level financial metrics incorporating revenue, taxation, cash flow and dividends.

Notes to the financial statements

for the year ended 30 June 2020

About the financial statements

The notes to the financial statements (continued)

- **Our asset platform:** Delivery of our Group strategy requires optimising the use of our balance sheet including streamlining and integrating certain operations. Our asset platform section outlines the key operating assets owned and liabilities incurred by the Group.
- **Our people:** To support the execution of our Group strategy we must embed our values of Trust, Inclusivity, Empowerment and Safety and align and engage our workforce. This requires us to continue to invest in our people so that we may achieve an inclusive and capable workforce. This investment includes remuneration activities outlined in this section of the financial report.
- **Our funding structure and managing our risks:** The Group is exposed to a number of financial risks. Our funding structure and managing our financial risks section sets out the strategies and practices the Group utilises to minimise the exposure to these risks in order to execute our Group strategy in a prudent way, as well as outlining the current Group funding structure.
- **Other information:** This section includes mandatory disclosures required by Australian Accounting Standards and the Australian Government's *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, all of which Australia Post must comply with.

Events after balance date

Subsequent to 30 June 2020, Melbourne-wide Stage 4 restrictions, and regional Victoria Stage 3 restrictions were imposed and took effect from 2 August 2020 and the remainder of Australia was on high alert in response to rising COVID-19 cases. Whilst the Group was required to implement a temporary workforce reduction in processing facilities in metropolitan Melbourne during Stage 4 restrictions, the Group continued to operate throughout the period. Post Offices continued to remain open and the delivery team continued to process and deliver letters and parcels to all Australians, in line with government regulations. At the time of reporting, there was no impact to the operations in regional Victoria and other parts of the country. It is not possible to estimate the impact of the government's varying efforts to combat the outbreak and support businesses. The financial statements have been prepared based upon conditions existing at 30 June 2020 and no adjustments have been made to the financial statements as at 30 June 2020 for the situation outlined above.

No other matters or circumstances 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 2020. The focus is on Group revenue streams, expenses, taxation, cash flows and dividend performance.

A1 Revenue and other income

Revenue and other income for the year

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

Consolidated ($m)	2020	2019
Rendering of services to:		
- Related entities[1]	166.8	214.7
- External entities	6,934.0	6,405.1
	7,100.8	6,619.8
Sale of goods to external entities	288.8	259.5
Revenue from contracts with customers	**7,389.6**	**6,879.3**
Interest income from:		
- Cash and cash equivalents	5.1	7.0
- Loans and receivables	1.2	0.1
- Interest rate swaps	2.3	0.9
Interest income	**8.6**	**8.0**
Operating lease income from owned properties	16.7	16.7
Operating sub-lease income	21.7	20.8
	38.4	37.5
Net gain on disposal of land and buildings	0.6	17.0
Gain on sale and leaseback	33.2	-
Gain on lease reassessments/ modifications (lessee)	3.2	-
Net revaluation gain on investment property	-	11.2
Other income	25.6	36.8
	62.6	65.0
Total other income	**101.0**	**102.5**
Total income	**7,499.2**	**6,989.8**

1. Related entities - related to the Australian Government

Revenue from contracts with customers

Within the Group's contracts with customers, the Group identifies its performance obligations for each of the distinct goods or services it has promised to provide to the customer. The expected consideration in the contract is allocated to each performance obligation identified based on their relative standalone selling prices, and is recognised as revenue when or as performance obligations are satisfied by transferring the promised goods or services to customers. Revenue is recognised on a commission basis where the Group acts as an agent rather than a principal. Estimates of variable consideration are constrained where it is not highly probable they would not be reversed when the cause of variability is resolved.

For the Group's domestic mail products, parcels and express services and international letters and parcels, the Group's collection, processing and distribution of articles is identified collectively as a single performance obligation to deliver the series of articles lodged to the specified destination in the manner requested by the customer. In respect of a single delivery, the Group has assessed that another entity would not need to re-perform previously completed collection, processing or distribution activities if it were to fulfil the remainder of a partially complete delivery. Accordingly, the delivery performance obligation is satisfied progressively over time and revenue is recognised on this basis. Time elapsed (delivery days) since lodgement is used to reflect progress towards satisfaction of each delivery performance obligation.

KEY ESTIMATES:

The Group recognises an accrual for revenue earned from international deliveries where statements have not been received. Revenue is determined based on a number of factors including the volume of articles delivered, the international postal organisation counterparty and with reference to the Universal Postal Union guidelines. At 30 June 2020, the international mail related accrual was $103.2 million (2019: $106.8 million).

Notes to the financial statements

for the year ended 30 June 2020

Our business performance

A1 Revenue and other income (continued)

For the Group's retail, agency and other products and services, the Group identifies the following performance obligations:

- For services the Group provides consumers on behalf of the Group's customers, including payment, banking, identity and insurance offerings, the Group identifies a single performance obligation to perform the agency services over the agreed duration of the customer contract. The performance obligation is satisfied over time as each individually distinct day of service elapses, with variable transactional revenue recognised on the day that the specific agency services are provided.
- For retail services including Post Office box and mail redirection offerings, the Group identifies a single performance obligation to provide the service over the agreed contract duration. As the benefit of these services is simultaneously received and consumed by customers over time, revenue is recognised over time on a straight-line basis.
- For sale of merchandise, the Group identifies a single performance obligation to supply the product (inclusive of delivery). Revenue is recognised at the point of completion of the delivery to the customer, when control of the product is deemed to have been transferred.

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by products and services, as well as the manner in which the Group satisfies its performance obligations and recognises revenue:

Consolidated ($m)	2020	2019
Over time		
• Domestic mail products, parcels and express and International	6,372.6	5,910.6
• Retail, agency and other	728.2	709.2
Point in time		
• Retail, agency and other	288.8	259.5
Revenue from contracts with customers	**7,389.6**	**6,879.3**

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 2020.

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 $85.1 million (2019: $150.0 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)	2020	2019
Salaries and wages	2,620.6	2,511.8
Leave and other entitlements	271.3	287.9
Superannuation expenses	276.7	249.0
Other employee expenses	129.1	123.2
Employee benefit expenses	**3,297.7**	**3,171.9**
Purchase of services from external entities	3,319.3	2,991.5
Purchase of goods from external entities	188.9	177.0
Operating lease rentals	-	209.3
Supplier-related expenses	**3,508.2**	**3,377.8**
Depreciation		
• Property, plant and equipment	186.3	183.5
• Right-of-use assets	194.8	-
Amortisation	85.4	99.8
Depreciation and amortisation	**466.5**	**283.3**
Impairment of assets:		
Receivables	20.1	1.6
Inventory	7.9	5.0
Property, plant and equipment	9.5	7.8
Computer software	1.2	5.8
Equity-accounted investments	-	2.0
Goodwill and other intangibles	10.3	-
	49.0	22.2
Net revaluation loss on investment property	3.8	-
Loss on disposal of investment properties	1.5	-
Foreign exchange loss (net)	4.3	6.6
Sundry expenses	62.3	54.3
Other expenses	**120.9**	**83.1**
Total expenses	**7,393.3**	**6,916.1**

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

Consolidated ($m)	2020	2019
Bonds	31.6	32.6
Interest on lease liabilities	22.1	-
Other interest	0.5	1.6
Total finance costs	**54.2**	**34.2**

Finance costs

Finance costs are recognised as an expense as they are incurred, except for certain interest charges attributable to major projects, for which interest is capitalised into the cost of the asset. Interest expense is calculated using the effective interest method.

Provisions and lease liabilities are measured at their present value. Interest on lease liabilities and the impact of unwinding of discounted provisions and any changes in discount rate adjustments are also recognised in finance costs. The impact of unwinding of discounted employee provisions and changes in discount rate adjustments are recognised as employee benefits expense.

Notes to the financial statements

for the year ended 30 June 2020

Our business performance

A3 Taxation

Taxation for the year

The major components of tax expense are:

Consolidated ($m)	2020	2019
Statement of comprehensive income		
• current income tax charge	32.8	9.1
• adjustments for current income tax of previous years	(3.8)	(9.0)
• deferred income tax relating to origination and reversal of temporary differences	(21.1)	(7.9)
• adjustments for deferred income tax of previous years	2.8	8.3
Income tax expense/(benefit) reported in the statement of comprehensive income	**10.7**	**0.5**
Other comprehensive income		
Net remeasurement on defined benefit plans	(48.5)	(7.6)
Sundry items	0.3	(1.7)
Income tax expense/(benefit) reported in other comprehensive income	**(48.2)**	**(9.3)**
Tax reconciliation:		
Profit/(loss) before income tax	53.6	41.1
At the Group's statutory income tax rate of 30% (2019: 30%)	16.1	12.3
Adjustments relating to prior years	(1.0)	(0.7)
Investment disposals	-	(4.5)
Investment revaluation	0.6	(4.0)
Capital gains tax impact of property disposals	(8.9)	(3.9)
Goodwill impairment	3.1	-
Sundry items	0.8	1.3
Income tax expense/(benefit) on profit/(loss) before tax	**10.7**	**0.5**

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

Consolidated ($m)	2020	2019
Accrued revenues	(35.4)	(44.5)
Right-of-use assets	(309.4)	-
Intangibles	(10.5)	(12.2)
Research and development	(29.2)	(34.2)
Net superannuation asset	(188.1)	(255.1)
Other	(6.6)	(11.9)
Deferred tax liabilities	**(579.2)**	**(357.9)**
Property, plant and equipment	5.2	32.2
Lease liabilities	336.9	-
Accrued expenses and other payables	29.8	23.3
Provisions	264.7	270.9
Make good	16.2	14.4
Other	0.3	15.5
Deferred tax assets	**653.1**	**356.3**
Net deferred tax liabilities	**73.9**	**(1.6)**

Deferred income tax in the statement of comprehensive income relates to the following:

Consolidated ($m)	2020	2019
Provisions	6.2	35.0
Research and development	(5.0)	1.5
Intangibles	(1.7)	(2.1)
Right-of-use assets and lease liabilities	(18.4)	-
Property, plant and equipment	27.0	(10.0)
Accrued expenses	(6.5)	3.9
Accrued revenue	(9.1)	(16.7)
Net superannuation asset	(18.5)	(12.9)
Make good	(1.8)	(0.4)
Other	9.5	2.1
Deferred income tax expense	**(18.3)**	**0.4**

Recognition and measurement

Income tax

Current income tax is calculated based on tax laws that are at least 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 jursidiction.
- 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 2020

Our business performance

A4 Cash flows

Consolidated ($m)	2020	2019
Cash on hand	775.3	628.0
Total cash and cash equivalents	**775.3**	**628.0**

The reconciliation of net profit after tax to net cash provided by operating activities for the year ended 30 June is as follows:

Consolidated ($m)	2020	2019
Net profit/(loss) for the year	**42.9**	**40.6**
Impairment of assets:		
Property, plant and equipment	9.5	7.8
Equity-accounted investment	-	2.0
Intangibles (including goodwill)	11.5	5.8
Receivables and inventory	28.0	6.6
	49.0	22.2
Other non-cash/investing items:		
Depreciation and amortisation	466.5	283.3
Net revaluation (gain)/loss on investment property	3.8	(11.2)
Net gain from sales of property, plant and equipment and sale and leaseback	(32.3)	(17.6)
Gain on lease reassessments/ modifications (lessee)	(3.2)	-
Net gain from acquisitions and divestments	-	(28.3)
Sundry items	0.9	(1.9)
(Increase)/decrease in assets:		
Receivables	(61.7)	18.1
Other current assets	(46.0)	(9.9)
Deferred income tax asset	(38.5)	30.1
Superannuation asset	61.8	43.1
Increase/(decrease) in liabilities:		
Creditors, other payables and accruals	12.3	(15.9)
Employee entitlements	85.0	10.7
Income tax payable	16.6	(52.9)
Deferred income tax liability	20.7	(31.9)
Net cash from operating activities	**577.8**	**278.5**

Recognition and measurement

Cash and cash equivalents comprise cash at bank, on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as part of operating cash flows.

A5 Dividends

The breakdown of dividends paid during the year ended 30 June is as follows:

Consolidated ($m)	2020	2019
Final ordinary dividend (from prior year results)	21.0	37.8
Interim ordinary dividend	-	4.4
Total dividends paid	**21.0**	**42.2**
Dividend not recognised as a liability	27.9	21.0

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)	2020	2019
Trade receivables	661.8	623.2
Accrued revenue	139.9	133.0
Allowance for expected credit losses	(22.6)	(5.5)
	779.1	750.7
Other receivables	7.8	37.8
Total current trade and other receivables	**786.9**	**788.5**

Total trade receivables are aged as follows:

Consolidated ($m)	2020	2019
Not past due	592.6	573.6
Past due 1 - 30 days	23.9	23.9
Past due 31 - 60 days	13.9	4.1
Past due 61 - 90 days	11.1	4.5
Past due 91 days	20.3	17.1
Total trade and other receivables	**661.8**	**623.2**

Recognition and measurement

Receivables for the sale of goods or performance of services (trade receivables) are recognised initially at the price on the invoice issued to the customer and subsequently at the amount considered receivable from the customer (amortised cost using the effective interest rate method) less any expected credit loss. Receivables are written off when deemed uncollectable. Factors indicating there is no reasonable expectation of recovery include insolvency and ageing of the invoice issued.

