Annual Report 2019

Australia Post

EVERYONE MATTERS

Contents

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

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

- Revenue of $6.99 billion
- Profit before tax of $41.1 million
- A record peak period, delivering 40 million parcels in December
- Acquired full ownership of Australia Post Global (APG)
- Strong domestic parcel growth, with revenue up 9.2 per cent
- Business efficiency savings of over $250 million

Our people

- Launched our refreshed purpose, values and code of conduct, *Our Ethics*
- Negotiated a new Licensed Post Office (LPO) Payment Scheme
- Employee engagement of 68 per cent
- Launched a new incident management reporting tool, OneSafe
- Extended our wellbeing programs
- Updated and launched our Alcohol and Other Drugs policy

Our customers and communities

- Gained support of 74 financial institutions for landmark new Bank@Post agreement
- Record high net promoter score (NPS) of 20.5
- 316 million digital customer visits and 230 million retail customer visits
- $16.4 million contributed to the community programs
- Developed new retail and digital channels to China

Our network

- $423.9 million capital investment
- Express Post next day delivery network expanded to 500 additional postcodes
- Boosted processing capacity with new automation in Melbourne, Sydney and Brisbane
- Began construction of our largest ever facility in Redbank, Queensland
- Launched a new commercial international delivery solution to New Zealand
- Began the roll out of 30,000 NextGen scanners to our network

Our innovation and expertise

- Highest rated postal app in the world
- Launched new Police Check and Workforce Verification services
- POST+ mobile system deployed to improve in-store customer service
- Trialled a new domestic letter with tracking product
- Started deploying electric delivery vehicles to provide our posties with increased capacity for parcels and mail and improve safety

Our environment

- Rollout of LED lighting program, eliminating 11,000 tonnes of carbon
- Launched our first compostable packaging
- Incorporated sustainable energy efficiency initiatives in the design of new facilities
- Achieved a score of 90.7 per cent, equivalent to a gold status, in the annual emissions management survey conducted by the International Post Corporation
- Reduced landfill through e-waste and fabric recycling programs

Performance against targets

Performance indicator	Standard/Target	Performance
Profit before tax	$25.0 million	$41.1 million
Shareholder return on equity	0.7%	1.7%
Ordinary dividend declared for 2018/19	$7.983 million	$25.335 million
Ordinary dividend paid in 2018/19	$41.811 million	$42.205 million
Street posting boxes	10,000	15,037
On-time letter delivery	94.0%	98.9%
Retail outlets (total)	4,000	4,343
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%

Who we are

We belong to
25.5
million
Australians.

Nagambie Licensees Andrew and Alison Biggs.

Australia Post has been at the heart of Australian communities for more than 200 years, connecting them to each other and the world.

As Australia's leading logistics, postal and integrated services business, we support our customers to grow and communities to thrive, helping to unlock opportunities for all Australians. Our objective is to create products that people value and trust, and to always deliver great service and value to our customers and the community.

As a Government Business Enterprise (GBE) operating under the *Australian Postal Corporation Act 1989* (APC Act), we are a completely self-funding business with both commercial and community service obligations. We make the best use of our assets and resources in order to earn profits that can be reinvested in our business for the benefit of the Australian community.

Under our community service obligations (CSO), as set out in section 27 of the APC Act, we are required to provide an accessible and reliable letters service, at a uniform price, for all Australians, wherever they live.

But we deliver much, much more than just our community service obligations.

Over recent years, we have been transforming our business and investing in our people and infrastructure to meet the ever-changing expectations of our customers.

As a result, Australia Post has become an important enabler for the growth of online shopping in Australia. Today, we handle over 80 per cent of all items that need to be delivered from businesses to consumers.

Our post offices are increasingly the teller of the nation – a vital shopfront in every community, where Australians can transact with hundreds of other organisations, including banks, business and government agencies. These services also help to create more inclusive, vibrant communities where everyone can access a world of opportunity.

Our activities contribute around $6 billion annually to Australia's economy. 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.

We have a total workforce of approximately 80,000 people, made up of 36,000 employees and an extended workforce of contractors, licensees and sub-contractors. 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

Our annual report provides an overview of our business activities and our financial, environmental and social performance for the 2018/19 financial year in a single, integrated report.

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

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

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

The disclosures in this report are aligned with the main principles outlined in the Task Force on Climate-related Financial Disclosures (TCFD). Further details can be found on our CDP submission via our website.

This report is approved by the Australia Post Board and presented to Australia Post's Shareholder Ministers in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013*.

Unless otherwise stated, the information in this report refers to the entire Australia Post Group for the 2018/19 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 2018/19.

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.

We use these symbols throughout the report to signal content relating to the six capitals of the Integrated Reporting <IR> 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

The top 10 material issues nominated by our internal and external stakeholders for 2019 were:

1. Employee safety, health and wellbeing
2. Viable parcel business
3. Fair labour practices
4. Operating profitably
5. Customer experience
6. Workforce engagement
7. Corporate governance
8. Changing competitive landscape
9. Transparency and disclosure
10. Post Office transformation

More information about the materiality index 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.

Values

During 2018/19, we launched our refreshed purpose and values. Our purpose is to connect people with each other and the world. We unlock opportunities for everyone.

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

Trust

Do the right thing

Communities rely on us. We have the courage to speak up, be honest and take responsibility for our actions.

Inclusivity

Respect everyone

Everyone deserves to belong. We ensure people feel respected and included.

Empowerment

Find a way

The world is full of possibility. We challenge ourselves to create a better future for everyone and get the job done.

Safety

Be safe and well

Everyone should feel safe and well in the course of their day. We support and care for each other.

EVERYONE DESERVES TO BELONG

Anthony Moufarrege has been with Australia Post for nearly two years. In order to manage his mild cerebral palsy, Anthony's managers have worked with him to modify the type of work he does.

"They really helped me throughout the daily chores at work and my transition to working five days a week," Anthony said.

"They took me with open arms and made me who I am today. I knew I was at home at Australia Post."

Anthony Moufarrege, Operations Clerk from Botany Postal Delivery Centre in NSW.

Stala Dimitriou and Yolanda Torres Dela Vega at the Dandenong Letters Centre in Victoria.

Chairman’s message

We continued to implement large-scale change this year, while staying true to our original purpose as the organisation that connects Australians to each other and the world.

This was another year of significant achievement amidst ongoing change for Australia Post, as we delivered on our twin objectives of providing an accessible, reliable nationwide community service, while remaining profitable.

Just like postal businesses around the world, the digital disruption of our traditional core business (particularly the declining use of letters) remains our primary challenge. To illustrate this, the amount of addressed letters sent in Australia this year was just 44.9 per cent of the volume that we handled back in 2007/08. Meanwhile, population growth has added an extra 1.7 million delivery points to our network over the past 11 years, so we are now servicing 12.1 million delivery points.

Importantly, over this period, we have been purposefully transforming Australia Post to seize new customer opportunities. With the growth of online shopping, we have become the nation’s dominant provider of business-to-consumer delivery services. Pleasingly, our domestic parcel revenue grew by 9.2 per cent, this year alone.

These large-scale, year-on-year changes in the composition of our core business, require continual operational and cultural change, and a vigilant focus on cost efficiency. I am incredibly proud of the way this transformation is being managed by our nationwide team.

Investing for the future

In total, we invested $423.9 million across our strategic projects, asset replacement and acquisitions in 2018/19. The majority of this capital was directed towards equipping our operational network to efficiently manage future growth in parcels driven by online shopping. This added network capacity is being augmented by investments in other new equipment and technology, such as NextGen scanners and electric delivery vehicles (eDVs), reflecting our commitment to safety, efficiency and improving the customer experience.

Post offices

Our post offices provide vital, in-person access to a broad range of essential services in communities across Australia. So, we remain absolutely committed to maintaining post office outlets, as required under our CSO. However, we recognise that we will need to continue to add new financial and government services, as well as other transactional services, to sustain community-based post offices into the future.

The signing of new Bank@Post agreements with 74 financial institutions was a significant milestone this year, because it secured additional funding for investment in the post office network, including an important payment boost for our LPO partners.

Behaving responsibly

The concept of carefully balancing our commercial performance with our social and environmental impacts is an ingrained feature of our business model. This Report reflects a responsible approach to conducting our business by reporting on our achievements in accordance with the Integrated Reporting <IR> framework; the GRI Standards Core option and the UN Global Compact.

Thank you

In her first full financial year as our Group Chief Executive Officer and Managing Director, Christine Holgate has really made an impression on the business, including refreshing the composition of our senior executive team. I would especially like to acknowledge this largely new team for their 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 – and, in doing so, you truly demonstrate that “everyone matters” to Australia Post.

John Stanhope AM
Chairman

Strategic direction

In 2019, we won a Corporate Register Reporting award for our 2018 integrated annual report. We are the first organisation in our region to win this global award.

Our scanning technology is providing more visibility of deliveries for our customers.

We support our customers to grow and the communities we operate in to thrive. Our future will be based on growth and driving our business more efficiently, through investments in new products and services; outstanding customer experiences; and enhancements to the skills, engagement and safety of our people.

We want our business to grow so that it delivers $10 billion in revenue and $500 million in profit, 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 homes are shopping online and 12 per cent of consumer spending is expected to be online by 2021. We are well placed to continue to play a leading role in eCommerce, and to increase our role in the provision of vital financial and government services, especially in regional and rural communities.

We need to capitalise on the opportunities that international growth, particularly in eCommerce, present and invest in our business so that our people and our infrastructure can meet that growth.

The combination of our trusted brand and our unrivalled physical and digital networks, presents a broad range of opportunities to create new and enhanced products and services.

Our strategy helps to unlock opportunities for everyone by focusing on:

1. Improving the safety and engagement of our people
2. Investing in our network capability and capacity to be best in class
3. Expanding our role in financial and government services
4. Offering competitive inbound and outbound international delivery services
5. Improving customer experience
6. Making continued progress against our 2020 environmental targets

Group Chief Executive Officer and Managing Director's message

I am pleased to report Australia Post earned record full year revenue of $6,989.8 million and a profit before tax of $41.1 million in the 2018/19 year.

Although our profit is down year-on-year, our final results mask some significant achievements and changes in our business.

Our domestic parcel business confirmed Australia Post's market leadership position, growing at approximately 9.2 per cent, including our StarTrack Road business. This business now contributes almost half of our Group revenues. Pleasingly we achieved our highest growth rates in the last 10 years, as more and more customers choose Australia Post to partner with, to deliver their eCommerce solutions.

Our international parcel business grew 15.7 per cent to $586.1 million, underpinned by the successful consolidation of our global eCommerce business, APG. We bought back in the year the 60 per cent stake in our international commercial arm, to give us important control of this growing business, pleasingly at a price lower than we had sold it for.

And our increasingly important identity and financial services portfolios contributed over $500 million, boosted by the support of our major banking partners, CBA, Westpac and NAB and 71 other financial services institutions who all signed new multiple year Bank@Post agreements. These new agreements will enable critical investment in our Community Post Offices and will protect and ensure that all communities have access to local banking services.

However, our letter business both domestically and internationally declined 8.9 per cent to $2,216.3 million. This business remains very important for Australia Post, to the communities we serve and for supporting the roles of our Community Post Offices and our posties.

Our posties deliver to over 12.1 million homes and businesses across the country, even if they have just one letter or one hundred. There has not been an increase in the last three plus years to the basic postage rate, since then we deliver 822.1 million fewer letters, but to over 700,000 more homes, as Australia's population continues to grow. The result is we have significantly declined letter revenues, but much greater costs to operate the letter service. As a result, our losses from our letters business in the year were $191.7 million, following a further 8.9 per cent decline in revenue.

Our posties were able to deliver an average of 41.5 per cent of our parcels. This significantly contributed to the over $250 million of efficiency savings we made in the year. Without this, our letter losses would have been greater, as a result the roles of our posties would have increasingly come under threat.

Addressing letter pricing responsibly, along with driving further efficiency savings, is important in the year ahead to ensure we continue to protect our important Community Post Offices and services for the needs of our customers.

Focusing on our customers and improving their service remains an important priority for the business. I am pleased to report that whilst more work is still required, we made significant headway.

We met or surpassed all our community service obligations, including delivering on time and ensuring access to Community Post Offices and post boxes.

Our net promoter score, a measure of customer satisfaction, rose significantly for all our customer groups. Complaints to the Ombudsman were down 30 per cent. We committed more resources to manage customer enquiries efficiently and trained over 20,000 employees in customer service.

We invested over $423.9 million in our operational network in the period, including installing new sorting automation and tracking in Sydney, Melbourne and Canberra, just in time for our record-breaking Christmas 2018 peak. And not least, we continued to focus on giving our customers more choices for deliveries, faster delivery times and new and innovative products.

We have also made a number of investments to support future growth. One of these include constructing the Brisbane Parcels Facility, which when completed will be the largest parcel centre in the Southern Hemisphere and will enable us to process over 40,000 parcels an hour, as we meet the growing demands of eCommerce. Another is the significant investment committed to the rolling out of new technology across our post office network, which will equip them to continue to expand their role in their communities.

As we look forward to the future, we believe it is increasingly important we operate responsibly in consideration to our environment and the role we play in society. I am pleased to share that our Board has endorsed a three-year Corporate Responsibility Plan, which encapsulates this commitment, whilst rising to the increasing needs of our customers and our need to be sustainable.

In the year, we sold our 10.1 per cent stake in Aramex, a Middle East logistics provider, which de-risked our balance sheet and strengthened management's focus on Australia Post.

Our investments were funded by utilising our cash flows from our business operations and we did not increase bank debt. Pleasingly our cash flow from operating activities grew 26.8 per cent in the year, supporting a stronger closing cash balance even after the significant investments made.

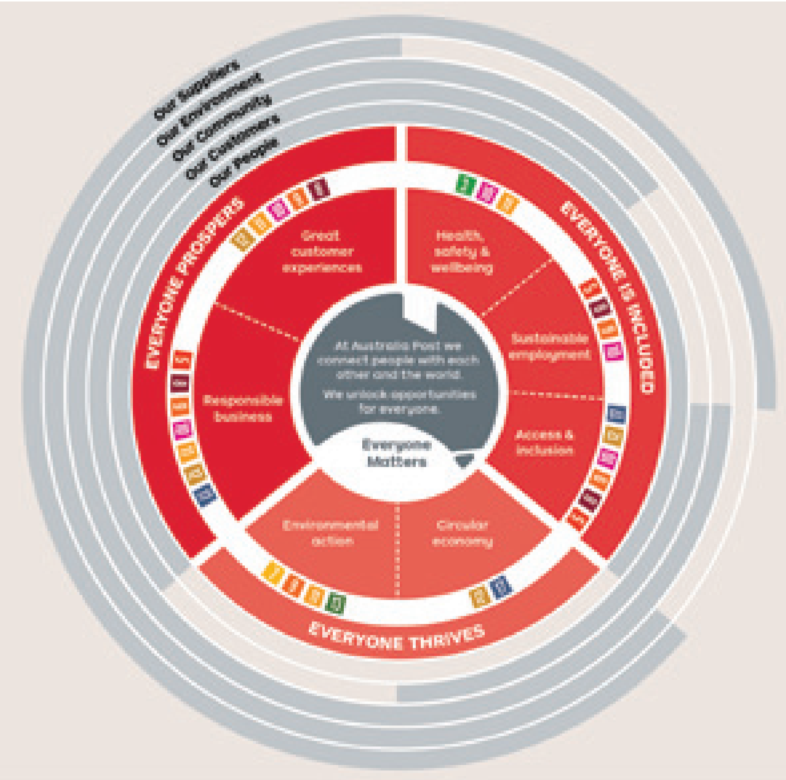
None of our achievements could have been possible without the significant contribution from our people. In the year we launched our new values, Trust, Inclusivity, Empowerment and Safety; they are the TIES that bind us together. A great example of our people living these values, was when last Christmas they pulled together to deliver for our customers through the most challenging weather conditions, from bushfires to floods, Australia Post still came to your home.

The safety of our people remains our biggest priority and although significant effort was made to improve awareness, training, and investing in new delivery vehicles, our injury rate remains at a level we are not comfortable with. With the support of our Board, this will remain an important focus for the years ahead.

I would like to thank our many important stakeholders for all that you do to support Australia Post. Thank you to our hardworking Licensed Post Office Partners and Contractor Delivery Teams, for playing such an important role. Thank you to our Board, Executive Team and our employees, for your commitment and hard work. Thank you to our Shareholder, for your support in enabling our business plans. And most importantly, thank you to the people of Australia, our customers, for whom we are here to serve.

Christine Holgate
Group Chief Executive Officer and Managing Director

Corporate responsibility



How everyone matters: integrating our purpose, our commitment to operating responsibly and the UN Sustainable Development Goals.

Our ongoing commitment to operating responsibly was validated by a number of external bodies that recognised our achievement in 2018/19. Some highlights of the past year include:

- winning 10 industry awards for our quality customer solutions, sustainability innovations, and social procurement and supplier diversity practices (see page 157),
- achieving gender pay parity for the third consecutive year, coinciding with a commemorative stamp to celebrate 50 years of the principle of equal pay for equal work in Australia, and
- commencing deployment of over 1,000 electric delivery vehicles, which are safer for our people, better for the environment and equip our posties to deliver more small parcels.

Everyone Matters: Our plan for inclusive and sustainable prosperity

Our new brand campaign *Everyone Matters*, launched in July 2018, reinforces our social purpose and community motivation. As a Government Business Enterprise, we directly and indirectly contribute to Australia's economic growth and reinvest in the Australian community by being:

- one of Australia's most accessible and trusted brands,
- one of Australia's largest and most diverse workforces,
- a long-term and essential connector of individuals, communities and businesses – whether large or small, and
- a profitable business for our shareholder, the Australian Government.

These long-term contributions have been underscored by the Board's June 2019 endorsement of our new 2020-2022 Group Corporate Responsibility Plan. *Everyone Matters: Our plan for inclusive and sustainable priority* outlines seven areas of focus and 19 clear commitments that will create new forms of economic, social and environmental value for our business and the Australian community. The plan is underpinned by, and seeks to advance, the UN Sustainable Development Goals (SDGs) – the world's sustainability agenda for 2030. You can read all about our latest commitment to corporate responsibility at: auspost.com.au/CR

Helping communities to prosper

We are proud to support and contribute to the communities we operate in, to help them thrive and to deliver our services responsibly and sustainably.

- We contributed more than $16.4 million to communities last year through community investment initiatives and value-in-kind. (See more in *Our Customers and Communities*)
- We continue to grow our business while reducing our carbon footprint and are on track to meet our 2020 carbon reduction target. (See more in *Our Environment*)
- We launched our updated code of conduct, *Our Ethics*, which is designed to ensure we continue to act and work with integrity and comply with all applicable laws, regulations, codes, policies and procedures. (See more in *Our People*)
- We spent $21.4 million with social and Indigenous suppliers, creating new employment opportunities for these organisations. (See more in *Our Customers and Communities*)

In 2019, we won a Corporate Register Reporting award for our 2018 integrated annual report which outlined our financial, social and environmental performance. We are the first organisation in our region to win this global award.

Jessica Dean and Danelle Hyde at Broome Post Office, Western Australia.

Value creation

Our business performance

Key inputs

- $278.5 million cash from operations
- $5,535.6 million gross assets
- $448.8 million cash used in investing
- Assets of $7.932 billion managed under Australia Post Superannuation scheme

Key activities

- Transformational investment of $423.9 million in infrastructure and vehicles to harness parcel growth
- Historic agreement with the banks to invest in our Bank@Post services
- Refreshed international products to offer greater customer choice
- Expansion of digital identity and verification products

Key outcomes

- $6.99 billion in revenue
- $41.1 million in profit before tax
- $42.2 million dividend paid to our Shareholder
- 9.2 per cent increase in domestic parcel revenue
- 8.9 per cent decrease in domestic and international letters revenue
- 15.7 per cent increase in international parcels revenue
- AA- credit rating
- Over $250 million business efficiency savings
- 57 Bank@Post agreements signed covering 74 financial institutions

Our people

Key inputs

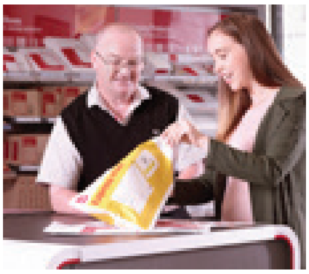
- Approximately 80,000 employees, community postal agents, licensees and contractors
- Technical and sector expertise
- A diverse and engaged workforce
- Making safety a priority

Key activities

- New agreement signed with LPOs
- Investment in our people through our Retail Academy and Tech Academy
- Launched refreshed values and purpose
- Improved safety incident management with OneSafe safety reporting tool
- Initiatives, education and equipment to reduce exposure to injury
- A range of programs to support and embrace our diverse workforce

Key outcomes

- Employee engagement at 68 per cent
- 3,291 total reportable injuries, representing Total Reportable Injury and Frequency Rate (TRIFR) of 56.4
- Decrease in body stress injuries
- Gender pay parity for the third year running
- Safer delivery vehicles for our people
- An average of 41.5 per cent of parcels delivered by posties



Our customers and communities

Key inputs

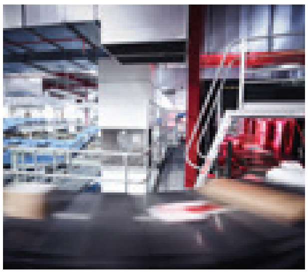
- 316 million digital customer visits
- 230 million retail customer visits
- Trusted presence in communities across Australia

Key activities

- People empowered to resolve issues on first contact
- Faster internet with the NBN connected at 757 post offices
- Increased choice and convenience for our customers for their deliveries
- Supported businesses to export products into China
- Supported communities through weather-related hardships
- More delivery choices for consumers and business customers
- Social and Indigenous procurement
- Workplace giving and community grants programs

Key outcomes

- 90 million parcels delivered through our post office network
- Complaints about Australia Post (including StarTrack) to the Postal Industry Ombudsman down 30 per cent year-on-year
- NPS of 20.5, up 3.4 points
- Repeat calls to contact centre down 50 per cent
- Engagement with international customers at the eCommerce Cross Border Expo and China International Import Expo
- Contributed $16.4 million to the community
- Contributed $571.6 million in government taxes, duties and dividends
- $215,000 in Community Grants and more than $820,000 in matched donations through our Workplace Giving program



Our network

Key inputs

- 12.1 million delivery points
- 4,343 post offices
- 15,037 street posting boxes
- Delivering to 214 countries
- 30,218 parcel lockers across 375 locations
- 2,768 electric bikes (EAMBs) and electric delivery vehicles (eDVs)
- 6,224 motor bikes
- 4,845 vans, trucks, utes and cars
- 6 dedicated airline freighters in partnership with Qantas
- 461 facilities
- 250 tonnes of parcels airfreighted each night

Key activities

- Commenced building the biggest parcel processing and delivery facility in the southern hemisphere
- Automation at four delivery centre sites, automating the handling of 90 million parcels a year
- Memorandum of understanding signed with Qantas for seven year air freight contract
- 500 additional Express Post next day delivery postcodes
- Acquisition of APG, positioning us as a global provider of cross-border eCommerce

Key outcomes

- 3.3 billion items delivered to more than 12 .1 million delivery points
- Record parcel delivery of 40 million parcels in December, including 3 million on one day and 10 days over 2 million
- 204,000 daily manual handling touchpoints removed
- 94.3 million additional items automated, representing a 29 per cent increase on last year
- $4 million efficiency saving automated dimension and weighing capability

Our innovation and expertise

Key inputs

- Partnerships with customers and collaborators
- Highly skilled and experienced workforce
- Reach and scale of our networks

Key activities

- Launched Police Check and Workforce Verification services
- Trialled a new tracked letters service
- 400 POST+ mobile scanners launched in retail outlets
- Continued to improve our Australia Post app
- Identified new ways to support Australian brands exporting into China

Key outcomes

- Sustained service during peak
- 100 millionth parcel lodgement via API, since this platform was launched in 2015
- $1.4 million revenue from tracked letter product
- Digital iD™ the first identify platform to obtain the Federal government's identify framework accreditation
- More scan events and visibility for our customers
- Digital payment and identification verification options
- China Direct store-in-store and online presence launched, providing a pathway for 600 products into China

Our environment

Key inputs

- Electricity consumption of 179,725 Mwh in our network
- Self-generation of 4,723 Mwh from onsite solar
- 40.6 million litres of fuel used by our own fleet and 74.3 million litres used by contractors

Key activities

- Moved to LED lighting across 105 facilities
- Launched our first biodegradable satchel
- Designed our new facilities with energy efficiency as a priority
- Improved our recycling and reuse to reduce landfill
- Provided reuse and recycling solutions for e-waste
- Increased the size of our electric delivery vehicle fleet

Key outcomes

- $2.3 million saving and 11,000 tonnes of carbon eliminated from LED program
- Reduction in textile waste to landfill through innovative partnerships with the Salvos and Red Cross
- Solar panels included in the design of our new Brisbane Parcels Facility
- Award winning partnership with PonyUp for Good, reducing e-waste to landfill and creating meals through Second Bite

Our business performance

John Manno and Allan Paul Gaw, Western DC in Sunshine, Victoria.

OUR BUSINESS PERFORMANCE HIGHLIGHTS

Revenue of $6.99 billion

Profit before tax of $41.1 million

Efficiency savings of over $250 million

19th consecutive year all community obligations exceeded

Financial performance

Australia Post recorded a full-year profit before tax of $41.1 million this year, down from $125.7 million in 2017/18. This result was impacted by continuing losses in the letters business but offset in part by strong growth in parcel volumes, additional funding from the Bank@Post Community Representation Fee (CRF) and our focus on efficiency programs.

We earned total revenue of $6.99 billion in 2018/19, up 1.6 per cent on the previous year.

Revenue in the parcels and services business was up 7.7 per cent to $4.8 billion, driven by strong performance in the domestic parcels business. However, revenue from the addressed letters business declined by 8.9 per cent this year, as the volume of addressed letters fell by a further 9.0 per cent.

Compared to 2016, the annual volume of letters mailed in Australia is down 28.4 per cent, or 822.1 million fewer letters per year. Meanwhile, over this three year period, population growth has added the cost of approximately 700,000 new delivery points to the nationwide network, which now totals 12.1 million delivery points.

Revenue from international parcels was up 15.7 per cent, driven by the impact of the APG acquisition in December 2018. After a couple of years of strong growth, total international parcel volumes declined by 24.9 per cent this year due to several factors, including the fall in the value of the Australian Dollar and the introduction of the GST on low-value imported goods.

We signed the historic Bank@Post community agreements this year, first with Commonwealth Bank, NAB and Westpac and then others to cover a total of 74 financial institutions. The Community Representation Fee paid by these institutions will enable their customers to continue to conduct banking transactions in 3,500 Post Offices across Australia using the Bank@Post service.

In February 2019 we reached an agreement with our incredibly important post office licensees – increasing their total annual payments by $34 million.

We continued to invest in transforming the business this year spending $423.9 million across our strategic projects, asset replacement and acquisitions. A major focus of this investment is in network automation and expanding our processing and delivery capacity to efficiently handle future growth in parcel volumes.

Total expenditure of $6.95 billion was up 2.8 per cent on last year, driven by the additional expense involved in delivering record volumes in our growing parcels business; the costs associated with the APG acquisition; and the boost in LPO payments. Our strong focus on cost efficiency programs contributed more than $250 million in cost savings this year.

During the financial year, we paid $42.2 million in dividends to our Shareholder, the Commonwealth Government. Based on this year's result, our declared dividend payment will be $25.3 million. Our award workforce received a 2.0 per cent annual wage increase, together with a 1.0 per cent One Team bonus payment.

Our balance sheet remains healthy, with a closing cash balance of $628.0 million.

Once again, this year, we either met or exceeded all of the prescribed performance standards that underpin the community service obligations, including maintaining 4,343 post offices and delivering 98.9 per cent of letters on time or early.

We processed more than

75

million banking and Post Billpay transactions last year.

CUTTING THROUGH WITH DIRECT MAIL

Artisan food and beverage retailer, Maggie Beer, has a large email database of Food Club members who are sent a bi-monthly electronic direct email, the Good Food News newsletter. On average the conversion rate had been 0.01 per cent and at Christmas time, the business wanted to raise awareness for the seasonal offering and re-engage Food Club members who had not made a purchase in more than six months.

We recommended a promotional direct mail option with an offer of 20 per cent discount off hampers, which buyers could access through a campaign code, allowing us to track the success of the campaign.

The Promo Post addressed mail campaign was successful in driving sales. Familiarity with the Maggie Beer brand and previous purchasing behaviour clearly also contributed to the campaign's success.

With 1,200 sales, as well as a very positive revenue uplift in sales over a five-week period, the addressed mail component of the campaign was considered to be extremely successful.

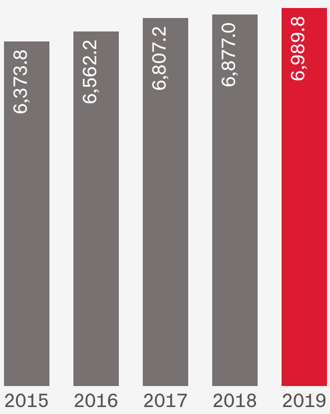
Maggie Beer's addressed mail campaign achieved higher conversion than their electronic mail newsletter.

Five-year trends		2015	2016	2017	2018	2019
Volumes[1]	(m)	4,314.2	4,023.5	3,634.1	3,342.4	3,123.4
Revenue	($m)	6,373.8	6,562.2	6,807.2	6,877.0	6,989.8
Expenditure	($m)	6,726.2	6,520.9	6,687.6	6,757.6	6,950.3
Profit/(loss) before tax	($m)	(352.1)	41.0	126.1	125.7	41.1
Profit/(loss) after tax	($m)	(221.7)	36.4	95.4	134.2	40.6
Total assets	($m)	5,094.4	5,043.2	5,537.3	5,589.1	5,535.6
Return on equity[2]	(%)	(14.9)	2.3	5.9	7.8	2.3
Return on average operating assets	(%)	(8.2)	1.8	4.0	3.3	1.6
Debt to debt plus equity	(%)	27.2	27.8	24.9	22.9	23.6
Dividends declared	($m)	–	20.0	63.3	83.1	25.3
Dividends paid	($m)	–	–	50.1	78.5	42.2
Community service obligations	($m)	211.6	183.6	389.9	403.5	392.2
Total taxes and government charges	($m)	433.9	399.3	469.5	540.2	529.4
Interest cover	(times)	(10.2)	2.2	3.6	4.9	2.2
Capital expenditure	($m)	342.0	298.1	295.6	310.2	423.9

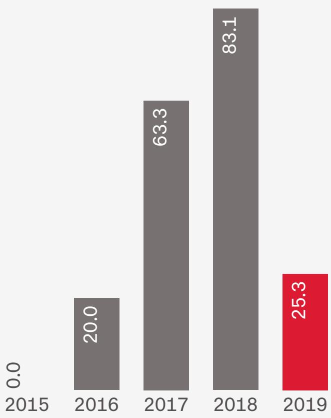
1 Volumes reflect the total number of letters and parcels processed and distributed within our network.

2 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.

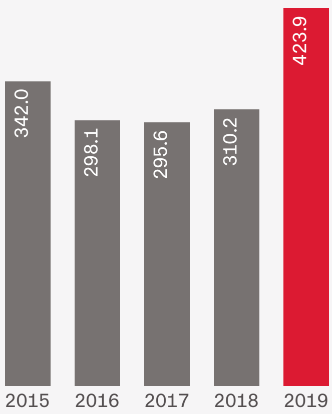
Revenue ($m)



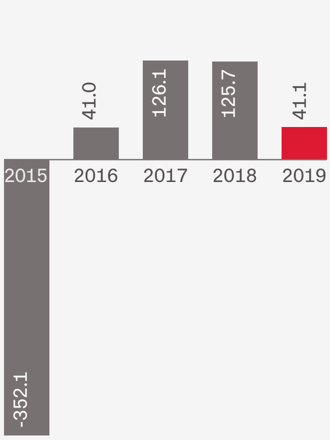
Dividends declared ($m)



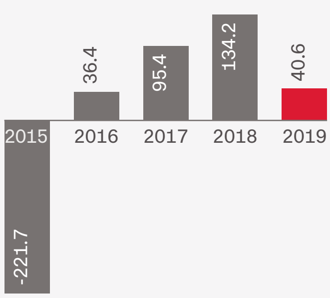
Capital expenditure (cash) ($m)



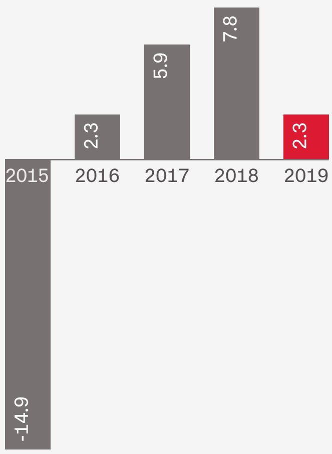
Profit/(Loss) before tax ($m)



Profit/(Loss) after tax ($m)



Return on equity (%)



For every
$1.0
we contribute to GDP, another 86 cents is created in other industries, including transport and finance.

eCommerce growth

The retail market transformed again in 2018/19, with online purchasing growing by more than 20 per cent nationally. The latest edition of the *Inside Australian Online Shopping* report shows that Australians are now spending $27.5 billion a year online, which equates to 10 per cent of all retail spending. The flow-on effect of this for Australia Post is that we continue to set records, with our domestic parcels volumes increasing by 7.3 per cent in 2018/19.

Behind this growth, we have observed some clear online shopping trends that we are incorporating into our strategic planning and our capital investment program. For instance, we have seen a 31 per cent increase in purchasing through online marketplaces, so the development of our partnerships with businesses such as Kogan and Catch are important to harness this growth.

Speed of service is being used by retailers as a competitive advantage to convert sales and retain loyalty, and we have been able to meet these demands for customers such as Cotton On and THE ICONIC, with our increased automation, increasing delivery of parcels by posties and the uplift in airfreighting.

We have also seen an increase in the number of peaks during the year, with Australians embracing online sales events, such as Black Friday, Cyber Monday, Singles Day, and peaks following long weekends. We are improving how we plan for these peaks, so that we are properly prepared to deliver quickly for our customers.

With the rise of eCommerce, consumers now have a world of choice and are increasingly buying goods from international locations. As a result, we are seeing increasing demand from overseas for clean, safe, premium-quality Australian-made products. We are supporting Australian businesses to capitalise on this growth through a range of initiatives. For Australians who are looking for value overseas, China is now clearly the dominant source of inbound goods, with 40 per cent of purchases by Australians coming from China.

We strengthened our international capability this year by securing full ownership of Aramex Global Solutions, which we previously held in a joint venture with Aramex. Since renamed Australia Post Global (APG), this company provides end-to-end, cross-border logistics solutions to international retailers, including access to customs clearance capabilities and our last-mile delivery network in Australia.

Transforming our business

While parcel volume and revenue continues to grow, the Australian community's use of letters is still declining, with letter volumes falling 9.0 per cent this year.

We have not turned our back on letters though, and we will continue to fight to keep this part of our business alive. We introduced our tracked letter product this year and encouraged businesses to use letters as a means of marketing communication that achieves cut through. As a result, we saw some positive movements in segments of the letters service this year with revenue from unaddressed mail up 3.4 per cent. This growth was largely due to the postage of election materials and postal votes for the Federal, NSW and Victorian elections.