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

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

KEY ESTIMATE: ALLOWANCE FOR EXPECTED CREDIT LOSSES

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

The Group also considers the impacts of the COVID-19 pandemic, recognising the uncertainty that exists in relation to the COVID-19 restrictions and the availability of government stimulus. Expected credit loss allowances are not recognised on receivables or accrued revenue from entities related to the Australian Government for which the probability of default is negligible.

At 30 June 2020, the total receivables determined to be impaired is $22.6 million (2019: $5.5 million).

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for the year ended 30 June 2020

Our asset platform

B2 Property, plant and equipment

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

Consolidated ($m)	Land	Buildings	Total land and buildings	Plant and equipment	Total
Gross book value	225.1	1,483.9	1,709.0	1,558.4	**3,267.4**
Accumulated depreciation	-	(842.5)	(842.5)	(825.6)	**(1,668.1)**
Net book value at 30 June 2018	**225.1**	**641.4**	**866.5**	**732.8**	**1,599.3**
Additions	2.9	84.7	87.6	303.1	**390.7**
Depreciation	-	(63.6)	(63.6)	(119.9)	**(183.5)**
Disposals	(9.0)	(14.2)	(23.2)	(5.3)	**(28.5)**
Sundry items[1]	(0.4)	(9.4)	(9.8)	(9.3)	**(19.1)**
Gross book value	218.6	1,528.6	1,747.2	1,782.7	**3,529.9**
Accumulated depreciation	-	(889.7)	(889.7)	(881.3)	**(1,771.0)**
Net book value at 30 June 2019	**218.6**	**638.9**	**857.5**	**901.4**	**1,758.9**
Additions	0.7	58.9	59.6	190.7	**250.3**
Depreciation	-	(71.4)	(71.4)	(114.9)	**(186.3)**
Disposals	(1.6)	(0.4)	(2.0)	(9.4)	**(11.4)**
Sundry items[1]	6.3	18.6	24.9	(52.2)	**(27.3)**
Gross book value	224.0	1,590.4	1,814.4	1,802.1	**3,616.5**
Accumulated depreciation	-	(945.8)	(945.8)	(886.5)	**(1,832.3)**
Net book value at 30 June 2020	**224.0**	**644.6**	**868.6**	**915.6**	**1,784.2**

1. Sundry items comprised of:
   2020 - $23.1 million of transfers to intangible assets, $5.3 million net transfers from investment properties and $9.5 million of impairment losses.
   2019 - $0.1 million from acquisition of subsidiary, $11.0 million of transfers to intangible assets, $0.3 million transfers from investment properties, $0.1 million from the divestment of subsidiary and $7.8 million impairment losses.

Recognition and measurement

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

Depreciation

Owned property, plant and equipment assets, excluding land and any assets under construction, are depreciated to their estimated residual values over their expected useful lives using the straight-line method of depreciation. Useful lives and methods are reviewed annually and necessary adjustments are recognised in the current or future reporting periods, as appropriate.

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

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

Derecognition

An item of owned property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no further future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Consolidated ($m)	2020	2019
Owned property, plant and equipment	61.3	36.7

Notes to the financial statements

for the year ended 30 June 2020

Our asset platform

B3 Intangible assets

The reconciliation of the opening and closing balances of intangible assets at 30 June is as follows:

Consolidated ($m)	Computer software	Goodwill	Brand names and trademarks	Customer relationships	Other intangibles	Total intangibles
Gross book value	1,078.2	494.1	40.3	2.8	11.5	**1,626.9**
Accumulated amortisation	(863.9)	-	(10.4)	(2.5)	(8.6)	**(885.4)**
Net book value at 30 June 2018	**214.3**	**494.1**	**29.9**	**0.3**	**2.9**	**741.5**
Additions	46.3	-	-	-	0.1	**46.4**
Amortisation expense	(92.6)	-	(3.7)	(1.3)	(2.2)	**(99.8)**
Sundry items[1]	6.7	24.0	(0.3)	16.4	(0.8)	**46.0**
Gross book value	1,121.0	518.1	36.0	19.2	-	**1,694.3**
Accumulated amortisation	(946.3)	-	(10.1)	(3.8)	-	**(960.2)**
Net book value at 30 June 2019	**174.7**	**518.1**	**25.9**	**15.4**	**-**	**734.1**
Additions	48.3	-	-	-	-	**48.3**
Amortisation expense	(80.4)	-	(2.9)	(2.1)	-	**(85.4)**
Sundry items[1]	21.9	(10.4)	-	-	-	**11.5**
Gross book value	1,188.5	507.7	36.0	19.2	-	**1,751.4**
Accumulated amortisation	(1,024.0)	-	(13.0)	(5.9)	-	**(1,042.9)**
Net book value at 30 June 2020	**164.5**	**507.7**	**23.0**	**13.3**	**-**	**708.5**

1. Sundry items comprised of:

   2020 - $23.1 million of transfers from property, plant and equipment, goodwill impairment of $10.3 million, other impairment losses of $1.2 million and foreign currency translation of $0.1 million.

   2019 - $23.7 million goodwill additions, $16.4 million customer relationships additions and $2.3 million computer software additions recognised as part of the Group's acquisition of the remaining 60 per cent interest of Australia Post Global eCommerce Solutions. Other sundry items includes $11.0 million of transfers from property, plant and equipment, disposals of $0.2 million, other impairment losses of $5.8 million, disposal from divestment of subsidiary of $1.9 million and foreign currency translation of $0.5 million.

Recognition and measurement

Goodwill

Goodwill is initially measured at the excess of the aggregate consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Brand names, trademarks, computer software, customer relationships and other intangibles

Brand names, trademarks, computer software, customer relationships and other intangibles that are either acquired separately or in a business combination 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 B4 Impairment of non-financial assets.

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Consolidated ($m)	2020	2019
Intangible assets	1.5	0.9

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
Other intangibles	Finite up to 3 years

Goodwill with indefinite useful lives acquired through business combinations have been allocated to individual cash generating units (CGUs) as follows:

Consolidated ($m)	2020	2019
Goodwill - Parcels	492.9	492.9
Goodwill - Other CGUs	14.8	25.2
	507.7	**518.1**

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Our asset platform

B4 Impairment of non-financial assets

Assessing for impairment

The Group tests property, plant and equipment, right-of-use assets, intangibles and goodwill for impairment:

- at least annually for indefinite life intangibles and goodwill; and
- where there is an indication that the asset may be impaired (which is assessed at least each reporting date); or
- where there is an indication that previously recognised impairment (on an asset other than goodwill) may have changed.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the CGU to which it belongs. Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less cost of disposal or value in use. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

CGUs containing goodwill

The recoverable amount of Other CGUs of $14.9 million as at 30 June 2020 has been determined based on a value in use calculation. During the year, the projected cash flows for the AP Global CGU have been updated to reflect the expected future economic challenges resulting in increased freight-forwarding costs, compounded by supply constraints for cross-border freight. The pre-tax discount rate applied to cash flow projections is 18.4 per cent (2019: 18.3 per cent) and cash flows beyond the five-year period are extrapolated using a 2.0 per cent growth rate (2019: 2.5 per cent). As a result of this analysis, the Group recognised an impairment charge of $10.3 million in the current year against goodwill allocated to the AP Global CGU. The impairment charge is recorded within other expenses in the consolidated statement of comprehensive income.

There was no material impairment recognised during the 2020 financial year for other CGUs containing goodwill (2019: nil).

Impairment testing for CGUs containing goodwill

The recoverable amount of each CGU is determined using a value in use calculation based on a discounted cash flow model. Cash flow forecasts are extracted from four year corporate plans approved by senior management and the Board. The corporate plans are developed annually with a four year outlook and, for the purpose of value in use calculations, are adjusted on the understanding that actual outcomes may differ from the assumptions used. The forecasts are extrapolated for a further one year and a terminal value applied based on Group estimates, taking into consideration historical performance and consensus forecasts of the long-term average growth rate for the industry of each CGU or asset.

A pre-tax discount rate applicable to the specific cash generating unit has been applied. Discount rates used are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. Other assumptions are determined with reference to external sources of information and use consistent, conservative estimates for variables such as terminal revenue growth rates. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to fall below carrying values.

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	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Parcels CGU	7.6	6.6	2.0	2.0	15.0	9.6
Other CGUs[1]	7.0 - 15.0	3.9 - 15.6	2.0	2 - 2.5	13.0 - 18.4	12.1 - 18.3

1. In the 2020 and 2019 financial years, Other CGUs include the POLi Payments and Austraila 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, other than the AP Global CGU where an impairment charge is recorded during the period.

B5 Investment property

Investment property as at 30 June is as follows:

Consolidated ($m)	2020	2019
Investment property	161.8	181.5

Investment property is held by the Group for leasing to third parties for rental return as well as capital appreciation. Direct operating expenses of the investment properties are disclosed in note A2. Approximately 69.0 per cent (2019: 58.0 per cent) of the Group's investment properties generate rental return with the remainder being held for development and capital appreciation. Rental income is disclosed in note A1.

In addition, the Group has no restrictions on the use of its investment property portfolio but is subject to an annual maintenance requirement on a number of properties subject to heritage requirements.

Recognition and measurement

Investment property is measured initially at cost, including transaction costs. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation, but excludes the costs of day-to-day servicing.

Subsequent to initial recognition, investment property is measured at fair value, with gains or losses arising from changes in the fair value recognised in the statement of comprehensive income.

Derecognition

When investment properties are disposed of or permanently withdrawn from use and no future economic benefit is expected, they are derecognised with the difference between the net disposal proceeds and the carrying amount of the investment property recorded in the statement of comprehensive income.

Transfers

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to a third party. Where an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where an investment property is reclassified to owner-occupied property, the deemed cost of the property for subsequent accounting is its fair value at the date of change in use.

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 2020 financial year, this assessment was conducted by CBRE Group Inc. (CBRE) (2019: CBRE), an accredited, external and independent valuer. CBRE is an industry specialist in valuing these types of investment properties in accordance with Australian Valuation Standards. The fair value for each property has been determined by reference to the highest and best use of the property taking into account the specific characteristics and location of the asset, its location and the economic environment as at the reporting date.

During the year, the COVID-19 pandemic has impacted market activity due to increased economic uncertainty. The Group's valuer has considered the effects of increased economic uncertainty and has reported on the basis that significant market uncertainty exists at the reporting date which may affect future valuation assessments. In line with recommendation of the valuer, the valuation of the investment property portfolio is under periodic review.

KEY VALUATION INPUTS AND SENSITIVITIES

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, information is considered from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; or
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

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Our asset platform

B5 Investment property (continued)

KEY VALUATION INPUTS AND SENSITIVITIES (continued)

At 30 June 2020, 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 $89.4 million (2019: $90.1 million). The $0.7 million decrease from 30 June 2019 mostly relates to the revaluation of the property and this has been recognised within the net revaluation loss on investment property disclosed in note A2.

Level 3 key inputs

Inputs to the level 3 fair value hierarchy are the capitalisation of income and discounted cash flow valuation methods that require assumptions to be made to determine certain inputs that are not based on observable market data. At reporting date, the key unobservable inputs used by the Group's valuer in assessing the fair value of the investment property measured under level 3 are summarised below, all key assumptions have been taken from the latest external valuation reports:

Unobservable inputs	2020	2019
Capitalisation rate[1]	6.25%	6.75%
Discount rate[2]	6.75%	7.00%
Terminal yield[3]	6.75%	7.25%

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.

B6 Payables

The components of payables at 30 June are as follows:

Consolidated ($m)	2020	2019
Trade creditors	481.6	506.2
Agency creditors[1]	68.8	98.3
Salaries and wages	104.8	58.5
Unearned revenue		
• Unearned delivery revenue	92.2	84.2
• Other advance receipts	168.1	159.8
Borrowing costs	3.3	3.6
Other payables	136.2	105.9
Total current trade and other payables	**1,055.0**	**1,016.5**

1. Non-interest bearing and normally settled on next business day terms

Unearned revenue

Unearned revenue comprises both unearned delivery revenue of $92.2 million (2019: $84.2 million) and other advance receipts of $168.1 million (2019: $159.8 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 balances of unearned revenue at 30 June is as follows:

Consolidated ($m)	2020	2019
Balance as at 1 July	**244.0**	**219.1**
Additions (consideration received)	364.7	355.5
Utilised (recognised as revenue)	(348.4)	(330.6)
Balance as at 30 June	**260.3**	**244.0**

Recognition and measurement

Trade and other payables are carried at the amount owing to counterparties for goods and services provided, which is usually the invoice amount, and remains unpaid. Trade creditors includes both domestic and international non-interest bearing creditors. Domestic creditors are normally settled on 30-day terms, while international creditors are settled in accordance with Universal Postal Union arrangements, which may be longer than 30 days. Salaries and wages are accrued for in accordance with note C1.

Unearned delivery revenue arises where payment has been received from an external party, but the associated delivery performance obligation (refer to note A1) has yet to be fully satisfied.

Other advance receipts is comprised predominantly of consideration received from external parties for Post Office boxes and bags which are rented out to the public, where the performance obligation has yet to be fully satisfied.