However, the combination of continuing volume decline, the fixed cost nature of our letters business and the addition of around 200,000 new addresses to our delivery network each year, will continue to be a financial challenge that is difficult to manage.

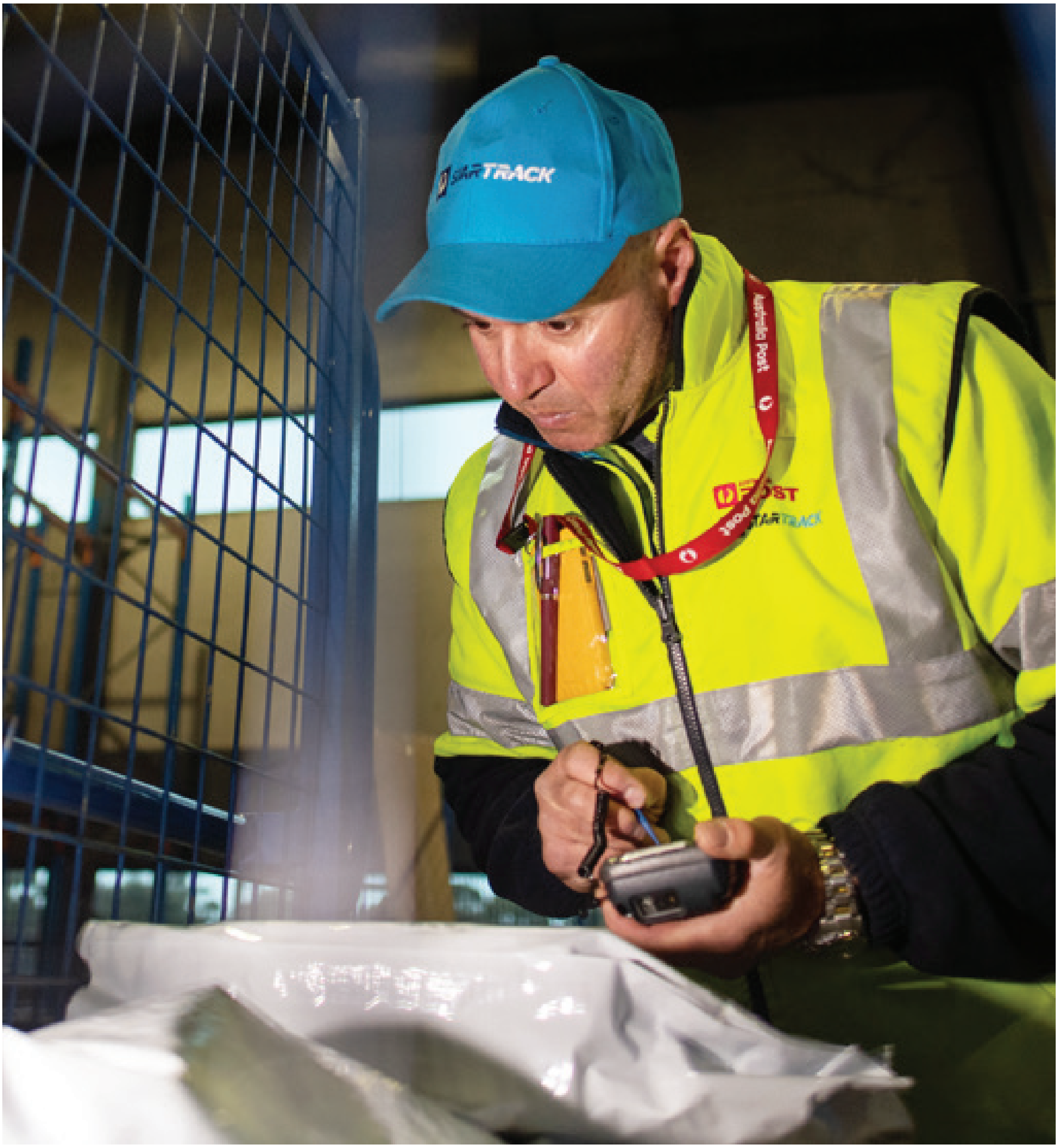
Future outlook

There will be significant pressure on profitability in the 2019/20 financial year due to the continued decline in letters and cautious economic forecasts. Our challenge is to balance the need to continue to service our community who still rely on traditional mail delivery services, with the need to grow in other areas, such as parcel delivery.

To support our ability to keep our post offices open and provide essential services to communities across the country, as well as keep posties delivering five days a week, we have made an application to the Australian Competition and Consumer Commission (ACCC) to increase the cost of a postage stamp in 2019/20. We will continue to protect our most vulnerable customers by holding the price of a concession stamp at 60 cents and keeping Christmas card stamps at 65 cents.

In 2019/20, we move into the second year of our three-year $900 million capital investment program, with the delivery of new equipment, automation and new sites. We will continue to trial new products and seek new growth opportunities, particularly in financial and government services and the delivery of international eCommerce.

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



Vincenzo Giovannitti at Sharps Road Premium facility, Tullamarine in Victoria.

Our people

Luong Thanh Pham,
Dandenong Letters
Centre in Victoria.

OUR PEOPLE HIGHLIGHTS

Improving the way we report and manage incidents

Launching our new values and purpose

A new payment scheme for our licensees

Supporting an inclusive economy

Our workforce is the backbone of our business. Our people deliver essential public services through millions of interactions every year and make a difference for our customers, large and small. So we are committed to keeping our greatest asset safe and engaged, with appropriate resources and meaningful work.

Our new purpose and values

We launched our new purpose and values this year, articulating the principles and aspirations of our business in how we work together and how we deliver for our customers.

Our purpose at Australia Post is to connect people with each other and the world. We unlock opportunities for everyone – and we set this as a benchmark for our business, every day.

Our values of Trust, Inclusivity, Empowerment and Safety (TIES) bind us together as an organisation, helping to ensure our people, our customers and the Australian community are at the centre of everything we do.

We chose to launch the values through storytelling by our people, who shared their own interpretation of each value. And we continue to see people demonstrate their commitment to our values every day, in how they work and interact with each other.

Measuring employee engagement

We measured employee engagement through say2action, the annual survey where our people have their say about the organisation. A change in our survey provider and methodology in 2019 resulted in a new baseline for how we measure engagement. At a headline level, our enterprise-wide engagement score was 68 per cent, however when this score is adjusted to align with the methodology used last year, it shows that engagement remained at the same level as last year, at 60 per cent. Employees responded positively in the important areas of safety; the emphasis on customers and communities; and the clarity of our strategy.

The results provided insight into areas where we can improve, including living our values every day and providing career opportunities for our people. We received clear feedback through say2action that we must continue to equip our people with the skills to have sustainable, meaningful work as our business transforms.

A new payment scheme for our licensees

We signed a new agreement with our Licensed Post Office (LPO) network this year, the first major change to this agreement in 26 years. The new agreement includes an increase in their minimum payment of 25 per cent; as well as 50 per cent increases in payments for some transactions. The payment increases embedded in the new agreement equate to an additional $34 million per annum that we are investing in the viability and long-term sustainability of community-based LPOs.

Our licensees are critical to our network. They are the face of our brand and the people our customers connect with in many communities, and this agreement lays the foundation for the vital work they do for our organisation.

Operating ethically and reporting transparently

As part of our refreshed values, in March 2019 we launched our updated code of conduct, *Our Ethics*. This important policy is designed to ensure we continue to act and work with integrity and comply with all applicable laws, regulations, codes, policies and procedures.

We are committed to ensuring our operations and supply chain are slavery free. A cross-functional group has been established to design a leading-practice approach to managing and reporting on modern slavery, in accordance with new government legislation.

Safety

The safety of our people is our number one priority. Our refreshed values have safety at the forefront and we are committed to creating workplaces where everyone feels safe and well in the course of their day, and where we support and care for each other.

As our network expands and transforms we need to ensure that safety is at the centre of our everyday operational decision-making, as well as our longer-term decisions about future investment.

That is one of the reasons for our investment in parcel-sorting automation. We are determined to reduce manual handling by our workforce, as the volume of parcels in our facilities grows. It is also why we have extended our Employee Assistance Program to our broader workforce and their family members, with the introduction of the Workforce Assistance Program, to make sure they feel supported at all times. And it is why we have improved our safety reporting and incident management, to manage safety exposures and deal with incidents thoroughly and effectively.

Safety performance – Australia Post Group#	2018	2019
TRIFR	51.1	56.4
Injury Rate	42.7	41.7
Disease Rate	8.4	14.7
Fatalities (number)	1	0
Fatality rate (per million kilometres)	0.003	0.0

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

Only employee fatalities are counted where these are accepted workers compensation claims pursuant to the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act). There were no employee fatalities in 2018/19. However, there were two fatalities associated with our operations this year. (See Safety Performance section for further information.)

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 2018 to 30 June 2019, reported as at 30 June 2019.

Total Recordable Injuries (TRIs) and Frequency Rate (TRIFR) are employee occupational work related incidents where medical treatment has been obtained 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 2018 to 30 June 2019, reported as at 30 June 2019. During July 2019, 119 additional TRIs were lodged for the previous period.

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 calculated per one million exposure worked hours.

The Injury Rate and Disease Rate figures reported in the 2017/18 Annual Report were calculated per 200,000 hours worked where these were specifically related to only accepted workers compensation claims. The Injury and Disease Rates for 2018/19 have been revised and now are related to Total Recordable Injuries and these rates are calculated per one million exposure worked hours.

DEVELOPING OUR TECH TALENT

We are committed to developing talent in our business and we know that technical expertise is important for our future.

So, in February 2019, we established our Tech Academy, providing the opportunity for 20 people to commence a two-year program designed to build and develop talent within the digital and broader technology space, including coding, design and security.

Thousands of applications were received for the program with four of the successful candidates coming directly from our frontline retail and delivery businesses, while the broader 2019 cohort are from varying backgrounds including music, commercial aviation, photography and finance.

The Tech Academy kicked off with a 12-week technology boot camp, followed by a two-week placement across Australia Post's retail and operations businesses, and four five-month tech rotations, with opportunities for ongoing employment within a tech or digital team at the end of the program.

Through the Academy, we are working towards blending technical and commercial skills with a customer focus, to improve our business and developing the best IT talent.

Tech Academy participants recruited from frontline roles: Garrett Ingram (operations), Maggie Cao (retail), Jason Burns (postie), Gayathri Sivaram (retail).

Safety performance

Unfortunately, incidents do happen in our workplaces and we make sure we report and investigate them thoroughly to support our people and reduce future exposure to injury.

In 2018/19, we moved away from reporting all occupational injury frequency rates (AOIFR) to report on Total Recordable Injuries (TRIs) and Frequency Rate (TRIFR). There were 3,291 TRIs and 58.4 million work hours in 2018/19. This resulted in a TRIFR of 56.4 in 2018/19.

There were no employee fatalities in 2018/19. However, tragically, there were two fatalities associated with our business this year. A sub-contractor's employee died in a vehicle accident; and a member of the public passed away due to complications after a fall in a facility. These tragic incidents reinforce our commitment to making the safety and wellbeing of our people, and the public, our biggest priority.

We continue to implement our Enterprise Safety Strategy with a focus on building and supporting core safety management and reporting capabilities. The work we are doing to reduce Serious Injury and Fatalities (SIF) helps to identify exposure risks in our business and equips our leaders to take responsibility for developing methods of controlling workplace safety hazards.

Improving our incident management

In 2018, we launched OneSafe, our incident reporting and management system. The online application enables us to better identify and manage our exposures, and prevent incidents and injuries at work.

The application captures all information, including photos, relating to an incident in a central place so that incident investigation can start promptly and exposure to risk is reduced.

It also provides a more comprehensive picture of safety events and activities across our business, and allow us to review these events in real time, via a range of reports, meaning we can see reported events as they occur and tell others about potential hazards in similar situations.

The application will be extended to the entire employee workforce in 2019/20 and will be available as an application on our NextGen scanners, so our people can capture and manage safety-related incidents at all times.

A new Alcohol and Other Drugs Policy

In May 2019, we introduced an updated Alcohol and Other Drugs (AOD) Policy for all employees and contractors. Through the new policy, we want to ensure drugs and alcohol do not compromise the safety of our people, the quality of the service we offer to our customers, or the public's trust in our brand.

Under the new AOD Policy, we will randomly test employees and contractors to ensure they are not affected by AOD. We can also test employees and contractors where there is reasonable suspicion that they may be impaired by AOD, or post-incident and on return to work following a positive AOD test result.

Online training has been provided to all employees and contractors so that they are aware of their responsibilities and the testing process.

Focus on wellbeing

We care about the mental health and wellbeing of our workforce and we strive to have a workplace where people feel positive and supported. This creates a more productive and engaged workforce where people feel valued and satisfied with their work.

Our wellbeing programs and our focus on talking about and educating people about mental health is at the foundation of this. We offer independent, free and confidential counselling and coaching 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 reduce 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.

We also provided mental health training for our leaders, hosted lunchtime information sessions on mental health issues, and supported activities across our workplaces for R U OK? Day.

Our focus on mental health for our 2017 Safety Time received recognition with the awarding of the Allan Fels Mental Health Award at the 2018 Australian HR Institute Awards. This focus, back in 2017, was instrumental in helping change the way we think and speak about mental health at Australia Post.

To help our people set and reach their wellbeing goals, we launched the Healthy Me app this year, providing employees with access to wellbeing tools and tips. The app is gamified, so participants can win points and earn badges for taking part in activities, and it has a wellbeing check tool that assesses wellbeing on the basis of a range of mind, body, social, work and money measures.

Preventing injury

Our aim is to prevent injuries in our workplaces through the implementation of process improvements, by replacing equipment and vehicles and through education and training.

We have started to replace our fleet of over 6,000 postie motorbikes with safer options including electric bikes and three-wheeled electric vehicles. Our replacement to date of over 800 motorbikes has resulted in a 10 per cent reduction in serious motorcycle crash injuries compared with the previous year.

The increase in parcels in our network increases the potential for body stress for our workforce. To reduce these injury risks, we have invested in parcel sorting automation, being installed across nine sites by the end of 2019. With four sites complete, we are already seeing a reduction in body stressing injuries and when all nine sites are complete, the automation will remove up to 520,000 manual handling touch points each day.

Education about the risk of injury from dogs, either loose in the streets or on private properties, is important in reducing this risk to our posties. We have also trialled ultrasonic devices to discourage dogs and we work closely with local councils to address repeated dog behaviour problems.

Our Move 4 Life manual lifting program was extended to all retail outlets to increase awareness of the risks of lifting and the benefits of moving correctly. We encourage our workforce to stretch before they commence work and have released a series of instructional posters and videos, tailored to the different roles in our business.

Security at our facilities contributes to the safety of our people, so we have invested more than $30 million in security screening and security cameras at several sites this year.

Average tenure at Australia Post is

12.3

years.

We come from 146 countries and speak

64

languages.

OUR INDIGENOUS HISTORY UNCOVERED

To mark NAIDOC Week, Dale Mickelo from Northgate Mail Centre investigated the Indigenous heritage of suburb names. He extended his investigations to include suburbs named after explorers, settlers and other aspects of European culture, to celebrate National Reconciliation Week.

“Then I suggested that the labels we use to despatch to delivery centres could have the meaning printed on them,” Dale said. “For example, Capalaba is Kapella Ba, meaning place of ring-tailed bush possum and Toowong means Storm Bird.”

“It was a great way of educating people about Indigenous languages of the area and recognising the heritage of our suburb names.”

Dale Mickelo from Northgate Mail Centre in Queensland.

Diversity and inclusion

We believe our business should reflect the diverse communities we operate in and we are committed to initiatives that encourage diversity and support inclusion.

Inclusivity is one of our organisation’s values and through this value we want to ensure people feel respected and included, every day, when they come to work.

Disability

As part of our Accessibility Action Plan, we aim to attract and recruit candidates from a diverse talent pool and are currently working towards becoming a Disability Confident Recruiter, an accreditation program administered by the Australian Network on Disabilty. Once accredited we will have a barrier free recruitment process. The retention and development of all employees is important to Australia Post, including employees with a disability.

We have established an employee reference group, Accessibility Matters, comprising employees with a disability and their managers. Monthly meetings are live-captioned so that deaf attendees can fully participate. This group is providing valuable feedback on our systems and processes, identifying where we can improve the employee value proposition for our people with a disability.

Investing in our Indigenous workforce

As at 30 June 2019, we employed 675 people who identify as Indigenous. This equates to 1.92 per cent of our employed workforce, which is just below our 2018/19 target of 2.6 per cent. We are working to grow our peak, fixed and permanent Indigenous workforce and will invest in new apprenticeship pathways with StarTrack to build our Indigenous workforce.

Through our Indigenous Employee Care program, we provide support to our current Indigenous employees, to improve engagement and reduce attrition. We are creating a pipeline of Indigenous leaders through our Indigenous Emerging Leaders program, designed to inspire and connect award-level colleagues who would like to become people managers.

This year we held our first Indigenous Network Meetings across the country, providing Aboriginal and Torres Strait Islander employees with the opportunity to connect and learn about each other’s journey and build a support network within our business.

Reconciliation Action Plan

We continue to make progress on our Reconciliation Action Plan 2017- 2020 (RAP). We are monitoring our deliverables through the RAP Working Group, which meets quarterly. A number of our RAP programs and initiatives have executive sponsorship and support from senior leaders across our operations. We are procuring more services from Indigenous businesses and making sustained progress against our RAP targets.

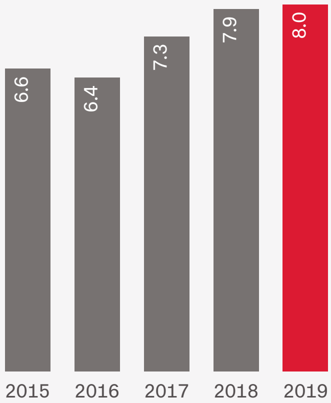
Our workforce

- Male 63.6%
- Female 36.5%

Our executive team

- Male 55.6%
- Female 44.4%

Turnover rate (%)



Diversity profile	2015*	2016*	2017^	2018^	2019^
Women	38.7%	38.7%	36.7%	36.4%	36.5%
Aboriginal and Torres Strait Islander people	1.9%	2.1%	1.8%	1.9%	1.9%
People with a disability	6.3%	6.0%	4.8%	4.3%	4.0%
Lesbian, Gay, Bisexual, Transgender and Intersex people	0.9%	0.9%	0.9%	1.2%	1.6%
Culturally and linguistically diverse	25.5%	25.3%	22.4%	22.1%	22.5%
Female Senior Managers (Band 4 and above)	33.3%	35.4%	37.7%	36.6%	38.0%
Women on Australia Post Board of Directors	25.0%	33.3%	44.4%	44.4%	44.4%
Aged under 30	9.6%	9.3%	9.6%	9.8%	10.2%
Aged 30 to 50	49.5%	48.1%	47.0%	46.1%	41.9%
Aged over 50	40.9%	42.6%	43.4%	44.1%	47.9%

^ Australia Post Group
* Australia Post only
Note: This data is based on self-declaration.

Total employees: Five year summary[1]	2015	2016	2017	2018	2019
Full-time employees	27,371	26,939	27,132	27,333	27,785
Part-time employees	8,395	7,990	7,838	7,537	7,316
Total employees	**35,766**	**34,929**	**34,970**	**34,870**	**35,101**

1 Excludes casuals and external contractors.

	Workforce Representation		Females		Males	
	No.	%	No.	%	No.	%
Permanent						
Full-time	27,005	76.9%	8,239	23.5%	18,766	53.5%
Part-time	6,772	19.3%	4,109	11.7%	2,663	7.6%
Total Permanent	**33,777**	**96.2%**	**12,348**	**35.2%**	**21,429**	**61.0%**
Fixed Term						
Full-time	780	2.2%	203	0.6%	577	1.6%
Part-time	544	1.5%	244	0.7%	300	0.9%
Total Fixed Term	**1,324**	**3.8%**	**447**	**1.3%**	**877**	**2.5%**
Total Employment	**35,101**	**100.0%**	**12,795**	**36.5%**	**22,306**	**63.5%**

All Ongoing Employees Current Report Period (2018-19)

	Male			Female			Indeterminate			Total
	Full-time	Part Time	Total Male	Full-time	Part Time	Total Female	Full-time	Part Time	Total Indeterminate	
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 Current Report Period (2018-19)

	Male			Female			Indeterminate			Total
	Full-time	Part Time	Total Male	Full-time	Part Time	Total Female	Full-time	Part Time	Total Indeterminate	
NSW	243	104	347	53	82	135	0	0	0	**482**
Qld	76	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**

All Ongoing Employees Current Report Period (2017-18)

	Male			Female			Indeterminate			Total
	Full-time	Part Time	Total Male	Full-time	Part Time	Total Female	Full-time	Part Time	Total Indeterminate	
NSW	6,500	702	7,202	2,509	1,053	3,562	0	0	0	**10,764**
Qld	2,745	445	3,190	1,298	875	2,173	0	0	0	**5,363**
SA	951	220	1,171	237	316	553	0	0	0	**1,724**
Tas	320	35	355	96	84	180	0	0	0	**535**
Vic	6,121	998	7,119	3,036	1,333	4,369	0	0	0	**11,488**
WA	1,468	192	1,660	677	514	1,191	0	0	0	**2,851**
ACT	412	61	473	110	69	179	0	0	0	**652**
NT	55	23	78	54	29	83	0	0	0	**161**
External Territories	0	0	0	0	0	0	0	0	0	**0**
Overseas	0	0	0	0	0	0	0	0	0	**0**
Total	**18,572**	**2,676**	**21,248**	**8,017**	**4,273**	**12,290**	**0**	**0**	**0**	**33,538**

Mary MacNamara, Kenneth Malthouse, Rebekah Williams and Ross Alderson meet at the Alice Springs Mail Centre and Post Office for an Indigenous employee engagement session.

All Non-Ongoing Employees Current Report Period (2017-18)

	Male			Female			Indeterminate			Total
	Full-time	Part Time	Total Male	Full-time	Part Time	Total Female	Full-time	Part Time	Total Indeterminate	
NSW	181	121	302	53	54	107	0	0	0	**409**
Qld	67	49	116	17	31	48	0	0	0	**164**
SA	34	63	97	8	16	24	0	0	0	**121**
Tas	16	3	19	3	4	7	0	0	0	**26**
Vic	179	109	288	83	80	163	0	0	0	**451**
WA	65	23	88	12	22	34	0	0	0	**122**
ACT	20	4	24	4	3	7	0	0	0	**31**
NT	2	3	5	0	3	3	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	**564**	**375**	**939**	**180**	**213**	**393**	**0**	**0**	**0**	**1,332**

Celebrating our Indigenous workforce

We celebrated NAIDOC Week in July 2018, honouring Aboriginal and Torres Strait Islander women and the roles they play in our communities, reflecting NAIDOC's theme "Because of her, we can". On the road, many of our delivery trucks proudly displayed Indigenous artwork and celebrations were held around Australia.

We also marked Reconciliation Week, from 27 May – 3 June 2019, by hosting events, breakfasts and morning teas and providing an opportunity for our people to come together and reflect on the significant milestones in the reconciliation journey.

We support the Indigenous Reading Project, which aims to improve the reading ability of Aboriginal and Torres Strait Islander students through their E-Reading project. Tablets and e-books are provided to children to encourage them to read and measure their progress. Our support of this project in 2018 included packing and delivering 150 parcels, delivered to 51 school communities across Australia.

Embracing our cultural diversity

We embrace our cultural diversity and celebrate the 146 ethnic backgrounds and 64 languages spoken by our people. Almost a quarter of our workforce (22.5 per cent) come from non-English speaking backgrounds.

Our annual Taste of Harmony activities brought people together with food and a chance to learn about each other's cultures. At sites across Australia, people shared food and customs, wore traditional costumes and hung national flags. Recipes were swapped and people shared stories of why the food they brought in was important to them. From falafel, lambshanks and curries, to baklava, sushi and lamingtons, the range of food was vast and the lunch room tables were abundant with colour.

These celebrations reflect our value of Inclusivity, ensuring people feel respected and included.

RAINBOW PEER SUPPORT GROUP

At times, it can be tough to talk about issues we face at home or in the workplace. We acknowledge at times our people may not want to discuss concerns with a trained professional, and would rather talk to a "mate". Not only a mate, but someone on the same wavelength that they trust. Someone who understands and supports all matters LGBTI+.

Customer Contact Centre employee Stu Reynolds is leading an initiative that facilitates these conversations and embodies all of our values. He is leading the Rainbow Peer Support Group, a referral group available to help anyone in the organisation to reach out for confidential support for LGBTI+ matters.

"We are not counsellors. We simply listen and guide people toward the right avenues for tailored support, such as EAP or local services," Stu said.

"It's available to all Australia Post Group staff from Brisbane to Broome, and everywhere in between."

This network has been developed to support our LGBTI+ employees to ensure we continue to provide a safe and inclusive culture for all our people.

Stu Reynolds, Senior Manager from the Customer Transformation Centre in Brisbane.

Our Pride network

PostPride is our employee network of people who are interested in joining, supporting or learning more about the Australia Post LGBTI+ community. This network is for everyone, LGBTI+ employees and allies.

We have recently established state-based PostPride teams to ensure we support our people across the country, including facilitating connections to reach out to our regional teammates.

We supported a diverse program of activities during the year, including pride marches in Melbourne, Sydney, Geelong and Perth; sponsoring the Midsumma and Australia Post Art Prize; and launching the Rainbow Peer support group.

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 for male and female permanent and fixed term employees. We define gender pay parity as within a +/-2 per cent band.

In recent years, however, we have noticed an increase in the number of women leaving our workforce, particularly in operational areas, so we have developed a Women@Post strategy to improve how we attract, grow and retain our female employees.

The strategy aims to reduce the turnover of female employees, attract women to operational roles and promote engagement and inclusion through cultural readiness activities.

Part of the strategy is an eight-week program, liaising with business leaders and HR to understand the experience of employees and develop recommendations for change. This program was piloted at a number of our deliveries facilities in Sydney and the results were analysed to identify main themes and insights to set the foundation for activities to attract women to work at Australia Post – and retain them.

We also 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.

Another program, Elevate, creates a cohort of high potential women with the confidence and capability to set up, 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.

For the second year, in partnership with Wodonga Institute of TAFE, Volvo Group, Transport Women Australia and Linfox, we supported seven candidates to retrain as a professional driver. Candidates came from across the business to train for their Heavy Rigid driver's licence.

Bhuvaneswari Chivukula at the Dandenong Letters Centre in Victoria

Future outlook

Safety remains our focus and as our network expands, we are investing to ensure our people stay safe and the risk of injury is reduced. We will continue to educate our people as equipment and sites change, and we expect to achieve a reduction in injuries as manual handling diminishes and our modes of delivery become safer.

We will increase the cultural readiness of our people by working with the business to address local issues that create better opportunities for achieving gender balance, particularly in operations areas, and an environment that supports inclusion for all diversity groups. In addition, training and education opportunities, support programs and robust employee networks for LGBTI+ pride and people with disability will improve how we attract and retain employees for key diversity areas.

The projected growth in eCommerce and the planned broadening of our products and services will support our aspiration to continue to provide meaningful work for everyone in our business.

Our customers and communities

Helen Glebov with a customer at Dandenong Plaza Post Office in Victoria.

OUR CUSTOMERS
AND COMMUNITIES HIGHLIGHTS

Providing financial services in communities without a bank

Responding to eCommerce growth and changing customer demands

Supporting Australian brands find a pathway into overseas markets

While we are a big, national organisation with one of Australia's largest workforces and network of sites, we are also local and we are personal. We connect people within communities and we listen to what they need.

Our international customer network continues to grow with the expansion of our service offering and the development of partnerships in markets such as New Zealand and Asia. Our digital product offering continues to attract new business and consumer customers, with innovative products and user-friendly interfaces, providing secure, convenient options.

Connecting communities

New Bank @ Post Agreements

At Australia Post, we have offered basic banking transaction services on behalf of Australian financial institutions for over 100 years. This service has always been vital in rural and remote areas of Australia, but it has become even more important with the closure of many regional bank branches over recent decades. We estimate there are about 1,550 communities across Australia, today, that have a post office, but no bank branch. As a result, we are increasingly becoming the teller of the nation.

In late 2018, we signed historic new agreements with three of the big four banks (CBA, NAB and Westpac) that will help to guarantee the future of essential banking services, via post offices, in communities across Australia. Subsequently, by the end of the financial year, a further 71 of our financial institution partners committed to new Bank@Post agreements.

Importantly, these agreements include a new Community Representation Fee and revised transaction fees that will enable critical investment in the post office network, so that we can provide a safe, reliable banking service; boost funding to our LPO partners; and continue to support communities across Australia.

We supported these new Bank@Post agreements, by launching a *Keep Banking Local* promotional campaign and, as a result of this publicity, we saw an increase in the number of banking transactions and size of deposits in the second half of the year.

FINDING A WAY

Our communities were faced with hardship this year from the devastating floods in Queensland and damaging fires in Tasmania and Victoria.

As well as impacting their lives at home, our people had to find ways to continue to do their job while our networks and facilities were being impacted. Business Hubs Area Manager Sue Riley from Queensland did just that.

She was instrumental in the clean up and recovery efforts for staff impacted by the Townsville Floods, coordinating and delivering care packages to staff and the local community, and providing vital emotional support to those in need.

She went above and beyond helping with the clean-up efforts in staff homes after the flooding – not afraid to do the heavy lifting – wielding a shovel and a broom.

And when Sue found that the flood waters were preventing care packages getting through to people at Ayr, she worked with Kirsty Cullen at Ayr Post Office to get a flatbed tilt truck to put the van on and get it across the flood water.

Sue's efforts were recognised with the *Find a Way* Award at our Community and Consumer Awards evening. Sue was recognised for her preparedness to find a way to get the job done and, in the process, create a better future for her colleagues, our customers and the community.

Sue Riley, Business Hubs Area Manager in Queensland

Delivering through hardship

During periods of hardship, community connections become even more vital for people – to access the basics required to live and work and to provide support to others. Many of our communities faced hardship during the year, with floods, fires and drought impacting our regional and rural communities significantly.

These conditions impacted our people, our customers and our business. Deliveries were restricted where roads were cut by floodwaters, and facilities were impacted by water damage and power outages. The safety of our people remained at the forefront during this time, as we adjusted our operations to deal with the disruption.

We support
200
Australian businesses getting their products into China.

GOING ABOVE AND BEYOND

Creating meaningful customer experiences is how we can make a difference for our customers. It's a quality that our Postal Manager of the Year, Tina Cotroneo, exemplifies in her role as Postal Manager at Ballina Post Office in NSW.

Tina was recognised for her exceptional knowledge of her job, and for being hardworking, resourceful, understanding and calm.

The citation at the awards presentation explained her special qualities: "Tina listens to customers and can answer and fix anything".

"She watches the queue and jumps in to lend a hand, going above and beyond to help customers so they leave happy. She's a champion for small business and treats her team fairly and with compassion, mentoring them to help them learn new things and achieve their goals".

We are fortunate to have Tina – and many more like her – as the face of our business, leading our teams to deliver great service and meaningful experiences for our customers.

Tina Cotroneo, Postal Manager at Ballina Post Office in NSW with Christine Holgate.

We heard of many stories of resilience coming out of this difficult time, with employees going above and beyond to find urgent packages and lending a hand to help clean up damage to workmates' properties.

We supported rural communities during the drought by donating $200,000 through the sale of our Drought Relief stamps and organising a hay drop with Rural Aid Australia, to deliver hay to Broken Hill. We also accepted over the counter donations for the Australian Red Cross Disaster Relief and Recovery Appeal, matched employee drought relief donations to organisations through our Workplace Giving platform and donated $100,000 to the Foundation for Rural and Regional Renewal to assist with drought recovery and support.

Embodying the spirit of Everyone Matters, our sites right across the country supported drought-affected communities by raising funds through barbecues and events, donating clothing and food and delivering packages to those in need.

Customer choice

Listening to our customers and developing solutions that offer them choice is vital to being competitive in a market based on speed, ease of use and delivery options.

Choice for a competitive edge

To cut through the online shopping environment, retailers are looking for a way to differentiate their offering and for many, their competitive edge comes from offering quicker fulfilment and shipping. Next-day deliveries increased by 31.7 per cent last year, with almost two thirds of these being fashion related.

We have supported our business customers who want to offer next day delivery, with options including airfreight overnight.

Delivery choices are important for the convenience of the end-consumer, so we have offered our customers improved delivery notifications and control over their deliveries, so they can redirect them or make decisions about where and when their item should be delivered.

Easy to choose, buy and use

During the year, we began redesigning our parcel delivery options to make it easier for customers to choose, buy and use our products. We have developed a flat-rate shipping product for items weighing less than five kilograms. This new approach to parcel selection and sending will be launched in September 2019.

Delivering end-to-end solutions

Many of our customers come to our business for multiple products and services and often, they are looking for a complete business solution. We have responded by creating a new operating model and changing the way we take our services to market to become a best-in-class organisation, delivering the end-to-end services our customers want.

We are providing more support to our business customers from small, privately run businesses through to large corporations and government agencies, and delivering solutions that draw on our portfolio of eCommerce-driven logistics, supply chain, parcel and mail delivery solutions and identity, payment and digitisation services.

We have seen a significant uplift in registrations and revenue through the MyPost Business digital channel and increased product penetration, with customers buying multiple products. We have also invested in a solutions team that helps our customers optimise their supply chain.

Empowering small business

We are a trusted partner today for many small businesses, not only for letters and parcels, but also banking deposits, tax file numbers, buying mobile phones and paying bills.

We help small businesses to grow, by helping them deliver to their customers and by providing service and advice at our post offices. Our Licensed Post Offices are also small businesses, with strong local knowledge, so they understand the needs of this segment of our customer base.

With one in four sole traders and microbusinesses visiting a post office on a weekly basis, we are uniquely positioned to expand our small business offering, by extending our financial services, connecting businesses with telecommunications products and providing business-focused services through our business hubs, such as business lodgement and flexible collection times.

Growing our international customer base

We connect Australian businesses to the rest of the world with our inbound and outbound delivery services, and we are developing relationships with our nearest neighbours to provide pathways for Australian products into these countries.

After several years of very strong growth in our international parcel volumes, our total international volumes declined by 21.4 per cent in 2018/19 due to the impact of a range of factors, including the fall in the value of the Australian Dollar; the introduction of the GST on imported low-value goods; and an increase in the price of untracked packets in China. Despite these challenges, overall international revenue declined only 2.3 per cent on last year, due to price increases on inbound untracked packets and upselling on outbound products.

We enhanced our international product offering this year by developing a New Zealand commercial solution to complement existing postal arrangements. We have more competitive outbound products, which have resulted in an increase of 23.1 per cent in volume purchased by our commercial customers.

Building cross-border eCommerce

We held the inaugural Cross Border eCommerce Expo in May 2019 to give our customers a unique insight into how they can grow their business in China and the ASEAN region. The Expo provided an opportunity to learn about the growth of international markets and the pathways for Australian businesses to supply their products into China and Asia.

We also had a presence at the inaugural China International Import Exhibition (CIIE) in Shanghai, in November 2018, where we hosted 30 Australian brands on the Australia Post stand. This major trade exhibition coincided with China's biggest online sales event, Singles Day. This year, Australian brands were the third biggest seller in the world on Singles Day, with health and wellbeing products topping the list of the most sought-after items.

Better customer experiences

We are purposefully transforming our business so that we are offering a customer experience that is convenient and meaningful for everyone, no matter how they choose to interact with Australia Post. For some, this may involve next day delivery, SMS notifications, using our 24/7 parcel lockers or the Australia Post app. But, for others, it may involve a chat at the counter to get help with a transaction or a solution for their business.

Improvements in our parcel scanning technology have underpinned the improved experience we have been able to deliver to customers this year, providing greater visibility so they can track the progress of their deliveries.

Our digital capability also gives us flexibility to transact with people waiting in a queue or take our technology offsite to mobile offices and events. So we now have the ability to take transactions to our customers, rather than being reliant on them coming to us.

FASTER DELIVERY PROVIDES COMPETITIVE EDGE

Fashion makes up more than a quarter of online purchases and the category is continuing to grow, with double-digit growth in 2018 for the seventh consecutive year.

Many buyers in this category have come to expect same day or next-day delivery, so retailers offering quicker fulfilment and shipment have a competitive advantage in this burgeoning market.

Leading Australia and New Zealand (ANZ) online fashion and sports retailer, THE ICONIC, offers its customers access to more than 60,000 products from over 1,000 local and international brands. With more than 5 million visits to their site each month, an on-time delivery proposition has been key for THE ICONIC in establishing its position as ANZ's fastest growing fashion.

Our partnership with THE ICONIC provides same-day or next-day delivery through our unrivalled delivery network. They offer their customers a highly competitive service where items are shipped within three to five hours.

Anna Lee, THE ICONIC Chief Operating Officer said "At THE ICONIC, we have been on a mission to redefine the future of retail by providing the most seamless and inspiring shopping experience possible. Through our partnership with Australia Post we have been equipped with the logistics to offer our customers the fastest on-time delivery within the country. We deliver to 70 per cent of Australia within 24 hours. Australia Post has further evolved its offering with us to provide even greater flexibility to our customers, which has included the introduction of a Saturday delivery service within select locations."

As more retailers begin to offer faster service, shopper expectations for time and day-specific delivery will become the norm. To meet changing needs we are evolving our service to meet those expectations.

Gary Starr, EGM Business and Government, Eric Hon Ming Chang, Christine Holgate and Anna Lee, THE ICONIC COO onsite at THE ICONIC.

Customer service

Contact centre

Empowerment is about finding a way and getting the job done. Our contact centre has demonstrated this quality by striving for first-contact resolution of customer service issues. This year, we have seen a 50 per cent decrease in the number of repeat callers to the customer contact centre, because issues are being resolved in the first call.

Complaints

We always aim to deliver meaningful, high-quality service and when that service is not at this standard, we want to make sure our customers can easily access the most convenient channels to let us know, so we can respond and improve. In 2018/19, our Customer Contact Centre dealt with 1.16 million customer complaints, up 8.6 per cent on last year (which is consistent with the increase in parcel volumes). While this figure is high, it represents 0.04 per cent of the more than three billion items we delivered during this period.

We continue to improve our self-service options for customers tracking their parcels and have updated our online channels to make it easier for customers to lodge an enquiry. We also deployed live chat, making it easier for customers to connect with us 24 hours a day, seven days a week.

NPS

Our strategic net promoter score (NPS) has improved for the fourth year running, recording an increase of +3.4 points for 2018/19. The strategic NPS, which is a combination of NPS scores for our Consumer and Business customer segments, finished the 2018/19 year with an annual average NPS score of +20.5 points. An NPS can be as low as -100 or as high as +100. Any positive score means an organisation has more advocates (promoters) willing to recommend them than critics (detractors).

NPS	
2018/19	+20.5
2017/18	+17.1
2016/17	+11.3

These increases are due in part to our focus on staying informed when it comes to customers' experience with our core operations (sending and delivering), to identify potential areas for improvement. We also launched marketing activity, at the brand and service offering level, to engage with our customers.

Independent analysis revealed that perceptions of Australia Post as a brand and the operational experience people have with us, are the key drivers of NPS. Our strategic NPS research methodology, audience and coverage has been refreshed for 2019/20, including a change of supplier, noting future results will no longer be comparable to past results.

We also measure parcel receiver delivery experience NPS, which also recorded an increase this year, from +67 in 2017/18 to +69 in 2018/19. The positive movement is a reflection of our commitment to improving the parcel delivery experience for our customers.

Social Licence to Operate

We belong to all Australians. We continue to measure our Social Licence to Operate to gain insights into the drivers of trust, better understand perceptions of our unique role in Australian communities, and measure our impact as a corporate citizen. Results in 2018/19 were positive, primarily driven by views that we are an organisation that operates ethically, supports the community and is socially responsible.

Respecting our customers

Privacy

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

Accessibility

Ensuring everyone feels included does not start and finish with our workforce. It extends to our customers, our delivery partners and other stakeholders. So we invest in making sure our services are accessible to everyone.

In February 2018, our digital team successfully completed a Certification of Accessibility for auspost.com.au. We are officially recognised by Vision Australia as being AA compliant with Web Content Accessibility Guidelines (WCAG) 2.0.

When we redesigned our parcel satchels this year, we undertook an external print accessibility check to ensure they met the latest requirements. We are also working with the Australian Network on Disability to embed accessibility checks into their framework for the development of new products and services.

92%

of Australians have visited a post office in the past 6 months.

OUR STAKEHOLDER COUNCIL

The Australia Post Stakeholder Council (Council) provides advice and feedback on a range of issues throughout the year. The Council also reviews and guides our approach to stakeholder engagement and corporate responsibility. At 30 June 2019 the Stakeholder Council had ten members and met three times during the financial year.

With roles and experience in diverse segments of the Australian community including small and medium-sized businesses, community services, industrial relations, marketing and corporate responsibility, Council members are:

- Sarah Agboola – Managing Director & Founder, m-Time
- Rhonda Cumberland – Chief Executive Officer, South East Community Links (Council member until July 2019)
- 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; former Federal Government Executive
- Jan Owen AM – Chief Executive Officer, Foundation for Young Australians
- Felicity Pantelidis – Deputy Chief Executive Officer, Maurice Blackburn (Council member until October 2018)
- Geoff Rohrsheim – Co-Founder, Hatch Creations
- Nicole Sheffield – EGM Community and Consumer, Australia Post (Chair)

Stakeholder Council Statement

The Stakeholder Council (Council) has had the opportunity to review Australia Post's approach to best practice annual reporting and provides its views in relation to corporate responsibility. In reviewing this year's integrated annual report, we believe that Australia Post has continued to demonstrate its commitment to corporate responsibility, including social and environmental sustainability. As coverage of the Corporation's material issues evolves to further integrate its social and environmental performance, the 2019 report reflects a strategic approach to a whole-of-business focus on delivering improved social and environmental outcomes for the Australian community. The Council believes that this report again provides a transparent and clearly integrated representation of the material in relation to Australia Post's performance.

Australia Post Stakeholder Council, September 2019

Giving back to communities

With operations spanning the entire country, we are in a unique position to make a positive contribution to Australian communities, ensuring our customers, our people, the environment and our suppliers can share in our prosperity and success.

Social and Indigenous procurement

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.

Our latest whitepaper, *Unlocking the Value of Social Procurement and Supplier Diversity: Leading Practice Insights,* was released in July 2018. The paper is the fourth in a series to advance the SDGs. It highlights how social procurement creates a competitive advantage and better workforce engagement for organisations, leading to increased economic, social and environmental value.

This year, we spent over $21.4 million with 45 social and Indigenous suppliers, up from $7.4 million in 2017/18 creating new employment opportunities for those organisations. By purposefully changing our approach to procurement, we switched to buying goods and services from a broader range of social and Indigenous enterprises in 2018/19.

In our new Group Corporate Responsibility Plan, 2020-2022, we have expanded our target to include social enterprises and will continue to look for opportunities to create a more inclusive supply chain and reach our $60 million spend target by 2022.

In April this year, we entered into a partnership with a new specialist travel provider, Inspire Travel Management, to provide travel management services to our business. As an accredited Indigenous enterprise, backed by QBT (one of the largest travel management providers in Australia), Inspire's mission is to create meaningful employment opportunities for Aboriginal and Torres Strait Islander people.

This year, we won four major awards at Supply Nation's 2019 Supplier Diversity Awards. These awards recognise companies, government agencies and individuals who are helping create a prosperous, vibrant and sustainable Indigenous business sector.

Supporting our communities

This year we contributed more than $16.4 million to the community through our community investment program. Some of these contributions were in the form of direct cash investments to important community projects, such as support to drought affected communities in collaboration with Rural Aid, Australian Red Cross, the Foundation for Regional and Regional Renewal and Reach Out. 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 $30 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 London Benchmarking Group's (LBG) internationally recognised approach and the data we report is verified by LBG each year. The LBG verification statement can be found on our website.

In the past year, we have taken a community based approach to building confidence and participation in the digital world, through collaborations with Australia Neighbourhood Centres & Houses Association as well as our participation in the Australia Digital Inclusion Alliance which seeks to drive cross section collaboration around digital inclusion. We also released the Digital Mentoring Handbook to help build capacity across the sector.

Community Grants

Our people are highly motivated by how we support the community. In our say2action employee engagement survey, 81 per cent of our people indicated that they were proud of how we support the community – up from 55 per cent in 2016.

We launched our Workforce Community Grants program this year, to support the dedication of our people to their local communities by offering funding of up to $500 to support a meaningful project.

The program supported 445 projects with $215,000 contributing to a range of sporting, environmental and health-related projects including building community skills, enhancing common spaces and supporting volunteers.

Workplace giving

We are proud of the generous way our employees contribute to their communities, so we support this generosity by matching donations dollar-for-dollar up to $200 a year for all employees. This year, more than 2,600 employees donated more than $490,000 to charities of their choice. With Australia Post gift-matching, over $820,000 was donated to more than 400 charities.

We also supported the involvement of our people who chose to volunteer in the community, selling beanies for Fight MND, shaking tins for Legacy and making sandwiches for school children. Our people also mentored young people new to Australia with Foundation House, gave blood at Red Cross blood banks to save lives, contributed to before-school breakfast clubs and sold daffodils throughout our networks for the Cancer Council. We recognise the many individual fundraising efforts of our people throughout the year as they gave their time and energy to support local needs and community programs they feel passionate about.

Bringing our licensees together at the annual Licensee Expo in South Australia.

Building connections

In 2018 we established our Social Design team to identify, design and support the delivery of new products and services that help build more connected communities and place the Post Office at the heart of every community. One example in trial is the Neighborhood Welcome Service, which helps people moving to a new neighbourhood, or those already in the neighbourhood, tap into local networks and connects them with essential services and people. The service is being piloted in selected Post Offices in the City of Maribyrnong. Developing products and services such as the Neighbourhood Welcome Service helps fulfil our broader commitment to the community.

Future outlook

We will make a major investment in overhauling our in-store point of sale platform to equip our post office network with the technology and resources required to enable a broader range of services and enhanced customer experience. We will especially seek to expand our role in financial and government services.

Our experience with Bank@Post this year has proven the immense value of the vital services that we deliver to rural and regional areas. As such, we will investigate expanding our services to provide telecommunications services for the more than 3,000 communities where residents cannot currently purchase a mobile phone locally.

Our network

Megan Bartollo and Allan Pamintuan, Western DC in Sunshine, Victoria.

OUR NETWORK HIGHLIGHTS

Investing in new technology and facilities

Transforming our vehicle fleet for safety, efficiency and reduced emissions

Creating greater visibility and tracking for customers through parcel scanning

We set new records this year for the volume of parcels delivered across our network and we began to experience high-volume delivery days not just during our traditional peak, but also at other times during the year.

With online purchases now contributing 10 per cent of total retail spending nationally, the investments we have made in our network and our people have helped us meet the increasing customer demands for parcel deliveries.

We delivered more than 40 million parcels in December, up 11.7 per cent on last year, with 3 million parcels being delivered on 17 December and 2.7 million parcels delivered on Christmas Eve. The demands of peak period and, in particular, our peak day on 17 December, saw two previously separate workforces from Australia Post and StarTrack (represented by two different unions) working alongside each other to deliver the record 3 million parcels on that day.

All parts of our network contributed to these records in December, with more than 42 per cent of parcels being delivered by posties and up to 400 tonnes of parcels being airfreighted, each night.

During the year, we have increased the volume of parcels being transported via airfreight to meet our customers' increasing demands for next day delivery. Each night, we collect around 250 tonnes of freight so that our business customers can confidently offer their customers next day delivery.

This year, we celebrated having 100 million parcels lodged via our application program interface (API), since it was launched in 2015. We now have nearly 6,000 customers lodging parcels on this platform. It is a far more efficient and seamless way to lodge parcels, which leaves our customers more time to focus on their own businesses.

During the year, we won new contracts with a number of household brands, including Bosch, De'Longhi and Godfreys, who chose Australia Post because of the combination of our service, reliability and our competitive market rate.

Investing for tomorrow

The trend towards shopping online is expected to continue, so we need to invest to capitalise on the opportunities presented by eCommerce growth, and we have to continue to transform our business so that it is sustainable. We have commenced a large, transformational capital investment in infrastructure and technology across our network, of $900 million over three years (2018/19 to 2020/21).

The investments we made in automation at Westringia Road (Brisbane), Melbourne Gateway Facility and Sydney West Letters Facility all came online in late 2018, increasing our capacity to automatically sort an additional 121 million parcels. This investment, together with the investment in the six facilities to be completed in 2019, will remove 520,000 manual handling touch points per day, increase the safety of our people and realise $5 million in efficiency savings through dimension and weighing capability of the automation.

We also invested around $50 million in vehicles this year, with 1,000 new electric delivery vehicles (eDVs) being ordered for our fleet. With these vehicles entering our fleet, our posties are now equipped to deliver more parcels, while being safer and contributing to our carbon emissions reduction target.

Work is well underway at Redbank (between Brisbane and Ipswich, in Queensland) on the construction of a brand new 50,000 square metre parcel-processing facility. The new Brisbane Parcels Facility will be the largest facility of its kind in the Southern Hemisphere. When it becomes operational in October 2019, we will employ 500 people and will be able to process 35,000 parcels per hour at the facility.

Future outlook

Our large, transformational investment in new sites and automation will continue to roll out over the next year, with the facility at Redbank ready to process 700,000 parcels per day in time for the 2019 pre-Christmas peak period.

We will also have upgraded facilities ready at Alexandria (NSW) and Melbourne North in time for peak, with capacity to sort up to 10,000 parcels per hour automatically.

Automation will continue to be introduced across more sites to increase efficiency, expand processing capacity, reduce manual handling and create safer jobs for our people.

We will also continue to trial new solutions for the delivery of food and pharmaceuticals in partnership with our customers and leading industry bodies.

During December, we delivered

2.0

million parcels per day, on 10 occasions.

Our network

12.1
million delivery points

4,343
post offices

2,529
of our post offices are in rural and regional areas

15,037
street posting boxes

Delivering to
214
countries

30,218
parcel lockers across 375 locations

2,768
electric vehicles

6,224
motor bikes

4,845
vans, trucks, utes and cars

6
dedicated airline freighters, in partnership with Qantas

461
operations facilities

250
tonnes of parcels airfreighted each night

Peak deliveries keep increasing

40m parcels delivered in December

2m+ parcel delivery days were experienced 10 times during December

210m letters delivered in December

42% of parcels delivered by posties

Connecting to improve the customer experience

757 of our post offices have moved across to the NBN, providing faster Internet to help our people and customers

90m parcels delivered via our post office network

Expanding our services

500 postcodes added to the Express Post network

375% increase in customer registration for parcel lockers

Investing in our network

90m parcels automated per annum using new sorting equipment

400 POST+ mobile POS devices rolled out

Innovating for sustainability

1,000 three-wheeled electric delivery vehicles (eDVs) rolling out to optimise our delivery networks

2.7% reduction in electricity emissions due in part to solar installation at some sites

A LIFETIME OF DELIVERING

When Ian Camarsh retired from Australia Post in June 2019 after more than four decades, he reflected on the business that has been part of his life since he started working at Fairfield Post Office in NSW, in the mid-1970s.

“The job has enabled me to raise a family on one wage, buy a house, educate my family, travel overseas and have a pretty good life.”

“It has been an honour and a privilege to have served the community for over 42 years.”

Ian Camarsh, Postie from Seven Hills Delivery Centre in NSW.

Our innovation and expertise

John Pace at Sharps Road, Tullamarine in Victoria.

OUR INNOVATION
AND EXPERTISE HIGHLIGHTS

Moving our scanning technology to a single platform

Supporting our network to provide more financial services

Delivering the best postal app in the world

Innovation and the application of the expertise developed through our experience in the sector and the people we invest in, has been at the forefront of so many of the initiatives we have delivered this year.

From the automation and robotics that are being installed in our parcel-processing centres, to the introduction of three-wheeled electronic delivery vehicles to our fleet. From the roll out of financial services through Bank@Post across the country, to the development of our digital identity verification products. We are transforming our business to create the products our customers love and trust, and capitalising on growth areas in the market, such as eCommerce, to ensure our business is sustainable.

One common platform for scanning

Until this year, we had six different scanning technologies and five different handheld scanners operating across our business. In 2018/19, we began replacing these differing technology systems with a single platform accessed via our hand-held NextGen scanners.

The roll out of the scanners commenced in our retail network in 2018, followed by roll out of a further 30,000 scanners to our posties and drivers and then to the rest of our operational network. All of our scanning technology will migrate to this new platform in time for the 2019 peak period.

The new scanners will make our people's jobs easier and the improved tracking visibility and functionality will enable us to improve the delivery experience for our customers, by giving them greater convenience and control of final delivery.

This new platform will align our scanning processes from retail to delivery and processing facilities, working seamlessly across our entire business. And because the scanners are application based, new applications can be loaded on to the device at any time and applications can be updated quickly.

We plan to add functionality to the scanners over time, including the capacity to take payments and verify identity, as well as countdown clocks for parcel delivery to more narrowly define delivery window times.

Identity services

The provision of identity services, such as passports, Digital ID™ and licence renewals, continued to boost foot traffic in our post offices, and contributed $209.7 million in revenue.

Many of these services are structured around the application being started online, with in-person identity verification confirmed in a post office, bringing more customers into our retail outlets.

We launched our new National Police Check and Workforce Verification products this year and will continue to build our customer base for these products. Our Digital ID™ was the first identify platform to obtain the Federal Government's identify framework accreditation.

Improving the delivery experience

We are constantly looking for ways to improve the customer experience, through innovative, efficient solutions that meet the changing demands of our customers.

By making it easier for merchants to enable tracking notifications for their customers, we have increased the proportion of customers who receive tracking notifications from one-third to nearly half.

We have also made it easier for customers to redirect their parcel to an alternative address for final collection. Previously around 40 per cent of redirected parcels were sent to another street address, but now we have made it easier for customers to choose a Parcel Locker or Post Office to collect their parcels. This resulted in 84 per cent of parcels being redirected to a Post Office or Parcel Locker through the tracking notifications for collection.

Improvements have been made to the online process for renewing Post Office Box leases, resulting in $22 million of online revenue, more than double the level of online revenue for this service last year.

Expanding our financial services

We continue to look to expand our range of financial services and the role we play in facilitating business and government payments.

We are supporting the eCommerce value chain with a range of digital payment and identity verification options, which has a dual benefit: it is convenient for both the consumer and the merchant, while also reducing the potential for fraud.

We distribute a range of financial services products on behalf of a number of financial institutions and other providers, including insurance companies, Western Union, Travelex and Mastercard. We offer these both on a "white label" basis and in partnership, which provides us the ability to extend the range of financial services we can offer to our customers. This year we simplified our offering to make it easier for our customers to choose, buy and use our products. This included simplifying our pre-paid card range, reducing the number of cards on offer from seven to three.

We process
94%
of all passport applications.

GETTING PEOPLE INTO WORK SOONER

At Australia Post, we have been providing identity checks for over 30 years. Every year, we conduct more than 8 million identity checks, including processing 1.9 million passport applications and conducting more than 2 million employment checks for businesses, government and consumers.

We have harnessed this experience and reputation, to develop Workforce Verification, our new business-to-business solution that streamlines the highly manual and time-consuming process for employers, while making it simple for candidates and employees to complete their checks.

A number of major customers have already signed up to use this solution and it will be used by our partner Adecco when they screen around 25,000 candidates to work as census collectors for the 2021 Australian Census.

The project is a great example of how teams across Australia Post have come together to deliver a world-class customer solution, with experts from Technology, Product & Innovation, Finance, Business & Government, Corporate Services and Consumer & Community, spending months together planning, building and testing the solution.

The Workforce Verification team in Melbourne.

Introducing tracked letters

This year, we commenced the trial of a tracked letter product that gives our customers a low-cost product for sending and tracking letters from lodgement through to final delivery.

The product is being offered in two envelope sizes, and we offer our customers two optional add-on services: priority speed and additional cover.

Take up of the product was positive, generating $1.4 million in revenue during the month-to-month trial period. We are currently reviewing the trial to understand performance and respond to customer feedback.

Our mobile app is leading the way

The Australia Post mobile app is enhancing the digital experience for our customers. It allows customers to track and manage deliveries, scan and pay bills, find post offices and postcodes and sign up for 24/7 parcel lockers. Redesign of the app in 2018 introduced a feedback prompt mechanism, resulting in a significant increase in ratings.

The most recent update to the Australia Post mobile app greatly improved the customer registration, login flows and Post Billpay experience. Our customer rating in the Apple store increased to 4.8 stars, rated by 60,000 customers, making it one of the top 10 business app experiences in the market and the highest rated postal service App in the world.

Bringing innovation to life

We ran two Hack Days, in November and April, bringing together people from across our business to create solutions to real business problems in a short 36-hour period.

This year, the themes were *Simplify* and *Choose your own adventure*, encouraging teams to remove complexity and eliminate boundaries in their solutions.

Twenty-eight teams participated in each of the Hack Days, involving more than 500 people from across our business.

The ideas ranged from packaging for sharps containers to be sent through the mail to developing packing with a unique identifier attached to a person, so that the packaging can be used more than once.

The innovation team assesses the winning ideas for their potential customer impact or commercial appeal.

Parcel sorting automation being installed at the new Brisbane Parcels Facility at Redbank.

We are the market **leader** in payments and fraud prevention.

TAKING AUSTRALIAN PRODUCTS TO CHINA, DIRECT

Following the successful launch of our China Direct store in Chatswood in May 2018, we opened three store-in-store China Direct outlets in post offices in Eastwood (NSW), Box Hill (Vic) and Franklin Street (CBD, Vic) in November 2018.

The China Direct stores allow customers to buy and send products directly to China. The booming Daigou market of personal shoppers buying and shipping for overseas clients, are also in our target market. More than 400 authentic Australasian healthcare, beauty, household and food products are on offer. Shoppers can also bring in their own eligible products and send them direct to China, using a range of delivery options to suit their needs.

As well as the one-stop-shops, consumers can access an even larger product range online at chinadirect.auspost, with orders being fulfilled at a central warehouse and shipped to China on the same day.

At our China Direct stores, shoppers are served by Chinese-speaking staff and all major Chinese payment methods are accepted.

The stores are another way we are using our expertise and infrastructure to find new ways to give customers what they want, while providing opportunities for Australian businesses to connect with the burgeoning Chinese market.

Celebrating the launch of the China Direct store-in-store outlets.

CUTTING EDGE AUTOMATION

Sean Cressy and Jake Pahor love working at the cutting edge of technology. They teamed up on the delivery of the small parcel sorter at Westringia last year and now they're working on the automation at our new Redbank facility in Queensland.

Sean is a Senior Project Manager, based in Melbourne and his focus is integrating technology such as robotics, into the parcel processing equipment. Jake is an Automation Manager, based in Brisbane, responsible for delivering the small parcel sorter and also the Automated Guided Vehicles (AGVs) for the site.

"The innovative technology and significant investment shows the commitment we have to improving safety of our people and providing a world class network for our customers," Sean told us.

The project sees Sean and Jake engaging with many teams across the business to find ways to optimise the network and make the most of the automation and robotics. The parcel picker provides safe and efficient unloading of parcels from trailers – the first type of this technology in Australia.

"Brisbane Parcels Facility will be Australia's largest and most advanced parcel processing centre with significant investment being made in the development of innovative technologies that will maintain Australia Post as leaders in our industry," Jake said.

"What I love about this role is that I am able to help deliver significant change to the Australia Post network and also provide innovative solutions to improve safety and efficiency of our operations."

Sean Cressy and Jake Pahor at the Brisbane Parcels Facility.

Embracing technology to enhance our network

We are embracing technology throughout our operational network, not just for the cost efficiencies and increase in speed it provides to our business, but also the enhanced experience for our customers and improvements in safety for our people.

The best example of this will be the state-of-the-art parcel processing facility that is nearing completion at Redbank, Queensland. We are automating parcel processing at Redbank with parcel pickers, robotic arms and 30 automated guided vehicles, to reduce manual handling, increase parcel processing speed and reduce the risk of injury.

This year, we have also introduced bluetooth tracking on our unit load devices (cages for carrying parcels) and fleet telematics for real-time data on deliveries.

Brands into Asia

We are using our expertise and presence in Chinese and Asian markets to support Australian brands getting into these markets. There is a demand for high-end, premium Australian made items in these markets and our Brands into Asia strategy seeks to provide a pathway for these products to be sold through bricks and mortar establishments, such as China Post retail stores and the Argyle Hotel Group.

Future outlook

We will continue to utilise data and embed new technology in our business, wherever it assists us to improve the customer experience; offer innovative new customer solutions; or drive operational efficiencies and improved safety and engagement outcomes.

We will broaden both our digital and in-person identification services to make it simpler for people to engage with both businesses and government agencies, including passports, police checks and workforce verification services.

We have the best postal app in the world based on ratings from Apple's IOS App Store at 11 June 2019 by app users in the local region.

Our environment

Brett Grayling from Mooroolbark Delivery Centre in Victoria.

OUR ENVIRONMENT HIGHLIGHTS

Energy efficient lighting to reduce carbon emissions

Solar panels and LED lighting at our new facilities

Providing solutions for e-waste disposal

Transitioning to the largest electric vehicle fleet in Australia

The size of our network and our presence in so many cities and towns gives us unrivalled access and connection to these communities. It also means that our environmental footprint is significant and accordingly, we have a responsibility to ensure the environmental impact of the infrastructure and transport in our network is minimised.

Our environmental responsibility extends beyond our physical network of buildings and vehicles. We also seek to promote environmentally sustainable practices to our people, our customers and in our supply chain.

Through this, we are reducing our emissions footprint, reducing environmental risks to our people, infrastructure and services, and delivering sustainable solutions for our stakeholders.

We have continued to deliver the initiatives in our 2018-2020 Environmental Action Plan to take us towards our targets of reducing greenhouse gas emissions by 25 per cent and enabling the reuse and recycling of 100,000 tonnes of material by 2020.

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 period we have managed to grow our business by over 40 per cent while reducing our carbon intensity by 37 per cent. While our operating activities will continue to be energy intensive, we have had great success in decoupling our economic growth from our greenhouse gas emissions.

Switching to LED lighting

This year we started a program to replace all lighting with energy-efficient LED lighting across 105 facilities in Victoria and New South Wales. The LED lights will reduce our energy consumption, saving $2 million and eliminating 11,000 tonnes of carbon emissions, while providing improved lighting for our people in our facilities.

This LED project supports our target to reduce greenhouse gas (carbon) emissions by 25 per cent by 2020 and is the result of collaboration between our procurement, environment and property teams.

Our first compostable satchel

We are conscious of the environmental impact of our packaging and we are committed to finding sustainable packaging alternatives for our customers to help reduce that impact.

This year we partnered with our long-time customer MobileMuster to release our first compostable satchel into the market. MobileMuster encourages people to recycle their old mobile phones and accessories using the satchel, which can then be composted after use.

We have also sourced an 80 per cent recycled content satchel to be released into the market in late 2019.

Energy efficient solutions for our facilities

Our significant investment in parcel facilities since 2017/18 provides us with the opportunity to be proactive and future focused in the design of these sites. We have done this by choosing energy efficient solutions that support our carbon reduction goals and contain our energy costs.

The design and development of the Redbank Parcels Facility in Brisbane reflects this focus and commitment to our environment goals.

Redbank will be the 50th site with rooftop solar in our property portfolio. The rooftop 1MW Solar Photovoltaic (PV) installation at Redbank is made up of 3,244 individual panels and covers an area of 5,300m^2. It will generate over 1,500 MWh of electricity and save approximately 1,200 tonnes of CO2e, which is equivalent to taking 255 cars off the road each year. The system will offset energy costs of up to $280,000 and generate renewable energy certificates on an annual basis.

The Redbank facility will also be fitted out with more than 1,500 energy efficient lights that will generate additional savings through lower ongoing running costs and reduced maintenance requirements.

CONTAINERS FOR CHANGE – LPOs DRIVING NEW REVENUE FROM RECYCLING

Since the establishment of Container Deposit Schemes in Queensland and New South Wales, we have enabled the recycling of more than 80 tonnes of plastic and glass bottles that would have otherwise gone to landfill. And our Licensed Post Offices are leading the way with this initiative.

In late 2017 Jaci Reed, licensee of the Oakey and Stanthorpe LPOs in Queensland, was contacted by her Area Manager to get involved in Queensland's Container Deposit Scheme, *Containers for Change*. The government-established scheme gives people a 10-cent refund for each container returned and our LPOs earn 6 cents for each container exchanged at their collection point.

Approximately three billion beverage containers are generated in Queensland every year and, as a result, containers are the second most common form of litter in the state.

After signing up to the program in 2018, Jaci and her team have collected 1.4 million containers (across the two LPOs), bringing new foot traffic into the LPO and generating over $84,000 in new revenue. They have also employed a member of the community to help manage the return scheme. And with Tasmania and Western Australia kicking off similar schemes in 2020, there's plenty more good news to come.

Monica Lucht from Oakey LPO in Queensland.

Solutions for e-waste

We are reliant on technology in all parts of our business and, as a result, we generate significant e-waste when technology becomes obsolete or no longer works. With South Australia and now Victoria banning e-waste from landfill, we have implemented initiatives to deal with our e-waste responsibly.

We are working 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 collected 9,382 kilos of technology and have been able to reuse 69 per cent of the equipment, by weight. 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 15,095 meals to disadvantaged families across Australia this year and 58,207 fresh meals in total since we started this initiative.

Electric vehicles for our posties

We have started to introduce electronic delivery vehicles, or eDVs, to our delivery fleet, providing a safer and more sustainable vehicle for our posties. We also have 2,622 electric bikes in the network and will add a further 1,000 eDVs over the year ahead.

This will see our electric fleet increase to almost 4,000 vehicles, making us one of the nation's largest electric vehicle fleet operators.

As well as having additional carrying capacity so that our posties can deliver parcels, the eDVs are safer, with increased rider protection and lower on-road speeds, reducing our posties' exposure to incidents and serious accidents.

They will also help us achieve our commitment of reducing our carbon emissions by 25 per cent by 2020.

Meeting international sector emissions targets

The International Post Corporation (IPC) conducts an emissions management and monitoring survey with its members across the global postal sector, with the aim of reducing carbon emissions.

We achieved a score of 90.7 per cent, equivalent to gold status, in the annual survey. This is the first time we have scored above 90 per cent, the performance target set by the IPC for all participants in the program by 2020.

When the survey was piloted in 2009, we achieved a score of 54 per cent and have made year on year performance improvements over the past decade. Our program has achieved carbon savings of 83,000 tonnes, total cost avoidance of $84 million and annualised savings of $11 million, all contributing to the improved rating.

Other factors contributing to our improved rating include improvements in the quality of our carbon disclosure reporting for this program and assurance of our measurement methods for this annual report.

Reducing landfill through charity partnerships

Our presence in Australian communities and our logistics capability have also enabled us to partner in reuse and recycling initiatives with major charities, including the Salvos and The Australian Red Cross, on projects to accelerate Australia's transition to a circular economy.

We ran a pilot of our Post-it-Forward program, inviting our workplaces to donate good quality clothing, by posting them in pre-paid Post-it-Forward satchels, that are sent on to these charities.

As well as generating revenue for the charities, it helps to reduce landfill through reuse and recycling. The program will be scaled up to include customers in the year ahead.

A similar program was trialled this year with our business customer, THE ICONIC, encouraging customers to donate clothes in the same satchel that their order arrived in. The clothes were then sent to the Salvos Stores to raise funds for people dealing with homelessness, addiction recovery and family violence.

Award winning packaging initiative

We were awarded the Outstanding Achievement in Industry Leadership Award by the Australian Packaging Covenant in 2018/19, for our 100 per cent recyclable packaging range.

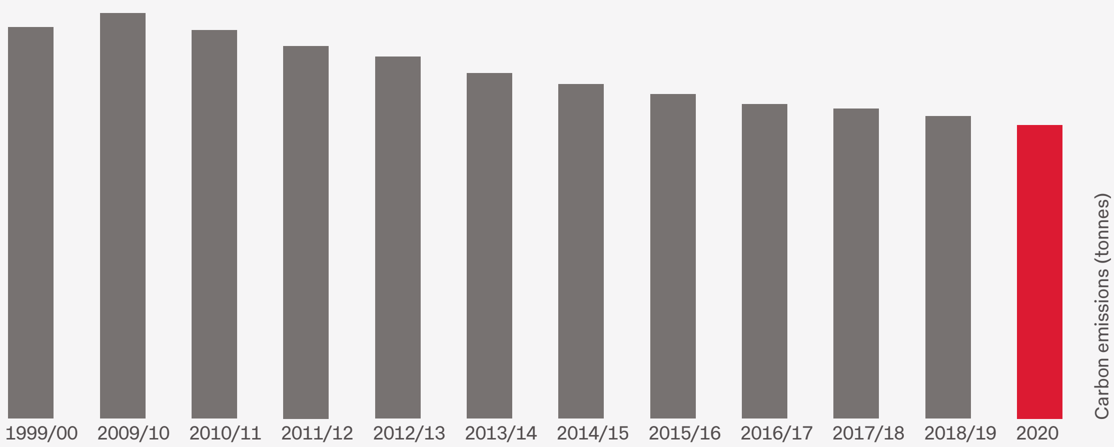
This award recognised the introduction of a take-back program for our soft plastic products and the adoption of the Australasian Recycling Label in 2016.

Future outlook

The continuing roll out of our LED lighting program will contribute further to our 2020 carbon emissions reduction target. We will also be running trials with customers wanting to use 80 per cent recycled and reusable packaging.

Australia Post implemented carbon neutral delivery for all parcel products sent through the Retail and MyPost business channels from 30 September, 2019. This was achieved by purchasing carbon credits to offset the emissions of these deliveries, from projects that support environmental and social outcomes in communities.

Carbon reduction performance



We generated 4,723 MWHs of electricity from our solar panels at 49 sites, providing enough carbon savings to offset more than 400 mail vans.