Other payables includes amounts accrued for capital expenditure, GST obligations and other accruals of the Group.

KEY ESTIMATE: UNEARNED DELIVERY REVENUE

With respect to revenue generated from postage product sales, an allowance is made at balance date where products have not yet been used. An actuarial valuation is undertaken every three years incorporating updates to key input assumptions including changes to product mix and patterns of purchase and use. The actuarial valuation also makes certain assumptions including applying an average initial credit balance before each postage meter reset, constant postage meter usage between resets and that the timing of resets follows a reasonably random process for business customers. The provision is reassessed every six months and where necessary, an update to the actuarial factors is made where a significant change in assumption is observed.

With respect to revenue generated from delivery related products and services, the Group performs a cut-off adjustment on balance day to allow revenue for partially completed delivery related services to be recognised over time. The adjustment is calculated using time elapsed since lodgement against delivery timeframes, as indicated by delivery survey performance data and published delivery timetables.

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Our asset platform

B7 Other provisions

The Group's other provisions at 30 June are as follows:

Consolidated ($m)	Property make good provision	Other provision[1]	Total
Balance at 30 June 2018	**53.6**	**9.3**	**62.9**
• **current provision**	**10.3**	**6.4**	**16.7**
• **non-current provision**	**43.3**	**2.9**	**46.2**
Reassessments and additions	1.3	(1.2)	0.1
Unused amount reversed	(0.2)	(0.8)	(1.0)
Utilised	(0.2)	(2.9)	(3.1)
Discount rate adjustment	0.7	-	0.7
Balance at 30 June 2019	**55.2**	**4.4**	**59.6**
• **current provision**	**8.5**	**3.6**	**12.1**
• **non-current provision**	**46.7**	**0.8**	**47.5**
Reassessments and additions	8.2	5.5	13.7
Unused amount reversed	(2.4)	(1.0)	(3.4)
Utilised	(0.5)	(2.5)	(3.0)
Discount rate adjustment	(0.1)	-	(0.1)
Balance at 30 June 2020	**60.4**	**6.4**	**66.8**
• **current provision**	**13.0**	**6.3**	**19.3**
• **non-current provision**	**47.4**	**0.1**	**47.5**

1. Includes legal provisions $6.1 million (2019: $3.0 million), surplus lease provisions $ nil (2019: $0.9 million) and onerous agreement provision $0.3 million (2019: $0.5 million). Upon application of AASB 16 *Leases*, surplus lease provision has been adjusted against right-of-use assets.

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 dependant on the nature of the building being leased. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised by adjusting both the asset and provision. The expected timing of the make good cost is based on the expiry of each underlying individual lease agreement.

Our people

This section describes a range of employment and post employment benefits provided to our people.

C1 Employee provisions

The components of employee provisions at 30 June are as follows:

Consolidated ($m)	2020	2019
Current provisions		
Annual leave	195.1	180.3
Long service leave	402.8	400.3
Separations and redundancy	35.4	39.7
Incentives/bonuses	92.4	83.7
Workers' compensation	40.7	37.7
Other employee	2.4	2.2
Balance at 30 June	**768.8**	**743.9**
Non-current provisions		
Long service leave	64.6	59.8
Separations and redundancy	22.2	32.1
Workers' compensation	176.9	158.0
Balance at 30 June	**263.7**	**249.9**

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.

Incentives/bonuses

The Group recognises a liability and expense for incentive/bonus plan payments to be made to employees. The Group recognises a provision where current performance indicates that a probable constructive obligation exists.

Separation and redundancy

Separation and redundancy provisions are recognised when the recognition criteria for provisions is fulfilled, and steps have been taken to implement a detailed plan and discussions with affected personnel have created a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

The provision recognised comprises the expected severance payments, employee entitlements (including notice period), outplacement costs and payroll tax based on the location of the employee, staff level affected by the restructuring and their anticipated years of service. In estimating the expected severance payments, historical severance payments have also been considered.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to key assumptions as below. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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 $52.9 million of claims made in the 2020 financial year (2019: $40.4 million).

KEY ESTIMATES:

The self-insured risk liability required management judgement and independent actuarial assessment of key assumptions including, but not limited to:

- future inflation;
- interest rates;
- average claim size;
- claim development; and
- claim administration expenses.

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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 and senior executives who report directly to the Group Chief Executive Officer and Managing Director and who have authority and responsibility for planning, directing and controlling the activities of the organisation. These employees are the only employees considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of the Group. Executive directors are classified as senior executives and are disclosed in this note.

Key management personnel remuneration by category

Remuneration received directly or indirectly by key management personnel under an accrual basis for the year ended 30 June is as follows:

	Key management personnel	
Corporation and consolidated ($)	**2020**	**2019**
Short-term employee benefits[1]	7,956,984	11,928,041
Post-employment benefits	280,184	285,709
Other long-term benefits[2]	748,095	694,140
Termination benefits	1,129,320	476,528
Total key management personnel remuneration	**10,114,583**	**13,384,418**

1. Short-term employee benefits comprises cash salary, accrued annual leave, bonuses (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 deferred bonuses.

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)	**2020**	**2019**
Senior executives	11	13
Directors	10	9
	21	**22**

Related party transactions

Transactions entered into directly by directors or director-related entities with the Australian Postal Corporation have been either domestic or trivial in nature.

A number of directors of the Australian Postal Corporation are also directors of or have interests in other entities which have transacted with the Australian Postal Corporation Group. These transactions have occurred on terms and conditions no more favourable than those which it is reasonable to expect the Group would have adopted if dealing with any third party on normal commercial terms.

C3 Post-employment benefits

Until 1 January 2012 for Contract employees and 1 July 2012 for Award employees, employees could choose to join either the Australia Post Superannuation Plan (APSS - the Scheme) or an accumulation fund. After these dates, the APSS closed to new employees and from that point, all new employees have joined accumulation funds. All employees who are members of an accumulation fund receive Superannuation Guarantee employer contributions. Australia Post and StarTrack Award employees receive 12.0 per cent of their ordinary time earnings and all other employees receive 9.5 per cent of their ordinary time earnings.

Defined benefit post employee benefits

Amount recognised in the statement of comprehensive income and in the balance sheet

The amount recognised in the statement of comprehensive income for the year ended 30 June is as follows:

Consolidated ($m)	2020	2019
Current service cost	166.0	163.7
Interest cost on benefit obligation	95.6	123.3
Interest income on plan assets	(115.8)	(153.6)
Plan expenses	9.7	9.6
Defined benefit superannuation expense	**155.5**	**143.0**

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

Consolidated ($m)	2020	2019
Opening defined benefit obligation at 1 July	3,408.5	3,279.4
Interest cost	95.6	123.3
Current service cost	166.0	163.7
Benefits paid and payable	(249.7)	(305.5)
Actuarial (gain)/loss due to changes in financial assumptions	4.0	167.1
Other remeasurements	4.8	(19.5)
Closing defined benefit obligation at 30 June[1]	**3,429.2**	**3,408.5**

Changes in the fair value of the plan assets

Consolidated ($m)	2020	2019
Opening fair value of plan assets at 1 July	4,258.8	4,198.1
Return on plan assets excluding interest income	(140.3)	135.9
Interest income on plan assets	115.8	153.6
Contributions by employer	93.8	99.9
Benefits paid and payable	(249.7)	(305.5)
Plan expenses	(9.7)	(9.6)
Contributions tax reserve	(12.6)	(13.6)
Fair value of plan assets at 30 June[1]	**4,056.1**	**4,258.8**

Amount recognised in other comprehensive income

Consolidated ($m)	2020	2019
Remeasurements on liability	(8.8)	(147.6)
Return on plan assets excluding interest income	(140.3)	135.9
Remeasurements on asset	-	-
Contributions tax	(12.6)	(13.6)
Total amount to be recognised in other comprehensive income	**(161.7)**	(25.3)

1. Excluded from the obligation and plan assets above is $3,533.5 million (2019: $3,653.3 million) relating to member financed accumulated benefits.

Related party transactions

The Group performs administrative services on behalf of the APSS. These services are provided on normal commercial terms. Payment received by Australia Post for these services for the year ended 30 June 2020 is $12.7 million (2019: $12.7 million).

Notes to the financial statements

for the year ended 30 June 2020

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C3 Post-employment benefits (continued)

Recognition and measurement

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating the terms of the related obligation.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised in the statement of comprehensive income as past service costs at the earlier of the date on which the amendment or curtailment occurs or when associated restructuring costs are recognised. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Superannuation plan

The Corporation is an employer sponsor of the APSS. In addition, certain employees of Star Track Express Pty Ltd, PostSuper Pty Ltd and Decipha Pty Ltd are associated employers of the scheme. The APSS provides employer-financed defined benefits to all employees who are members. The APSS also enables members to open an accumulation account for personal contributions only, as well as accounts for their spouse and maintain the account on leaving employment. Balances in the accumulation section at 30 June 2020 totalled $3,533.5 million (2019: $3,653.3 million) and have been excluded from the disclosures.

The APSS is governed by the rules as set out in the APSS Trust Deed. The current Trust Deed (including amendments contained in the Deed of Modifications 1 to 17) was consolidated in April 2016. APSS is a "regulated fund" under the provisions of the *Superannuation Industry (Supervision) Act 1993* (SIS). The Scheme is treated as a complying defined benefit superannuation fund for taxation purposes.

The APSS is operated by the APSS Trustee. By law, the APSS Trustee is required to act in good faith and in the best interests of members, and operate in accordance with the APSS Trust Deed. The board of the Trustee is comprised of three Union or Australian Council of Trade Unions appointed directors, three employer-appointed directors, and an independent director.

Funding arrangement and requirements

The APSS is funded by the Corporation and its associated employers, with the funding requirements being based on the recommendations of the APSS Actuary. The current funding recommendations are based on a methodology that calculates a long-term normal cost to provide the APSS benefits, plus additional contributions being required in the event that the assets are not sufficient to meet members' vested benefits.

The Group is expected to make employer contributions (excluding any employee salary sacrifice contributions) of $88.5 million for the year ending 30 June 2021 (2020: $93.8 million).

As under the current arrangements, the Corporation can cease making contributions at any time to the APSS, the Corporation has no legal requirement to contribute to the APSS. As such, the Corporation does not currently have any minimum funding requirements in respect of the APSS.

Categories of plan assets ($m)[1]

The fair value of total plan assets is as follows:

Consolidated ($m)	2020	2019
Active market		
Cash	223.2	243.6
Australian public equities	214.8	311.3
International public equities	798.5	1,005.6
Emerging markets public equities	62.8	210.7
Australian public debt	1,105.9	941.8
International public debt	318.3	236.8
Inactive market		
Equities and debt	558.5	724.6
Real estate	56.4	72.0
Alternative credit	315.7	309.2
Real assets	402.0	203.2
	4,056.1	**4,258.8**

1. There are no in-house assets included in the fair value of the APSS assets, however there may be an immaterial amount of indirect investments in shopping centres where the Corporation has leased certain areas for retail outlets.

Fair value of plan assets

Active market: The carrying amount for cash is its fair value due to the asset's liquid nature. Public equities and debts including units in listed unit trusts and shares in listed companies that are quoted on a recognised stock exchange are stated at market quotations as at year end.

Inactive market: This category comprises investments for which market quotations are not available hence are stated at estimated fair value determined by the APSS Trustee. Whilst there is an inherent uncertainty in the estimations, APSS Trustee has a control framework where estimated fair value is based on the net asset value ascertained from periodic valuations provided to APSS by the trustees of unlisted unit trusts and directors of unlisted companies. The APSS Trustee has a process in place to assess the evidence obtained to support the conclusion that such valuations meet the requirements of the Australian Accounting Standards. These valuations are generally provided either daily or monthly in pricing reports and unit holder/shareholder statements, and using audited and unaudited financial statements or reports. Valuations determined by this method are necessarily dependent upon the reasonableness of the valuations of the underlying investments.

The APSS Trustee has considered the impacts of the COVID-19 pandemic in the valuation of its plan assets and recognises that whilst uncertainty exists as a result of the COVID-19 pandemic, there is no expected material impact to the fair value of the plan assets at balance sheet date.

Amount recognised in the balance sheet

The amount recognised in the balance sheet as at 30 June is as follows:

Consolidated ($m)	2020	2019	2018	2017	2016
Present value of benefit obligation (wholly funded)	(3,429.2)	(3,408.5)	(3,279.4)	(3,350.6)	(3,506.8)
Fair value of plan assets	4,056.1	4,258.8	4,198.1	4,051.0	3,910.4
Net superannuation asset/(liability)[1]	**626.9**	**850.3**	**918.7**	**700.4**	**403.6**

1. The Corporation's entitlement to any surplus in the Scheme is limited by the terms of the relevant Trust Deed and applicable superannuation laws. On termination, any money and other assets remaining in the Scheme after the payment of benefits and expenses of the Scheme would ultimately be realised and the proceeds distributed to the employers (including the Corporation) in such shares as determined by the Corporation. Outside termination, there is scope for the Corporation to request a return of surplus, which may be no more than the amount (as determined by the Scheme's actuary) by which the total fund value exceeds the total accrued benefit value. In addition, the Corporation benefits from the surplus through reduction in future superannuation expense and contributions.