Environmental Performance Summary

Indicator	2015	2016	2017	2018	2019
Scope 1 emissions (tonnes)	**115,620**	**119,345**	**118,291**	**119,288**	**120,274**
Natural gas	4,787	5,278	5,547	5,536	5,360
LPG (All)	5,753	5,399	5,845	5,897	5,723
Diesel including generation	95,954	100,301	99,318	100,354	101,941
Petrol	9,126	8,368	7,581	7,502	7,249
Scope 2 emissions (tonnes)	**181,920**	**169,447**	**161,446**	**156,472**	**152,181**
Electricity Grid	181,920	169,447	161,446	156,472	152,181
Scope 3 emissions (tonnes)	**642,795**	**592,888**	**505,556**	**547,698**	**576,243**
Energy and fuel losses	34,061	29,483	28,353	26,874	24,555
Subcontracted road transport	264,494	237,061	222,046	199,768	215,677
Sub-contracted air transport	286,104	272,874	202,866	272,389	277,411
Sub-contracted rail	3,538	5,695	5,659	9,772	17,351
Sub-contracted ship	2,324	2,678	3,574	2,851	4,161
Business travel	4,116	4,910	4,872	4,058	4,058
LPO electricity	36,996	27,270	25,187	19,644	21,880
Waste	11,162	12,917	12,999	12,341	11,150
Carbon offsets retired				**140**	**1,543**
Other indicators					
Energy consumed (GJ)	2,426,095	2,443,571	2,404,018	2,404,515	2,431,788
Renewable energy production (GJ)	1,648	3,072	5,403	9,818	17,001
Waste to landfill (tonnes)	9,899	9,381	9,285	8,815	9,292
Waste recycled – operational (contract)	9,092	8,484	10,532	11,699	10,314
Waste recycled – operational equipment	n/a	4,041	4256	5,323	7,049
Waste recycled and reuse – (customers)	3,364	4,056	4,156	2,808	2,900
Water (kilolitres)	n/a	479,000	449,300	494,851	471,959

Notes: Australia Post reports all scope 3 related transport emissions based on the calendar year which is then reported to the International Post Corporation.

GHG emissions commentary

- **Scope 1** – we have seen a 0.8 per cent increase in scope 1 emissions in 2019 related to an increase in emissions from the extra diesel from our large trucks delivering more parcels.
- **Scope 2** – we have seen a 2.7 per cent reduction in electricity emissions arising from a combination of energy efficiency, the roll out of one of Australia's largest solar installations and Melbourne CBD property consolidation.
- **Scope 3** – we have seen a 5.2 per cent increase in scope 3 emissions primarily associated with the continued growth of the parcels business and increased distribution requirements.

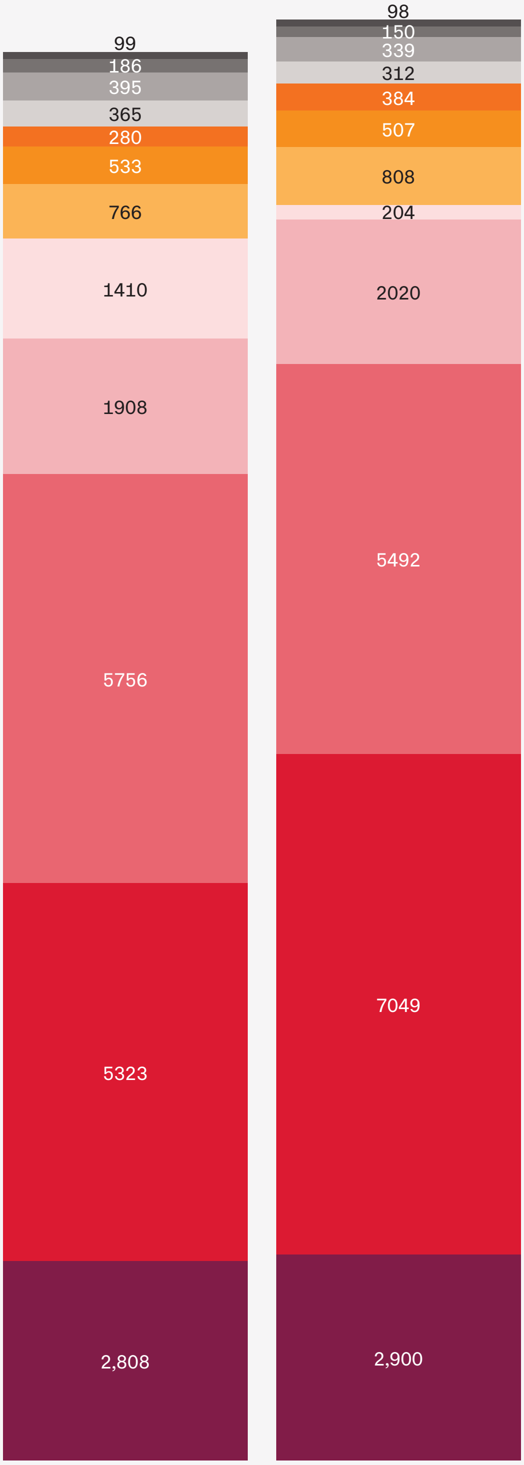
Other indicators – highlights

- **Renewable energy production** – we continue to increase the amount of solar generation available across the Australia Post network with a total of 3,833 KWs of solar now generating at 49 sites.
- **New category created for operational equipment** – we have created a new reuse category for recycling which includes vehicles, tyre retreads and ULD maintenance. The data for these items has been added from 2016 to enable like-for-like comparison.

Criteria

- Scope 1 and 2 emissions have been calculated in accordance with the NGA Factors July 2018.
- Scope 3 emissions have been calculated in accordance with the NGA Factors July 2018, including an air freight factor from Qantas and our sub-contracted road transport being based on the fuel efficiency of the Australia Post Fleet.

Reused and recycled material



2017/18 total tonnes: 19,830 reused & recycled material

2018/19 total tonnes: 20,263 reused & recycled material

The 2017/18 figure is a restatment of our disclosure in 2018 as we now include operational equipment reuse and to allow a like-for-like comparison.

- Information technology waste
- Co-mingled recycled waste
- Plastic waste
- Paper waste recycled
- Regenerated energy waste
- Operational – tyres recycled
- Secure paper waste
- Other equipment recycled
- Cardboard waste
- Operational – pallets
- Operational equipment reuse (new item in 2018/19)
- Customer – recycling and reuse

STAYING ON TREND WHILE REDUCING LANDFILL

We are committed to reducing our landfill and we are supportive of businesses who have the same ethos. GlamCorner, the designer dress rental startup is one such business and we are delighted to be their delivery partner across Australia.

GlamCorner's mission is to create a modern, simple and personal fashion experience that is built for women who are passionate about experiencing the quality of designer fashion while also reducing their impact on both the environment and their wallets.

The fast-growing business, established by husband and wife Dean Jones and Audrey Khaing-Jones, recently achieved B Corp Certification, which requires rigorous standards of social and environmental performance, accountability, and transparency.

We have also encouraged our customers and employees to reduce the landfill created from clothing, by using the pre-paid return satchel included with their online purchase to send any pre-loved clothing items or accessories they wished to donate to the Red Cross. This not only reduces clutter, it also gives those items a second life.

Volunteers from the Procurement & Environment team unpack the donations received by the Red Cross at their Sunshine facility in Melbourne.

Addressing our key risks

The table below summarises the major risks 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 & Wellbeing The safety, health and wellbeing of our people is our main priority. Whilst we have achieved significant progress in recent years, we continue to seek improvement of our safety performance to reduce workforce injuries and fatalities.	• Last year we refreshed our safety strategy supported by a three year plan to reinforce our commitment to minimising all risks to the physical and mental safety, health and wellbeing of our workforce, our customers and the community through structured training, reporting, safety awareness and communications programs. • Our Enterprise Safety Council, chaired by our Group Chief Executive Officer and Managing Director, provides executive oversight of our safety strategy. In addition, our Safety Management Forum helps embed the new strategy in our operations. • We are investing in infrastructure and modes of transport that reduce exposure to risks and harm. See more on pages 22 – 23
Developing our people To remain competitive in a rapidly changing environment and meet consumer and community expectations, it is crucial that we enable a diverse, innovative, creative and safe, flexible environment that attracts, retains and develops our people.	• This year we refreshed our Group Values and Our Ethics to support workforce consistency, clarity and cultural expectations. • We openly engage with our people through dialogue and consultation. • We offer ongoing training and development opportunities to ensure continuous learning for our people. • We invest in programs and initiatives that increase opportunities for women to further develop their careers. • We have strong partnerships to advance indigenous employment. • In line with our Accessibility Action Plan, we have established a steering group to help drive and monitor access and inclusion across the business. See more on pages 21, 24 – 29
Changing market dynamics and customer expectations In an increasingly competitive market, our ability to respond effectively to change depends on the capacity of our network and the quality of our services. As we grow internationally, ensuring that we proactively anticipate and respond to changing market conditions, consumer expectations and competitive disruptions is critical to maintaining our position and supporting our future growth.	• We are making significant investments in network automation upgrades to achieve operational efficiencies and ensure we have capacity to handle volume growth. • We strive to deliver a customer-centric experiences by constantly reviewing our product and service offering in partnership with our customers. • We invest in new delivery experiences to offer greater choice, convenience and control in the way customers access our services. • We have developed key international partnerships with online marketplaces and leading companies, such as Alibaba and China Post to fast-track our delivery capabilities and make it easier for Australian businesses and consumers to connect to opportunities overseas. See more on pages 18, 31 – 35

Key risk area	Controls and mitigating actions
The changing profile of our delivery operations As letter volumes continue to decline and parcel volumes increase, we are managing a major shift in our operational network. We need to accurately anticipate volume shifts in letters and parcels to ensure we have the required capacity and capabilities to manage our changing workload and meet the rising expectations of our customers. A material decline in letter volumes beyond expectations would have a direct impact on revenue and profitability.	• We continue to create efficiencies by unifying our letter, mail and parcel networks. • We are introducing new mailing tools to help business customers better target their audience in specific areas. • We are investing in programs to retrain and redeploy our posties to deliver parcels nationwide. • We are investing heavily in upgrading our physical and technological infrastructure to accommodate the growth in parcel traffic. • Our comprehensive service performance reporting gives us actionable insights to better predict and manage parcel traffic. • Our international business unit is focused on achieving sustained growth in inbound and outbound parcel delivery. See more on pages 39 – 41
Technology and information security Our data and technology environment helps provide great customer experiences but we must ensure we continue to have superior and modern systems in place to anticipate, protect, monitor and react to disruption and threats, and continue to support our customer experience.	• We have monitoring systems that regularly scan, patch and update our data and technology infrastructure. • We continuously monitor business needs and devise sustainable technology solutions to support our network. • We implement cyber-security controls based on industry standards. • We continuously review and improve our people's awareness and online behaviour via cyber-security campaigns and tests. See more on pages 43 – 44, 47
Products and services We need to successfully develop and deliver relevant products and services in a manner that fosters trust with our customers, balances quality and speed-to-market, supports strategic objectives and allows us to capitalise on growth opportunities.	• All innovation projects are reviewed and prioritised by our Investment Governance Forum to ensure our investments are consistent with our strategy and future direction. • This year, to prioritise our product investment, we implemented a new 5-star system for assessing the value of new products and services. • The Product & Innovation function facilitates the identification and development of new ideas through programs such as the Accelerator, the Incubator and Hack Days, which have delivered successful initiatives such as Fulfilio. See more on pages 43 – 47

Addressing our key risks

Key risk area	Controls and mitigating actions
Maintaining strong relationships with stakeholders We must ensure that we maintain strong ongoing relationships with our stakeholders and engage in meaningful dialogue about our business with the community.	• Our Stakeholder Council provides advice and guidance on a wide range of issues, including our approach to stakeholder engagement and corporate responsibility. • We actively engage with customers and communities through dialogue channels to better understand their concerns, interests and expectations. • This year, we established a new Stakeholder Forum, a monthly meeting for the people in our business who own the relationships with our major stakeholders. See more on pages 31 – 37
Operational efficiency As we transform our business to unify our parcel and letter delivery network we must find ways to streamline processes that reduce our costs while improving customer service.	• We have efficiency programs in place to unify our letter, mail and parcel networks, ensure we simplify processes, maximise existing assets and resources, and make investments in more efficient technology. • We have introduced more energy efficient solutions in our fleet and delivery network, which keep both our costs and carbon emissions down. • Our comprehensive performance monitoring and reporting systems help us identify greater efficiency opportunities and act on them. See more on pages 39 – 41, 49 – 53
Post Office network While fewer people are visiting our post offices, we must maintain a nationwide retail presence (with a minimum of 4,000 post offices) as we seek to comply with our CSO, and continue to connect and support the entire Australian community.	• We are transforming our Post Office Network to be the marketplace for all Australians. We will provide exceptional experiences for customers sending and receiving letters and parcels, deliver highly trusted over-the-counter services, such as identity and payments, and where required we will be the general store for rural Australia. • We are innovating to deliver more essential services, including financial and government solutions. • This year, we refreshed our contract agreement with our licensees to give our network partners more certainty about their future. See more on pages 21, 31 – 33
Operational network disruption The reach of our unrivalled delivery network is a key driver of our success. We have the nation's most extensive retail footprint and deliver to 12.1 million delivery points. To ensure we continue to meet our customers' expectations, we must prepare for and respond to potential disruptions such as extreme weather events, third party incidents or increased volumes that might affect key sites or critical elements of our value chain.	• Our key buildings meet all Australian standards for fire and flood requirements. • We continuously appraise our exposure to weather, geographic and other events and plan our operations accordingly. • We have contingency plans in place to rapidly respond to disruption by engaging additional resources or bypassing impacted transition areas. • We always evaluate previous disruptive incidents and, then, develop and implement improvement plans based on our learning. • We have developed operational flexibility to diversify delivery methods as required. See more on pages 31, 39 – 41

Materiality assessment 2019

Defining our material issues

Every year we conduct a materiality process to learn which aspects matter most to our business and stakeholders. Findings from this process enhance our strategic decisions and inform the content of this year's 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 process aligns with the GRI Standards and the <IR> Framework, and follows four key steps:

Identify: Our process starts with a large list of potential issues, clustered according to six different types of capitals (financial, human, social, manufactured, intellectual and environmental). These issues were identified through desktop-based research of peer reviews, 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: We engaged with 350 internal and external stakeholders to learn from their views on the issues we identified and asked them to rate their level of importance. Internal stakeholders were selected from a wide range of business areas across Australia Post including LPOs, and external stakeholders included customers, suppliers, partners, and sustainability experts.

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, we identified some new material aspects, and adjusted the position of previously identified ones.

Review: We reviewed the insights obtained to identify key priorities, challenges, opportunities and connections among issues. In this way, we identified about 50 topics which we clustered into six focus areas in line with the <IR> Framework:

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

Validate: The results of the process were discussed internally by our Annual Report Steering Committee (representing key parts of the business) and the Stakeholder Council. Following these discussions we could validate the insights and use them to inform decisions on the required disclosures for this Annual Report and our future direction.

The table below summarises the 10 most material issues for Australia Post's internal and external stakeholders, by level of impact, and overall.

Stakeholder priorities		Areas of greatest impact		Our most material issues 2019
Employee safety, health and wellbeing		Operating profitability		Employee safety, health and wellbeing
Customer data security		Workforce engagement		Viable parcel business
Customer experience		Viable parcel business		Fair labour practices
Trusted and financial services		Employee safety, health and wellbeing		Operating profitably
Meeting our community service obligations	+	Fair labour practices	=	Customer experience
Fair labour practices		Changing competitive landscape		Workforce engagement
Viable parcel business		Corporate governance		Corporate governance
Post Office network		Customer experience		Changing competitive landscape
Operating profitably		Transparency and disclosure		Transparency and disclosure
Post Office transformation		Employer of choice		Post Office transformation

- Our business performance (Financial capital)
- Our people (Human capital)
- Our customers and communities (Social capital)
- Our customer network (Physical capital)
- Our innovation and expertise (Intellectual capital)
- Our environment (Natural capital)

Our Board

John Stanhope AM

BCom (Economics and Accounting), FCPA, FCA, FAICD, FAIM, FAHRI

Chairman (non-executive)

John Stanhope was appointed Chairman of Australia Post in November 2012 (current term expires in November 2019) and has extensive experience in finance, treasury, risk management and assurance, investor relations and corporate security and investigations.

Mr Stanhope is currently Chairman of the Melbourne International Jazz Festival, the Bionics Institute and Port of Melbourne, and a director of AGL Energy Limited.

He is also Chancellor of Deakin University. He was previously chief financial officer and group managing director, finance of Telstra, and an executive director of Telstra.

Holly Kramer

BA, MBA

Deputy Chair (non-executive)

Holly Kramer was appointed to the Australia Post Board in October 2015. She was appointed to the role of Deputy Chair in June 2017 (current term expires in June 2020). Ms Kramer is a Non-executive Director of Woolworths, Abacus Property Group, Southern Phone and the GO (Goodes-O'Loughlin) Foundation.

In addition, Holly serves on the Board of Trustees of Western Sydney University and the ASIC External Advisory Panel. Ms Kramer has more than 25 years' experience in executive management, marketing and sales for customer-focused organisations.

Her most recent executive position was CEO of apparel retailer Best & Less. Holly has also held senior roles with Pacific Brands, Telstra, eCorp and the Ford Motor Company.

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, Chairman of the Perth Public Art Foundation, Board Member of the WA Academy of Performing Arts and the Australia Council for the Arts, and Trustee of the Channel 7 Telethon Trust.

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 (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

Director (non-executive)

Jan West was appointed to the Australia Post Board in May 2016 (current term expires in May 2022) and has a very strong background in finance, audit and risk across Australian and international listed and private companies, government agencies and community organisations.

Mrs West is currently a director of Dairy Australia and Neurosciences Victoria and is a member of the Audit & Risk Management Committee for the Department of Treasury and Finance (Victoria).

She has been President of the Institute of Chartered Accountants, a member of the Financial Reporting Council and a non-executive director of a number of commercial and not-for-profit entities, as well as being an audit Partner of Deloitte.

Deidre Willmott

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

Director (non-executive)

Deidre Willmott was appointed to the Australia Post Board in June 2017 (current term expires in June 2020) and brings organisational transformation, government 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 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 bio on page 62.

Retirements

Paul Scurrah
MAICD

Director (non-executive)

Paul Scurrah was appointed to the Australia Post Board in June 2017. He resigned from the Board in February 2019.

Sujeewa and Sarath Jayasekera with Christine Holgate at Perth Parcel Centre

Directors' attendance at meetings – 2018-19

	Australia Post Board[5]		Audit and Risk Committee		People and Sustainability Committee (formerly People, Safety and Culture Committee)		Nomination and Remuneration Committee	
	(a)[1]	(b)[2]	(a)[1]	(b)[2]	(a)[1]	(b)[2]	(a)[1]	(b)[2]
John Stanhope AM	9	9	–	–	–	–	5	5
Christine Holgate[3]	9	9	–	–	4	4	–	–
Holly Kramer	9	9	4	4	4	4	5	5
Mario D'Orazio[4]	3	2	–	–	1	1	1	1
Bruce McIver AM	9	9	4	4	–	–	5	5
Tony Nutt AO	9	9	–	–	4	4	5	5
The Hon Michael Ronaldson	9	9	–	–	4	4	5	5
Paul Scurrah	5	5	–	–	3	3	4	3
Jan West AM	9	9	4	4	–	–	5	5
Deidre Willmott	9	9	4	4	–	–	5	5

1 (a): Number of meetings held while a Director/Committee member
2 (b): Number of meetings attended while a Director/Committee member
3 Christine Holgate attends all Board & Committee meetings. Those detailed are where she is a formal member.
4 Mario D'Orazio was appointed to the Australia Post Board on 21 March 2019, however only received confirmation of his appointment after the 25 March 2019 Board meeting.
5 Two Board meetings were held at Australia Post operating sites.

Corporate governance statement

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), the *Public Governance, Performance and Accountability Act 2013*, and the *Commonwealth Government Business Enterprise Governance and Oversight Guidelines (2018)*.

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 at www.auspost.com.au.

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 section 23 of the APC Act.

The Board has established three Committees – the Audit & Risk Committee, the People & Sustainability Committee (formerly the People, Safety & Culture Committee) and the Nomination & Remuneration Committee. More information on the functions and responsibilities of the Board and its Committees is contained in the Charters and Corporate Governance Statement on Australia Post's website, including details of the number of meetings held by the Board and its Committees in financial year 2018/19, and attendance by directors.

Non-executive directors are appointed by the Governor-General on the nomination of the portfolio Minister. Australia Post seeks to maintain a Board of Directors with a broad range of skills, experience and knowledge relevant to overseeing the business of a global eCommerce organisation. Diversity of the Board, including through gender, age, ethnicity and geography, is also a consideration for new appointees.

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

The Board regularly reviews its own performance and the performance 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.

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, *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.

Our leadership team

Christine Holgate

Group Chief Executive Officer and Managing Director

Christine Holgate 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 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 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.

Bob Black

Group Chief Operating Officer

Bob joined Australia Post in November 2014, after 30 years of international leadership experience with the global express delivery company TNT.

Bob has a deep knowledge and understanding of the domestic and international distribution and logistics sector. He has a proven track record in delivering transformation programs and major strategic infrastructure projects that produce sustainable efficiency and productivity improvements.

Throughout his career, Bob has held positions across all aspects of commercial activity including, strategy, mergers and acquisitions, business development, sales and operations.

Ingo Bohlken

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

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.

Annette Carey

Executive General Manager, International Services

Annette was appointed as EGM International Services in July 2018, having previously had a distinguished career within the logistics, legal and corporate sectors.

Prior to joining Australia Post, Annette was an influential leader at Linfox for more than a decade, where she served as CEO (2014-2018) and General Counsel & Company Secretary (2009-2014).

As Linfox CEO, Annette developed a new corporate strategy to deliver sustainable growth and exceeded all financial, new business, safety and emissions targets as well as making several significant strategic acquisitions.

Annette has also held leadership positions at Allens and Lend Lease Corporation.

Susan Davies

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.

Prior to joining Australia Post, she held a range of senior HR and operational roles across the transport and logistics industry, in Australia and internationally.

Sue is a purpose and values-driven executive who is dedicated to working with Australia Post's people to create a culture where our people can thrive professionally and personally, while delivering value for customers, community and business.

Nick Macdonald

Acting Executive General Manager, Corporate Services

Nick Macdonald joined Australia Post in 2001 and was Acting EGM Corporate Services from 25 March to 30 June 2019.

Nick has more than 25 years' legal and corporate governance experience.

He commenced his career as a solicitor with Cornwall Stodart and was later a senior associate at Minter Ellison.

Nick is Australia Post's General Counsel. During his 18 years with Australia Post, Nick has performed various roles including acting as Corporate Secretary. He has broad leadership experience across corporate functions including legal, risk, governance, and regulatory compliance.

Chris Blake held this role from 1 July 2018 to 31 December 2018 and Annette Carey acted in the role from January to March 2019.

Nicole Sheffield

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.

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), is a Non-Executive Director of Capitol Health, and has previously served as Chair of the Interactive Advertising Bureau (IAB) Australia.

Gary Starr

Executive General Manager, Business & Government

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

Our 2019/20 Leadership Team

Christine Holgate
Group Chief Executive Officer and Managing Director

Bob Black
Group Chief Operating Officer

Ingo Bohlken
Executive General Manager, Product & Innovation

Rodney Boys
Group Chief Financial Officer

Annette Carey
Executive General Manager, International Services

Susan Davies
Executive General Manager, People & Culture

Philip Dalidakis
Executive General Manager, Corporate Services

Philip was appointed EGM Corporate Services on 17 June 2019 and commenced his role on 1 July 2019.

Nicole Sheffield
Executive General Manager, Community & Consumer

Gary Starr
Executive General Manager, Business & Government

Remuneration report 2019

Message from the Chairman

On behalf of the Board, I am pleased to introduce Australia Post's Remuneration Report for the 2018/19 financial year.

The purpose of this report is to fully disclose our approach to the remuneration of our key management personnel (KMP), including the senior executives and directors of Australia Post. As such, this report seeks to align with the same governance standards that apply to ASX-listed corporations, including aligning with the disclosure requirements outlined in Sec 300A of the *Corporations Act 2001*.

This year, there are new disclosure requirements for Commonwealth entities, due to rule amendments that now apply under the *Public Governance, Performance Accountability Act 2013 (PGPA Act)*. This entails the introduction of aggregated remuneration reporting of other highly paid staff in bandings, with defined total remuneration in excess of $220,000 in FY19 (see section 8 of this report). This provides greater transparency in the number of highly-paid employees and the remuneration levels employed by the Australian Postal Corporation.

In FY19, the Board has embedded and applied a new remuneration framework, which was originally developed in FY18. The overarching framework is outlined in section 2 of this report, under "Remuneration on a Page". The framework is anchored by six clear design principles that support our decisions around executive remuneration (see section 4).

During the year, the Board endorsed a change to the assessment of the Short Term Incentive (STI) plan for KMP, so that STI payments are comprised of: 50 per cent enterprise financials; 10 per cent business unit financials; 20 per cent strategic KPIs; and, 20 per cent leadership and safety management.

Overall financial performance against the enterprise scorecard was strong in FY19, including the achievement of our stretch targets for profit before tax, business efficiency and new revenue. We did not achieve all of our FY19 people-related KPIs, including some specific workplace safety and engagement results. As a result, the Board has determined to pay the Group Chief Executive Officer and Managing Director 75 per cent of her potential incentive payment; and an average incentive of 72 per cent of fixed annual remuneration for the other senior executives.

There were several important changes to the composition of the Executive Team during FY19. As mentioned in last year's report, Christine Corbett and Andrew Walduck left the business at the very start of the financial year. Subsequently, during the year, senior executives Chris Blake and Janelle Hopkins left the organisation. I would like to thank them for their contribution to Australia Post over many years.

In her first full year as our Group Chief Executive Officer and Managing Director, Christine Holgate has refreshed our leadership team by appointing several new executives, including:

- Annette Carey was appointed EGM, International Services (from 1 July 2018)
- Susan Davies was appointed EGM, People & Culture (from 1 July 2018)
- Ingo Bohlken was appointed EGM, Product & Innovation (from 30 July 2018)
- Nicole Sheffield was appointed EGM, Community & Consumer (from 6 August 2018)
- Rodney Boys was appointed Group Chief Financial Officer (from 27 May 2019).

I would like to congratulate each of them on their appointment to significant roles within our business – and thank them for their contribution.

I would also like to acknowledge Paul Scurrah who resigned as a non-executive director on 15 February 2019 – and I would like to welcome Mario D'Orazio who joined our Board as a non-executive director on 21 March 2019.

This Remuneration Report provides full and accurate disclosure in relation to our remuneration principles, policies and practices for FY19. I encourage you to read what follows.

John Stanhope AM
Chairman

1. Our organisation and key management personnel

The purpose of the Remuneration Report (report) is to set out the principles and the strategy Australia Post applies to remunerate key management personnel (KMP) and other highly paid employees. 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.

The information provided in the report has been prepared and is aligned to disclosure requirements outlined in the *Corporations Act 2001*, Section 300A and the *Public Governance, Performance 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 financial year 2019 (FY19) remuneration information for the year ended 30 June 2019 as it applies to KMP, including Board 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 authority and responsibility for planning, directing and controlling the activities of the Enterprise. Also included is a report on the total remuneration for “other highly paid staff” on an aggregated basis by remuneration band under the PGPA Rule. Reporting under the PGPA Rule will be provided in bands of $25,000 for those employees of the Australian Postal Corporation whose total remuneration exceeds $220,000 in FY19. The additional reporting requirements result in 493 employees’ remuneration captured in the aggregated remuneration disclosure.

Remuneration report 2019

The KMP's covered in this year's report and the details of movements throughout FY19 are outlined in the table below:

Table 1: FY19 Key Management Personnel

Name	Position[1]	KMP term
Board Directors		
John Stanhope AM	Chairman	Full Year
Christine Holgate	GCEO&MD	Full Year
Holly Kramer	Deputy Chair	Full Year
Mario D'Orazio[2]	Director	Part 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 Board Directors		
Paul Scurrah[3]	Director	Part Year
GCEO&MD and Senior Executives		
Christine Holgate	GCEO&MD	Full Year
Robert Black	Group Chief Operating Officer	Full Year
Ingo Bohlken[4]	EGM Product & Innovation	Part Year
Rodney Boys[5]	Group Chief Financial Officer	Part Year
Annette Carey[6]	EGM International Services	Full Year
Susan Davies[7]	EGM People & Culture	Full Year
Nicole Sheffield[8]	EGM Community & Consumer	Part Year
Gary Starr	EGM Business & Government	Full Year
Former Senior Executives		
Christopher Blake[9]	EGM Corporate Services	Part Year
Christine Corbett[10]	EGM Community & Consumer	Part Year
Janelle Hopkins[11]	Group Chief Financial Officer	Part Year
Andrew Parker[12]	EGM International Services (Seconded)	Part Year
Andrew Walduck[13]	EGM Product & Innovation	Part Year

1 Position reflects position title at end of financial year or at employment cessation date.
2 Mario D'Orazio was appointed as a Board Director with effect from 21 March 2019.
3 Paul Scurrah resigned as a Board Director with effect from 15 February 2019.
4 Ingo Bohlken was appointed to the role of EGM Product & Innovation with effect from 30 July 2018.
5 Rodney Boys was appointed to the role of Group Chief Financial Officer with effect from 27 May 2019.
6 Annette Carey was appointed to the role of EGM International Services with effect from 1 July 2018.
7 Susan Davies was appointed to the role of EGM People & Culture with effect from 1 July 2018.
8 Nicole Sheffield was appointed to the role of EGM Community & Consumer with effect from 6 August 2018.
9 Chris Blake resigned from the role of EGM Corporate Services with effect from 31 December 2018.
10 Christine Corbett left the role of EGM Community & Consumer with effect from 13 July 2018.
11 Janelle Hopkins resigned from the role of Group CFO with effect from 3 May 2019.
12 Andrew Parker's secondment from PwC into the role EGM International Services ceased with effect 15 July 2018.
13 Andrew Walduck left the role of EGM Product & Innovation with effect from 13 July 2018.

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 FY19 approach to executive 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 (first developed in FY18) to support decision making around executive remuneration are:

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

Remuneration Structure

(Section 5)

	GCEO&MD	Senior Executives
Fixed Annual Remuneration (FAR)	• The Remuneration Tribunal sets the Reference Rate (FAR) for the Australia Post GCEO&MD. • Effective 1 July 2018 the Board adjusted the GCEO&MD's FAR to $1,428,000 which is equal to the reference rate set by the tribunal. • Effective on 1 November 2018, the GCEO&MD's work anniversary, the Board adjusted the GCEO&MD's FAR to $1,478,000, which is within the allowable range of 5%.	• Set with reference to various factors determined as appropriate by the Board. • Regular reviews of scope and accountability of Executives roles and corresponding FAR adjustments were applied to senior executives during FY19 to reflect changes in the size and remit of their roles.
Short Term Incentives (STI)	Aligned to the strategic priorities of the Enterprise, performance is assessed against the Enterprise scorecard outlined on page 72: • 50% Enterprise financials • 10% Business Unit financials • 20% Strategic KPIs • 20% Leadership & Safety Management	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.

Overall performance was strong in FY19 and targets for most KPIs were achieved or exceeded leading to an STI outcome of 75% of FAR for the GCEO&MD and on average 72% of FAR for the senior executives.

Remuneration report 2019

3. Remuneration governance

3.1. Nomination & Remuneration Committee role

The primary role of the Nomination & Remuneration Committee (Committee) is to assist the Board in discharging its governance responsibilities in relation to the appointment, induction and ongoing assessment of the skills and experience of directors; Board composition; GCEO&MD recruitment; GCEO&MD and EGM remuneration; succession planning for directors, the GCEO&MD and EGMs; evaluating the performance of the Board, its Committees and the directors; and within the scope of its responsibility endorse certain matters for Board approval.

The Committee's Charter is reviewed on an annual basis.

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 FY19, the Committee sought independent advice on performance and remuneration related matters from the GCEO&MD, senior executives and management.

External independent remuneration advice was received by Australia Post from PricewaterhouseCoopers (PwC). The advice included executive remuneration market practice information that was used to benchmark the GCEO&MD and EGMs and the 2019 review of executive remuneration frameworks. None of the advice received included a remuneration recommendation as defined by the *Corporations Act 2001*.

3.3. GCEO&MD and senior executive contract terms

The terms of employment for the GCEO&MD and senior executives are formalised in employment contracts with no fixed term, with the exception of the EGM Product & Innovation who is on a three year fixed-term contract.

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 Remuneration Tribunal. The contracts provide for participation in an STI 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.

Table 2: Employment contract cessation

Scenario	Definition
Termination on notice by the senior executive	The GCEO&MD and EGM Product & Innovation may terminate their employment contract by providing six months' notice in writing. All other senior executives may terminate their employment contract by providing twelve weeks' notice in writing.
Termination on notice of a senior executive by Australia Post	Australia Post may terminate the GCEO&MD and EGM, Product & Innovation employment contract by providing six months' notice or provide payment in lieu of the full or part of the notice period. Australia Post may terminate all other senior executives' employment contracts by providing twelve weeks' notice or provide payment in lieu of the full or part of the notice period.
Termination on notice payments	Termination on notice payments by Australia Post are compliant with minimum legislation and designed to ensure consistent and equitable practices are applied. For the GCEO&MD and senior executives, termination on notice payments are calculated based on length of service and shall be no less than an amount equal to the notice period and no more than twelve months of fixed annual remuneration.
Termination without notice	In certain scenarios as set out in the employment contracts of the GCEO&MD and senior executives (e.g. breach of contract, improper conduct or conviction for a criminal offence), Australia Post may terminate the employment contract at any time without notice, and the 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, 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 enterprise, supporting a performance-based remuneration and recognition framework designed to drive performance whilst remaining aligned to market practice.

In June 2018, the Board approved the following principles to underpin the design of the remuneration and performance management approach:

- **Externally accountable**: we will appropriately reward executives for their individual contribution to enterprise 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 enterprise value and delivers strong financial returns to our Shareholder by linking executive remuneration outcomes to relevant and measurable financial and non-financial 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 enterprise 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.

5. FY19 remuneration structure

For FY19 the GCEO&MD and senior executive remuneration arrangements are comprised of two key remuneration components:

1. Fixed annual remuneration (FAR); and
2. 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 2019. The maximum STI, at risk component of remuneration is 100 per cent of FAR for the GCEO&MD and senior executives.

Figure 1: GCEO&MD and senior executive target remuneration mix[14]

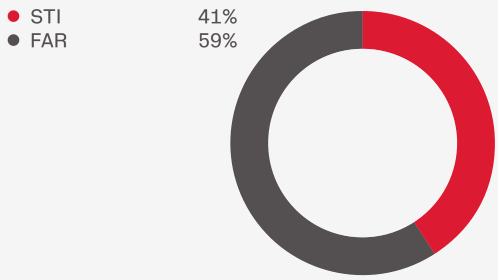
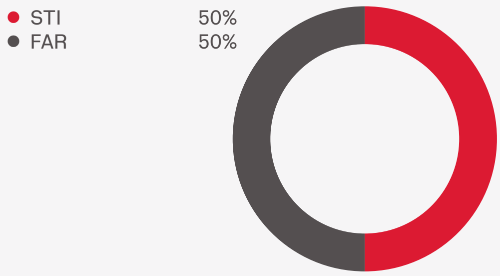


Figure 2: GCEO&MD and senior executive maximum remuneration mix



14 Participants of the closed Australia Post Superannuation Scheme have their STI calculated on base salary.

Remuneration report 2019

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 reviewed annually with adjustments generally effective for the GCEO&MD from 1 November and senior executives from the beginning of the first pay period of December (payroll period starting 28 November 2019).

GCEO&MD FY19 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.

In June 2018 the Remuneration Tribunal determined that the Reference Rates within its jurisdiction increase by 2 per cent effective 1 July 2018. This includes Australia Post GCEO&MD being classified a PEO Band E. The Reference rate increased to $1,428,000.

On appointment, and the immediate 12 months following, the Board may not set remuneration above the Reference Rate. From the first anniversary of appointment the Board of Australia Post has the discretion to determine remuneration within the band from 10 per cent below the Reference Rate to 5 per cent above the Reference Rate.

The Board, consistent with the Remuneration Tribunal's reference rate increase and general provisions, approved an increase in the GCEO&MD's Total Remuneration (Base salary plus Superannuation). The increase was applied in two tranches.

1. Total Remuneration (FAR) increased to $1,428,000 effective 1 July 2018; and
2. Total Remuneration (FAR) increased to $1,478,000 effective 1 November 2018.

The Remuneration Tribunal also confirmed performance pay incentive arrangements for the GCEO&MD with a Target STI potential of 70 per cent of FAR and 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. For FY19 the GCEO&MD performance was be assessed against the Enterprise Scorecard (see Section 6 for further details).

KMP and senior executive FY19 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.

At the beginning of FY19, the GCEO&MD made a number of changes to the size and remit of various senior executive roles, which resulted in the Board applying associated adjustments to those senior executives' FAR to align with the future direction and strategy of Australia Post.

The FY19 STI has been designed to provide a framework that rewards for delivering performance and value creation for Australia Post. The plan recognizes 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 FY19, the senior executive STI outcomes align to both individual, business unit and enterprise performance. The key measures that determine a STI outcome for senior executives for FY19 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 up to 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).

At the end of the financial year the Nomination & Remuneration Committee reviews the performance of each senior executive. The Nomination & Remuneration Committee then recommends to the Board individual STI awards. 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 for 12 months (to September 2020). The deferred amount is subject to review and clawback by the Board at its absolute discretion.

The past two years have delivered a 33 per cent reduction in the total remuneration outcomes payable to the Senior Executives of Australia Post, from $18,491,167 in FY17 to $12,357,392 in FY19 . This reduction is reflective of the new remuneration framework implemented by Australia Post in FY18, which saw the removal of the Long Term Incentives (LTI) Plan and the STI Maximum potential being capped at 100 per cent of FAR.

Other highly paid employee FY19 remuneration

Remuneration packages 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.

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 positon class.

Remuneration packages are reviewed on an individual basis on appointment, on promotion or during the annual remuneration review. New entrants to the enterprise are typically positioned up to the midpoint to provide an opportunity to progress within the band once they're 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.

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

Remuneration report 2019

6. Linking strategy, performance and remuneration

6.1. How we assessed the Enterprise Scorecard in FY19

Enterprise Scorecard

The Enterprise Scorecard contains a range of key performance indicators (KPIs) that are aligned to the strategic priorities of the enterprise. The FY19 Enterprise Scorecard KPIs and performance against those are detailed in the table below:

Table 3: FY19 Enterprise Scorecard

Measure	KPI	Link to strategy	Performance	Outcome
Enterprise Financials 50%	Profit Before Tax (PBT) (25%)	Australia Post maintains both a community and a commercial regulatory purpose. We are required, where possible, to make a commercial return on our assets.	2019 full year Group PBT of $41.1 million exceeded expectations and is $16.1 million or 64.3 per cent ahead of budget driven by the strong performance in Parcels, Financial Services, coupled with significant efficiency gains.	Exceeded Target
	Group Revenue (25%)	Australia Post needs to protect our revenue base in letters, grow in parcels, and seek additional new revenue streams to grow the business.	2019 full year revenue of $6,924.0 million is up $61.2 million or 0.9 per cent on budget, with a strong contribution from our business customers in Domestic and International Parcels, Financial Services in our post offices and the consolidation of APG post the buyback of the 60 per cent stake.	Met Target
Business Unit Financials 10%	Enterprise Business Efficiency (5%)	Continually challenging ourselves to execute on efficiencies across the business enables Australia Post to be able to invest more in longer-term growth.	The program has delivered $259.3 million of sustainable efficiencies for 2019 full year. This is almost $60 million favourable to budget driven predominately by efficiencies created in the network.	Exceeded Target
	New Revenue (5%)	New revenue streams are a critical component of growing our total revenue base, and maintaining a profitable business.	The 2019 full year outcome of $235.4 million exceeded Budget by $120.4 million due in part to the successful acquisition of APG, the new Bank@Post agreements and growth from new customers.	Exceeded Target
Strategic KPIs 20%	Enterprise NPS (5%)	Customer advocacy and loyalty is critical in order to win in all our businesses, particularly in a fiercely competitive eCommerce market.	FY19 full year NPS of +20.5, favourable +1.4 to Target (+19.1) and up on last year +3.4 (FY18 Result +17.1) following an improvement in regional / rural areas, and letter deliveries, plus an investment in customer services and further roll out of locker solutions.	Met Target
	International Parcel Revenue (5%)	We will become a global, cross-border eCommerce logistics provider.	International parcel revenue of $586.1 million exceeded target supported by the buy-back of our international commercial arm (APG) which underpinned stronger inbound and outbound parcels.	Exceeded Target
	Transformation of AP brand to red & white	We will return the Australia Post brand to its iconic status.	Australia Post continues our transformation to one lead brand. Customers are managed as one. Uniforms, packaging and branding of vehicles were all relaunched.	Met Target
	Rejuvenate role of Post Office network	Our Post Office network will be a leading edge market place that connects Australians with the world.	New Bank@Post agreements with 74 financial services companies underpinned not only growth but has enabled critical IT investment to support new and additional services.	Met Target
	Best in Class Core products	We will create a range of products that customers value and trust.	Continued to develop core parcel products including expanding Express Post, faster delivery times and rolling out 3 hour service. Trialled new letter products and secured new identity agreements with Government partners.	Met Target

Measure	KPI	Link to strategy	Performance	Outcome
	New Network Capacity	We will always provide great service and value by investing in network capability and capacity to be best in class.	Although we have faced extremely challenging weather conditions, the business delivered through Peak. Built Redbank, which will be operational for Peak FY20 and be the largest facility in the Southern Hemisphere.	Met Target
	Manage Enterprise Risk	Manage Enterprise risk within Board tolerance.	We require more work on cyber security and our safety culture. Positively we have continued to de-risk the balance sheet with the disposal of the 10.1 per cent stake in Aramex and securing control back of our International commercial arm and driving cash growth.	Target Not Met
	Identify significant opportunities to grow Bus to 10Bn	We need to realise significant growth opportunities to generate a sustainable enterprise profit.	Secured the buyback of the 60 per cent stake in our international commercial arm which will both protect international volumes and act as a platform for growth. Shortlisted for Visa Bid and built a strategy to support the government on services and secured agreement from 74 financial services businesses.	Met Target
Leadership & Safety Management 20%	Group TRIFR (5%)	The health, safety and wellbeing of our people is our most important cultural priority.	A full year outcome of 56.4 (reported as at 30 June 2019), is +15.5 unfavourable to target aspirations of 40.9. Total Recordable Injuries were 3,291, +302 higher than last year. During July 2019, 119 additional TRIs were lodged for the previous period. On a positive note, there has been an 11 per cent reduction in vehicle incidents and 9 per cent fewer motorcycle accidents compared to the same time last year.	Target Not Met
	Group People Engagement (5%)	We strongly believe that ensuring our people are engaged is critical to delivering our future growth aspirations.	2019 saw record responses with 28,575 employees (81%) participating in our say2action employee engagement survey. Areas of particularly strong performance include understanding our strategy (87 per cent), safety (84 per cent & 81 per cent), community purpose (85 per cent) and customer delight (82 per cent). New survey providers, We Are Unity and Qualtrics, set a new baseline of 68 per cent for use going forward, which is 1 per cent higher than Australian benchmarks. A year-on-year comparison using the previous methodology shows that the overall engagement score held steady at 60 per cent but did not reach our 63 per cent target.	Target Not Met
	Leadership role on Safety	Safety is a one of our four values, and the safety and wellbeing of our people is our highest priority.	Injury Claims responded in 24 hours improved significantly to 95 per cent and the number of approved Doctors increased over 60 per cent. Completed the SRCC process and ensured compliance requests met. Led a significant safety audit over 64 facilities. Partnered with unions to develop an employee plan to address safety.	Met Target
	Support Execs in delivering their Strategic Priorities	Our leaders are unified around all strategic priorities.	Significant examples of cross collaboration, including engagement of LPO's, securing Bank@Post agreements, Sale of Aramex 10.1 per cent stake and buyback of 60 per cent stake in APG in addition to leading efficiency targets.	Met Target
	Build leadership engagement with Board	Board engagement and support for our strategic direction is critical to our strategy be realised.	Improved Board reporting coupled with broader exposure to the Board of key executives. All business cases to the Board matched to strategic framework.	Met Target
	Develop leadership talent and succession	The quality of our leaders will be a key determinant in our future success.	Delivered a talent assessment program for top 75 leaders and have built a succession plan for key ET leadership roles.	Met Target

Remuneration report 2019

FY19 Business unit scorecards

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.

The Scorecards vary by hierarchy.

EGMS

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

General Managers reporting to an EGM

Enterprise Financial 30%	Business Unit Financial 20%	Strategic KPIs 30% (Qualitative 15% Quantitative 15%)	Leadership/Safety Mgt 20% (Qualitative 10% Quantitative 10%)

Band 3 and below:

Enterprise Financial 10%	Qualitative (90% Total)		
	Business Unit Financial 30% Guideline Only	Strategic KPIs 40% Guideline Only	Leadership/Safety Mgt 20% Guideline Only

Table 4: FY19 Individual STI Awards

		STI Award Non-Deferred		STI Award Deferred		STI Award Total	
Name	**Role**	**% of FAR**	**$**	**% of FAR**	**$**	**% of FAR**	**$**
Christine Holgate	GCEO & MD	56.25%	$831,375	18.75%	$277,125	75.00%	$1,108,500
Robert Black	Group Chief Operating Officer	55.13%	$531,956	18.38%	$177,319	73.50%	$709,275
Ingo Bohlken	EGM Product & Innovation	55.13%	$418,950	18.38%	$139,650	73.50%	$558,600
Rodney Boys[1]	Group Chief Financial Officer	0.00%	$0	0.00%	$0	0.00%	$0
Annette Carey	EGM International Services	52.13%	$390,938	17. 38%	$130,313	69.50%	$521,250
Susan Davies	EGM People & Culture	55.13%	$413,438	18.38%	$137,813	73.50%	$551,250
Nicole Sheffield	EGM Community & Consumer	53.38%	$400,313	17.79%	$133,438	71.17%	$533,750
Gary Starr	EGM Business & Government	55.13%	$413,438	18.38%	$137,813	73.50%	$551,250

1 APCIP participants must be employed by 31 March 2019 to be eligible for an FY19 STI payment.

6.2. FY19 STI outcomes

Based on the performance against the enterprise scorecard and the achievements delivered by the GCEO&MD in FY19, the Board determined that the GCEO&MD should receive a STI award of 75 per cent of maximum STI. In accordance with the plan deferral rules 25 per cent of the GCEO&MD STI award will be deferred until September 2020 and will remain "at risk", contingent on the sustained performance of the business at the absolute discretion of the Board.

Senior executives were awarded an average of 72 per cent of the maximum STI. 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 for 12 months. The deferred amount is subject to review and Clawback by the Board at its absolute discretion. An average STI award of 54 per cent of FAR will be paid to senior executives in September 2019 and an average of 18 per cent will be deferred until September 2020.

Individual FY19 STI awards for the GCEO&MD and Senior Executives are provided in Table 4.

6.3. Long-term incentives

As highlighted in the FY17 Remuneration Report, from FY18 the Long Term Incentives (LTI) Plan will no longer be offered to any senior executive (including the GCEO&MD).

The second tranche payment of the 2015 to 2017 LTI award (representing one third of the total LTI award) was paid on 1 November 2018 to eligible participants. Participants must be employed by Australia Post on the day of payment or they forfeit the payment.

Table 5: 2015 to 2017 LTI Award Second Tranche Payments

Name	Role	2015 to 2017 LTI Award Second Tranche Payments[1] (Paid November 2018)
Christine Holgate	GCEO&MD	Not Eligible to Participate
Robert Black	Group Chief Operating Officer	$330,000
Ingo Bohlken	EGM Product & Innovation	Not Eligible to Participate
Rodney Boys	Group Chief Financial Officer	Not Eligible to Participate
Annette Carey	EGM International Services	Not Eligible to Participate
Susan Davies	EGM People & Culture	Not Eligible to Participate
Nicole Sheffield	EGM Community & Consumer	Not Eligible to Participate
Gary Starr	EGM Business & Government	Not Eligible to Participate
Former executives		
Christopher Blake[2]	EGM Corporate Services	$298,000
Christine Corbett[3]	EGM Community & Consumer	Forfeit $320,000
Janelle Hopkins[4]	Group Chief Financial Officer	$146,667
Andrew Parker	EGM International Services (Seconded)	Not Eligible to Participate
Andrew Walduck[3]	EGM Product & Innovation	Forfeit $250,000

1 Payments are subject to being employed by Australia Post on 1 November 2018.

2 Christopher Blake resigned from Australia Post with effect from 31 December 2018 so was on payroll as at 1 November 2018 and received the second tranche.

3 Christine Corbett and Andrew Walduck left Australia Post with effect from 13 July 2018 and so forfeit the payment.

4 Janelle Hopkins resigned from Australia Post with effect from 3 May 2019 so was employed as at 1 November 2018 and received the second tranche.

Remuneration report 2019

7. Board director fees

All Australia Post Board directors are appointed by the Commonwealth Government through the Shareholder Ministers. Board Directors' annual 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 Board director fees for the roles of Chair, Deputy Chair and other Board director fees (excluding statutory superannuation contributions which are paid in addition to the fees set by the Remuneration Tribunal). Board 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 Board directors' fees (excluding superannuation) as set by the Remuneration Tribunal and covering the financial years 2017, 2018, 2019 and 2020.

Table 6: Board director fees

	With effect from			
Role	8 December 2016[1]	1 July 2017[2]	1 July 2018[3]	1 July 2019[4]
Chair	$182,520	$186,180	$189,910	$193,710
Deputy Chair	$101,860	$103,900	$105,980	$108,100
Board Directors	$91,290	$93,120	$94,990	$96,890
Audit & Risk Committee Chair	$21,120	$21,550	$21,990	$22,430
Audit & Risk Committee Member	$10,560	$10,780	$11,000	$11,220
People & Sustainability Committee Chair[5]	$18,000	$18,360	$18,730	$19,110
People & Sustainability Committee Members[5]	$9,000	$9,180	$9,370	$9,560

1 Remuneration Tribunal, Determination 2016/18: Remuneration and Allowances for Holders of Part-Time Public Office
2 Remuneration Tribunal, Determination 2017/10: Remuneration and Allowances for Holders of Part-Time Public Office
3 Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2018
4 Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2019
5 Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees.

8. FY19 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 *Corporations Act 2001*, Section 300A. The PGPA Act and PGPA Rule. This sees disclosure made in three areas:

1. Board director fees
2. KMP and senior executives
3. Aggregate reporting of "other highly paid staff".

Australia Post has defined KMP as Board 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 enterprise. 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 2018 and 30 June 2019. All remuneration is provided in Australian Dollars.

In 2019 the Department of Finance proposed additional remuneration disclosure requirements for Commonwealth entities. The remuneration disclosures, under the PGPA Rule, require Australia Post to report on "other highly paid staff" who are neither KMP nor senior executives. The disclosures are provided on an aggregated banded basis, of $25,000, for those employees of Australian Postal Corporation whose remuneration exceeds $220,000 in 2019. Reporting is provided on a series of remuneration components including:

- Base salary
- Superannuation
- Short-term incentives
- Post-employment benefits
- Other long-term benefits
- Termination benefits
- Total remuneration

Australia Post has disclosed aggregate remuneration on an additional 493 employees under the PGPA Rule.

8.2. Statutory Tables

Table 7: Board Directors (accruals basis) (audited)

		Short-term benefits		Post employment contributions	
Directors	**Year**	**Director fees[5] $**	**Non-monetary benefits $**	**Superannuation[6] $**	**Total $**
John Stanhope AM (Chairman)	2019	189,910	–	18,041	207,951
	2018	186,180	–	17,687	203,867
Holly Kramer (Deputy Chair)	2019	116,980	–	11,113	128,093
	2018	114,680	–	10,895	125,575
Mario D'Orazio[1]	2019	27,594	–	2,621	30,215
	2018	–		–	–
Bruce McIver AM	2019	105,990	–	10,069	116,059
	2018	103,900	–	9,871	113,771
Tony Nutt AO[2]	2019	104,360	–	9,914	114,274
	2018	33,130	–	3,147	36,277
The Hon Michael Ronaldson	2019	104,360	–	9,914	114,274
	2018	102,300	–	9,719	112,019
Jan West AM	2019	116,980	–	11,113	128,093
	2018	114,670	–	10,894	125,564
Deidre Willmott	2019	105,990	–	10,069	116,059
	2018	103,103	–	9,795	112,898
Former Directors					
Dominique Fisher[3]	2019	–	–	–	–
	2018	41,761	–	3,967	45,728
Paul Scurrah[4]	2019	65,761	–	6,247	72,008
	2018	101,621	–	9,654	111,275
Total (9 Directors)	**2019**	**937,925**	–	**89,101**	**1,027,026**
	2018	901,345	–	85,629	986,974

1 Mario D'Orazio appointed to the Board 21 March 2019.
2 Tony Nutt AO appointed to the Board 2 March 2018.
3 Dominique Fisher retired from the Board 26 November 2017.
4 Paul Scurrah resigned from the Board 15 February 2019.
5 Board Director Fees are set by the Remuneration Tribunal and paid in cash.
6 Minimum superannuation contributions are provided as prescribed under Superannuation Guarantee legislation.

Remuneration report 2019

Table 8: GCEO&MD and senior executives base salary, short-term employee benefits and post-employment benefits (accruals basis) (audited)

Senior Executives and Position titles	Year	Short-term benefits			Post employment benefits	Other long-term benefits		Other	
		Base salary[14] $	Bonuses[15] $	Other benefits and allowances[16] $	Superannuation[17] $	Long service leave[18] $	Other long-term benefits[19] $	Termination & retirement benefits[20] $	Total remuneration $
Christine Holgate[1] GCEO&MD	2019	1,441,247	831,375	–	20,531	47,573	224,500	–	2,565,226
	2018	971,452	515,625	32,868	20,049	20,894	85,938	–	1,646,826
Robert Black Group Chief Operating Officer	2019	999,041	531,956	–	20,531	21,398	128,909	–	1,701,835
	2018	1,216,870	885,500	–	20,049	44,568	73,719	–	2,240,706
Ingo Bohlken[2] EGM Product & Innovation	2019	702,457	418,950	41,885	20,531	19,662	69,825	–	1,273,310
	2018	–	–	–	–	–	–	–	–
Rodney Boys[3] Group Chief Financial Officer	2019	73,178	–	–	6,455	1,523	–	–	81,156
	2018	–	–	–	–	–	–	–	–
Annette Carey[4] EGM International Services	2019	746,303	390,938	–	20,531	20,938	65,156	–	1,243,866
	2018	–	–	–	–	–	–	–	–
Susan Davies[5] EGM People & Culture	2019	703,826	413,438	–	20,531	57,759	68,906	–	1,264,460
	2018	–	–	–	–	–	–	–	–
Nicole Sheffield[6] EGM Community & Consumer	2019	686,308	400,313	–	20,531	12,012	66,719	–	1,185,883
	2018	–	–	–	–	–	–	–	–
Gary Starr[7] EGM Business & Government	2019	684,717	413,438	9,019	20,531	30,923	85,712	–	1,244,340
	2018	207,047	103,991	–	6,646	13,339	5,571	–	336,594
Former Senior Executives									
Ahmed Fahour AO[8] MD&GCEO	2019	–	–	–	–	–	–	–	–
	2018	156,495	–	–	5,012	7,208	362,475	–	531,190
Chris Blake[9] EGM Corporate Services	2019	566,043	–	–	20,531	(139,497)	–	476,528	923,605
	2018	831,400	612,000	–	20,049	27,224	29,531	–	1,520,204
Christine Corbett[10] EGM Community & Consumer	2019	29,362	–	–	3,069	–	–	–	32,431
	2018	959,716	669,375	–	101,646	38,372	32,484	875,000	2,676,593
Janelle Hopkins[11] Group Chief Financial Officer	2019	847,326	–	–	20,531	(87,878)	–	–	779,979
	2018	866,870	635,250	–	20,049	27,475	58,406	–	1,608,050
Andrew Walduck[12] EGM Product & Innovation	2019	20,272	–	7,784	2,305	–	–	–	30,361
	2018	804,266	631,125	27,319	20,049	29,255	29,531	573,283	2,114,828

Senior Executives and Position titles	Year	Short-term benefits			Post employment benefits	Other long-term benefits		Other	
		Base salary[14] $	Bonuses[15] $	Other benefits and allowances[16] $	Superannuation[17] $	Long service leave[18] $	Other long-term benefits[19] $	Termination & retirement benefits[20] $	Total remuneration $
Senior Executive engaged under secondment arrangement payment									
Andrew Parker[13] EGM International Services (Seconded)	2019	30,940	–	–	–	–	–	–	30,940
	2018	519,860	–	–	–	–	–	–	519,860
Total (13 executives)	**2019**	**7,531,020**	**3,400,408**	**58,688**	**196,608**	**(15,587)**	**709,727**	**476,528**	**12,357,392**
Total (9 executives)	2018	6,533,976	4,052,866	60,187	213,549	208,335	677,655	1,448,283	13,194,851

1 Christine Holgate was appointed Group Chief Executive Officer & Managing Director on 30 October 2017.
2 Ingo Bohlken was appointed Executive General Manager, Product & Innovation with effect from 30 July 2018.
3 Rodney Boys was appointed Group Chief Financial Officer with effect from 27 May 2019.
4 Annette Carey was appointed Executive General Manager, International Services with effect from 1 July 2018.
5 Susan Davies was appointed Executive General Manager, People & Culture with effect from 1 July 2018.
6 Nicole Sheffield was appointed Executive General Manager, Community & Consumer with effect from 6 August 2018
7 Gary Starr was appointed Executive General Manager, Business & Government with effect from 1 March 2018.
8 Ahmed Fahour AO resigned from the position of Managing Director and Group Chief Executive Officer (MD&GCEO) with Australia Post with effect from 28 July 2017.
9 Chris Blake retired from Australia Post with effect from 31 December 2018. An ex-gratia payment, disclosed under "other termination & retirement benefits", was made in accordance with the Deed of Separation.
10 Christine Corbett was appointed Acting Group Chief Executive Officer & Managing Director between 29 July 2017 to 29 October 2017 and ceased employment with Australia Post with effect from 13 July 2018.
11 Janelle Hopkins ceased employment with Australia Post with effect from 3 May 2019.
12 Andrew Walduck ceased employment with Australia Post with effect from 13 July 2018.
13 Andrew Parker was seconded from PricewaterhouseCoopers (PwC) on a consulting basis, which concluded on 13 July 2018, following appointment of permanent incumbent, Annette Carey. Andrew Parker is remunerated separately by PwC, with base salary comprising of consulting fees paid to PwC for this secondment.
14 Base salary comprises cash salary, net of annual leave accrued and taken during the year.
15 Bonuses comprise accrued short-term incentives payable within 12 months of the end of the period.
16 Other benefits and allowances comprise of the Reportable Fringe Benefits Amount included on the recipient's payment summary. Amounts for Christine Holgate's 2018 year benefits comprise of short-term accommodation paid by the Corporation for the first six months of her tenure in accordance with the determination set by the Remuneration Tribunal.
17 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 member of a defined contribution plan, the benefit is calculated at 9.5 per cent in accordance with the applicable legislation.
18 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.
19 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 per cent 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.
20 Termination benefits are payments made in relation to the termination of the senior executive role.

The past two years have delivered a 33 per cent reduction in the total remuneration outcomes payable to the Senior Executives of Australia Post, from $18,491,167 in FY17 to $12,357,392 in FY19 . This reduction is reflective of the new remuneration framework implemented by Australia Post in FY18, which saw the removal of the Long Term Incentives (LTI) Plan and the STI maximum potential being capped at 100 per cent of FAR.

Remuneration report 2019

Table 9 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 total compensation received by employees in each remuneration band for the duration of employment within the reporting period.

Table 9: FY19 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 bonuses[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
$220,001 to $245,000	134	146,630	27,563	1,141	12,911	6,080	164	37,941	232,429
$245,001 to $270,000	97	160,665	36,284	2,011	14,293	7,674	398	35,561	256,885
$270,001 to $295,000	70	187,719	43,128	939	16,685	8,478	643	23,981	281,572
$295,001 to $320,000	49	195,779	47,932	1,090	17,004	7,891	166	37,940	307,802
$320,001 to $345,000	32	208,873	58,185	2,154	16,963	7,772	688	39,725	334,360
$345,001 to $370,000	28	202,569	50,394	2,243	16,328	10,505	2,076	72,060	356,175
$370,001 to $395,000	17	220,761	65,521	411	18,597	14,807	765	64,390	385,252
$395,001 to $420,000	12	262,481	108,137	1,907	20,966	12,884	1,306	–	407,681
$420,001 to $445,000	9	256,463	87,622	589	19,500	13,733	–	52,072	429,979
$445,001 to $470,000	5	234,816	70,580	–	16,846	9,961	–	123,995	456,198
$470,001 to $495,000	5	252,898	95,589	151	19,006	10,365	6,400	95,681	480,089
$495,001 to $520,000	5	346,587	107,408	–	22,636	12,987	6,285	15,748	511,651
$520,001 to $545,000	7	319,749	126,918	–	20,508	14,586	6,250	43,080	531,091
$545,001 to $570,000	6	310,916	115,156	2,201	19,695	11,855	8,390	88,122	556,335
$570,001 to $595,000	3	357,220	179,404	–	20,531	16,672	8,205	–	582,032
$595,001 to $620,000	3	380,717	136,538	18,729	26,231	32,295	12,731	–	607,241
$645,001 to $670,000	2	376,994	170,229	21,945	24,811	32,070	22,688	–	648,738
$695,001 to $720,000	3	410,174	199,394	5,689	20,531	28,185	48,798	–	712,772
$720,001 to $745,000	1	449,674	217,592	–	20,531	14,436	40,175	–	742,408
$745,001 to $770,000	1	316,328	0	8,962	10,266	7,131	–	424,708	767,395
$770,001 to $795,000	2	474,713	229,582	–	20,531	18,751	42,389	–	785,966
$895,001 to $920,000	1	578,278	258,750	–	20,531	16,632	43,125	–	917,316
$920,001 to $945,000	1	469,971	319,193	–	37,707	41,388	57,726	–	925,985
Total[8]	**493**								

1 Base salary comprises the average cash salary, including amounts paid on sick leave, net annual leave benefits, higher duties, purchased leave and amounts salary sacrificed.

2 Short-term bonuses comprise of average bonuses paid or payable within 12 months.

3 Other benefits and allowances comprises of 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 prescribed Superannuation Guarantee legislation.

5 Long Service Leave (LSL) comprises of 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 of average bonuses deferred for more than 12 months.

7 Termination benefits are payments made on separation of employment and includes redundancy payments and in some instances payment in lieu of notice.

8 For the purposes of this note, senior executives are not disclosed as part of these disclosures, but reported within Table 8 of the Remuneration Report.

Remuneration report 2019

Table 10: FY18 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 bonuses[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
$220,001 to $245,000	125	153,550	26,951	831	14,427	3,853	363	32,219	231,115
$245,001 to $270,000	85	164,570	34,479	1,249	15,841	3,937	114	39,292	256,644
$270,001 to $295,000	55	193,208	42,501	267	18,305	4,882	905	21,348	280,643
$295,001 to $320,000	51	190,751	41,212	1,588	17,932	4,934	–	51,713	305,707
$320,001 to $345,000	28	203,483	53,983	–	19,267	5,134	416	53,845	330,344
$345,001 to $370,000	27	215,566	55,360	1,983	20,313	6,841	1,208	56,314	355,534
$370,001 to $395,000	16	237,284	57,052	385	19,969	7,887	–	66,660	382,105
$395,001 to $420,000	17	243,947	82,257	1,517	20,881	5,768	1,575	55,286	406,392
$420,001 to $445,000	9	233,277	63,579	3,791	19,901	7,474	–	106,762	434,784
$445,001 to $470,000	12	234,897	76,186	–	21,094	4,971	2,667	132,133	459,250
$470,001 to $495,000	6	282,493	94,332	–	25,692	10,695	5,237	66,174	484,624
$495,001 to $520,000	10	332,373	110,693	6,915	24,944	9,976	722	21,338	506,962
$520,001 to $545,000	4	308,071	100,888	–	20,882	8,884	–	90,179	528,904
$545,001 to $570,000	2	330,070	169,645	–	26,055	9,407	22,150	–	557,325
$570,001 to $595,000	4	304,432	136,355	–	22,680	14,443	–	140,463	584,284
$595,001 to $620,000	1	114,645	–	–	15,207	2,824	–	468,509	601,185
$620,001 to $645,000	5	362,599	180,577	2,327	23,822	14,618	13,082	33,000	630,024
$645,001 to $670,000	2	293,960	93,492	–	22,794	8,886	–	238,388	657,520
$695,001 to $720,000	1	265,017	97,320	–	32,193	13,101	–	310,592	718,223
$720,001 to $745,000	3	370,546	243,026	–	25,912	16,468	4,084	76,509	736,545
$745,001 to $770,000	3	386,793	189,577	–	23,824	16,767	26,410	114,781	758,153
$770,001 to $795,000	1	496,819	250,000	–	20,049	11,733	12,500	–	791,100
$795,001 to $820,000	3	326,742	84,839	24,891	30,461	10,432	–	383,710	804,515
$845,001 to $870,000	1	531,922	300,000	–	20,049	13,150	–	–	865,122
$920,001 to $945,000	1	476,228	371,260	–	47,762	18,403	13,583	–	927,235
$1,020,001 to $1,045,000	1	579,226	428,400	–	20,049	16,247	–	–	1,043,922
$1,170,001 to $1,195,000	1	668,122	468,831	–	20,049	18,735	–	–	1,175,736
Total[8]	**474**								

Footnotes below Table 9 also apply to this table.

8.3. Changes to remuneration for FY20

The approach to remuneration in FY20 will follow similar principles to FY19.

Additionally, two gateways for eligibility for Australia Post Corporate Incentive Plan (APCIP) will be introduced.

1. Incentives will only be paid to the Australia Post Corporate Incentive Plan (APCIP) population if a Profit Before Tax (PBT) of greater that 1 cent is made.
2. If the PBT stretch is not achieved but a PBT of greater than or equal to 1 cent is made then only target incentives will be paid against each KPI, no stretch incentives.

Australia Post Corporate Incentive Plan (APCIP) continues to have minimum expectations set, aligned to Australia Post's values and behaviours. These will remain the same as FY19 and will require participants to meet the following minimum expectations:

- living our values and meeting minimum behaviour expectations;
- meeting *Our Ethics*;
- completion of all relevant compliance training; and
- minimum performance rating of at least 3 (or a minimum performance rating of 2 for new starters or new to role employees).

Financial and statutory reports

Contents

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

2018/19 Financial Statements

In our opinion:

(a) the accompanying financial statements for the year ended 30 June 2019:

(i) present fairly the entity's financial position, financial performance and cash flows;

(ii) comply with the accounting standards and any other requirements prescribed by the *Public Governance, Performance and Accountability Act 2013* and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(iii) have been prepared based on properly maintained financial records.

(b) at the date of this report, there are reasonable grounds to believe that the group will be able to pay its debts as and when they fall due.

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

John Stanhope AM
Chairman

Melbourne
21 August 2019

Christine Holgate
Group Chief Executive Officer and Managing Director

Melbourne
21 August 2019

Rodney Boys
Group Chief Financial Officer

Melbourne
21 August 2019

Australia Post Group
2018/19 Financial Statements Certification by Directors

Prior to the adoption of the 2018/19 financial statements, the board received and considered a written statement from the Group Chief Executive Officer and Managing Director and Group Chief Financial Officer that in their opinion:

- the financial records of the corporation and the consolidated entity have been properly maintained;
- the statements 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 present fairly the entity's financial position, financial performance and cash flows; and
- integrity of the financial statements is founded on a sound system of risk management and internal control which is operating effectively.

John Stanhope AM
Chairman

Melbourne
21 August 2019

Annual performance statement

for the year ended 30 June 2019

Each year, Australia Post provides a rolling four year corporate plan. The 2018/19 corporate plan and associated Statement of Corporate Intent were submitted to shareholder ministers in August 2019 detailing Australia Post's strategic direction.

Statement

The directors, as the accountable authority of Australia Post, present the 30 June 2019 performance statements of the Australian Postal Corporation and its controlled entities, as required under paragraph 39(1)(1) of the *Public Governance, Performance and Accountability Act 2013* and other applicable legislation.

In the opinion of the directors, the annual performance statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the *Public Governance, Performance and Accountability Act 2013*.

Purpose

Australia Post's purpose is expressed through the *Australian Postal Corporation Act 1989* (APC Act) that sets both community service and commercial objectives.

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

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

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

In an environment where non-letter products are an ever-increasing part of our network, Australia Post operates to a more expansive purpose that is aligned to the full range of services that our 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 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 connect people with each other and the world. We help unlock opportunities for everyone. Everyone Matters.

People are at the heart of everything we do. And providing access to the services and support that they need is what drives us.

- 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

Key community service objectives as set out in the plan for 2018/19 which align to the APC Act and prescribed performance standards and performance against these were as follows:

Performance indicator	Standard	Performance
Street Posting Boxes	10,000	15,037
On-time letter delivery	94.0%	98.9%
Retail outlets (Total)	4,000	4,343
Retail outlets (Rural and remote)	2,500	2,529
• in metropolitan areas, residences located within 2.5km of an outlet	90.0%	93.6%
• in non-metropolitan area, residences located within 7.5km of an outlet	85.0%	88.9%
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%

Key commercial objectives as set out in the plan for 2018/19 and performance against these were as follows:

Performance indicator	Target	Performance
Profit before tax	$25.0m	$41.1m
Shareholder return on equity	0.7%	1.7%
Ordinary dividend declared for 2018/19	$7.983m	$25.335m
Ordinary dividend paid in 2018/19	$41.811m	$42.205m

Analysis

This was another year of significant achievement amidst ongoing change for Australia Post, as we delivered on our dual objectives of providing an accessible, reliable nationwide community service, while achieving a commercial rate of return for our shareholder.

Just like postal businesses around the world, the digital disruption of our traditional core business (particularly the declining use of letters) remains our primary challenge.