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Our people

C3 Post-employment benefits (continued)

Management of the plan risks

The funding of the plan is dependent upon future experience. Material adverse risks in respect of funding include market risk, salary inflation risk, liquidity risk, and the risk of higher than expected death and disability benefits.

KEY ASSUMPTIONS AND SENSITIVITIES

The significant actuarial assumptions used in determining superannuation obligations for the Group's plan are shown below (expressed as weighted averages), as well as the sensitivity for each significant assumption:

			Sensitivity ($m)			
	Actuarial assumption (%)		Rate increase of 1%		Rate decrease of 1%	
Consolidated	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Discount rate	2.6	2.8	(228.4)	(231.7)	262.4	266.8
Average future inflationary salary increases*	2.0	2.0	186.3	216.1	(162.5)	(186.6)

* Excludes promotional salary increases.

The determination of the defined benefit obligation requires a number of other assumptions to be made regarding the future including the demographic profile of membership and level of benefits to be provided by the fund.

Maturity profile

The duration of the liabilities is approximately 8 years (2019: 8 years), calculated using expected benefit payments on an accrual basis.

Accumulation post-employment benefits

Australia Post pays the Superannuation Guarantee contribution (9.5 per cent, 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.

Accumulation post-employment benefits are expensed by the Group as service is rendered by the Group's employees. The accumulation superannuation expense recognised in respect of post-employee benefits is as follows:

Consolidated ($m)	2020	2019
Accumulation superannuation expense	121.2	106.0

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 on the level of equity capital employed and seeks to maintain a prudent balance between the advantages and flexibility afforded by a strong capital position and the higher returns on equity possible with some leverage. A further consideration when managing capital is maintenance of an investment grade rating. The Group holds an A+ rating (2019: AA-) from the independent ratings agency Standard & Poor's.

The capital structure of the Group consists of debt, which comprises bonds payable and syndicated revolving committed facilities, cash and cash equivalents, lease liabilities and equity attributable to equity holders of the Corporation, comprising contributed equity, reserves and retained profits. The capital structure is reviewed annually as part of the Corporate Plan, which includes analysis of the return on equity, return on average operating assets and debt to debt plus equity ratios implicit in the Corporate Plan.

D2 Managing our financial risks

Financial risk management objectives

The Board reviews and agrees policies for managing the Group's financial risks. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. Exposure to commodity risk in relation to the bulk purchase of fuel and third party contract pricing mechanisms, managed through the use of hedging derivatives, is considered not significant.

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its obligations, such as the payables, provisions and lease liabilities outlined in notes B6, B7 and E2 respectively, when they fall due. The Group's liquidity risk management seeks to ensure that there are sufficient funds available to meet financial commitments in a timely manner and plan for unforeseen events which may cause pressure on liquidity.

The Group measures and manages liquidity risk by forecasting liquidity and funding requirements for the next three years as a minimum, which is reviewed annually by the Board. The treasury group also prepares and reviews a rolling daily cash forecast for the quarter to manage short-term liquidity requirements.

Financing facilities

The Group has a 3 year and 1 month revolving credit facility of $150.0 million expiring 20 July 2022 and a 2 year and 1 month revolving credit facility of $300.0 million expiring 20 July 2022, which are available for draw down for a minimum of 30 days (2019: 3 year and 1 month revolving credit facility of $150.0 million expiring 20 July 2022). These facilities are used to manage short-term liquidity requirements and have remained undrawn at 30 June 2020.

The table below sets out the changes in liabilities from financing activities:

Consolidated ($m)	Bonds payable	Lease liabilities	Total
As at 30 June 2018	**703.0**	**-**	**703.0**
Changes in fair value	10.5	-	10.5
As at 30 June 2019 or 1 July 2019	**713.5**	**953.3**	**1,666.8**
Changes in fair value	3.8	-	3.8
New leases	-	331.3	331.3
Cash flows	-	(174.5)	(174.5)
Other non-cash movements	-	20.8	20.8
As at 30 June 2020	**717.3**	**1,130.9**	**1,848.2**

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, the maximum credit risk in respect to guarantees is $254.3 million (2019: $247.3 million) which mainly relates to bank guarantees over projected workers' compensation liabilities provided by the Group.

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Our funding structure and management of our financial risks

D2 Managing our financial risks (continued)

Credit risk management: trade and other receivables

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating, financial position, past experience and industry reputation. In addition, individual receivable and accrued revenue balances are monitored on an ongoing basis for increases in credit risk based on repayment history and collection status, with the result that the exposure to credit loss is historically not significant.

Credit risk management: financial instruments

Counterparty limits are reviewed regularly by the treasury group with recommended limits endorsed by the Board. Investment of surplus funds are made only with approved investment grade counterparties as rated by either Standard & Poor's or Moody's. Surplus funds are invested with bank counterparties and other Australian deposit-taking Institutions that have an investment grade rating of BBB or better (2019: BBB or better).

The Group's 12-month expected credit loss allowances for financial assets other than those measured at fair value through profit and loss are calculated as the product of the assessed probability of counterparty default, the size of the credit loss given default (taking into account collateral arrangements & guarantees), and the exposure to default at reporting date. Probability of default is assessed using historical and forward looking internal information about the counterparty, as well as available external information including credit ratings.

For financial assets that are considered to have increased in credit risk since original recognition, lifetime expected credit loss allowances are recognised.

The maximum exposure to credit loss for the Group's financial assets is considered equivalent to their carrying amount.

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 finanical 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)					Carrying amount (assets)/ liabilities
Consolidated ($m)	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total nominal cash flows**	
As at 30 June 2020						
Trade and other payables	588.5	-	-	-	588.5	588.5
Lease liabilities	187.8	198.2	562.8	270.1	1,218.9	1,130.9
Bonds payable	274.2	117.4	211.0	190.8	793.4	717.3
Interest rate swaps (net settled)	(3.3)	(3.2)	(6.9)	(1.6)	(15.0)	(14.5)
Hedge foreign exchange contracts (net settled)	(0.5)	(0.6)	-	-	(1.1)	(1.1)
	1,046.7	**311.8**	**766.9**	**459.3**	**2,584.7**	**2,421.1**
As at 30 June 2019						
Trade and other payables	640.4	-	-	-	640.4	640.4
Bonds payable	31.5	275.0	321.7	198.1	826.3	713.5
Interest rate swaps (net settled)	(1.7)	(2.1)	(5.1)	(0.8)	(9.7)	(10.4)
Hedge foreign exchange contracts (net settled)	2.6	(0.3)	-	-	2.3	2.3
	672.8	**272.6**	**316.6**	**197.3**	**1,459.3**	**1,345.8**

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.

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)	**2020**	**2019**
Financial assets		
Cash and cash equivalents (floating rate)	626.3	487.2
Financial liabilities		
Bonds payable (fixed rate)	617.3	613.5
Bonds payable (floating rate)	100.0	100.0
Interest rate swaps (fixed rate)	(154.5)	(140.1)
Interest rate swaps (floating rate)	140.0	129.8

Interest rate risk sensitivity

An interest rate sensitivity analysis of the Group at the reporting date has been performed, using a 9 basis point (2019: 20 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 $0.4 million (2019: $0.7 million) increase in profit after tax.

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 $250 million maturing on 13 November 2020, $175 million maturing on 13 November 2023, $180 million maturing on 1 December 2026 and a floating rate note of $100 million maturing on 1 December 2021.

On this basis, the weighted average duration of debt is 2.8 years (2019: 3.8 years).

Consolidated ($m)	2020	2019
Payable in less than 1 year[2]	249.9	-
Current loan liabilities	**249.9**	**-**
Payable in 1 - 5 years[1,2]	279.6	527.0
Payable in over 5 years[1]	187.8	186.5
Non-current loan liabilities	**467.4**	**713.5**
Total	**717.3**	**713.5**

1. Designated in fair value hedge relationships at amortised cost and adjusted by the gain/loss attributable to interest rate risk.
2. Measured at amortised cost.

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.

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Our funding structure and management of our financial risks

D2 Managing our financial risks (continued)

Exposure

The carrying amount of monetary assets and monetary liabilities as at balance date is shown in the table below.

Other major sources of foreign exchange transaction risk are as a result of foreign sourced and priced capital equipment, purchases or sales in foreign currencies (including fuel purchases) and foreign currency bank accounts.

Foreign currency sensitivity

The following table also details the effect on profit after tax as at 30 June from a 8.4 per cent (2019: 8.7 per cent) favourable/unfavourable change in the Australian dollar based on Australian Government Department of Finance guidance with all other variables held constant. The sensitivity analysis below has been determined based on the exposure to foreign currencies from financial instruments at the reporting date.

		Exchange +8.4%		Exchange -8.4%	
Consolidated AUD ($m)	**Exposure**	**Impact on profit**	**Impact on equity**	**Impact on profit**	**Impact on equity**
2020					
Financial assets					
Cash on hand	27.8	(1.5)	-	1.5	-
Trade and other receivables	166.0	(9.8)	-	9.8	-
Other assets	3.0	-	5.4	-	(5.4)
Financial liabilities					
Trade and other payables	(97.7)	5.8	-	(5.8)	-
Other liabilities	(1.9)	-	0.6	-	(0.6)
Net exposure	**97.2**	**(5.5)**	**6.0**	**5.5**	**(6.0)**

		Exchange +8.7%		Exchange -8.7%	
	Exposure	**Impact on profit**	**Impact on equity**	**Impact on profit**	**Impact on equity**
2019					
Financial assets					
Cash on hand	7.4	(0.4)	-	0.4	-
Trade and other receivables	204.8	(12.4)	-	12.4	-
Other assets	3.0	(1.0)	6.8	1.0	(6.8)
Financial liabilities					
Trade and other payables	(87.0)	5.3	-	(5.3)	-
Other liabilities	(5.3)	1.1	0.9	(1.1)	(0.9)
Net exposure	**122.9**	**(7.4)**	**7.7**	**7.4**	**(7.7)**

Of the total $97.2 million of foreign currency denominated exposures, $65.8 million is SDR, $11.9 million in GBP, $7.0 million in NZD, $5.7 million in USD, $4.0 million in HKD, $2.4 million in EUR and $0.4 million in CNY. (2019: Total of $122.9 million of foreign currency denominated exposures is $112.4 million is SDR, $3.6 million in USD, $3.3m in GBP and $3.6 million made up of HKD, EUR, JPY, NZD and CNH).

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 2020 and 30 June 2019. 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 use of fuel surcharges.

For the year, the Group has elected to adopt hedge accounting in respect of some of its commodity price hedging exposures. The fair value of commodity hedge contracts designated as hedging instruments at 30 June is $nil (2019: net asset of $0.8 million) for the Group.

D3 Using derivatives to hedge risks

Types of hedging instruments

The Group uses the following types of derivative financial instruments as part of its risk management strategy:

Foreign currency derivatives

All foreign currency contracts are entered into on the basis of known or projected exposures. For the year, the Group has elected to adopt hedge accounting in respect of some of its foreign currency hedging exposures. The fair value of foreign currency contracts designated as hedging instruments is a net asset of $1.1 million (2019: net liability of $2.3 million) for the Group.

The portion of the gain or loss on the designated forward currency contracts that are determined to be effective hedges is deferred in other comprehensive income and will be recognised in the measurement of the underlying transaction.

As at balance date, the aggregate amount of unrealised gains/losses under foreign forward currency contracts deferred in the hedging reserve related to contracted future payments for inventory, capital expenditure and exposures for SDR revenue receipts. It is anticipated that the payments will mostly take place within 24 months after reporting date at which stage the amount deferred in equity will be included in the initial cost of the inventory and capital equipment.

It is anticipated that the hedged amounts in relation to inventory will impact the statement of comprehensive income over the next year and amounts in relation to equipment capital expenditure will impact the statement of comprehensive income over the next 5 to 20 years after the assets are available for use.

The Group hedges its expected SDR revenue flows and the hedged exposures are in a hedge accounting relationship with monthly revaluations recorded in the cash flow hedge reserve.

The following tables detail the foreign currency contracts outstanding as at balance date:

	Notional amount (foreign currency) ($m)		
Consolidated	**USD**	**EUR**	**SDR**
2020			
BUY[1]			
0-12 months	1.1	4.5	22.7
Over 12 months	-	-	5.7
	1.1	**4.5**	**28.4**
SELL[2]			
0-12 months	-	-	50.9
Over 12 months	-	-	10.5
	-	**-**	**61.4**

1. Average buy exchange rates to the Group's functional currency AUD are: USD 0.650, EUR 0.610 and SDR 2.002.
2. Average sell exchange rates to the Group's functional currency AUD are: SDR 2.035.

	Notional amount (foreign currency) ($m)					
Consolidated	**USD**	**EUR**	**JPY**	**GBP**	**CNH**	**SDR**
2019						
BUY[1]						
0-12 months	19.9	15.5	259.3	1.9	22.2	12.5
Over 12 months	-	-	-	-	-	12.0
	19.9	**15.5**	**259.3**	**1.9**	**22.2**	**24.5**
SELL[2]						
0-12 months	12.7	8.4	259.3	1.9	22.2	43.6
Over 12 months	-	-	-	-	-	24.0
	12.7	**8.4**	**259.3**	**1.9**	**22.2**	**67.6**

1. Average buy exchange rates to the Group's functional currency AUD are: USD 0.734, EUR 0.614, JPY 78.540, GBP 0.550, CNH 5.015 and SDR 1.970.
2. Average sell exchange rates to the Group's functional currency AUD are: USD 0.734, EUR 0.602, JPY 76.171, GBP 0.535, CNH 4.905 and SDR 1.997.

Notes to the financial statements

for the year ended 30 June 2020

Our funding structure and management of our financial risks

D3 Using derivatives to hedge risks (continued)

Interest rate swaps

Interest rate swaps are used to manage the exposure to interest rate movements arising from the Group's borrowings. Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held.

During the year, the Group had several interest rate swap contracts which all settled on a quarterly basis, totalling $140.0 million, hedging debt maturing in 2023 and 2026.

The following table details the notional principal amounts and remaining terms of fixed for floating interest rate swap contracts as at balance date.

Consolidated	Fixed interest rate %	Notional principal amount ($m)
2020		
From 1 - 5 years	5.5	70.0
Over 5 years	4.0	70.0
2019		
From 1 - 5 years	5.5	70.0
Over 5 years	4.0	70.0

Interest rate swap contracts are designated as fair value hedges in respect of interest rates. The gain or loss from remeasuring the hedging instrument at fair value is recorded in profit or loss and to the extent that the hedge is effective, the carrying amount of the borrowing is adjusted by the gain or loss attributable to the hedged risk through profit or loss.

Recognition and measurement of derivatives

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of comprehensive income, except for derivatives designated in a cash flow hedge arrangement with the effective portion recognised in other comprehensive income. The fair value of non-optional derivatives is determined based on discounted cash flow analysis using the applicable yield curve or forward curve (commodity) for the duration of the instrument. The fair value of optional derivatives is determined based upon valuation techniques consistent with accepted industry practice.

Derivative instruments are classified as current or non-current based on an assessment of the facts and circumstances pertaining to the derivative (i.e. the underlying contracted cash flows) and whether it is designated in a hedge relationship.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine their effectiveness.

Hedge accounting designations

Cash flow hedges

Used by the Group to hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a highly probable forecast transaction.

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts recognised in equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale occurs or the asset is consumed. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency fluctuations over the hedging period associated with foreign exchange business activities. The maturity profile of cash flow hedges is shown in note D2.

Fair value hedges

Used by the Group to hedge the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment.

The carrying value of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also remeasured to fair value, with the net gain or loss recognised in the statement of comprehensive income.

If the hedged item is a firm commitment (and therefore not recognised), the subsequent cumulative change in the fair value of the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of comprehensive income.

The Group discontinues fair value hedge accounting if the hedge instrument expires or is sold, is terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

If the hedged item is a financial instrument for which the effective interest method is used, the accumulated changes in its carrying value are amortised to profit or loss over the remaining life of the instrument from the point at which hedge accounting is discontinued.

The Group uses fair value hedges to mitigate the risk of changes in the fair value of borrowings from interest rate fluctuations over the hedge period. The Group has used interest rate swap contracts to convert fixed rate interest exposures to floating rate exposures. The maturity profile of fair value hedges is shown in note D2.

D4 Fair value measurement

Valuation of financial instruments

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash

The carrying amount is fair value due to the asset's liquid nature.

Receivables/payables

Due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.

Derivatives

The fair values are calculated as the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major currencies. Accordingly, these financial instruments are classified as Level 2.

The fair value of forward contracts is calculated by reference to forward exchange market rates at reporting date for contracts with similar maturity profiles. As market rates are observable they are classified as Level 2.

Interest-bearing loans and borrowings

Quoted market prices or dealer quotes for similar instruments are used to value long-term debt instruments except corporate bonds and lease liabilities based on discounting expected future cash flows at market rates.

Fair value measurements recognised in the balance sheet

Except as detailed in the table below, the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated balance sheet approximates their fair value.

Consolidated ($m)	Carrying amount	Fair value
2020		
Financial liabilities		
Bonds payable	717.3	761.2
2019		
Financial liabilities		
Bonds payable	713.5	766.9

The financial assets and 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 asset and liability determined by discounting the expected future cash flows using the applicable yield curve for assets and liabilities with similar risk and maturity profiles.

All of the Group's derivatives are measured at fair value and are categorised as Level 2.

There were no transfers between levels during the year.

Notes to the financial statements

for the year ended 30 June 2020

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 as at 30 June, all of which are incorporated in Australia unless otherwise noted:

	2020 %	2019 %
AP Global Holdings Pty Ltd[13,15]	100	100
AP International Holdings Pty Ltd[13]	100	100
APost Accelerator Pty Ltd[2]	100	100
APost Innovation Pty Ltd[2]	100	100
Australia Post Digital iD Pty Ltd[2]	100	100
Australia Post Digital MailBox Pty Ltd[1]	-	100
Australia Post Licensee Advisory Council Limited[4]	50	50
Australia Post Services Pty Ltd[5]	100	100
Australia Post Transaction Services Pty Ltd[6]	100	100
Australia Post Global eCommerce Solutions Private Limited[8]	100	100
Australia Post Global eCommerce Solutions (HK) Pte Limited[1,7]	-	100
Australia Post Global eCommerce Solutions (Sing) Pte. Ltd.[1,8]	-	100
Australia Post Global eCommerce Solutions (UK) Limited[9]	100	100
Australia Post Global eCommerce Solutions (USA) Inc.[10]	100	100
Australian Express Freight Pty. Limited[2,12]	100	100
Australian Express Transport Pty. Limited[2,11]	100	100
AUX Investments Pty Ltd[13]	100	100
Decipha Pty Ltd[13]	100	100
Mail Call Couriers Pty Limited[1]	-	100
Mardarne Pty. Ltd.[2,14]	100	100
POLi Payments Pty Ltd[2]	100	100
Postcorp Developments Pty Ltd[1]	-	100
POSTlogistics (Hong Kong) Pte Limited[7]	100	100
SecurePay Holdings Pty Ltd[16]	100	100

	2020 %	2019 %
SecurePay Pty. Ltd.[3]	100	100
ST Couriers Holdings Pty Ltd[1]	-	100
Star Track Express Holdings Pty Limited[13]	100	100
Star Track Express Investments Pty Limited[13]	100	100
Star Track Express Pty Limited[13]	100	100
StarTrack Retail Pty Ltd[13]	100	100
STI Co (Aust) Pty Ltd[13]	100	100

1. Entity was deregistered during the 2020 financial year.
2. Small proprietary company not required to prepare and lodge audited financial statements with Australian Securities and Investments Commission (ASIC).
3. Small proprietary company not required to prepare and lodge audited financial statements with ASIC. Entity has entered into a deed of cross guarantee with Australia Post Transaction Services Pty Ltd as the holding entity.
4. 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.
5. Small proprietary company which holds an Australian Financial Services Licence and is required to prepare and lodge audited financial statements with ASIC.
6. Large proprietary company required to prepare and lodge audited financial statements with ASIC.
7. Australia Post Global eCommerce Solutions (HK) Pte Limited is audited by EY Hong Kong and POSTlogistics (Hong Kong) Pte Limited is audited by Moore Stephens.
8. Entity incorporated in Singapore and not audited by the ANAO. Audited by EY Singapore.
9. Entity incorporated in UK and not audited by the ANAO. Audited by EY UK.
10. Entity incorporated in the USA and not audited by the ANAO. Audited by EY USA.
11. Trustee of Darra No 1 Trust and Minchinbury No 1 Trust.
12. Trustee of Darra No 2 Trust and Minchinbury No 2 Trust.
13. Large proprietary company that has entered into a deed of cross guarantee with Australia Post Transaction Services Pty Ltd as the holding entity and is not required to prepare and lodge audited financial statements with ASIC in accordance with the relief provisions under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
14. Trustee of Mardarne No 1 Trust.
15. Entity formerly known as AP Innovation Ventures Pty Ltd.
16. The status of the entity has changed from a large proprietary company to a small proprietary company during the financial year ended 30 June 2020. The entity has entered into a deed of cross guarantee with Australia Post Transaction Services Pty Ltd as the holding entity and is not required to prepare and lodge audited financial statements with ASIC in prior year in accordance with the relief provisions under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

E2 Leases

This note provides information on the Group lease arrangements, as a lessee and lessor, including where the Group is an intermediate lessor (i.e. sub-leases).

As a lessee

The Group primarily leases commercial buildings, industrial sites, retail stores and parcel lockers. Additionally, the Group leases other assets including dedicated freighters network, vehicles fleet, load-shifting equipment and IT equipment. The leases for which the Group is a lessee are shown below along with a maturity analysis of the corresponding lease liabilities.

Right-of-use assets

The reconciliation of the opening and closing balances of right-of-use assets at 30 June is as follows:

Consolidated ($m)	Property	Plant and equipment	Total
Balance at 1 July 2019	**828.5**	**28.8**	**857.3**
Additions	146.5	184.8	**331.3**
Depreciation	(156.8)	(38.0)	**(194.8)**
Reassessments and modifications	(17.4)	55.8	**38.4**
Balance at 30 June 2020	**800.8**	**231.4**	**1,032.2**

Lease liabilities

The Group's lease liabilities at 30 June are as follows:

Consolidated ($m)	2020
Current lease liabilities	183.5
Non-current lease liabilities	947.4
Total lease liabilities	**1,130.9**

The table below details the contractual undiscounted cash flows for arrangements where the Group is a lessee:

Consolidated ($m)	2020
Less than 1 year	187.8
1 to 2 years	198.2
2 to 5 years	562.8
Over 5 years	270.1
Total undiscounted lease liabilities at 30 June 2020	**1,218.9**

Other amounts recognised in the statement of comprehensive income for the year ended 30 June 2020 are as follows:

Consolidated ($m)	2020
Depreciation expense for right-of-use assets	194.8
Interest expense on lease liabilities	22.1
Expenses relating to short-term leases	914.1
Expenses relating to leases of low-value assets	21.0
(Income) from sub-leasing of right-of-use assets	(21.7)

Amounts recognised in the statement of cash flows for the year ended 30 June 2020 are as follows:

Consolidated ($m)	2020
Interest paid on lease liabilities	22.1
Principal portion of lease payments	174.5
Total cash outflow for leases	**196.6**

Notes to the financial statements

for the year ended 30 June 2020

Other information

E2 Leases (continued)

As a lessee (continued)

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 lesee's credit quality and level of indebtedness, the lease term and macroeconomic factors such as currency and the general economic environment.

After the commencement date, the amount of lease liabilities is adjusted to reflect the accretion of interest and lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or re-assessment of lease terms after the commencement date.

KEY JUDGEMENT: DETERMINING 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 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.

KEY JUDGEMENT: DETERMINING THE LEASE TERM

The Group determines a lease term as the non-cancellable period of a lease, together with both:

- Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

When assessing whether an option to extend or terminate a lease is reasonably certain, the Group considers several factors including the nature of the asset, its location and its strategic significance to the Group.

At 30 June 2020, 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 2020. The undiscounted cash flows of these extension options not considered reasonably certain of being exercised are estimated to be $1,151.6 million.

The Group regularly re-assesses its determination of lease terms for leases that include options to ensure that any exposure to these options which is reasonably certain of being exercised is reflected in the Group's lease liabilities.

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 $38.4 million (2019: $37.5 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)	2020	2019
• within 1 year	35.0	33.2
• from 1 year to 2 years	33.1	26.7
• from 2 years to 3 years	29.6	24.6
• from 3 years to 4 years	17.4	21.3
• from 4 years to 5 years	7.4	9.3
• over 5 years	25.8	30.4
Total lease receivable under operating leases	**148.3**	**145.5**

Recognition and measurement

Where the Group is a lessor or an intermediate lessor in a sub-lease arrangement, it is required to classify each of its leases as either an operating or finance lease. The Group is a lessor where the Group is the entity providing the right to use an underlying asset for a period in exchange for consideration, or an intermediate lessor in sub-leasing arrangements, where the Group has entered into a lease as a lessee and subsequently re-leases the underlying asset to a third party.

As a lessor, lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an opearating lease if it does not transfer substantially all of the risks and rewards incidental to ownership of an underlying asset.

As an intermediate lessor, a sub-lease is classified as a finance lease or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the Group, as a lessee, has accounted for applying the short-term practical expedient, the sub-lease is classified as an operating lease.

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for the year ended 30 June 2020

Other information

E3 Australian Postal Corporation

Corporation ($m)	2020	2019
Current assets	2,002.3	1,629.8
Total assets	7,126.3	5,816.3
Current liabilities	2,696.6	2,019.6
Total liabilities	4,835.7	3,410.2
Net assets	**2,290.6**	**2,406.1**
Contributed equity	400.0	400.0
Retained profits	1,871.6	1,982.5
Asset revaluation reserve	17.7	17.7
Common control reserve	-	7.0
Hedging reserve	1.3	(1.1)
Total equity	**2,290.6**	**2,406.1**
Net profit/(loss) of the parent entity	36.4	55.8
Total comprehensive income/ (losses) of the parent entity	(113.1)	(17.7)
Adjustment for initial application of accounting standard	(21.3)	-
Dividends paid	(21.0)	(42.2)
Other	8.1	-

Australian Postal Corporation, which is the Group's ultimate parent and controlling entity of the Australian Postal Corporation Group, also has:

- contingent liabilities which relate to legal liability claims that have been lodged against the Corporation, including motor vehicle accident and personal injury claims in the amount of $2.6 million (2019: $1.6 million);
- issued bank guarantees amounting to $197.6 million (2019: $179.6 million) which represent guarantees supporting workers compensation self-insurance licences in various jurisdictions; and
- contractual obligations which relate to sub-lease rent receivables and operating lease receivables in the amount of $148.3 million (2019: $145.5 million). Capital commitments of the parent entity in relation to land and buildings and plant and equipment amount to $58.8 million (2019: $37.5 million).