We have consistently pursued our One Australia Post strategy to position customers at the centre of all that we do, and in doing so, have realised many notable achievements:

- maintaining a purpose of connection with Australian communities by providing services that all Australians value;
- refreshing our Bank@Post agreement, securing ongoing access to essential banking services for all Australians;
- providing Australians with access to our services via the Australia Post Mobile application which is one of the highest rated mobile apps (4.8/5) on Apple's app store;
- completing the reset of our payments to Licensed Post Offices; the first significant transition in over 20 years, and largely enabled by our refreshed Bank@Post agreements. The reset has resulted in a sustainable payments model that reflects fair returns for a contemporary range of post office services;
- prioritising the safety of our people through an initial rollout of electronic delivery vehicles that will accommodate greater parcel volumes. The safety and wellbeing of our people will continue to be our first business priority as we pursue a goal of zero fatalities;
- improving the customer service experience for consumers, evidenced through a reduction in complaints directed to the Postal Industry Ombudsman. We are now utilising teams to target the most salient and frequent issues and complaints as soon as they happen. This has resulted in marked improvements in complaint resolution times;
- introducing an improved go-to-market model and enhanced customer coverage for business customers;
- managing the decline of our letters business – addressed letter volumes declined 9.0 per cent. A successful trial of a tracked letter product has effectively promoted the value of mail to customers seeking a tracked service;
- growing parcels profitably. We delivered over 40 million parcels in December 2018, including 10 days in December of over 2 million. Ongoing investments in capacity and capability, including our new processing centre in Redbank, Queensland, will position us to continue capturing the eCommerce opportunity; and
- positioning ourselves to grow our International business through the full acquisition of Aramex Global Solutions (renamed to Australia Post Global). This will enable Australia Post to accelerate its expansion into the global eCommerce business.

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

John Stanhope AM
Chairman

21 August 2019

Financial statements audit report

Auditor-General for Australia

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 2019:

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

(b) present fairly the financial position of the Group as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Group, which I have audited, comprise the following statements as at 30 June 2019 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* (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 report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the matter
Valuation of unearned revenue liability *Refer to Note A1 'Revenue and other income' and Note B7 'Payables'* The unearned revenue liability is estimated for advance payments relating to the value of stamps sold but not yet used ($84.2 million at 30 June 2019). The Group estimates the amounts sold but not yet	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; • assessed the actuarial calculation of stamps sold but not yet used. This has been assessed with the assistance of independent actuarial specialists

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used at year end and defers revenue to reflect that the service would be provided during future accounting periods. The Group's estimate of unearned revenue is considered subjective. It is reliant on key assumptions and inputs, such as estimating future postage meter usage based on historical trends, all of which require judgement and expertise to be applied in the calculation. Due to its subjectivity the valuation of unearned revenue liability is a key audit matter.	and included consideration of key assumptions, and inputs used by the Group as well as whether the revenue recognition policies adopted complied with Australian Accounting Standards; and • 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.
Key audit matter	**How the audit addressed the matter**
Valuation of Goodwill *Refer to Note B4 'Intangible assets' and Note B5 'Impairment of non-financial assets'* The Group has recognised $518.1 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. 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. The Group provides details on the assumptions used in the impairment tests, including those regarding the level at which the assets are tested, the discount rate, the expected future cash flows and the type of valuation model used, in Note B5 to the financial statements.	To audit the valuation of goodwill, I performed the following procedures: • engaged independent valuation specialists to assist in the evaluation of 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 reasonableness of the discount rate adopted by the Group; • examined the cash flow forecasts used in the impairment test, by agreeing to the business plans approved by the Board. The Group's historical accuracy in meeting its forecasts was also considered; and • assessed the adequacy of the financial statement disclosures provided in Note B5 to the financial statements. 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 $850.3 million at 30 June 2019. This is a focus of the audit because the net superannuation asset 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	To audit the valuation of the net superannuation asset I performed the following procedures: • engaged independent actuarial specialists to assist me in evaluating 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;

scheme (Australia Post Superannuation 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. 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.	• tested the superannuation contribution data provided by the Group to the external actuary for accuracy and completeness; • tested the fair value of the investments carried by the Scheme including agreement of amounts to supporting documentation such as external confirmations, on a sample basis; and • assessed the Group's superannuation disclosures for compliance with the Australian Accounting Standards.

Directors' Responsibility for the Financial 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 represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

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

Australian National Audit Office

Grant Hehir

Grant Hehir

Auditor-General

Canberra

21 August 2019

Consolidated statement of comprehensive income

for the year ended 30 June 2019

Consolidated ($m)	Note	2019	2018
Revenue			
Goods and services	A1	6,878.4	6,730.8
Other income			
Interest	A1	8.2	18.6
Rents	A1	37.5	39.4
Other income and gains	A1	65.7	88.2
	A1	111.4	146.2
Total income	A1	**6,989.8**	**6,877.0**
Expenses (excluding finance costs)			
Employees	A2	3,171.9	3,051.0
Suppliers	A2	3,377.8	3,219.7
Depreciation and amortisation	A2	283.3	304.2
Other expenses	A2	83.1	150.7
Total expenses (excluding finance costs)	A2	**6,916.1**	**6,725.6**
Profit/(loss) before income tax, finance costs and share of net profits of equity-accounted investees		**73.7**	**151.4**
Finance costs	A2	(34.2)	(32.0)
Share of net profits/(losses) of equity-accounted investees		1.6	6.3
Profit/(loss) before income tax		**41.1**	**125.7**
Income tax (expense)/benefit	A3	(0.5)	8.5
Net profit/(loss) for the year attributable to equity holders of Australian Postal Corporation		**40.6**	**134.2**
Net profit/(loss) for the year attributable to:			
Owners of the parent		40.9	136.5
Non-controlling interest		(0.3)	(2.3)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	C3	(25.3)	246.6
Other items		(0.5)	10.4
Income tax on items that will not be reclassified to profit or loss	A3	7.6	(76.5)
Total items that will not be reclassified to profit or loss, net of tax		**(18.2)**	**180.5**
Items that may be reclassified subsequently to profit or loss			
Other items		(4.7)	10.3
Reclassifications to profit or loss		(1.4)	2.9
Income tax on items that may be reclassified to profit or loss	A3	1.7	(2.9)
Total items that may be reclassified to profit or loss, net of tax		**(4.4)**	**10.3**
Other comprehensive income for the year		**(22.6)**	**190.8**
Total comprehensive income for the year attributable to equity holders of Australian Postal Corporation		**18.0**	**325.0**
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		18.3	327.3
Non-controlling interest		(0.3)	(2.3)

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

Consolidated balance sheet

as at 30 June 2019

Consolidated ($m)	Note	2019	2018
Assets			
Current assets			
Cash and cash equivalents	A4	628.0	592.2
Trade and other receivables	B1	781.5	747.2
Prepayments		126.5	120.0
Inventories		53.0	50.7
Income tax receivable		16.9	–
Other current assets		13.6	16.2
Asset held for sale	B2	–	211.4
Total current assets		**1,619.5**	**1,737.7**
Non-current assets			
Net superannuation asset	C3	850.3	918.7
Property, plant and equipment	B3	1,758.9	1,599.3
Intangible assets	B4	734.1	741.5
Investment property	B6	181.5	168.9
Deferred tax assets	A3	356.3	386.5
Equity-accounted investees		5.9	11.4
Other non-current assets		29.1	25.1
Total non-current assets		**3,916.1**	**3,851.4**
Total assets		**5,535.6**	**5,589.1**
Liabilities			
Current liabilities			
Trade and other payables	B7	1,009.4	957.0
Employee provisions	C1	743.9	749.7
Other provisions	B8	12.1	16.7
Income tax payable		–	36.3
Other current-liabilities		19.6	13.6
Total current liabilities		**1,785.0**	**1,773.3**
Non-current liabilities			
Interest-bearing liabilities	D2	713.5	703.0
Employee provisions	C1	249.9	236.3
Other provisions	B8	47.5	46.2
Deferred tax liabilities	A3	357.9	393.2
Other non-current liabilities		68.7	70.4
Total non-current liabilities		**1,437.5**	**1,449.1**
Total liabilities		**3,222.5**	**3,222.4**
Net assets		**2,313.1**	**2,366.7**
Equity			
Contributed equity		400.0	400.0
Reserves		16.8	21.2
Retained profits		1,896.3	1,945.5
Equity attributable to equity holders of the parent		**2,313.1**	**2,366.7**

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

Consolidated statement of changes in equity

for the year ended 30 June 2019

Consolidated ($m)	Contributed equity	Reserves	Retained profits	Non-controlling interest[1]	Total equity
Balance at 30 June 2017	**400.0**	**4.9**	**1,713.0**	**–**	**2,117.9**
Comprehensive income					
Profit/(loss) for the year	–	–	136.5	(2.3)	134.2
Other comprehensive income	–	23.6	246.6	–	270.2
Tax on other comprehensive income	–	(5.4)	(74.0)	–	(79.4)
Total comprehensive income for the year	**–**	**18.2**	**309.1**	**(2.3)**	**325.0**
Transfers within equity	**–**	**(1.9)**	**1.9**	**–**	**–**
Transactions with owners					
Non-controlling interest on acquisition of subsidiary	–	–	–	3.6	3.6
Put option to acquire non-controlling interest	–	–	–	(1.3)	(1.3)
Distribution to owners (refer to note A5)	–	–	(78.5)	–	(78.5)
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	–	(6.1)	(25.8)	–	(31.9)
Tax on other comprehensive income	–	1.7	7.6	–	9.3
Total comprehensive income 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**

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 Refer to note E6.

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 2019

Consolidated ($m)	Note	2019	2018
Operating activities			
Cash received			
Goods and services		7,594.4	7,381.0
Interest		7.0	7.9
Total cash received		**7,601.4**	**7,388.9**
Cash used			
Employees		3,118.2	3,086.2
Suppliers		3,853.1	3,707.9
Financing costs		32.8	31.7
Income tax		55.2	68.5
Goods and services tax paid		263.6	274.9
Total cash used		**7,322.9**	**7,169.2**
Net cash from operating activities	A4	**278.5**	**219.7**
Investing activities			
Cash received			
Proceeds from sales of property, plant and equipment		16.9	177.9
Dividends received		–	8.7
Proceeds from divested entities		3.2	–
Proceeds from sales of held for sale assets		227.9	138.2
Total cash received		**248.0**	**324.8**
Cash used			
Net payments for acquisition and sale of controlled entities less cash acquired		14.0	–
Payments for investments in associates		–	0.4
Purchase of property, plant and equipment and investment properties		377.3	274.3
Purchase of intangibles		46.6	35.9
Payments for investments in jointly controlled entities		–	5.9
Settlement of derivative instruments		10.9	–
Total cash used		**448.8**	**316.5**
Net cash from investing activities		**(200.8)**	**8.3**
Financing activities			
Cash received			
Total cash received		–	–
Cash used			
Dividends paid		42.2	78.5
Total cash used		**42.2**	**78.5**
Net cash used by financing activities		**(42.2)**	**(78.5)**
Net increase/(decrease) in cash and cash equivalents		**35.5**	**149.5**
Effects of exchange rate changes on cash and cash equivalents		**0.3**	**–**
Cash and cash equivalents at beginning of year		592.2	442.7
Cash and cash equivalents at end of the year		**628.0**	**592.2**

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

Notes to the financial statements

for the year ended 30 June 2019

About the financial statements

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

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

Australia Post headquarters:
111 Bourke Street
Melbourne VIC 3000
Australia

The consolidated general purpose financial report of the Group for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 21st August 2019.

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, assets classified as held for sale 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 2018, including AASB 15 *Revenue from contracts with customers* and AASB *9 Financial Instruments*. 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	Page 98
B5	Impairment	Page 109
B6	Investment property	Page 110
B7	Unearned delivery revenue	Page 111
B8	Other provisions	Page 112
C1	Employee provisions	Page 113
C3	Post employment benefits	Page 118

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 six overseas subsidiaries, as discussed in note E1. On consolidation, those entities':

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

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

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

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

Other accounting policies

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

The notes to the financial statements

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

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

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

- **Our business performance**: Our Group strategy focuses on reforming our letter services, and extending and building on our parcel and other commercial service offerings. Our financial performance section provides the key financial performance measures of these business areas, as well as group level financial metrics incorporating revenue, taxation, cashflow and dividends.
- **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 culture and align and engage our workforce. This requires us 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 safe way, as well as outlining the current Group funding structure.
- **Other information**: This section includes mandatory disclosures required by Australian Accounting Standards and the Commonwealth Government's *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, all of which Australia Post must comply with.

Events after balance date

No 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 2019. The focus is on Group revenue streams, expenses, taxation, cashflows and dividend performance.

A1 Revenue and other income

Revenue and other income for the year

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

Consolidated ($m)	2019	2018
Rendering of services to:		
• Related entities[1]	214.7	247.6
• External entities[2]	6,404.2	6,220.4
	6,618.9	6,468.0
Sale of goods to external entities[2]	259.5	262.8
Revenue from contracts with customers	**6,878.4**	**6,730.8**
Interest income from:		
• Cash and cash equivalents	7.0	7.6
• Loans and receivables	0.1	0.9
• Interest rate swaps	0.9	0.6
• Other	0.2	9.5
Interest income	**8.2**	**18.6**
Rents from operating leases	28.0	30.2
Income from investment property	9.5	9.2
	37.5	39.4
Net gain on disposal of land and buildings	17.0	12.7
Net gain on disposal of plant and equipment	0.6	1.5
Net gain on disposal of investment property	–	0.8
Gain on disposal of finance lease receivable	–	51.9
Gain on disposal of asset held for sale	10.7	–
Gain on acquisition of subsidiary[3]	15.4	–
Gain on disposal of subsidiary	2.2	–
Net revaluation gain on investment property	11.2	–
Dividend revenue	–	8.7
Other income	8.6	12.6
	65.7	88.2
Total other income	**103.2**	**127.6**
Total income	**6,989.8**	**6,877.0**

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.

1 Related entities – related to the Commonwealth Government.
2 External entities – not related to the Commonwealth Government.
3 Relates to the Group's acquisition of the remaining 60 per cent interest in Australia Post Global eCommerce Solutions Pte Ltd on 20 December 2018, which required recognition of a gain remeasuring the Group's existing 40 per cent interest to its acquisition date fair value.

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)	2019
Over time	
• Domestic mail products, parcels and express and International	5,909.7
• Retail, agency and other	709.2
Point in time	
• Retail, agency and other	259.5
Revenue from contracts with customers	**6,878.4**

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 2019.

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 $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

Income received from leasing Group-owned investment properties to external parties under an operating lease arrangement is recorded on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

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 2019, the international mail related accrual was $106.8 million (2018: $160.9 million).

Notes to the financial statements

for the year ended 30 June 2019

Our business performance

A2 Expenses

Expenses for the year

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

Consolidated ($m)	2019	2018
Salaries and wages	2,511.8	2,464.9
Leave and other entitlements	287.9	244.6
Superannuation expenses	249.0	255.0
Other employee expenses	123.2	86.5
Employee benefit expenses	**3,171.9**	**3,051.0**
Purchase of services from external entities	2,989.3	2,828.3
Purchase of goods from external entities	177.0	183.7
Operating lease rentals	209.3	205.2
Investment property expenditure	2.2	2.5
Supplier-related expenses	**3,377.8**	**3,219.7**
Depreciation	183.5	170.1
Amortisation	99.8	134.1
Depreciation and amortisation	**283.3**	**304.2**
Impairment of assets:		
Receivables	1.6	0.1
Inventory	5.0	6.3
Property, plant and equipment	7.8	3.1
Computer software	5.8	0.4
Investments:		
• Held for sale	–	38.5
• Equity-accounted	2.0	4.2
Intangibles:		
• Brand name intangibles	–	32.5
• Goodwill and other intangibles	–	6.5
	22.2	91.6
Net revaluation loss on investment property	–	11.9
Foreign exchange loss (net)	6.6	6.5
Sundry expenses	54.3	40.7
Other expenses	**83.1**	**150.7**
Total expenses	**6,916.1**	**6,725.6**

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

Consolidated ($m)	2019	2018
Bonds	32.6	32.0
Other interest	1.6	–
Total finance costs	**34.2**	**32.0**

Recognition and measurement

Employee benefit expenses

Refer to notes C1 and C3 for employee benefits accounting policies.

Operating lease rentals

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expenditure and reduction of the liability. Refer to note E2 for further discussion on specific operating leases entered into by the Group.

Depreciation and amortisation

Refer to notes B3 and B4 for depreciation and amortisation policy discussions respectively.

Impairment

Impairment expenses are recognised:

- when the carrying amount of an asset or cash generating unit exceeds its recoverable value. Refer to note B5 for further discussion specifically around impairment of non-financial assets.
- when the carrying value of an asset held for sale is lower than its fair value less cost to sell. Refer to note B2 for further discussion.

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 are discounted to their present value. 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.

A3 Taxation

Taxation for the year

The major components of tax expense are:

Consolidated ($m)	2019	2018
Statement of comprehensive income		
• current income tax charge	9.1	26.6
• adjustments for current income tax of previous years	(9.0)	(5.6)
• deferred income tax relating to origination and reversal of temporary differences	(7.9)	(30.4)
• adjustments for deferred income tax of previous years	8.3	0.9
Income tax expense/(benefit) reported in the statement of comprehensive income	**0.5**	**(8.5)**
Other comprehensive income		
Net remeasurement on defined benefit plans	(7.6)	74.0
Sundry items	(1.7)	5.4
Income tax expense/(benefit) reported in other comprehensive income	**(9.3)**	**79.4**
Tax reconciliation:		
Profit/(loss) before income tax	41.1	125.7
At the Group's statutory income tax rate of 30% (2018: 30%)	12.3	37.7
Adjustments relating to prior years	(0.7)	(4.8)
Investment disposals	(4.5)	–
Investment revaluation	(4.0)	–
Capital gains and losses		
• Property	(3.9)	(47.3)
Sundry items	1.3	5.9
Income tax expense/(benefit) on profit/(loss) before tax	**0.5**	**(8.5)**

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

Consolidated ($m)	2019	2018
Accrued revenues	(44.5)	(61.2)
Intangibles	(12.2)	(9.9)
Research & Development	(34.2)	(32.7)
Net superannuation asset	(255.1)	(275.6)
Other	(11.9)	(13.8)
Deferred tax liabilities	**(357.9)**	**(393.2)**
Property, plant and equipment	32.2	22.2
Accrued expenses and other payables	23.3	27.2
Provisions	270.9	305.9
Make good	14.4	14.0
Other	15.5	17.2
Deferred tax assets	**356.3**	**386.5**
Net deferred tax liabilities	**(1.6)**	**(6.7)**

Deferred income tax in the statement of comprehensive income relates to the following:

Consolidated ($m)	2019	2018
Provisions	35.0	20.7
Research and development	1.5	2.4
Intangibles	(2.1)	(11.4)
Property, plant and equipment	(10.0)	(5.2)
Accrued expenses	3.9	(1.3)
Accrued revenue	(16.7)	(27.1)
Net superannuation asset	(12.9)	(8.5)
Make good	(0.4)	(0.8)
Other	2.1	1.7
Deferred income tax expense	**0.4**	**(29.5)**

Our business performance

A3 Taxation (continued)

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*.

A4 Cash flows

Consolidated ($m)	2019	2018
Cash on hand	628.0	592.2
Total cash and cash equivalents	**628.0**	**592.2**

The reconciliation of net profit after tax to net cash provided by operating activities for the year ending 30 June is as follows:

Consolidated ($m)	2019	2018
Net profit/(loss) for the year	**40.6**	**134.2**
Impairment of assets:		
Property, plant and equipment	7.8	3.1
Brand name intangibles	–	32.5
Asset held for sale	–	38.5
Equity-accounted investment	2.0	4.2
Intangibles (including goodwill)	5.8	6.9
Receivables and inventory	6.6	6.4
	22.2	91.6
Other non-cash/investing items:		
Depreciation and amortisation	283.3	304.2
Net revaluation (gain)/loss on investment property	(11.2)	11.9
Net gain from sales of property, plant and equipment and finance lease receivable	(17.6)	(66.9)
Net gain from acquisitions and divestments	(28.3)	–
Sundry items	(1.9)	(15.2)
(Increase)/decrease in assets:		
Receivables	18.1	(53.1)
Other current assets	(9.9)	(4.5)
Deferred income tax asset	30.1	13.8
Superannuation asset	43.1	28.3
Increase/(decrease) in liabilities:		
Creditors, other payables and accruals	(15.9)	(72.0)
Employee entitlements	10.7	(63.5)
Income tax payable	(52.9)	(51.5)
Deferred income tax liability	(31.9)	(37.6)
Net cash from operating activities	**278.5**	**219.7**

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)	2019	2018
Final ordinary dividend (from prior year results)	37.8	33.2
Interim ordinary dividend	4.4	45.3
Total dividends paid	**42.2**	**78.5**
Dividend not recognised as a liability	20.9	37.8

Notes to the financial statements

for the year ended 30 June 2019

Our asset platform

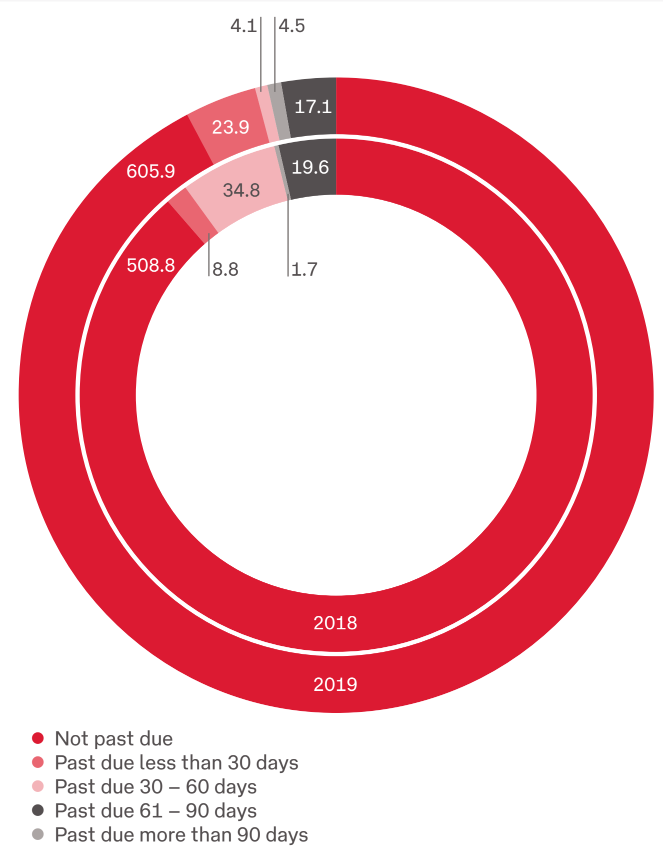
This section analyses the primary elements of our asset platform used to generate the Group's financial performance and operating liabilities incurred as a result.

B1 Receivables

The composition of trade and other receivables at 30 June is:

Consolidated ($m)	2019	2018
Trade receivables	620.5	568.2
Allowance for expected credit losses	(5.5)	(6.3)
	615.0	561.9
Accrued revenue	131.4	181.6
Other receivables	35.1	3.7
Total current trade and other receivables	**781.5**	**747.2**

Total current trade and other receivables are aged as follows ($ millions):



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 losses. Accrued revenues (contract assets) in relation to the sale of goods or performance of services are recognised when the right to consideration is conditional upon issue of the invoice, less any expected credit losses. Once an invoice is raised, the amount is reclassified to trade receivables. The level of accrued revenues at 30 June is influenced primarily by the timing of invoices being raised.

These receivables and other 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.

Analysis of ageing and recoverability

At 30 June 2019, no material receivables or accrued revenues are individually determined to be impaired, with allowance for expected credit losses of $5.5 million (2018: $6.3 million).

Refer to note D2 for further discussion on how the Group manages its credit risk and note A2 for the total write down of receivables and accrued revenues.

B2 Assets held for sale

The amount recognised in the balance sheet at 30 June is represented by the following:

Consolidated ($m)	2019	2018
Investment in associate	–	211.4
Assets held for sale	**–**	**211.4**

Investment in Aramex PJSC

During the comparative year, the Group reviewed its international strategy. As a result of this review, the Group committed to a plan to sell its 10.1 per cent shareholding in Aramex PJSC, an individually material investment in associate.

The impairment loss recognised in the comparative year, as a result of measuring the investment at fair value, as represented by the observable market price of Aramex PJSC shares on the Dubai Financial Market, was $38.5 million. The Group categorised this as a level one measurement as per the fair value hierarchy described in note D4.

The Group completed the sale of the shareholding on 17 March 2019. Refer to note A1 for the net gain recognised on disposal.

Recognition and measurement

Assets are classified as held for sale where their carrying amount will be recovered principally through a highly probable sale transaction rather than continuing use. Assets held for sale are measured at fair value less costs to sell.

B3 Property, plant and equipment

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

Consolidated ($m)	Land	Buildings	Total land and buildings	Plant and equipment	Total
Gross book value	224.9	1,384.2	1,609.1	1,506.5	**3,115.6**
Accumulated depreciation	–	(784.0)	(784.0)	(771.8)	**(1,555.8)**
Net book value at 30 June 2017	**224.9**	**600.2**	**825.1**	**734.7**	**1,559.8**
Additions	2.1	100.1	102.2	136.9	**239.1**
Depreciation	–	(61.2)	(61.2)	(108.9)	**(170.1)**
Disposals	(0.7)	(0.8)	(1.5)	(3.8)	**(5.3)**
Sundry items[1]	(1.2)	3.1	1.9	(26.1)	**(24.2)**
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**

1 Sundry items include $0.1 million additions from acquisition of subsidiary (2018: nil), $11.0 million of transfers to Intangible Assets (2018: $19.8 million), $0.3 million transfers to investment properties (2018: $1.3 million), $0.1 million of disposals from the divestment of subsidiary (2018: nil), and impairment losses of $7.8 million (2018: $3.1 million).

Our asset platform

B3 Property, plant and equipment (continued)

Recognition and measurement

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

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 property, plant and equipment assets is as follows:

Asset	Useful Life
Buildings	General post offices: 70 years Other facilities: 40 – 50 years
Plant & 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 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)	2019	2018
Property, plant and equipment	36.7	117.5

B4 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 & trademarks	Customer relationships	Other intangibles	Total intangibles
Gross book value	1,022.8	500.6	72.8	2.8	11.8	**1,610.8**
Accumulated amortisation	(735.7)	–	(9.0)	(2.3)	(4.8)	**(751.8)**
Net book value at 30 June 2017	**287.1**	**500.6**	**63.8**	**0.5**	**7.0**	**859.0**
Additions	36.5	–	–	–	0.1	**36.6**
Amortisation expense	(128.7)	–	(1.4)	(0.2)	(3.8)	**(134.1)**
Sundry items[1]	19.4	(6.5)	(32.5)	–	(0.4)	**(20.0)**
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**

1 Sundry items includes $23.7 million goodwilll 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 (2018: 40 per cent interest). Other sundry items includes $11.0 million of transfers from property, plant and equipment (2018: $19.8 million), $0.2 million of disposals (2018: $0.4 million), goodwill impairment of nil and other impairment losses of $5.8 million (2018: $6.5 million of goodwill impairment and $32.9 million of other impairment losses), disposals from divestment of subsidiary of $1.9 million (2018: nil), and foreign currency translation of $0.5 million (2018: nil).

Our asset platform

B4 Intangible assets (continued)

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 B5 Impairment of non-financial assets.

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Consolidated ($m)	2019	2018
Intangible assets	0.9	1.7

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 and brand names with indefinite useful lives acquired through business combinations have been allocated to individual cash generating units (CGU's) as follows:

Consolidated ($m)	2019	2018
Goodwill – Parcels	492.9	492.9
Goodwill – Other CGUs	25.2	1.2
	518.1	**494.1**

B5 Impairment of non-financial assets

Assessing for impairment

The Group tests property, plant and equipment, intangibles and goodwill for impairment:

- at least annually for indefinite life intangibles and goodwill; and
- where there is an indication that the asset may be impaired (which is assessed at least each reporting date); or
- where there is an indication that previously recognised impairment (on an asset other than goodwill) may have changed.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the CGU to which it belongs. Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less cost of disposal or value in use. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

CGUs containing goodwill

There was no material impairment recognised during the 2019 financial year.

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 post-tax discount rate applicable to the specific cash generating unit or asset 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 post-tax discount rate applicable to each CGU are as follows:

	Revenue growth rate one year outside Corporate Plan (%)		Terminal growth rate (%)		Discount rate (%)	
Consolidated	2019	2018	2019	2018	2019	2018
Parcels CGU	6.6	8.4	2.0	2.0	6.9	7.6
Other CGUs[1]	3.9 - 15.6	1.7 - 2.3	2 - 2.5	1.7 - 2.0	8.5 - 15.5	8.5 - 9.6

1 In the 2019 financial year, Other CGUs include the POLi Payments and Austraila Post Global eCommerce Solutions CGUs. In the 2018 financial year, Other CGUs consisted of the POLi Payments and MailPlus 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.

Our asset platform

B6 Investment property

Investment property as at 30 June is as follows:

Consolidated ($m)	2019	2018
Investment property	181.5	168.9

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 58 per cent (2018: 64 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.

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 ESTIMATES:

VALUATION

At each period end, the Group reassesses the fair value of its investment property portfolio. In the 2019 financial year, this assessment was conducted by CBRE Group Inc. (CBRE) (2018: 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. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, information is considered from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; or
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

At 30 June 2019 investment properties comprise only level 2 properties. Refer to note D4 for fair value categories. 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.

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.

B7 Payables

The components of payables at 30 June are as follows:

Consolidated ($m)	2019	2018
Trade creditors	506.0	476.5
Agency creditors[1]	98.3	105.1
Salaries and wages	58.5	57.1
Unearned revenue		
• Unearned delivery revenue	84.2	65.6
• Other advance receipts	159.8	124.8
Borrowing costs	3.6	3.8
Other payables	99.0	124.1
Total current trade and other payables	**1,009.4**	**957.0**

1 Non-interest bearing and normally settled on next business day terms

Unearned Revenue

Unearned revenue comprises both unearned delivery revenue ($84.2 million) and other advance receipts ($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)	
Balance as at 1 July 2018[1]	**219.1**
Additions (consideration received)	355.5
Utilised (recognised as revenue)	(330.6)
Balance as at 30 June 2019	**244.0**

1 Includes adjustments to reflect the application of AASB 15 *Revenue from Contracts with Customers*. Because the Group has adopted the cumulative method of transition, prior year comparatives have not been restated in the financial statements. Refer to note E6.

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 (refer to note A1) 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 unearned delivery revenue 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.

Our asset platform

B8 Other provisions

The Group's other provisions at 30 June are as follows:

Consolidated ($m)	Property make good provision	Other provision[1]	Total
Balance at 30 June 2017	**51.6**	**20.6**	**72.2**
• **current provision**	**11.3**	**16.7**	**28.0**
• **non-current provision**	**40.3**	**3.9**	**44.2**
Reassessments and additions	4.4	1.8	6.2
Unused amount reversed	(1.4)	(5.3)	(6.7)
Utilised	(0.9)	(7.8)	(8.7)
Discount rate adjustment	(0.1)	–	(0.1)
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**

1 Includes legal provisions $3.0 million (2018: $4.4 million), surplus lease provisions $0.9 million (2018: $4.0 million) and onerous agreement provision $0.5 million (2018: $0.9 million).

Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

KEY ESTIMATE:

PROPERTY MAKE GOOD PROVISIONS

Property make good provisions represent the estimated cost to make good operating 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 expense or asset (if applicable) 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)	2019	2018
Current provisions		
Employee provisions:		
Annual leave	180.3	179.9
Long service leave	400.3	377.0
Separations and redundancy[1]	39.7	68.3
Incentives/bonuses	83.7	86.5
Other employee	2.2	2.1
	706.2	**713.8**
Employee related provisions:		
Workers' compensation	37.7	35.9
Balance at 30 June	**743.9**	**749.7**
Non-current provisions		
Employee provisions:		
Long service leave	59.8	54.1
Separations and redundancy[1]	32.1	41.2
Incentives/bonuses	–	–
	91.9	**95.3**
Employee related provisions:		
Workers' compensation	158.0	141.0
Balance at 30 June	**249.9**	**236.3**

1 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.

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 past practice and 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.

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.

Our people

C1 Employee provisions (continued)

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 $40.4 million of claims made in the 2019 financial year (2018: $34.3 million).

KEY ESTIMATES:

The self-insured risk liability required management judgement and independent actuarial assessment of key assumptions including, but not limited to:

- future inflation;
- interest rates;
- average claim size;
- claim development; and
- claim administration expenses.

C2 Key management personnel remuneration and retirement 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*. Certain additional information has also been voluntarily disclosed.

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 ($)	2019	2018
Short-term employee benefits[1]	11,928,041	11,548,374
Post employment benefits	285,709	299,178
Other long-term benefits[2]	694,140	885,990
Termination/retirement benefits	476,528	1,448,283
Total key management personnel remuneration	**13,384,418**	**14,181,825**

1 Short-term employee benefits comprises cash salary, accrued annual leave, bonuses (if payable within twelve months of the end of the period) and non-monetary benefits.

2 Other long-term benefits comprises accrued long service leave, deferred bonuses and the cost of a long-term incentive (LTI) program implemented for a number of senior executives, which required performance against Board approved hurdles over a number of years. The LTI program ceased at the end of the 2018 year.

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)	2019	2018
Senior executives	13	9
Directors	9	9
	22	18

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.

Other key management personnel transactions with the Group

Andrew Parker was on secondment from PricewaterhouseCoopers (PwC) filling the role of Executive General Manager (EGM) International Services (Acting). Andrew Parker's secondment (commenced 15 January 2018) concluded on 13 July 2018 following the appointment of the permanent incumbent, Annette Carey. The secondment fees were paid directly to PwC. PwC provide various accounting and consulting services to the Group.

Key management personnel remuneration by individual

The tables below reflect an extract from the Australia Post remuneration report contained in the annual report. These tables should be read in conjunction with the remuneration report.

Remuneration received directly or indirectly by key management personnel under an accrual basis for the most recent financial year 2019 and previous financial year 2018 is as follows:

Board Directors' remuneration

Directors	Year	Short-term benefits Director Fees[5] $	Post employment contributions Super-annuation[6] $	Total $
John Stanhope AM (Chairman)	**2019**	**189,910**	**18,041**	**207,951**
	2018	186,180	17,687	203,867
Holly Kramer (Deputy Chair)	**2019**	**116,980**	**11,113**	**128,093**
	2018	114,680	10,895	125,575
Mario D'Orazio[1]	**2019**	**27,594**	**2,621**	**30,215**
	2018	–	–	–
Bruce McIver AM	**2019**	**105,990**	**10,069**	**116,059**
	2018	103,900	9,871	113,771
Tony Nutt AO[2]	**2019**	**104,360**	**9,914**	**114,274**
	2018	33,130	3,147	36,277
The Hon Michael Ronaldson	**2019**	**104,360**	**9,914**	**114,274**
	2018	102,300	9,719	112,019
Jan West AM	**2019**	**116,980**	**11,113**	**128,093**
	2018	114,670	10,894	125,564
Deidre Willmott	**2019**	**105,990**	**10,069**	**116,059**
	2018	103,103	9,795	112,898
Former Directors				
Dominique Fisher[3]	**2019**	**–**	**–**	**–**
	2018	41,761	3,967	45,728
Paul Scurrah[4]	**2019**	**65,761**	**6,247**	**72,008**
	2018	101,621	9,654	111,275
Total (9 directors)	**2019**	**937,925**	**89,101**	**1,027,026**
Total (9 directors)	2018	901,345	85,629	986,974

1 Mario D'Orazio appointed to the Board 21 March 2019.
2 Tony Nutt AO appointed to the Board 2 March 2018.
3 Dominique Fisher retired from the Board 26 November 2017.
4 Paul Scurrah resigned from the Board 15 February 2019.
5 Board Director fees are set by the Remuneration Tribunal and paid in cash.
6 Minimum superannuation contributions are provided as prescribed under Superannuation Guarantee legislation.