E4 Auditor's remuneration

The Corporation's auditor is the Australian National Audit Office who has retained Ernst & Young (Australia) to assist with the assignment.

Amounts received or due and receivable by the Corporation's auditors for the following:

Consolidated ($)	2020	2019
An audit or review of the financial report of the entity and any other entity in the consolidated entity	2,334,000	1,705,000
• assurance related	156,000	271,000
• other non-audit related[1]	147,000	198,000
Total auditor's remuneration	**2,637,000**	**2,174,000**

1. These services are performed by Ernst & Young (Australia) directly and include governance and compliance services.

E5 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)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Balance from previous period	247.3	257.0	1.6	3.4	248.9	260.4
New contingent liabilities recognised	201.5	46.1	2.3	1.0	203.8	47.1
Re-measurement	-	(3.9)	(1.3)	(1.2)	(1.3)	(5.1)
Liabilities realised	-	-	-	(0.5)	-	(0.5)
Obligations expired	(194.5)	(51.9)	-	(1.1)	(194.5)	(53.0)
Total contingent liabilities	**254.3**	**247.3**	**2.6**	**1.6**	**256.9**	**248.9**
Balance from previous period	44.0	23.6	-	-	44.0	23.6
New contingent assets recognised	8.5	31.9	-	-	8.5	31.9
Re-measurement	-	0.1	-	-	-	0.1
Assets realised	-	(0.9)	-	-	-	(0.9)
Obligations expired	(33.6)	(10.7)	-	-	(33.6)	(10.7)
Total contingent assets	**18.9**	**44.0**	**-**	**-**	**18.9**	**44.0**
Net contingent liabilities	**235.4**	**203.3**	**2.6**	**1.6**	**238.0**	**204.9**

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 2020, there is no material contingent liability with respect to the Group's self insurance activities.

Notes to the financial statements

for the year ended 30 June 2020

Other information

E6 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 2020. Liabilities are disclosed as current when they are due within 12 months of 30 June 2020 or when there is no unconditional right to defer settlement of the liability for at least 12 months after 30 June 2020.

d) New and amended Australian Accounting Standards adopted by the Group

The Group has adopted the following standards and amendments for the first time in the annual reporting period commencing 1 July 2019 :

AASB 16 *Leases*

AASB 16 *Leases* (AASB 16) has replaced AASB 117 *Leases* (AASB 117), Interpretation 4 *Determining whether an Arrangement contains a Lease,* Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements.

The standard introduces a new lease accounting model for lessees that requires lessees to recognise all leases on balance sheet, except short-term leases and leases of low value assets. Under AASB 16, the present value of lease payments are shown as a liability on the balance sheet together with an asset representing the right-of-use. In addition, the previous operating lease expense recognised in profit or loss in the statement of comprehensive income has been replaced with depreciation and interest expense. The approach to lessor accounting remains largely unchanged, although the classification of sub-leases as either operating or finance leases is required to be reassessed under the criteria of the new standard. AASB 16 also requires lessees and lessors to make more extensive disclosures than under AASB 117. The Group's accounting policies in respect of the standard are outlined in note E2.

Transition and financial impact

The Group has adopted the standard on a modified retrospective basis. Under this transition method:

- the standard has been initially applied using a modified retrospective approach, meaning that any cumulative impacts of initial application have been recognised against retained earnings, and there has been no restatement of comparatives
- under this approach, for selected leases, the transition right-of-use asset has been measured as though the standard has been applied since the inception of the lease. For the remainder of the portfolio, the right-of-use asset has been measured equal to the lease liability.

The Group applied the following practical expedients :

- the surplus lease provision recognised in the Group's consolidated financial statements for 30 June 2019, per AASB 137 was offset against the transition right-of-use asset, as an alternative to an impairment review.
- any initial direct costs were not recognised in the transition right-of-use asset.
- grandfathering of its assessment of contracts under AASB 117 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease* for certain contracts, where applicable.
- the use of hindsight was also applied to selected leases where appropriate, in order to measure the transition right-of-use asset.
- a portfolio approach has been utilised in applying the incremental borrowing rate to the Group's leases, whereby the same rate is applied to any leases in the same economic environment (currency) and with the same remaining lease term.

In measuring the lease liabilities on transition, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied was 2.0 per cent.

The below table demonstrates the difference between the Group's operating lease commitments recognised at 30 June 2019 and the Group's lease liability recognised upon transition date, being 1 July 2019.

Consolidated ($m)	1 July 2019
Operating lease commitment at 30 June 2019 as disclosed in the Group's consolidated financial statements	980.0
Discounted using weighted-average rate at 1 July 2019	920.2
• Reassessment of lease term	179.5
• Leases in prior year commitments but not required to be recognised in lease liability at 1 July 2019	(145.0)
• Exempt short-term and low-value leases	(1.4)
Lease liabilities recognised at 1 July 2019	**953.3**

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 2018-6	*Amendments to Australian Accounting Standards – Definition of a Business*	The AASB has issued amendments to the guidance in AASB 3 *Business Combinations* that revises the definition of a business. These changes are not anticipated to have a material impact on the Group's financial statements.	1 January 2020	1 July 2020
AASB 2018-7	*Amendments to Australian Accounting Standards – Definition of Material*	The AASB has made amendments to AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and consequential amendments to other Australian Accounting Standards (AAS) which: i) use a consistent definition of materiality throughout AAS and the Conceptual Framework for Financial Reporting; ii) clarify when information is material; and iii) incorporate some of the guidance in AASB 101 about immaterial information. These changes are not anticipated to have a material impact on the Group's financial statements.	1 January 2020	1 July 2020

Notes to the financial statements

for the year ended 30 June 2020

Other information

E6 Other accounting policies (continued)

Reference	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 2019-1	*Amendments to Australian Accounting Standards – References to the Conceptual Framework*	The AASB has issued a revised Conceptual Framework which introduces a new reporting entity concept. At this stage, the revised framework will only be mandatory for for-profit private sector entities with public accountability that are required by legislation to comply with Australian Accounting Standards (AAS). Consequential amendments to various other standards have also been made. These changes are not anticipated to have a material impact on the Group's financial statements.	1 January 2020	1 July 2020
AASB 2019-3	*Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	Amendments have been made to AASB 7 *Financial Instruments: Disclosures,* AASB 9 *Financial Instruments* and AASB 139 *Financial Instruments: Recognition and Measurement* that provide certain reliefs. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. These changes are not anticipated to have a material impact on the Group's financial statements.	1 January 2020	1 July 2020
AASB 2019-5	*Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	The AASB has made amendments to AASB 1054 *Australian Additional Disclosures* which clarify that entities that intend to comply with IFRS Standards will need to disclose the potential effect of new IFRS Standards that have not yet been issued by the AASB as Australian Accounting Standards. These changes are not anticipated to have a material impact on the Group's financial statements.	1 January 2020	1 July 2020
AASB 2017-5	*Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	The AASB has issued this amendment to defer the application date of AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* which require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2022	1 July 2022
AASB 2020-1	*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 2022	1 July 2022

Community service obligations

for the year ended 30 June 2020

Australia Post's community service obligations (CSOs) are set out in section 27 of the *Australian Postal Corporation Act 1989*, which requires that:

- Australia Post provide a letter service at a single uniform rate for standard letters carried by ordinary post within Australia;
- the letter service Australia Post is obliged to provide be reasonably accessible to all Australians on an equitable basis, in view of the social importance of the letter service;
- ensures that the performance standards (including delivery times) for the letter service reasonably meet the social, industrial and commercial needs of the Australian community

Prescribed Performance Standards

The Australian Postal Corporation (Performance Standards) Regulations 2019 prescribe standards required to be met in connection with Australia Post's CSOs, commonly referred to as 'Prescribed Performance Standards.' Performance against the Prescribed Performance Standards is subject to independent audit by the Australian National Audit Office.

Australia Post met or exceeded all of the Prescribed Performance Standards in 2019/20, as summarised in the table below.

The On-time delivery, and Delivery timetable, results in this table take account of the temporary regulatory relief from 16 May 2020 (specifically, the suspension of the priority letters service and the changed delivery timetable for intrastate letters).

Organisational arrangements

Australia Post considers the strategies and policies it has in place to carry out its community service obligations are appropriate and adequate. The ongoing focus on Prescribed Performance Standards satisfaction is coordinated by the office of the Corporate Secretary.

CSO Costs

There is a financial cost associated with meeting CSOs. Australia Post is required to provide certain domestic and international products to customers at a uniform price but costs can vary considerably, primarily as a result of the higher operational unit costs to service more remote destinations.

The cost of providing the CSO for 2019/20 is estimated at $393.3 million (2018/19: $392.2 million), including $201.6 million in rural and remote locations (2018/19: $187.4 million).

Performance Standard		2019/20 Performance
On-time delivery	94.0%	97.1%
Delivery frequency		
• to delivery points each business day	98.0%	98.8%
• to delivery points at least 2 days per week	99.7%	99.9%
Delivery timetables	Maintain	Maintained
Street posting boxes	10,000	15,036
Retail outlets		
• in total	4,000	4,330
• in rural and remote areas	2,500	2,520
• in metropolitan areas, residences to be located within 2.5 kms of an outlet	90.0%	93.7%
• in non-metropolitan (i.e. rural and remote) areas, residences to be located within 7.5 kms of an outlet	85.0%	88.8%

Auditor-General's report – performance standards

Auditor-General for Australia

INDEPENDENT ASSURANCE REPORT

To the Minister for Communications, Cyber Safety and the Arts

Opinion

In my opinion, the Australian Postal Corporation has, in all material respects, complied with the Prescribed Performance Standards prescribed in the *Australian Postal Corporation (Performance Standards) Regulations 2019* for the year ended 30 June 2020.

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 2020.

The Prescribed Performance Standards require the Australian Postal Corporation to:

(a) service 98% of all postal delivery points daily (except on a Saturday, a Sunday or a public holiday) and 99.7% of all postal delivery points at least two days each week (Regulation 7);

(b) deliver at least 94% of reserved services letters to the indicated or appropriate address within the delivery time mentioned for the address according to the prescribed timetable (Regulation 8);

(c) maintain mail lodgement points in Australia for the lodgement of postal articles (other than bulk mail) at each of its retail outlets and maintain at least 10,000 street posting boxes (Regulation 10); and

(d) maintain at least 4,000 retail outlets at which products and services can be purchased; locate at least 50% of the retail outlets in zones classified as rural or remote, and in any event, not fewer than 2,500 retail outlets; locate a retail outlet in a metropolitan area such that at least 90% of residences are within 2.5 kilometres of a retail outlet; and locate a retail outlet in a non-metropolitan zone such that at least 85% of residences are within 7.5 kilometres of a retail outlet (Regulation 11).

Basis for Opinion

I have conducted the engagement in accordance with the Australian National Audit Office Auditing Standards, which include the relevant Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board.

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

Directors' Responsibilities

The Directors of the Australian Postal Corporation are responsible for:

(a) the compliance activity undertaken to meet the requirements of the Prescribed Performance Standards; and

(b) identification of risks that threaten compliance with the Prescribed Performance Standards and controls which will mitigate those risks and monitor ongoing compliance.

Independence and Quality Control

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditors' Responsibilities

My responsibility is to express an opinion on compliance with the Prescribed Performance Standards by the Australian Postal Corporation for the year ended 30 June 2020. 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 2020.

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 2020.

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 2020 does not provide assurance on whether compliance with the Prescribed Performance Standards will continue in the future.

Australian National Audit Office

Grant Hehir

Grant Hehir

Auditor-General

Canberra

20 August 2020

Domestic letter service monitor (Kantar)

KANTAR

Level 2/16 Palmer Parade
Cremorne, VIC 3121

T +61 (3)8862 5900

August 6, 2020

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 2020 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 283,557 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 2020 the sample used by Kantar Australia, Insights Division (TNS Australia) was consistent with the sample frame provided by Australia Post. The attached certification from Deloitte states that "nothing has come to our attention that causes us to believe that the results reported by TNS Australia for year ended 30 June 2020 have not been calculated all materials respects, in accordance with the Agreed Business Rules"

Results

For the year ended June 2020, the monitor showed that Australia Post delivered 97.1 per cent of all letters early or on time, and 98.9 per cent of letters were delivered on time or not more than one working day after your delivery undertakings. Refer to COVID-19 Impact within this letter outlining the impact of the pandemic on the service performance result.