Our people

C2 Key management personnel remuneration and retirement benefits (continued)

Senior Executives remuneration

		Short-term benefits			Post employment benefits	Other long-term benefits		Other	
Senior Executives	Year	Base salary[14] $	Bonuses[15] $	Other benefits and allowances[16] $	Super-annuation[17] $	Long service leave[18] $	Other long-term benefits[19] $	Termination and retirement benefits[20] $	Total $
Christine Holgate[1]	**2019**	**1,441,247**	**831,375**	**–**	**20,531**	**47,573**	**224,500**	**–**	**2,565,226**
	2018	971,452	515,625	32,868	20,049	20,894	85,938	–	1,646,826
Robert Black	**2019**	**999,041**	**531,956**	**–**	**20,531**	**21,398**	**128,909**	**–**	**1,701,835**
	2018	1,216,870	885,500	–	20,049	44,568	73,719	–	2,240,706
Ingo Bohlken[2]	**2019**	**702,457**	**418,950**	**41,885**	**20,531**	**19,662**	**69,825**	**–**	**1,273,310**
	2018	–	–	–	–	–	–	–	–
Rodney Boys[3]	**2019**	**73,178**	**–**	**–**	**6,455**	**1,523**	**–**	**–**	**81,156**
	2018	–	–	–	–	–	–	–	–
Annette Carey[4]	**2019**	**746,303**	**390,938**	**–**	**20,531**	**20,938**	**65,156**	**–**	**1,243,866**
	2018	–	–	–	–	–	–	–	–
Susan Davies[5]	**2019**	**703,826**	**413,438**	**–**	**20,531**	**57,759**	**68,906**	**–**	**1,264,460**
	2018	–	–	–	–	–	–	–	–
Nicole Sheffield[6]	**2019**	**686,308**	**400,313**	**–**	**20,531**	**12,012**	**66,719**	**–**	**1,185,883**
	2018	–	–	–	–	–	–	–	–
Gary Starr[7]	**2019**	**684,717**	**413,438**	**9,019**	**20,531**	**30,923**	**85,712**	**–**	**1,244,340**
	2018	207,047	103,991	–	6,646	13,339	5,571	–	336,594
Former Senior Executives									
Ahmed Fahour AO[8]	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	156,495	–	–	5,012	7,208	362,475	–	531,190
Chris Blake[9]	**2019**	**566,043**	**–**	**–**	**20,531**	**(139,497)**	**–**	**476,528**	**923,605**
	2018	831,400	612,000	–	20,049	27,224	29,531	–	1,520,204
Christine Corbett[10]	**2019**	**29,362**	**–**	**–**	**3,069**	**–**	**–**	**–**	**32,431**
	2018	959,716	669,375	–	101,646	38,372	32,484	875,000	2,676,593
Janelle Hopkins[11]	**2019**	**847,326**	**–**	**–**	**20,531**	**(87,878)**	**–**	**–**	**779,979**
	2018	866,870	635,250	–	20,049	27,475	58,406	–	1,608,050
Andrew Walduck[12]	**2019**	**20,272**	**–**	**7,784**	**2,305**	**–**	**–**	**–**	**30,361**
	2018	804,266	631,125	27,319	20,049	29,255	29,531	573,283	2,114,828
Senior Executive engaged under secondment arrangement payment[13]									
Andrew Parker[13]	**2019**	**30,940**	**–**	**–**	**–**	**–**	**–**	**–**	**30,940**
	2018	519,860	–	–	–	–	–	–	519,860
Total (13 executives)	**2019**	**7,531,020**	**3,400,408**	**58,688**	**196,608**	**(15,587)**	**709,727**	**476,528**	**12,357,392**
Total (9 executives)	2018	6,533,976	4,052,866	60,187	213,549	208,335	677,655	1,448,283	13,194,851

1 Christine Holgate was appointed Group Chief Executive Officer and Managing Director on 30 October 2017.

2 Ingo Bohlken was appointed Executive General Manager, Product & Innovation with effect from 30 July 2018.

3 Rodney Boys was appointed Group Chief Financial Officer with effect from 27 May 2019.

4 Annette Carey was appointed Executive General Manager, International Services with effect from 1 July 2018.

5 Susan Davies was appointed Executive General Manager, People & Culture with effect from 1 July 2018.

6 Nicole Sheffield was appointed Executive General Manager, Community & Consumer with effect from 6 August 2018.

7 Gary Starr was appointed Executive General Manager, Business & Government with effect from 1 March 2018.

8 Ahmed Fahour AO resigned from the position of Managing Director & Group Chief Executive Officer with Australia Post with effect from 28 July 2017.

9 Chris Blake retired from Australia Post with effect from 31 December 2018. An ex-gratia payment, disclosed under "termination and retirement benefits", was made in accordance with the Deed of Separation.

10 Christine Corbett was appointed Acting Group Chief Executive Officer and Managing Director between 29 July 2017 to 29 October 2017 and ceased employment with Australia Post with effect from 13 July 2018.

11 Janelle Hopkins ceased employment with Australia Post with effect from 3 May 2019.

12 Andrew Walduck ceased employment with Australia Post with effect from 13 July 2018.

13 Andrew Parker was seconded from PricewaterhouseCoopers (PwC) on a consulting basis, which concluded on 13 July 2018, following appointment of permanent incumbent, Annette Carey. Andrew Parker is remunerated separately by PwC, with base salary comprising consulting fees paid to PwC for this secondment.

14 Base salary comprises cash salary, net of annual leave accrued and taken during the year.

15 Bonuses comprise accrued short-term incentives payable within 12 months of the end of the period.

16 Other benefits and allowances comprise the Reportable Fringe Benefits Amount included on the recipient's payment summary. Amounts for Christine Holgate's 2018 year benefits comprise short-term accommodation paid by the Corporation for the first six months of her tenure in accordance with the determination set by the Remuneration Tribunal.

17 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 member of a defined contribution plan, the benefit is calculated at 9.5 per cent in accordance with the applicable legislation.

18 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.

19 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 per cent 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.

20 Termination and retirement benefits are payments made on separation of the senior executive role.

Our people

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 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)	2019	2018
Current service cost	163.7	176.3
Past service cost	–	–
Interest cost on benefit obligation	123.3	123.8
Interest income on plan assets	(153.6)	(147.4)
Plan expenses	9.6	9.9
Contributions tax reserve	–	–
Defined benefit superannuation expense	**143.0**	**162.6**

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)	2019	2018
Opening defined benefit obligation at 1 July	3,279.4	3,350.6
Interest cost	123.3	123.8
Current service cost	163.7	176.3
Benefits paid and payable	(305.5)	(299.9)
Past service cost	–	–
Actuarial (gain)/loss due to changes in financial assumptions	167.1	(131.2)
Actuarial (gain)/loss due to changes in demographic assumptions	–	(9.6)
Other remeasurements	(19.5)	69.4
Closing defined benefit obligation at 30 June[1]	**3,408.5**	**3,279.4**

Changes in the fair value of the plan assets

Consolidated ($m)	2019	2018
Opening fair value of plan assets at 1 July	4,198.1	4,051.0
Return on plan assets	135.9	127.1
Interest income on plan assets	153.6	147.4
Contributions by employer	99.9	134.3
Benefits paid and payable	(305.5)	(299.9)
Plan expenses	(9.6)	(9.9)
Contributions tax reserve	(13.6)	(18.7)
Other remeasurements	–	66.8
Fair value of plan assets at 30 June[1]	**4,258.8**	**4,198.1**

Amount recognised in other comprehensive income

Consolidated ($m)	2019	2018
Remeasurements on liability	(147.6)	71.4
Return on plan assets excluding interest income	135.9	127.1
Remeasurements on asset	–	66.8
Contributions tax	(13.6)	(18.7)
Total amount to be recognised in other comprehensive income	**(25.3)**	**246.6**

1 Excluded from the obligation and plan assets above is $3,653.3 million (2018: $3,563.2 million) relating to member financed accumulated benefits.

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, Post Super 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 2019 totalled $3,653.3 million (2018: $3,563.2 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 August 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 $93.8 million for the year ended 30 June 2020.

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.

Our people

C3 Post employment benefits (continued)

Categories of plan assets ($m)[1]

The fair value of total plan assets is as follows:

Consolidated ($m)	2019	2018
Active market		
Cash	243.6	442.6
Australian public equities	311.3	359.9
International public equities	1,005.6	1,179.2
Emerging markets public equities	210.7	258.0
Australian public debt	941.8	674.6
International public debt	236.8	167.9
Inactive market		
Equities and debt	724.6	870.9
Real estate	72.0	104.8
Alternative credit	309.2	140.2
Real assets	203.2	–
	4,258.8	**4,198.1**

1 There are no in-house assets included in the fair value of the APSS assets, however there may be an immaterial amount of indirect investments in shopping centres where the Corporation has leased certain areas for retail outlets.

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 2019 is $12.7 million (2018: $12.6 million).

Amount recognised in the balance sheet

The amount recognised in the balance sheet as at 30 June is as follows:

Consolidated ($m)	2019	2018	2017	2016	2015
Present value of benefit obligation (wholly funded)	(3,408.5)	(3,279.4)	(3,350.6)	(3,506.8)	(3,310.7)
Fair value of plan assets	4,258.8	4,198.1	4,051.0	3,910.4	3,923.6
Contributions tax reserve	–	–	–	–	–
Net superannuation asset/(liability)[1]	**850.3**	**918.7**	**700.4**	**403.6**	**612.9**

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.

Management of the plan risks

The funding of the plan is dependent upon future experience. Material adverse risks in respect of funding include market risk, salary inflation risk, liquidity risk, and the risk of higher than expected death and disability benefits.

KEY ASSUMPTIONS AND SENSITIVITIES

The significant actuarial assumptions used in determining superannuation obligations for the Group's plan are shown below (expressed as weighted averages), as well as the sensitivity for each significant assumption:

	Actuarial assumption (%)		Sensitivity ($m)			
			Rate increase of 1%		Rate decrease of 1%	
Consolidated	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Discount rate	2.8	3.8	(231.7)	(220.5)	266.8	253.0
Future inflationary salary increases*	2.0	2.0	216.1	206.2	(186.6)	(178.2)

* 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 (2018: 8.5 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 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)	2019	2018
Accumulation superannuation expense	106.0	92.4

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 Commonwealth 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 a AA-rating (2018: AA-) from the independent ratings agency Standard & Poor's.

The capital structure of the Group (which has not changed from prior year) consists of debt, which comprises bonds payable and syndicated revolving committed facilities, a bank overdraft facility, cash and cash equivalents 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.

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 $246.7 million (2018: $256.4 million) which relates to bank guarantees over projected workers' compensation liabilities provided by the Group.

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.

The Group also 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. Expected credit loss allowances are not recognised on receivables or accrued revenue from entities related to the Commonwealth Government for which the probability of default is negligible.

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 above.

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.

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its obligations, such as the provisions and payables outlined in notes B8 and B7 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 as part of the Treasury Strategy Paper.

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 three year and one month revolving credit facility of $150 million expiring 20 July 2022 which is available for draw down for a minimum of 30 days. (2018: five year revolving credit facility of $200 million expiring 25 June 2020, but was expired early, on 20 June 2019). This facility is used to manage short-term liquidity requirements.

Maturity of financial liabilities

The tables below detail the Group's remaining contractual maturity for its material non-derivative financial liabilities, as well as cash outflows arising from derivative financial instruments.

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 outflows arising from derivative financial instruments, based on the undiscounted net cash outflows on derivative instruments that settle on a net basis and the undiscounted gross cash outflows on those derivatives that require gross settlement. The amount disclosed has been determined by reference to the projected cash outflows illustrated by the yield or forward curves existing at reporting date.

	Contractual maturity (nominal cash flows)					
Consolidated ($m)	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total nominal cash flows	Carrying amount (assets)/ liabilities
As at 30 June 2019						
Trade and other payables	640.4	–	–	–	**640.4**	640.4
Bonds payable	31.5	275.0	321.7	198.0	**826.2**	713.5
Hedge foreign exchange contracts (net settled)	2.6	(0.3)	–	–	**2.3**	2.3
	674.5	**274.7**	**321.7**	**198.0**	**1,468.9**	**1,356.2**
As at 30 June 2018						
Trade and other payables	629.8	–	–	–	**629.8**	629.8
Bonds payable	32.3	32.4	411.7	385.0	**861.4**	703.0
Hedge foreign exchange contracts (net settled)	8.5	0.3	–	–	**8.8**	8.8
	670.6	**32.7**	**411.7**	**385.0**	**1,500.0**	**1,341.6**

Our funding structure and management of our financial risks

D2 Managing our financial risks (continued)

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)	**2019**	**2018**
Financial assets		
Cash and cash equivalents (floating rate)	487.2	425.0
Financial liabilities		
Bonds payable (fixed rate)	613.5	603.0
Bonds payable (floating rate)	100.0	100.0
Interest rate swaps (fixed rate)	(140.1)	(140.1)
Interest rate swaps (floating rate)	129.8	140.0

Interest rate risk sensitivity

An interest rate sensitivity analysis of the Group at the reporting date has been performed, using a 20 basis point (2018: 20) 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 $0.7 million (2018: $0.6 million) increase/decrease 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 $250.0 million maturing on 13 November 2020, $175.0 million maturing on 13 November 2023, $180.0 million maturing on 1 December 2026 and a floating rate bond of $100.0 million maturing on 1 December 2021.

On this basis, the weighted average duration of debt is 3.8 years (2018: 4.8 years).

Consolidated ($m)	2019	2018
Payable in 1 – 5 years [1,2]	536.4	349.7
Payable in over 5 years[1]	177.1	353.3
Non-current loan liabilities	**713.5**	**703.0**
Total	**713.5**	**703.0**

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.

Exposure

The carrying amount of monetary assets and monetary liabilities as at balance date is shown in the following table.

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 8.7 per cent (2018: 9.2 per cent) favourable/unfavourable change in the Australian dollar based on Australian Government Department of Finance guidance with all other variables held constant. The sensitivity analyses below have been determined based on the exposure to foreign currencies from financial instruments at the reporting date.

Of the total $122.9 million of foreign currency denominated exposures, $112.4 million is SDR, $3.6 million in USD, $3.3 million in GBP and $3.6 million made up of HKD, EUR, JPY, NZD and CNH. (2018: Total of $167.4 million of foreign currency denominated exposures is $167.3 million in SDR, $0.1 million made up of USD, HKD and EUR).

The receivables and payables denominated in SDR, on which the sensitivity is shown in the table below, are not necessarily representative of the Group's exposure to currency risk for the years ended 30 June 2019 and 30 June 2018. 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.

		Exchange +8.7%		Exchange -8.7%	
Consolidated AUD ($m)	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)**

		Exchange +9.2%		Exchange -9.2%	
Consolidated AUD ($m)	Exposure	Impact on profit	Impact on equity	Impact on profit	Impact on equity
2018					
Financial assets					
Cash on hand	2.7	(0.2)	–	0.2	–
Trade and other receivables	262.7	(16.9)	–	16.9	–
Other assets	3.3	2.8	11.5	(2.8)	(11.5)
Financial liabilities					
Trade and other payables	(89.2)	5.7	–	(5.7)	–
Other liabilities	(12.1)	4.9	3.8	(4.9)	(3.8)
Net exposure	**167.4**	**(3.7)**	**15.3**	**3.7**	**(15.3)**

Our funding structure and management of our financial risks

D2 Managing our financial risks (continued)

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, the use of fuel surcharges, and through the use of commodity swap and commodity option contracts.

For the year, the Group has elected to adopt hedge accounting in respect of some of its fuel hedging exposures. The fair value of contracts designated as hedging instruments is a net asset of $0.8 million (2018: net asset of $8.2 million) for the Group.

Commodity sensitivity

Based on a change in the most significant input, such as commodity prices, by an increase of 8.7 per cent using Australian Government Department of Finance guidance, with all other variables held constant, would decrease profit after tax by $0.1 million and increase equity by $0.4 million (2018: decrease profit after tax by $0.1 million and increase equity by $2.8 million).

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 liability of $2.3 million (2018: net liability of $8.8 million) for the Group.

The portion of the gain or loss on the designated forward currency contracts that are determined to be effective hedges is deferred in other comprehensive income and will be recognised in the measurement of the underlying transaction.

As at balance date, the aggregate amount of unrealised gains/losses under foreign forward currency contracts deferred in the hedging reserve related to contracted future payments for inventory, capital expenditure and exposures for SDR revenue receipts. It is anticipated that the payments will mostly take place within 24 months after reporting date at which stage the amount deferred in equity will be included in the initial cost of the inventory and capital equipment.

It is anticipated that the hedged amounts in relation to inventory will impact the statement of comprehensive income over the next one year and amounts in relation to equipment capital expenditure will impact the statement of comprehensive income over the next 5 to 20 years after the assets are available for use.

The Group hedges its expected SDR revenue flows and the hedged exposures are in a hedge accounting relationship with monthly revaluations recorded in the cashflow hedge reserve.

The following tables detail the foreign currency contracts outstanding as at balance date:

Consolidated	Notional amount (foreign currency) ($m) USD	EUR	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.

Consolidated	Notional amount (foreign currency) ($m) USD	EUR	JPY	GBP	CNH	SDR
2018						
BUY[1]						
0 – 12 months	31.7	17.8	537.3	4.3	46.0	21.6
over 12 months	6.1	4.0	123.7	0.8	10.6	–
	37.8	**21.8**	**661.0**	**5.1**	**56.6**	**21.6**
SELL[2]						
0 – 12 months	117.3	17.5	537.3	3.9	46.0	74.1
over 12 months	6.1	4.0	123.7	0.8	10.6	19.8
	123.4	**21.5**	**661.0**	**4.7**	**56.6**	**93.9**

1 Average buy exchange rates to the Group's functional currency AUD are: USD 0.782, EUR 0.625, JPY 81.164, GBP 0.564, CNH 5.113 and SDR 1.866.
2 Average sell exchange rates to the Group's functional currency AUD are: USD 0.768, EUR 0.609, JPY 79.868, GBP 0.549, CNH 4.982 and SDR 1.910

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 ($m)	Fixed interest rate %	Notional principal amount ($m)
2019		
From 1 – 5 years	5.5	70.0
Over 5 years	4.0	70.0
2018		
Over 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.

Our funding structure and management of our financial risks

D3 Using derivatives to hedge risks (continued)

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 cashflow hedges is shown in note D2.

Fair value hedges

Used by the Group to hedge the exposure to changes in the fair value of a recognised asset or liability or unrecognised firm commitment.

The carrying value of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also remeasured to fair value, with the net gain or loss recognised in the statement of comprehensive income.

If the hedged item is a firm commitment (and therefore not recognised), the subsequent cumulative change in the fair value of the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of comprehensive income.

The Group discontinues fair value hedge accounting if the hedge instrument expires or is sold, is terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

If the hedged item is a financial instrument for which the effective interest method is used, the accumulated changes in its carrying value are amortised to profit or loss over the remaining life of the instrument from the point at which hedge accounting is discontinued.

The Group uses fair value hedges to mitigate the risk of changes in the fair value of borrowings from interest rate fluctuations over the hedge period. The Group has used interest rate swap contracts to convert fixed-rate interest exposures to floating rate exposures.

The maturity profile of fair value hedges is shown in note D2.

D4 Fair value measurement

Valuation of financial instruments

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash

The carrying amount is fair value due to the asset's liquid nature.

Receivables / payables

Due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.

Derivatives

The fair values are calculated as the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major currencies. Accordingly, these financial instruments are classified as Level 2.

The fair value of forward contracts is calculated by reference to forward exchange market rates at reporting date for contracts with similar maturity profiles. As market rates are observable they are classified as Level 2.

Interest-bearing loans and borrowings

Quoted market prices or dealer quotes for similar instruments are used to value long-term debt instruments except corporate bonds based on discounting expected future cash flows at market rates.

Fair value measurements recognised in the balance sheet

Except as detailed in the table below, the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated balance sheet approximates their fair value.

Consolidated ($m)	Carrying amount	Fair value
2019		
Financial assets		
Finance lease receivable	–	–
Financial liabilities		
Bonds payable	713.5	766.9
2018		
Financial assets		
Finance lease receivable	–	–
Financial liabilities		
Bonds payable	703.0	743.1

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.

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, all of which are incorporated in Australia unless otherwise noted:

	2019 %	2018 %
AlphaCommerceHub Pty Ltd [1]	–	50.01
AP Innovation Ventures Pty Ltd [2]	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 [2]	100	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 [7,19]	100	40
Australia Post Global eCommerce Solutions (HK) Pte Limited [8,20]	100	40
Australia Post Global eCommerce Solutions (Sing) Pte. Ltd. [7,21]	100	40
Australia Post Global eCommerce Solutions (UK) Limited [9,22]	100	40
Australia Post Global eCommerce Solutions (USA) Inc. [10]	100	–
Australian Express Transport Pty. Limited [2,11]	100	100
Australian Express Freight Pty. Limited [2,12]	100	100
AUX Investments Pty Ltd [13]	100	100
corProcure Pty Ltd [14]	–	100
Decipha Pty Ltd [13]	100	100
Discount Freight Express Pty Limited [14]	–	100
DFE Pty Limited [15]	–	75
Geospend Pty. Ltd. [14]	–	100
Mail Call Bikes Pty Ltd [14]	–	100
Mail Call Commercial Pty Ltd [14]	–	100
Mail Call Couriers Pty Limited [2]	100	100
Mail Call Couriers Melbourne Pty Ltd [14]	–	100
Mail Call Motor Bikes Pty Ltd [14]	–	100
Mail Call Non Commercial Pty Ltd [14]	–	100
Mail Call Queensland Pty Ltd [14]	–	100
Mail Call Services Pty Limited [14]	–	100
Mail Call South Australia Pty Limited [14]	–	100

	2019 %	2018 %
Mail Call Western Australia Pty Ltd [14]	–	100
Mail Plus Pty Ltd [15]	–	75
Mardarne Pty. Ltd. [2,16]	100	100
MP Rights Pty Ltd [15]	–	75
Multigroup Distribution Services Pty Limited [14]	–	100
Our Neighbourhood Pty. Ltd. [14]	–	100
POLi Payments Pty Ltd [2]	100	100
Post Fulfilment Online Pty Ltd [14]	–	100
Postcorp Developments Pty Ltd [2]	100	100
POSTlogistics (Hong Kong) Pte Limited [17]	100	100
SecurePay Holdings Pty Ltd [3]	100	100
SecurePay Pty. Ltd. [3]	100	100
Sprintpak Pty. Ltd. [14]	–	100
ST Couriers Holdings Pty Ltd [2]	100	100
Star Track Couriers Pty Limited [14]	–	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
Star Track Pty Limited [14]	–	100
Star Track Special Services Pty Limited [14]	–	100
StarTrack Retail Pty Ltd [13]	100	100
STI Co (Aust) Pty Ltd [18]	100	40
Wantitnow Australia Pty Ltd [14]	–	100

1 Entity disposed of on 20 December 2018.
2 Small proprietary entity not required to prepare and lodge audited financial statements with Australian Securities and Investments Commission (ASIC).
3 Small proprietary entity 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 Entity limited by guarantee required to prepare audited financial statements in accordance with the company's constitution. Australia Post controls the voting rights and has exposure to variability in returns and therefore consolidates this entity.
5 Small proprietary entity 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 Entity incorporated in Singapore and not audited by the Australian National Audit Office (ANAO). Remaining share acquired on 20 December 2018.

8 Entity incorporated in Hong Kong and not audited by the ANAO. Remaining share acquired on 20 December 2018.

9 Entity incorporated in UK and not audited by the ANAO. Remaining share acquired on 20 December 2018.

10 Entity was incorporated on 22 April 2019 in the USA and not audited by the ANAO.

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 and has entered into a deed of cross guarantee with Australia Post Transaction Services Pty Ltd as the holding entity. Therefore, this entity is not required to prepare and lodge audited financial statements with ASIC in accordance with the relief provisions set out in ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

14 Entity was deregistered during the 2019 financial year.

15 Entity disposed of on 31 January 2019.

16 Trustee of Mardarne No 1 Trust.

17 Entity incorporated in Hong Kong and not audited by the ANAO.

18 Remaining share acquired on 20 December 2018.

19 Entity formerly known as Aramex Global Solutions Private Limited.

20 Entity formerly known as Aramex Global Solutions (Hong Kong) Pte Limited.

21 Entity formerly known as Global Solutions Logistics Pte. Ltd.

22 Entity formerly known as Aramex Global Solutions (UK) Limited.

E2 Leases

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. It also requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. A finance lease transfers substantially all the risks and benefits incidental to ownership of the leased item, whereas an operating lease does not transfer substantially all these risks and rewards. During the year, the Group was party to operating leases.

The following table outlines the leases that the Group is party to where the underlying leased assets are not on the consolidated balance sheet.

Operating leases for assets the Group leases to external parties

The Group leases or sub-leases a total of 141 sites to external parties. These are under operating leases with various occupancy terms that are due to expire in the next one to twenty years. The leased property portfolio comprises 5 commercial, 25 industrial and 111 retail sites.

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)	2019	2018
• within 1 year	33.2	39.4
• from 1 year to 5 years	81.9	79.2
• over 5 years	30.4	35.2
Total	**145.5**	**153.8**

Operating leases for assets the Group leases from external parties

The Group leases a total of 1,029 sites. These are under operating leases with various occupancy terms that are due to expire in the next one to fifteen years. The leased property portfolio comprises 19 commercial, 305 industrial, 8 residential, 499 retail and 198 parcel locker sites.

Leases generally provide the Group with a right of renewal, at which time the commercial terms are renegotiated. Lease payments generally comprise a base amount plus an incremental contingent rental based on movements in the Consumer Price Index and reviews to market-based levels.

Consolidated ($m)	2019	2018
Minimum lease payments	209.1	204.8
Contingent rentals	0.2	0.4
Operating lease rentals	**209.3**	**205.2**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Consolidated ($m)	2019	2018
• within 1 year	170.5	162.8
• from 1 year to 5 years	513.1	463.9
• over 5 years	296.4	267.4
Total	**980.0**	**894.1**

Other information

E3 Australian Postal Corporation

Corporation ($m)	2019	2018
Current assets	1,629.8	1,539.4
Total assets	5,816.3	5,694.7
Current liabilities	2,019.6	1,850.0
Total liabilities	3,410.2	3,255.2
Net assets	**2,406.1**	**2,439.5**
Contributed equity	400.0	400.0
Retained profits	1,982.5	2,011.8
Asset revaluation reserve	17.7	17.7
Common control reserve	7.0	7.0
Hedging reserve	(1.1)	3.0
Total equity	**2,406.1**	**2,439.5**
Net profit/(loss) of the parent entity	55.8	220.0
Total comprehensive income/ (losses) of the parent entity	(17.7)	172.6
Dividends paid	(42.2)	(78.5)

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 $1.6 million (2018: $2.1 million);
- issued bank guarantees amounting to $179.6 million (2018: $179.6 million) which represent guarantees supporting workers compensation self insurance licences in various jurisdictions;
- contractual obligations which relate to sub-lease rent receivables and operating lease receivables in the amount of $145.5 million (2018: $153.7 million). Capital commitments of the parent entity in relation to land and buildings and plant and equipment amount to $37.5 million (2018: $110.5 million); and
- operating lease commitments of $865.9 million (2018: $779.7 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 ($)	2019	2018
An audit or review of the financial report of the entity and any other entity in the consolidated entity	1,705,000	2,044,000
• assurance related	271,000	206,000
• other non-audit related[1]	198,000	501,000
Total auditor's remuneration	**2,174,000**	**2,751,000**

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 2019. 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)	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Balance from previous period	257.0	244.2	3.4	5.8	260.4	250.0
New contingent liabilities recognised	46.1	–	1.0	1.4	47.1	1.4
Re-measurement	(3.9)	26.5	(1.2)	2.4	(5.1)	28.9
Liabilities realised	–	–	(0.5)	(1.6)	(0.5)	(1.6)
Obligations expired	(51.9)	(13.7)	(1.1)	(4.6)	(53.0)	(18.3)
Total contingent liabilities	**247.3**	**257.0**	**1.6**	**3.4**	**248.9**	**260.4**
Balance from previous period	23.6	21.5	–	–	23.6	21.5
New contingent assets recognised	31.9	6.0	–	–	31.9	6.0
Re-measurement	0.1	0.1	–	–	0.1	0.1
Assets realised	(0.9)	–	–	–	(0.9)	–
Obligations expired	(10.7)	(4.0)	–	–	(10.7)	(4.0)
Total contingent assets	**44.0**	**23.6**	**–**	**–**	**44.0**	**23.6**
Net contingent liabilities	**203.3**	**233.4**	**1.6**	**3.4**	**204.9**	**236.8**

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 considered not 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 2019, there is no material contingent liability with respect to the Group's self insurance activities.

Other information

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 2019. Liabilities are disclosed as current when they are due within 12 months of 30 June 2019 or when there is no unconditional right to defer settlement of the liability for at least 12 months after 30 June 2019.

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 2018 :

AASB 15 – *Revenue from contracts with customers*

AASB 15 replaces all existing revenue recognition requirements in Australian Accounting Standards (AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 *Leases*, once applied).

The standard establishes a principles based five-step model which, when applied, ensures that revenue is recognised in a manner that depicts the transfer of control of goods and services to the customer, at an amount reflecting the consideration to which an entity expects to be entitled in exchange for the goods and services.

The following tables summarise the impacts of adopting AASB 15 on the Group's consolidated statement of financial position as at 30 June 2019 and its consolidated statement of comprehensive income for the year ended 30 June 2019 for each of the line items affected. There was no impact on the Group's statement of cash flows for the year ended 30 June 2019.

Transition and financial impact

The Group has adopted the standard on a modified retrospective basis. Under this transition method:

- the standard has been applied to contracts in progress, but not completed at the date of initial application (1 July 2018);
- prior year comparatives have not been restated for the effect of application of AASB 15; rather opening retained earnings has been restated ($28.7 million) for the full cumulative impact of adopting the standard and remeasurement of the opening unearned revenue balance.

As disclosed in the 2018 Annual Report, the application of AASB 15 has resulted in a change to the timing of revenue recognition in relation the Group's delivery related products and services. Previously, revenue earned on delivery services was considered earned at the point of delivery. Under the new requirements, revenue is recognised as deliveries progress over time. This change has had an immaterial impact on the financial statements for the year ended 30 June 2019.

Consolidated statement of comprehensive income for the year ended 30 June 2019

Consolidated ($m)	As reported (AASB 15)	Adjustments	Without adoption of AASB 15 (AASB 118)
Revenue			
Goods and services	6,878.4	2.4	6,880.8
Revenue from contracts with customers	**–**	**2.4**	**2.4**
Total income	**6,989.8**	**2.4**	**6,992.2**
Expenses (excluding finance costs)			**–**
Suppliers	3,377.8	–	3,377.8
Total expenses (excluding finance costs)	**6,916.1**	**–**	**6,916.1**
Profit/(loss) before income tax	**41.1**	**2.4**	**43.5**
Net profit/(loss) for the year attributable to equity holders of Australian Postal Corporation	**40.6**	**2.4**	**43.0**

Consolidated balance sheet as at 30 June 2019

Consolidated ($m)	As reported (AASB 15)	Adjustments	Without adoption of AASB 15 (AASB 118)
Assets			
Total assets	**5,535.6**	**–**	**5,535.6**
Liabilities			
Trade and other payables	1,009.4	(31.1)	978.3
Total liabilities	**3,222.5**	**(31.1)**	**3,191.4**

AASB 9 – *Financial Instruments*

AASB 9 replaces the requirements of AASB 139 *Financial Instruments: Recognition and Measurement* and its related interpretations, with three primary areas of impact.

AASB 9 introduces new classifications for financial assets: being fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost. These replace the AASB 139 categories of fair value through profit and loss, available-for-sale, loans and receivables, and held-to-maturity. On application the Group has reclassified its financial instruments based on the revised categories, with no resulting measurement impacts.

On application of AASB 9, the AASB 139 “incurred loss” impairment requirements are replaced by a forward looking “expected credit loss” model. The new model requires either 12-month expected credit losses (“ECLs”), or lifetime ECLs to be recognised for all financial assets at initial recognition. The Group has applied the revised impairment requirements during the period, as outlined in note D2.

The Group has elected to continue to apply the existing hedge accounting requirements under AASB 139, and has not applied the revised hedge accounting requirements under AASB 9.

Transition and financial impact

The Group has elected not to restate comparative information for prior periods with respect to the revised classification and measurement requirements of the standard. Accordingly, prior period comparatives have not been restated to reflect the adoption of AASB 9. Overall, the application of AASB 9 has had an immaterial impact ($1.0 million) on the financial statements for the year ended 30 June 2019.

AASB Interpretation 22 – *Foreign Currency Transactions and Advance Consideration*

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. There were no material changes to the Group’s financial statements from the application of this interpretation.

Other information

E6 Other accounting policies (continued)

e) New and amended Australian Accounting Standards not yet adopted by the Group

The following standards, amendments to standards and interpretations are relevant to current operations but have not been applied by the Group in these financial statements.

Reference	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 16, and relevant amending standards	*Leases*	AASB 16 *Leases* (AASB 16) will replace 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 operating lease commitments would be shown as a liability on the balance sheet together with an asset representing the right-of-use. In addition, the current operating lease expense recognised in profit or loss in the statement of comprehensive income will be replaced with amortisation and interest expense. The approach to lessor accounting remains largely unchanged. AASB 16 also requires lessees and lessors to make more extensive disclosures than under AASB 117. The Group will adopt AASB 16 for the first time for the financial year beginning 1 July 2019, with the project to assess the impact of adopting the new standard nearing completion at the reporting date. The standard will be initially applied using a modified retrospective approach, meaning that any cumulative impacts of initial application will be recognised against retained earnings, and there will be no restatement of comparatives. At the end of the reporting period ended 30 June 2019, the Group has non-discounted operating lease commitments of $980.0 million. At transition date, the Group expects to recognise a discounted lease liability containing these non-cancellable commitments and option periods that are reasonably certain to be exercised. Lease arrangements embedded in supply agreements will also be recognised where the definition of a lease per the standard has been met.	1 January 2019	1 July 2019
AASB Interpretation 23	*Uncertainty over Income Tax Treatments*	AASB Interpretation 23 clarifies the application of the recognition and measurement criteria in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments, and is not anticipated to have a material impact on the Group's financial statements.	1 January 2019	1 July 2019

Reference	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 2018-1	*Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*	Amendments to: • AASB 3 *Business Combinations* to clarify that an entity remeasures its previously held interest in a joint operation when it obtains control of the business; • AASB 11 *Joint Arrangements* to clarify that an entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business; • AASB 112 *Income Taxes* to clarify that an entity accounts for all income tax consequences of dividend payments according to where the entity originally recognised the past transactions or events that generated the distributable profits i.e. in profit or loss, other comprehensive income or equity; and • AASB 123 *Borrowing Costs* to clarify that an entity treats any borrowing originally made to develop a qualifying asset as part of general borrowings when the asset is ready for its intended use or sale. These changes are not anticipated to have a material impact on the Group's financial statements.	1 January 2019	1 July 2019
AASB 2018-2	*Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*	This Standard amendment provides clarification on the calculation of current service cost and net interest when an entity remeasures the net defined benefit liability (asset) when a plan amendment, curtailment or settlement occurs. These changes are not anticipated to have a material impact on the Group's financial statements.	1 January 2019	1 July 2019
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The amendments 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

Community service obligations

for the year ended 30 June 2019

Australia Post's community service obligations (CSOs) are set out in s27 of the *Australian Postal Corporation Act 1989* (APC Act) which requires that:

- the corporation provide a letter service for both domestic and international letter traffic
- the service be available at a single uniform rate within Australia for standard letters
- the service be reasonably accessible to all Australians wherever they reside
- the performance standards for the service reasonably meet the social, industrial and commercial needs of the community.