KANTAR

Opinion

In our opinion based upon the audit procedures conducted, at a 95 per cent confidence level and with a maximum weighted actual precision limit of 0.1 per cent, these results present fairly the performance of Australia Post's domestic letter service for the year ended June 2020 against the scope provided.

COVID-19 Impact

The COVID-19 pandemic generated circumstances beyond Australia Post's control and qualifies as a force majeure event. However, a decision was made in consultation with Australia Post and communicated with ANAO and its agent, that all delayed samples notwithstanding the COVID-19 impact were included in the service performance result for financial year ending June 2020 and therefore were not removed under a force majeure event; impacting performance results from March to June 2020.

Temporary Regulatory Relief, in the form of temporary changes to Australia Post's Prescribed Performance Standards, was implemented by the Federal Government with effect from 16 May 2020 until 30 June 2021; and encompasses extended delivery timing for intrastate letters and suspension of the Priority Letter service.

Yours faithfully,

Jon Foged
CEO
Kantar Australia
Insights Division

Margaret Persico
Senior Director
Kantar Australia
Insights Division

Survey certification

Deloitte.

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6 August 2020

Jon Foged
CEO Australia, TNS
Level 2/16 Palmer Parade
Cremorne VIC 3121
Australia

Independent Assurance Practitioner's Limited Assurance Report on the results reported by TNS Australia of Australia Post Performance Metric to the Management of TNS Australia for Basic letter services

We have undertaken a limited assurance engagement relating to the results reported by TNS Australia on Australia Post's performance metric for the period 01 July 2019 to 30 June 2020.

TNS Australia is conducting an external mail monitor for Australia Post within a defined set of agreed delivery timetables that have been agreed between Australia Post and TNS Australia ('Agreed Business Rules").

The external mail monitor covers basic (domestic) letters and bulk (domestic) letters across the Australia Post Network. Deloitte conducted a limited assurance engagement as per the Terms of the engagement letter dated 14 October 2019.

Management of TNS Australia's Responsibility

The Management of TNS Australia are responsible for:

- ensuring that the Australia Post performance metric calculation and delivery of performance metrics to Australia Post is in accordance with the Agreed Business Rules;
- confirming the evaluation of the performance metrics relating to basic and bulk letters against the applicable Agreed Business Rules;
- designing, establishing and maintaining internal controls to monitor the accuracy of the calculation of the performance metrics in accordance with the Agreed Business Rules;
- providing Deloitte a copy of the data outputs from the panellist database on a monthly basis for the purpose of the engagement.

Deloitte.

Assurance Practitioner's Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies 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*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on results reported by TNS Australia of Australia Post performance metric based on the procedures we have performed and the evidence we have obtained. 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,* issued by the Australian Auditing and Assurance Standards Board, in order to express a conclusion whether, based on the procedures performed and the evidence obtained, anything has come to our attention that causes us to believe that the results reported by TNS Australia for the period have not been, in all material respects in accordance with the Agreed Business Rules. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Australia Post performance metric is free from material misstatement.

A limited assurance engagement in accordance with ASAE 3000 involves identifying areas where a material misstatement of TNS Australia the reported results of Australia Post performance metrics is likely to arise, addressing the areas identified and considering the process used to prepare and calculate Australia Post performance metrics. 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 we performed were based on our professional judgement and consisted primarily of:

- Understanding the process used to prepare and calculate Australia Post performance metrics
- Independent re-performance of the calculation of the delivery performance metric using data extracted from the Computer Information System (CIS)
- Choosing 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 TNS Australia and Australia Post) for 'dudding' transactions was adhered to.

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

Survey certification

Deloitte.

than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance about whether the results reported by TNS Australia for year ended 30 June 2020 have not been calculated all material respects, in accordance with the agreed business rules.

Inherent Limitations

Although we performed limited procedures on the data provided, the accuracy of the recalculations relied upon the data provided by TNS Australia being accurate, complete and valid, the Agreed Business Rules being current and correct at the time of TNS Australia providing the details to Deloitte as well as the full population for testing.

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 review 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.

Limitations of use

This report has been prepared solely for the information and internal use of TNS Australia in accordance with our engagement letter dated 14 October 2019 and is not intended to be and should not be used by any other person or entity. We understand that a copy of this report will be provided to Australia Post by TNS Australia for their information only. We disclaim any assumption of responsibility for any reliance on this report to Australia Post or to any other persons or users, other than TNS Australia, or for any purpose other than that for which it was prepared. We accept no duty, responsibility or liability to any party, other than TNS Australia, in connection with this report or this engagement.

Findings

The table below compares the national average of the delivery performance metric as calculated by TNS Australia and by Deloitte:

Type of Letter	TNS Australia figure	Deloitte figure
Basic	97.1% (±0.1)	97.1%

Deloitte.

Conclusion

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 TNS Australia for year ended 30 June 2020 have not been reported in all material respects, in accordance with the Agreed Business Rules.

Yours sincerely

Jonathan Goldman
Partner
Melbourne, 06 August 2020

Letters/Non-Letters Services

(including reserved services)

	Letters[1]		Non-Letters		Total	
2020	**$m**	**%**	**$m**	**%**	**$m**	**%**
Revenue[2]	1,996.4	26.6%	5,502.8	73.4%	7,499.2	100.0%
Expenditure[2]	2,237.5	30.3%	5,155.8	69.7%	7,393.3	100.0%
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees	**(241.1)**	**(227.7%)**	**347.0**	**327.7%**	**105.9**	**100.0%**
Finance costs					(54.2)	
Share of net profits of equity-accounted investees					1.9	
Profit before income tax					**53.6**	
Income tax (expense)/benefit					(10.7)	
Net profit for the year					**42.9**	

	Letters[1]		Non-Letters		Total	
2019	**$m**	**%**	**$m**	**%**	**$m**	**%**
Revenue[2]	2,216.3	31.7%	4,773.5	68.3%	6,989.8	100.0%
Expenditure[2]	2,408.0	34.8%	4,508.1	65.2%	6,916.1	100.0%
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees	**(191.7)**	**(260.1%)**	**265.4**	**360.1%**	**73.7**	**100.0%**
Finance costs					(34.2)	
Share of net profits of equity-accounted investees					1.6	
Profit before income tax					**41.1**	
Income tax (expense)/benefit					(0.5)	
Net profit for the year					**40.6**	

1. Letters includes reserved letters (Revenue $1.7 billion (2019: $1.8 billion) and loss before income tax expense and share of net profits of equity-accounted investees of $100.4 million (2019: loss before income tax expense and share of net profits of equity-accounted investees of $39.1 million)), non-reserved letters (including unaddressed mail), international letters and small packets (i.e. regulated packets less than 2kg).
2. Current year revenue and expenditure includes application of AASB 16 *Leases* and changes in bond rate movement allocations. Comparatives have not been restated for the application of AASB 16 *Leases* due to the transition method elected and the immaterial changes in bond rate movement allocations.

Statutory reporting requirements index

for the year ended 30 June 2020

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.

FINANCIAL AND STATUTORY REPORTS

Statutory reporting requirements index

for the year ended 30 June 2020

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s17BE(g)	Annual Performance Statement	86
s17BE(h)	Non compliance with the finance law reported under section 19(1)(e) of the PGPA Act	n/a
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s17BF(2)	Commercially sensitive exclusion statement	n/a
s17CE(4)	Particulars of any executive remuneration information exemptions / requirements	n/a
Work Health and Safety Act 2011		
Sch.2, s4(2)(a)	Health, safety and welfare initiatives	153-155
Sch.2, s4(2)(b)	Health and Safety outcomes	153-155
Sch.2, s4(2)(c)	Statistics requiring the giving of notice	153-155
Sch.2, s4(2)(d)&(e)	Details of investigations and other matters as prescribed	153-155
Superannuation Benefits (Supervisory Mechanisms) Act 1990		
s6(1)(b)	Report on operation of superannuation arrangements	151

Statutory reporting requirements

for the year ended 30 June 2020

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 *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 149 to 151 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, Cyber Safety and the Arts, the Hon Paul Fletcher MP, has portfolio responsibility for Australia Post. Under a dual shareholder model, overall responsibility for Australia Post is exercised jointly with the Minister for Finance, Senator the Hon Mathias Cormann.

Indemnities and insurance premiums for directors and officers

Australia Post has in place a directors' and officers' liability insurance policy. The policy provides cover in respect of any person who is or was a director or officer of Australia Post, when acting in these capacities. Confidentiality requirements within the insurance contracts prohibit further disclosure.

Directors of Australia Post are also indemnified by Australia Post, to the extent permitted by law, against liability incurred in their capacity as a director.

Government policies

In February 2004, the Minister of Communications, Information Technology and the Arts provided formal notification under section 28 of the *Commonwealth Authorities and Companies Act 1997* that the Government's National Code for the Construction Industry and associated implementation guidelines were to apply to all construction-related activity undertaken by and on behalf of Australia Post. The notification has had no major impact on the corporation as Australia Post has, since its introduction in 1997, made compliance with the code and guidelines a condition of all of its construction related tenders.

Section 49 of the APC Act empowers the Minister to give the board written directions in relation to the performance of Australia Post's functions as appear to be necessary in the public interest. No directions have been issued under this provision.

Section 22 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) empowers the Finance Minister to make an order specifying a policy of the Australian Government that is to apply in relation to one or more corporate Commonwealth entities. No orders with application to Australia Post have been issued under this provision.

There have been no instances of non-compliance with any of the notifications, directions or orders referred to above.

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 2019/20 is estimated to be $33.0 million.

Postal Industry Ombudsman

Australia Post (including StarTrack) is a mandatory member of the Postal Industry Ombudsman Scheme. The Postal Industry Ombudsman has estimated the costs of investigating complaints relating to Australia Post (including StarTrack) during 2019/20 to be approximately $895,000.

ACCC record keeping rules

The cost of compliance with the ACCC's record keeping rules in 2019/20 is estimated to be $150,000.

Maintaining heritage properties

The cost of repairing and maintaining heritage listed properties in 2019/20 was approximately $2.7 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 2019/20, revenue foregone in relation to the service is estimated to be $92,991.

Superannuation

All Australia Post employees are provided superannuation benefits of at least the minimum required by law. Until 2012, Australia Post offered membership of the Australia Post Superannuation Scheme, which pays a lump sum defined benefit. This Scheme was closed to new employees engaged under a management contract of employment from 1 January 2012 and to all other employees from 1 July 2012. Since those dates, new Australia Post employees have been able to join the default defined contribution superannuation fund retained by Australia Post or nominate a complying superannuation fund of their choice. On 1 September 2019, following a market review, AustralianSuper became Australia Post's default superannuation fund.

Work Health and Safety report

The following information is presented in accordance with the requirements of Schedule 2, Part 4 of the *Work Health and Safety Act 2011* (WHS Act).

Australia Post's Safety and Wellbeing strategy was refreshed in November 2019. Our key strategic programs of work align to the pillars of the strategy.

Leadership & Engagement

Commencing August 2019, we have enhanced the safety capability in the organisation through the redesign of the Group Safety team and bringing in external safety professional expertise in a number of key roles, both at Group level and operationally. As the organisation faced into two major safety crisis events, the uplift in safety capability has been critical in protecting our people in 2019/20.

Our long-term cultural change strategy, developed in conjunction with an external safety culture expert, is based on a scaffolded learning approach. The broader workforce will be introduced to new language and concepts to build capability and motivation in safety, commencing in August 2020.

The first half of 2019/20 saw the implementation of the lead indicator driven Safety Index and a commitment to mature the organisation's safety approach by focusing on proactive safety measurements. This is also in line with industry best practice and the clear position from our regulator, Comcare, that no lag indicators (such as injury rates) should be used in remuneration structures. The Safety Index is recorded and measured using data in the OneSafe system and has driven the effective use of OneSafe across Australia Post. Increased visibility and measurement through the OneSafe system will enable our safety partners and operational leaders to drive an improvement in the quality and consistency of information captured and ensure actions are appropriate and effective.

Collectively, this data will enhance the ability to tailor safety programs and allocate resources aligned to our most serious risks. Overall Safety Index results have been strong throughout the year, with a final result of 98.2 per cent against a target of 85 per cent.

Critical Risk Management

Work commenced on our overarching critical risk program, including a life-saving behaviours program early in 2020, with a view to implementing a nationally applicable framework to identify, control, measure and review our critical risks. The initial focus of the program will be on Load Shifting Equipment such as forklifts, control of dock areas and we are seeking to implement technology solutions to assist in the tracking and measurement of associated unsafe behaviours. We remain committed to our existing critical risk management programs including:

- automation program: Australia Post continued with its safe design approach to the prevention of workplace injuries at our new Brisbane Parcel Facility, the new Melbourne North Parcel Delivery Centre, and the new air can handling system at Sydney West Letters Facility and other automation at Alexandria and Eastern Creek facilities, and the Dandenong Letters Centre, to continue to manage our increase in parcel volume whilst not proportionally increasing our manual handling risk. Through the implementation of automation, we have reduced manual handling touchpoints by 520,000 per day in the first half of 2019/20 and we were able to absorb a 45 per cent increase in capacity through the last quarter of 2019/20, with no increase in injuries for that quarter; and
- reduction of motorcycles: motorcycles represented 55.29 per cent of delivery rounds at the end of 2019/20, which is a reduction of 7.5 per cent 2019/20 has seen an 18 per cent reduction of motorcycle rounds on the baseline of 73 per cent set 18 months ago, and we expect to see a greater reduction of accidents throughout 2020/21 as a result of this reduction of rounds. Motorcycles have been shown to have double the amount of injuries per 100 rounds compared to Electric Delivery Vehicles on 2019/20 analysis.

There were a total of 817 serious claims in 2019/20 compared to 646 in 2018/19, with 69 per cent of those claims related to an incident that occurred within 2019/20. Our serious claims breakdown has remained quite consistent over recent years, with 39 per cent of serious claims related to body stressing and 21 per cent of serious claims related to motorcycle accidents in 2019/20. Body stressing and motorcycles continue to be the largest drivers of our serious claims, demonstrating the importance of our critical risk management program focus.

Statutory reporting requirements

for the year ended 30 June 2020

Psychological Safety & Wellbeing

We have provided extensive psychological support to our people throughout the bushfire and COVID-19 events in 2019/20. Our people and partners have provided exemplary feedback about the level of support and care they have felt from Australia Post throughout some of the most challenging experiences of their lives. Our results show our utilisation of our Employee Assistance Program services remain stable, with an average utilisation rate of 7 per cent ahead of the industry benchmark of 5.3 per cent and our take up rate for psychological safety leadership briefings during COVID-19 has been significant, with over 1,500 leaders participating in various forums.

In line with our objectives to identify and mitigate specific psychosocial risk, we have produced a framework and charter to support the implementation of business unit specific psychological safety working groups. This program commenced in October 2019 with a cross functional contact centre group and is now expanding to the Post Office network and people and culture divisions. The working groups have clearly defined governance requirements reporting through to senior management and, ultimately, the Board to ensure leadership oversight. One of our other foundation programs, mental health essentials training, was delivered to 1,834 people leaders over 2019/20.

Crisis Response

Throughout the bushfire events of December 2019 and January 2020 and the associated air quality challenges, crisis management support was provided to the business to ensure the safety and wellbeing of our people. State Incident Response Committees (Committees) were formed in New South Wales and Victoria during the week after Christmas to manage the bushfire response. The Committees met daily to review the safety of our people and co-ordinate our business activities in and around the bushfires. Each day senior leaders were updated on the impacts to our people and their safety, both physical and psychological, via situation reports. In addition to areas directly impacted by the bushfires, we experienced significant air quality issues in various centres including Canberra, Sydney and Melbourne. A risk assessment process, including external expert advice allowed us to produce detailed guidance notes and toolbox talks to allow managers to make decisions about how to control risks associated with outdoor work during periods of poor air quality such as the use of P2 masks, reducing physical exertion, adjusting shifts and ensuring access to air-conditioned facilities for breaks. Any workers with medical conditions or symptoms that did not allow them to conduct outdoor work safely were provided with indoor duties or were allowed to remain or return home. Whilst a number of workers reported symptoms that prevented them from working outdoors, there were no injuries or illnesses reported.

Our COVID-19 pandemic response began in February 2020 and throughout this period, protecting the safety and wellbeing of our people has remained our highest priority.

The Pandemic Coordination Team and the Critical Incident Response Committee were the primary management-level forums responsible for overseeing the organisation's response to COVID-19. We engaged with our external medical providers, Jobfit, and obtained advice on a daily basis in the early stages of the pandemic to ensure we were adequately informed and prepared to protect our people. They provided advice on our infection controls procedures, reviewed our risk assessments such as appropriate personal protective equipment and kept us up to date on the rapidly evolving epidemiological aspects of the virus as they related to our workplace. Our procedures have been reviewed and endorsed by our safety regulator, Comcare and the New South Wales and Victorian Departments of Health. Our COVIDSafe plans include measures such as:

- the provision of personal protective equipment such as hand sanitiser and masks;
- physical distancing measures such as protective screens, facilities split by zones, split shifts and contactless delivery;
- additional protections such as temperature testing, monitoring of distancing and mask use by our operational control centre and visitor declarations;
- all staff that are able to work from home, are working from home, with our corporate office locations closed except to critical staff who need to access onsite infrastructure such as server rooms.

Also during 2019/20:

- eighty-seven incidents were notified to Comcare under section 38 of the WHS Act;
- no seizures made under section 175 or 176 of the WHS Act;
- no improvement notice 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 20 Health and Safety Representative training courses run during the year, with a total of 168 participants trained.

Freedom of information report

In 2019/20 Australia Post received 155 applications under the *Freedom of Information Act 1982*.

Including the five applications on hand at 30 June 2019, and with five applications outstanding at 30 June 2020, at total of 155 applications were resolved in the financial year.

These were handled as follows:

Access granted in full	17
Access granted in part	14
Access refused	111
Requests withdrawn	13
Total resolved	155

There were six 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;
- internal administration including policy development and program administration, reports, briefings, correspondence, minutes, submissions, statistics and other documents;
- Board submissions relating to the business of Australia Post;
- reference material used by staff including guidelines and manuals;
- legal advice; and
- operational documents.

Access to documents

Access to documents under the *Freedom of Information Act 1982* 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.

Fraud control

Fraud governance, prevention, detection and response for the Group is governed by our Group Fraud Policy, which is supported by our Enterprise Fraud Framework (Framework) and other integrity-related policies. Roles and responsibilities for the Board of Directors, management and employees are clearly articulated within that Policy, which was last updated in April 2019.

The PGPA Act provides principles of fraud risk management to which Commonwealth Entities are required to comply, and incorporates specific obligations on the Board to prevent, detect and deal with fraud. We have identified the key provisions as they relate to fraud management and have aligned our Framework as appropriate.

The Framework aligns with Australia Post's Risk Management Policy and other related policies, follows the Australian Fraud and Corruption Control Standard (AS 8001:2008), the Commonwealth Fraud Control Framework 2017 and aligns with the Protective Security Policy Framework. Application of the Framework is facilitated by the Chief Risk Officer function and includes:

- identifying exposures to fraud and developing, establishing and maintaining controls to prevent and detect fraud, misappropriations and inappropriate conduct;
- ensuring familiarity with the types of improprieties that could occur and being alert to any indication of irregularities; and
- appropriate responsibility and escalation processes.

Australia Post does not tolerate fraud, is committed to the highest levels of integrity and expects ethical and lawful behaviour in all its business practices. It periodically reviews its fraud control arrangements to take into account changes in its operating environment.

Statutory reporting requirements

for the year ended 30 June 2020

Examination of mail

International mail

Australia Post is authorised under the APC Act to open mail, as required by the Australian Border Force (ABF), in the following circumstances:

- when it is suspected that articles may contain prohibited substances; or
- to determine that appropriate duties/taxes are met.

ABF personnel have also been authorised under section 90T of the APC Act to remove and open articles in excess of a particular weight which ABF reasonably believes may contain drugs or other chemical compounds being carried in contravention of a law of the Commonwealth. The ABF has also been authorised under section 90FB (3) of the APC Act to act as an authorised examiner for the purpose of examining mail without opening (i.e. by X-ray or with drug detection dogs).

To help manage threats to international aviation, Australia Post is authorised under the *Aviation Transport Security Act 2004* to examine items using X-ray and, where it is permitted to do so, to open items unable to be cleared by X-ray.

Domestic mail

Biosecurity Inspection and Quarantine officers from a prescribed state or territory (i.e. Western Australia, Tasmania or Northern Territory) are authorised under section 90U of the APC Act to request Australia Post to open, for inspection, any article for delivery in that prescribed state or territory; where the inspection officer has reasonable grounds to believe the item consists of, or contains, quarantine material.

Section 90UA authorises Australia Post to remove articles from the mail stream where it is suspected that an article consists of, or contains scam mail. Suspected scam mail may also be withdrawn from the mail upon receipt of a written request from a consumer protection agency.

In accordance with section 90FB of the APC Act, Australia Post has appointed authorised examiners at designated locations where mail can be opened for inspection.

Authorised Australia Post staff may open articles in the following circumstances:

- undeliverable articles at approved locations for the purpose of identifying intended recipient or return addresses; or
- to repair an article or its contents so that the article can be made safe for carriage by post.

Australia Post is authorised under the *Aviation Transport Security Act 2004* to examine items using X-ray and open items unable to be cleared by X-ray to help manage threats to domestic aviation.

Disclosure of information

The Corporation is authorised to disclose information to agencies which have the legislative power to obtain such information. This includes instances relating to enforcement of the criminal law, the protection of the public revenue, the reduction of threats to life and notification of next of kin.

As required under sections 43 (1) (o) (i) and (ii) of the APC Act, Tables 1 and 2 detail the number of times that such information was disclosed during the year and the authorities or bodies to which it was disclosed.

Table 1. Disclosure of information/documents (Section 90J "Authority")*

Authority for disclosure	Number of disclosures	Disclosures made to
Disclosure under warrants [s. 90J(3)]	1	• 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)]	2,565	• Australian Border Force • Australian Financial Security Authority • Australian Pesticides and Veterinary Medicines Authority • Australian Taxation Office • Australian Sports Anti-Doping Authority • Department of Agriculture, Fisheries & Forestry • Department of Environment & Energy • Department Foreign Affairs & Trade • Department Health & Ageing – Therapeutic Goods Administration • Department of Human Services • Australian Federal Police • Australian Competition & Consumer Commission • Department of Human Services – Centrelink • Department of Defence • Department of Veterans Affairs • Department of Environment & Energy • ComCare
Disclosures under certain laws establishing commissions [s. 90J(6)]	83	• Crime Commission (NSW) • Australian Crime Intelligence Commission • Crime and Corruption Commission (QLD) • Australian Electoral Commission • Australian Securities & Investments Commission • Australian Security Intelligence Organisation

* **Notes:** Commonwealth agencies unless otherwise stated.

Statutory reporting requirements

for the year ended 30 June 2020

Table 2. Disclosure of information/documents (Section 90K "Authority")*

Authority for disclosure	Number of disclosures	Disclosures made to
Disclosure to authorised ASIO officer [s. 90K(4)]	4	• Australian Security Intelligence Organisation
Disclosure for the enforcement of laws or protection of public revenue [s. 90K(5)]	1,864	• Department of Environment, Land, Water & Planning (VIC) • Department of Parks and Wildlife (WA) • Department of Fair Trading (NSW) • Department of Fair Trading (QLD) • Department of Justice (WA) • Department of Transport and Main Roads (QLD) • Director of Public Prosecutions (TAS) • Office of Consumer & Business Affairs (VIC) • Office of Consumer & Business Affairs (NT) • Police (Australian Capital Territory) • Police (New South Wales) • Police (Northern Territory) • Police (Queensland) • Police (South Australia) • Police (Tasmania) • Police (Victoria) • Police (Western Australia)

* **Notes:** Commonwealth agencies unless otherwise stated.

Reports of outside bodies

The following report by an outside body was given on Australia Post during 2019/20:

In July 2019 the Auditor-General a report titled *Auditor-General's Report No. 1 2019-20 Performance Audit Cyber Resilience of Government Business Enterprises and Corporate Commonwealth Entities*, on the cyber resilience of three Government agencies including Australia Post.

Our organisational structure

Corporate directory

Copies of the report

The 2020 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 Headquarters

111 Bourke Street
Melbourne VIC 3000

GPO Box 1777

Auspost.com.au/contactus

Twitter: @auspost

Commitments to external initiatives

We are an active supporter of leading national and international sustainability initiatives, including:

- Australia Network on Disability (member since 2012)
- Australian Packaging Covenant (a signatory since 2002)
- CDP (formerly known as the Carbon Disclosure Project) (since 2015)
- Earth Hour (supporter since 2007)
- Equal Employment Opportunity Network (EEON) (member since 2016)
- Global Reporting Initiative (reported in line since 2010)
- International Post Corporation
- International Integrated Reporting <IR> Framework (reported in line since 2016)
- LBG (formerly known as the London Benchmarking Group) (member since 2009)
- National Association of Women in Operations (NAWO) (since 2010)
- Reconciliation Australia - Reconciliation Action Plan program (member since 2011)
- Safety and Rehabilitation and Compensation Licensees Association (SRCLA) (President representation and member since 2009)
- Social Traders Connect (member since 2015)
- Supply Nation (member since 2010)
- United Nations Global Compact (signatory since 2010)
- UN Sustainable Development Goals and the Global Compact Network Australia's CEO Statement of Support (signatory since 2016)

Awards

- Winner - 2019 Annual Report received the Corporate Register Reporting Awards '20 (CRRA) for Best Integrated Report
- Winner - 2020 – 2022 Group Corporate Responsibility Plan, Everyone Matters: Our plan for inclusive and sustainable prosperity at the World Post & Parcel Awards in the Corporate Social Responsibility category
- Shortlisted - Banksia Sustainability Award Large Business Category
- Reader's Digest Quality Service Awards Gold Winner
- 2019 Workplace Giving Australia Excellence Awards 'Best Public-Sector Program' and 'Most Innovative Charity/Employer Partnership' (in conjunction with Rural Aid)
- 2019 Australian Packaging Covenant Organisation Awards: Finalist – Industry Sector Award

Credits

Writing: Elliot Giakalis

Project management: Catherine Ewart

Design: John Stilla