Performance standards

Regulations made under s28C of the APC Act detail the particular standards required to meet these obligations. Performance against these standards is subject to independent audit by the Australian National Audit Office (ANAO).

All of the prescribed standards were met or exceeded in 2018/19. The actual result for each standard is outlined in the table below. The associated ANAO Audit Report is reproduced on pages 139 to 140.

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 CSO compliance is maintained within the office of the Corporate Secretary.

CSO costs

There is a financial cost associated with meeting CSOs. Australia Post is required to provide certain 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.

Working in collaboration with our Shareholder, in 2018 we updated the methodology and approach to calculating the cost of the CSO. Key changes were to:

- capture a fuller range of costs to determine loss making destinations;
- include all international products mandated under the Universal Postal Union, in addition to reserved products; and
- provide greater transparency of the distribution of this cost to the Australian community.

Under this new methodology, the cost of providing the CSO for 2018/19 is estimated at $392.2 million (2017/18: $403.5 million), including $187.4 million in rural and remote locations (2017/18: $191.8 million).

Performance Standard			2018/19 performance
Lodgement			
10,000 street posting boxes			15,037
Delivery timetables	**PRIORITY**	**REGULAR**	
Delivery within a State			
Metro to metro	next business day	3 business days	Maintained
Same/adjacent country to country	next business day	3 business days	Maintained
All else	2 business days	4 business days	Maintained
Delivery between States			
Metro to metro	2 business days	5 business days	Maintained
Country to metro	3 business days	6 business days	Maintained
Metro to country	3 business days	6 business days	Maintained
Between country areas	4 business days	7 business days	Maintained
On-time delivery			
94.0% of reserved services letters			98.9%
Access			
4,000 retail outlets (2,500 in rural and remote areas)			4,343 (2,529 in rural and remote areas)
Retail outlets located so that:			
• in metropolitan areas at least 90% of residences are within 2.5km of an outlet			93.6%
• in non-metropolitan areas at least 85% of residences are within 7.5km of an outlet			88.9%
Delivery frequency			
• 98.0% of delivery points to receive deliveries five days a week			98.8%
• 99.7% of delivery points to receive deliveries no less than twice a week			99.9%

Auditor-General's report – performance standards

Auditor-General for Australia

Australian National Audit Office

INDEPENDENT ASSURANCE REPORT

To the Minister for Communications, Cyber Safety and the Arts

Opinion

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 1998* which are made under the *Australian Postal Corporation Act 1989* for the year ended 30 June 2019.

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 5);

(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 6);

(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 8); 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 9).

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 1998* for the year ended 30 June 2019.

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.

Auditor-General's report – performance standards

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 2019. 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 2019.

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 2019.

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 2019 does not provide assurance on whether compliance with the Prescribed Performance Standards will continue in the future.

Australian National Audit Office

Grant Hehir

Auditor-General

Canberra

21 August 2019

Domestic letter service monitor (Kantar)

KANTAR

Level 2/16 Palmer Parade
Cremorne, VIC 3121

T +61 (3)8862 5900

July 22, 2019

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 2019 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 304,732 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 2019 the sample used by Kantar Australia was consistent with the sample frame provided by Australia Post. The attached certification from Deloitte states that "nothing has come to our attention that causes us to believe that the results reported by Kantar Australia for year ended 30 June 2019 have not been calculated all materials respects, in accordance with the Agreed Business Rules or do not fairly represent the performance of Australia Post's basic letter service as per the Agreed Business Rules for that period."

Domestic letter service monitor (Kantar)

KANTAR

Results

For the year ended June 2019, the monitor showed that Australia Post delivered 98.9 per cent of all letters early or on time, and 99.7 per cent of letters were delivered on time or not more than one working day after your delivery undertakings.

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 2019 against the scope provided.

Yours faithfully,

Jon Foged
CEO Australia
Kantar

Margaret Persico
Director
Kantar

Survey certification

Deloitte.

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19 July 2019

Jon Foged
CEO Australia, Kantar
Level 2/16 Palmer Parade
Cremorne VIC 3121
Australia

Independent Assurance Practitioner's Limited Assurance Report on Kantar Australia recalculation of Australia Post Performance Metric to the Management of Kantar Australia for Basic letter services

We have undertaken a limited assurance engagement relating to the Kantar Australia's recalculation of Australia Post performance metric for the year ended 30 June 2019.

Kantar 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 Kantar 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 to re-perform Kantar Australia's calculation of the delivery performance figure by using the data output from the Computer Information System (CIS) and the associated business rules which are integral to the Kantar Australia monitor.

Management of Kantar Australia's Responsibility

The Management of Kantar 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.

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.

Survey certification

Deloitte.

Page 2
19 July 2019

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on Kantar Australia recalculation 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 Kantar Australia for the period have not been, in all material respects in accordance with the Agreed Business Rules or do not fairly represent the performance of Australia Post's basic/bulk letter service for that period as per 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 Kantar Australia recalculation 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:

- 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 Kantar 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 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 Kantar Australia for year ended 30 June 2019 have not been calculated all material respects, in accordance with the agreed business rules or do not fairly represent the performance of Australia Post's basic letter service for that period.

Inherent Limitations

The accuracy of the recalculations relied upon the data provided by Kantar Australia being accurate, complete and valid, the Agreed Business Rules being current and correct at the time of Kantar Australia providing the details to Deloitte as well as the full population for testing.

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.

Deloitte.

Page 3
19 July 2019

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 Kantar Australia in accordance with our engagement letter dated 21 August 2018 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 Kantar 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 Kantar 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 Kantar 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 Kantar Australia and by Deloitte:

Type of Letter	Kantar Australia figure	Deloitte figure
Basic	98.9% (±0.1)	98.9%

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 Kantar Australia for year ended 30 June 2019 have not been calculated all material respects, in accordance with the Agreed Business Rules or do not fairly represent the performance of Australia Post's basic letter service as per the Agreed Business Rules for that period.

DELOITTE RISK ADVISORY PTY LTD

Kevin Nevrous
Partner

Letters/Non-Letters Services

(including reserved services)

	Letters[(1)]		Non-Letters		Total	
2019	**$m**	**%**	**$m**	**%**	**$m**	**%**
Revenue[2]	2,216.3	31.7%	4,765.3	68.3%	6,981.6	100.0%
Expenditure[2]	2,408.0	34.8%	4,506.5	65.2%	6,914.5	100.0%
Profit/(Loss) before interest and income tax expense	**(191.7)**	**(285.7%)**	**258.8**	**385.7%**	**67.1**	**100.0%**
Net interest					(26.0)	
Profit before tax					**41.1**	
Income tax benefit/(expense)					(0.5)	
Net profit for the year					**40.6**	

	Letters[(1)]		Non-Letters		Total	
2018	**$m**	**%**	**$m**	**%**	**$m**	**%**
Revenue[2]	2,433.7	35.5%	4,424.7	64.5%	6,858.4	100.0%
Expenditure[2]	2,450.6	36.5%	4,268.7	63.5%	6,719.3	100.0%
Profit/(Loss) before interest and income tax expense	**(16.9)**	**(12.1%)**	**156.0**	**112.1%**	**139.1**	**100.0%**
Net interest					(13.4)	
Profit before tax					**125.7**	
Income tax benefit/(expense)					8.5	
Net profit for the year					**134.2**	

1 Letters includes reserved letters (Revenue $1.8 billion (2018: $2.0 billion) and loss before interest and income tax expense of $39.1 million (2018: profit before interest and income tax of $158.1 million)), non-reserved letters (including unaddressed mail), international letters and small packets (i.e. packets less than 2kg).

2 Current year revenue and expenditure allocation reflects the new organisational structure effective 1 July 2018. Prior year revenue and expenditure have been restated to be presented on a consistent basis.

Statutory reporting requirements index

for the year ended 30 June 2019

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*, the *Australian Postal Corporation Act 1989,* 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 in this Annual Report.

Section	Subject	Pages
Australian Postal Corporation Act 1989		
s43(1)(d)	Strategies and policies relating to Community Service Obligations (CSOs)	86, 138
s43(1)(e)	Directions by the Minister under s40(1)(CSOs)	n/a
s43(1)(f)	Assessment of appropriateness and adequacy of strategies and policies for CSOs	138
s43(1)(fa)	Performance standards relating to CSOs	138
s43(1)(g)(i)	Notifications by the Minister under s22 of the PGPA Act	n/a
s43(1)(g)(ii)	Directions by the Minister under s49 of the APC Act	n/a
s43(1)(h)(i)	Impact of Ministerial notifications under s22 of the PGPA Act and directions under s49 of the APC Act	n/a
s.43(1)(h)(ii)	Impact of other Government obligations	149
s43(1)(j)	Ministerial power under s33(3) to disapprove postage determinations	n/a
s43(1)(k)	Companies and other associations established or sold	130-131
s43(1)(m)(i)&(ii)	Shares purchased and disposed of	130-131
s43(1)(m)(iii)	Subsidiaries	130-131
s43(1)(n)	Authority to open or examine the contents of postal articles	154
s43(1)(o)	Disclosure of information	155-156
s44(1)(a)	Financial targets	86
s44(1)(b)	Ministerial direction under s40(i) to vary the financial targets	n/a
s44(1)(c)	Progress in achieving the financial targets	86
s44(1)(d)	Dividend paid or payable to the Commonwealth	1, 12, 15–17, 86, 95, 103, 132
s44(1)(e)	Ministerial direction under s54(3) as to dividend	n/a
s44(1)(f)	Capital repaid to the Commonwealth	n/a
s44(1)(g)(i)	Cost impact of CSOs	138
s44(1)(g)(ii)	Cost impact of Ministerial notifications under s22 of PGPA Act	n/a
s44(1)(g)(iii)	Cost impact of Ministerial directions under s49 of APC Act	n/a
s44(1)(g)(iv)	Cost impact of other Government obligations	149
s44(1)(h)(i)&(ii)	Financial information requested by the Minister in relation to the reserved services and other activities	n/a
Work Health and Safety Act 2011		
Sch.2,s4(2)(a)	Health, safety and welfare initiatives	150-153
Sch.2,s4(2)(b)	Health and Safety Outcomes	150-153
Sch.2,s4(2)(c)	Statistics requiring the giving of notice	150-153
Sch.2,s4(2)(d)&(e)	Details of investigations and other matters as prescribed	150-153
Superannuation Benefits (Supervisory Mechanisms) Act 1990		
s6(1)(b)	Report on operation of superannuation arrangements	149
Environment Protection and Biodiversity Conservation Act 1999		
s516A(6)(a)&(b)	Report on the compliance with and contribution to the principles of ecologically sustainable development	10-13, 48-53
s516A(6)(c)	Effect of activities on environment	10-13, 48-53
s516A(6)(d)	Measures taken to minimise environmental impact	10-13, 48-53
s516A(6)(e)	Mechanisms for reviewing and increasing the effectiveness of measures	10-13, 48-53

Statutory reporting requirements index

for the year ended 30 June 2019

Section	Subject	Pages
Public Governance, Performance and Accountability Act 2013		
s39(1)(b)	Annual Performance Statement	86
s43(4)	Annual financial statements and Auditor-General's report	88-137
Equal Employment Opportunity (Commonwealth Authorities) Act 1987		
s9(1)(a)	Development and implementation of equal employment opportunity program	24-29
s9(2)(a)	Action taken to develop and implement the equal employment opportunity program	24-29
s9(2)(b)	Effectiveness of the equal opportunity program and achievement of its objectives	24-29
s9(2)(c)	Ministerial Directions under s12 (Performance)	n/a
Public Governance, Performance and Accountability Rule 2014		
s17BB(c)	Approval of Annual Report by Accountable Authority	3, 85
s17BB(d)	s46 Compliance Statement	3
s17BE(a)	Establishing Legislation	2, 61, 86, 96, 149
s17BE(b)(i)	Objects and functions of the entity as set out in legislation	86, 149
s17BE(b)(ii)	Purposes of the entity as included in the entity's corporate plan	86
s17BE(c)	Names and titles of responsible Ministers	149
s17BE(d)	Any directions given to the entity by a Minister under an Act or instrument	149
s17BE(e)	Any government policy orders that applied under section 22 of the PGPA Act	n/a
s17BE(f)	Particulars of Non-compliance with a direction or order referred to in paragraph (d) or (e)	n/a
s17BE(g)	Annual Performance Statement	86
s17BE(h)	Non compliance with the finance law reported under section 19(1)(e) of the PGPA Act	n/a
s17BE(i)	An outline of actions taken to remedy any non compliance under s17BE(h)	n/a
s17BE(j)	Details of the Accountable Authority and each member, including: name, qualifications, experience, number of meetings attended and whether executive or non-executive	58-60
s17BE(k)	Organisational Structure (including subsidiaries)	130, 156
s17BE(ka)	Employee statistics for the current and previous reporting period for: (i) full-time employees; (ii) part-time employees; (iii) gender; and (iv) location.	25-27
s17BE(l)	Location of major activities or facilities	157
s17BE(m)	Main corporate governance practices	61
s17BE(n)	Related Commonwealth entity transactions	98
s17BE(o)	Details of related Commonwealth entity transactions	98
s17BE(p)	Significant activities and changes affecting the operation or structure of the entity	n/a
s17BE(q)	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on operations	n/a
s17BE(r)	Reports made by the Auditor-General, a House of Parliament, the Commonwealth Ombudsman or the Office of the Australian Information Commissioner	156
s17BE(s)	Information not obtained from subsidiaries	n/a
s17BE(t)	Indemnity for officers	149
s17BE(ta)	Information about executive remuneration	64-83
s17BE(u)	List of 'Schedule 2A' annual report requirements	147-148
s17BF(1)(a)(i)	Significant changes in financial structure and financial conditions	n/a
s17BF(1)(a)(ii)	Events or risks that may affect future operations or financial conditions	54-56
s17BF(1)(b)	Dividends paid or recommended	1, 12, 15–17, 86, 95, 103, 132
s17BF(1)(c)	CSOs, including actions taken and an assessment of the cost	86, 138
s17BF(2)	Commercially sensitive exclusion statement	n/a

Statutory reporting requirements

for the year ended 30 June 2019

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*, and the *Environment Protection and Biodiversity Conservation Act 1999*.

The index on pages 147 to 148 shows where the relevant information can be found in this annual report.

A number of matters 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*.

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 additional disclosure.

Directors of Australia Post are also indemnified by Australia Post, to the extent permitted by law, against any 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 their introduction in 1997, made compliance with the code and guidelines a condition of all of its construction related tenders.

Section 49 of the *Australian Postal Corporation Act 1989* 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 notification or direction has been issued under this provision.

Section 22 of the *Public Governance, Performance and Accountability Act 2013* 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 order with application to Australia Post has been issued under this provision.

There have been no instances of non-compliance with any direction referred to above.

Other government obligations

Postal Industry Ombudsman

The Postal Industry Ombudsman has estimated the costs of investigating complaints relating to Australia Post during 2018/19 to be $850,000.

ACCC record keeping

The cost of regulatory compliance with the ACCC's record keeping rules in 2018/19 is estimated at $150,000.

Maintaining heritage properties

The cost of repairing and maintaining heritage listed properties in 2018/19 was $1.9 million.

Medical/Educational Remote Area Parcel service

The Medical/Educational Remote Area Parcel service provides reduced postage rates for parcels containing health and educational material that are sent to and from people living in remote communities.

In 2018/19, revenue foregone in relation to the service is estimated to be $33,228.

Superannuation

All Australia Post employees are provided superannuation benefits of at least the minimum required by law.

From 1 January 2012, Australia Post ceased to offer membership of the Australia Post Superannuation Scheme, which pays a lump sum defined benefit, to new employees engaged under a management contract of employment. From 1 July 2012, this decision was extended to all new employees. New Australia Post employees may instead join a new default defined contribution superannuation fund, the Australia Post Superannuation Plan, or nominate a complying superannuation fund of their choice.

Statutory reporting requirements

for the year ended 30 June 2019

Work Health and Safety (WHS) report

The following information is presented in accordance with the requirements of Schedule 2, Part 3 and Part 4 of the *Work Health and Safety Act 2011* (WHS Act).

Australia Post's new Group Safety and Wellbeing Strategy was developed in 2017/18, with the following key focus areas and commenced activities:

Serious Injury and Fatality (SIF)

- supported and enabled a migration away from motorcycle to other modes of delivery such as electric delivery vehicles
- evolved focus on motorcycle rounds to reduce exposures
- continued dog awareness training
- convened three working groups with frontline participants from across the key operational areas of our business to review close to 4,000 SIF incidents to support clear 2-3 year exposure reduction roadmap focused on developing SIF decision trees and identifying critical controls required to address exposures
- commenced educating and training our people in utilisation of the SIF tools to address exposures
- introduced forklift minimum standards
- ensured that new facility design incorporated separation between pedestrians and load shifting equipment and
- continued to educate our people on dealing with aggressive customers in post offices and contact centres.

Manual Handling

- continued to automate as many processes as possible to eliminate manual handling exposure
- completed a data mining exercise to determine focus areas
- piloted a new movement training program in several areas across the business, and rolled out the program in all post offices in NSW
- extended the exercise physiology program to transport depots, parcel and major StarTrack facilities
- commenced ergonomic mapping of tasks associated with specific job roles – with a focus on higher order controls and
- trialled a number of local initiatives to reduce manual handling exposure.

Mental Health and Wellbeing

- improved mental health reporting with detailed reports received by the Executive Team
- engaged our entire workforce in the mental health conversation through Group-wide "Safety Time" workshops
- the mental health focus assisted to educate people on the signs of poor mental health, how to maintain positive mental health and reduce stigma
- engaged a new employee assistance provider
- expanded our assistance provider to contractors, licensees and their immediate family members
- continued mental health essentials training for people leaders
- included a mental health index in the staff survey to gather data to target programs
- implemented an online health assessment check which involved around 7 per cent of our workforce
- promoted healthy eating through "dial a dietician" services
- coordinated on site health checks including blood pressure, cholesterol and blood sugar testing
- encouraged staff to get active through parkrun promotion and a "new year" campaign
- commenced integrated psychological risk assessments for specific job roles and
- delivered resilience workshops to postal managers.

During the year, Australia Post undertook the following activities aimed at reducing the incidence of work-related injuries and illnesses and complying with WHS regulatory requirements. These included:

- continued senior leader commitment to WHS, including convening a new Enterprise Safety Council (ESC) as a peak decision-making body. The ESC is chaired by the Group Chief Executive Officer and Managing Director, and includes a non-executive Director representative
- a safety management forum of senior business leaders whom oversee safety strategy implementation through monthly meetings
- adjusted our lag indicator to Total Recordable Injury Frequency Rate (TRIFR) as a more representative and intuitive lag indicator
- senior leaders continue to attend sites across the country to conduct serious injury incident investigations, with recommended lead safety activity outcomes
- the safety leadership journal to guide safety observations and conversations and provide resource material, is now utilised across all functional area's inclusive of Operations, post office Network and corporate office environment
- the Safety Leadership program was rolled out to a further 280 people leaders across the business
- "One Safe" a new Group-wide safety program now exists for the automated recording of all safety incidents, inclusive of four categories, incidents with injury, incidents, Hazards, Near Miss has now been implemented and active. The system provides real time analysis of causal event, injury outcome, investigation and lead safety initiative activity including event closure. Safety observations and Total Recordable Medical injuries also are updated daily
- "Safety Time" was implemented for the eighth year in a row, focussing on understanding your work environment, relevant task/function exposures and application of controls and tolerance
- our WHS management system continued to be improved and over 20 new WHS documents developed
- external road safety campaign "There is a life riding on it" highlighting postal delivery officer safety in the community
- joint sponsorship with Re-act (Swinburne Uni UTS) – Vulnerable Road Users safety campaign
- implementation of a Group-wide Alcohol and Other Drug testing program.
- implementation of Site / Functional Risk Registers, inclusive of Exposure, relevant controls and Tolerance
- WHS committees continued to meet at local sites, and at State and national levels and
- health and safety representatives continue to be supported to play a key role in local safety committees and engaging front line staff.

The safety strategy clearly extends our focus beyond employees to our extended workforce, and there is ongoing work to engage and support our contractors and licensees to work together to reduce exposures.

eCommerce Delivery

- active ongoing Leadership programs surrounding safety and exposure awareness
- Chief Operating Office Safety Roadshow focussing on personal accountability for Safety
- targeted activity analysis of major work sites to implement exposure reduction strategies
- expanded on-site exercise physiologist program to 70 facilities
- invested $4 million in delivering 23 localised facility generated safety initiatives
- invested in removing falls from height exposure at all regional StarTrack facilities
- implemented Drivers Daily Fitness for Duties Declaration into StarTrack
- introduction of telematics to electric delivery vehicle and motorcycle fleets
- contractors' WHS audit program
- continued focus on hazard identification in delivery – reviewing round hazard profiles and hazard videoing
- continued focus on motorcycle reduction program through the introduction of electric delivery devices and replacement of motorcycle rounds with either
- electric assisted motorised bikes or walk rounds, or van runs
- implement risk registers across all facilities
- focused on critical control verifications to ensure that controls to reduce serious incidents and fatalities are in place and are reflective and relevant within site risk registers
- developed and piloted "Dog Attack" prevention strategies and initiatives including the piloting of ultrasonic devices and partnering with local councils
- piloted to use of forklift proximity devices within 2 major facilities to reduce the interaction between forklifts and pedestrians
- continued use of Safety Leadership Journal as a resource for operational leaders
- implemented weekly Starting with Safety communications, whereby key learning and actions arising from serious incidents are communicated across the business
- continued fortnightly national incident review meetings were held to share learnings

Statutory reporting requirements
for the year ended 30 June 2019

- undertaken full review of Chain of Responsibility (CoR) management system to ensure that it aligns with CoR / heavy vehicle laws
- implemented Line Haul Supplier Contractor Assurance & Obligations process to ensure that engaged suppliers are meeting WHS and CoR obligations
- undertook deep dive into mail and parcel processing to understand factors contributing to decline in performance and identify strategies to target areas causing injury

Post Office Network

Manual Handling

- The Move4Life Program is a preventative program being rolled across the post office network and other areas of the business which is focused on reducing ache, strain and pains and helping to build our physical resilience.
- The Powerzone program is focused on the storage of parcels in our post offices to minimise potential shoulder and back injuries by storing heavy articles and stock in a location on the shelving that encourages collecting and carrying parcels within individuals Powerzone (close to their core strength area).

Exposure Management – The ongoing Blackspot Program is a key initiative of continual focus within our post offices to identify potential exposures which over time we may have come to miss/become blinded to their existence. The aim of the initiative is to continually review the safety hazards and eradicate them for our post offices.

Customer – A training package has been developed in partnership with Communicorp to provide our frontline staff with techniques in managing customer aggression. This incorporated the learnings from other organisations who have similar customer facing activities.

Mental Health

- Health and Wellbeing Challenges have been conducted across the corporate network via the Retail Rewards program with a focus on health (diet, fitness) and wellbeing. This will be complemented with the rollout of the Health and Wellbeing portal in the post office network in FY20.
- Mental Health Essentials training for all corporate Postal Managers to help in recognising and managing mental health issues in the workplace. This has also focused on managing the threat of suicide.

Extended Workforce

- Rollout of Safety Programs is commencing across the Licensed Post Office (LPO) network with all future programs to be workforce orientated in their delivery and design.
- Move4Life and Aggressive Customer are being rolled out across the network as second tranche of these programs.
- Workforce Assistance Program has been rolled out across the LPO Network which offers licensees and their staff access to the services provided by our Employee Assistance Program provider, Converge. This provides our Post Office Licensees, their families and their employees access to the same services we have provided our corporate teams for many years.

Community and Consumer

- Automated External Defibrillator – Community trials of installing these externally in Corporate and LPOs so staff and community can respond to a medical emergency that requires defibrillation.
- The Customer Centricity program has also been important in addressing the accessibility and front-of-house customer facing areas to ensure they are safe for our customers.

Mental health & well being

- continuation of mental health essentials training for people leaders
- partnered with Beyond Blue to improve mental health outcomes in the community, particularly in rural and remote areas
- developed a Psychological SIF decision tree
- delivered Critical Incident Response training for Human Resources Business Partners
- supported the development of the Secondary Psychological Injury research project
- introduced the Pups2Work program trial at Bourke Street Corporate Headquarters
- delivered a Group-wide RUOK Day campaign in September 2018 and March 2019
- introduced the HealthyMe wellbeing portal, as a one stop shop addressing all aspects of health through gamification and interactive programs
- refined the mental health index in the staff survey to gather psychosocial data to target programs
- developed a change risk assessment process to ensure employee mental health is considered when designing and implementing change
- introduced a peer:peer support network to both the Northern and Southern Customer Experience Transformation centres
- promoted financial wellbeing and support through targeted promotions of the Employee Assistance Program MoneyAssist service

- coordinated on site flu vaccinations and health checks including blood pressure, cholesterol and blood sugar testing
- encouraged staff to get active through parkrun promotion and a 'new year' campaign
- continued integrated psychological risk assessments for specific job role and
- introduced job-fit psychosocial screening against identified risk in the contact centres.

Also during 2018/19:

- sixty-six incidents were notified to Comcare under section 38 of the WHS Act
- no seizures made under section 175 or 176 of the WHS Act
- one improvement notice issued under section 191 of the WHS Act
- one prohibition notice issued under section 195 of the WHS Act
- one 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 23 Health and Safety Representative training courses run during the year, with a total of 207 participants trained.

Freedom of information report

In 2018/19, Australia Post received 157 applications under the *Freedom of Information Act 1982*.

Including the 2 applications already on hand at 30 June 2018, and with 5 applications outstanding at 30 June 2019, a total of 154 Freedom of information applications were resolved in the year.

These were handled as follows:

Access granted in full	18
Access granted in part	26
Access refused	101
Requests Withdrawn	9
Total Resolved	**154**

There were 5 applications for internal review received during the year.

Categories of documents

The categories of documents maintained by Australia Post include those relating to:

- commercial activities;
- corporate organisation and administration;
- Australia Post's financial management;
- management of assets;
- internal administration including policy development and program administration, reports, briefings, correspondence, minutes, submissions, statistics and other documents;
- Board submissions relating to the business of Australia Post;
- reference material used by staff including guidelines and manuals;
- working files;
- legal advice; and
- operational documents.

The categories of documents listed above are maintained by Australia Post in a variety of formats. Some of these documents, along with information on Australia Post's organisation, structure and activities, can be obtained free of charge by accessing Australia Post's website at www.auspost.com.au.

Access to documents

Access to documents under the Freedom of Information Act can be obtained by forwarding a written request to:

Freedom of Information Officer
Legal
Australia Post Headquarters
GPO Box 1777
MELBOURNE VIC 3001
foi@auspost.com.au

Privacy and access to personal information

Under the *Privacy Act 1988* individuals have, subject to certain exceptions permitted by law, a right to request access to their personal information that is held by Commonwealth agencies and private-sector organisations.

Individuals may apply for access to their personal information held by Australia Post by writing to:

Privacy Manager
Risk & Compliance
Australia Post Headquarters
GPO Box 1777
MELBOURNE VIC 3001

Statutory reporting requirements

for the year ended 30 June 2019

Fraud control

Fraud governance, prevention, detection and response for the Group is governed by our Group Fraud Policy (Policy). This Policy is supported by our Fraud Management Framework (Framework) and other integrity-related policies. Roles and responsibilities for the Board of Directors, Management and Employees are clearly articulated within the Policy, which was last updated in April 2019.

The *Public Governance, Performance and Accountability Act 2013* 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 Group's 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 Group's 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 has a policy of zero tolerance towards fraudulent activity or behaviour by staff and external parties and periodically reviews its fraud control arrangements to take into account changes in its operating environment. A current review has commenced in August 2019 and the results from this will as necessary be reflected in changes to the policy, framework, plans and training.

Examination of mail

International mail

Australia Post is authorised under the Australian Postal Corporation Act 1989 (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 has also been authorised under section 90T of the APC Act to remove and open articles in excess of a particular weight which Customs or ABF reasonably believes may contain drugs or other chemical compounds being carried in contravention of a law of the Commonwealth. ABF has also been authorised under section 90FB (3) of the APC Act to act as an authorised examiner for the purpose of examining mail without opening (ie by x-ray or with drug detection dogs).

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 mailstream where it is suspected that the article consist of, or contain scam mail. Suspected scam mail may also be withdrawn from the mail upon receipt of a written request from a consumer protection agency.

In accordance with Section 90FB, Australia Post has appointed authorised examiners at designated locations where mail can be opened for inspection.

Authorised Australia Post staff may open undeliverable articles at approved locations for the purpose of identifying intended recipient or return addresses. They may also open mail to repair an article or its contents so that the article can be made safe for carriage by post.

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 ss.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.

Disclosure of information/documents (Section 90J "Authority")*

(Applies to all information or documents)

Authority for disclosure	Number of disclosures	Disclosures made to
Disclosure under a law of the Commonwealth [s. 90J(5)]	4,115	• 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 of Foreign Affairs & Trade • Department of 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
Disclosures under certain laws establishing commissions [s. 90J(6)]	82	• Crime Commission (NSW) • Australian Crime Intelligence Commission • Crime and Corruption Commission (QLD) • Australian Electoral Commission • Australian Securities & Investments Commission • Australian Security Intelligence Organisation

* There were no disclosures made under s. 90J (3), (7), (8) or (9).

Statutory reporting requirements

for the year ended 30 June 2019

Disclosure of information/documents (Section 90K "Authority") *

(Applies to information or documents not specially protected)

Authority for disclosure	Number of disclosures	Disclosures made to
Disclosure for the enforcement of laws or protection of public revenue [s. 90K(5)]	1,427	• 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)

* There were no disclosures made under s. 90K (2), (3) or (4).

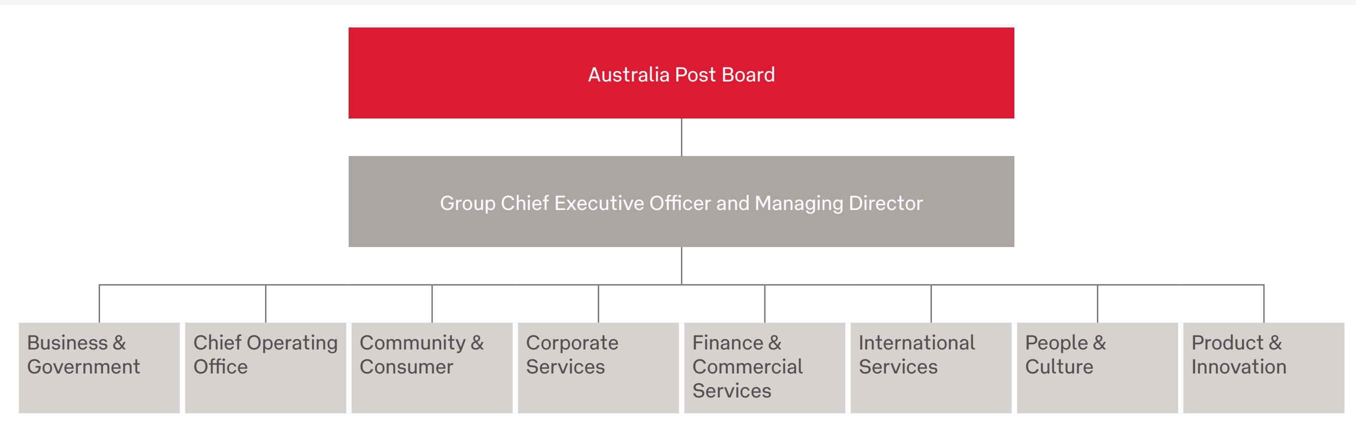
Note: Commonwealth agencies, unless otherwise indicated.

Reports of outside bodies

The following report by an outside body was given on Australia Post during 2018/19:

In June 2019 the Commonwealth Ombudsman issued a report titled Follow-up report on *Australia Post's response to the Ombudsman's recommendations – A report on Australia Post's Implementation of the Commonwealth Ombudsman recommendations from review of Australia Post complaints about carding, safe drop and compensation (April 2018)*, on Australia Post's implementation of the Commonwealth Ombudsman's April 2018 recommendations.

Our organisational structure



Corporate Directory

Copies of the report

The 2019 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 2004)
- Australian Packaging Covenant (a signatory since 2002)
- Carbon Disclosure Project (since 2015)
- Catalyst (member since 2015)
- Diversity Council Australia (member since 2010)
- Earth Hour (supporter since 2007)
- Equal Employment Opportunity Network (EEON) (member since 2016)
- Global Reporting Initiative (reported in line since 2010)
- International Post Corporation
- 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 received in 2018/19

- 2018 Annual Report received the Corporate Register Reporting Awards '19 (CRRA) for "Best Integrated Report"
- "World Post & Parcel Awards"– Finalist in the Corporate Social Responsibility category
- "Corporate Member of the Year – Australia Post", "Procurement Professional of the Year – Steve Hansen, Strategic Procurement Manager, Chief Operating Office", "Supplier Diversity Advocate of the Year – Stephanie Roache, Corporate Responsibility Manager, Community & Consumer" and "Outstanding Impact Award 2019 – Australia Post" at Supply Nation's Supplier Diversity Awards
- "Most Innovative WHS (Work Health & Safety) Idea (Large Organisation)" at the Hunter Safety Awards for our eDV pilot in the Hunter region
- "Most Popular Infrastructure, Utilities & Logistics Employer" finalist, recognising Australia Post as a leading graduate employer by the Australian Financial Review
- "Best Carrier – StarTrack" at the National Online Retailer Association (NORA) Solution Provider Excellence Awards
- "Best Payments Gateway – SecurePay" at the National Online Retailer Association (NORA) Solution Provider Excellence Awards
- "Outstanding Achievement in Industry Leadership" winner at the Australian Packaging Covenant Organisation (APCO) Awards
- "Creative Partnership Award – Australia Post and PonyUp for Good" at the Social Enterprise Awards
- "Procurement in Action" finalist at the Social Enterprise Awards

Credits

Project management: Catherine Ewart
Design: Cordial Creative
Photography: Penny Stephens Photography, Arsineh Houspian

Australia Post

EVERYONE MATTERS