



2023/24 – 2026/27

Statement of Corporate Intent

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1. Introduction

This Statement is prepared in accordance with paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*, for the reporting period 1 July 2023 to 30 June 2024. It covers the four-year period 2023/24–2026/27.

Australia Post is proud to provide services that have delivered for Australian communities for 214 years and will continue to do so.

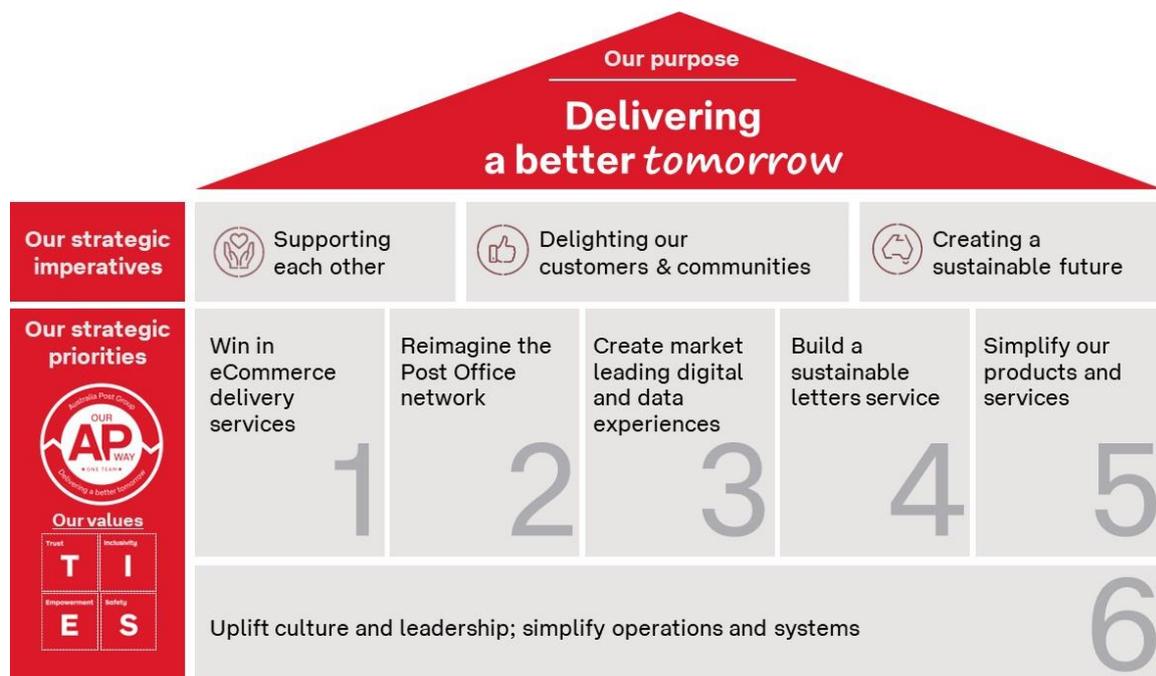
For a number of years, Australia Post has been flagging significant structural headwinds. During COVID-19, the Parcels business experienced a temporary surge, which offset underlying challenges the business has been facing. With lockdowns ending and eCommerce growth moderating, the challenges of the business are now more visible.

The extraordinary parcels growth experienced over the past two years has now abated. The economic impacts of interest rate increases and the rising cost of living continue to weigh on consumer spending. Customers have returned to shopping more often in physical stores. Further, there is increasing competition from domestic and global parcel delivery services.

Alongside revenue challenges from parcels and the ongoing decline in letter volumes, inflationary cost pressures are significantly impacting Australia Post’s cost base.

Changing customer behaviours are also impacting the retail network, with continuing digitisation resulting in declining transactions at Post Offices.

The Post26 Strategy guides decisions on the networks, skills, customer-experience and technology that will be necessary for Australia Post to play the role it does in Australian communities for decades to come. With support to modernise its business, Australia Post will continue to make a positive contribution to Australian communities, now and in the future.



2023

The three strategic imperatives at the heart of the Post26 strategy remain unchanged:

- Supporting each other;
- Delighting our customers and communities; and
- Creating a sustainable future.

In FY24 and FY25 Australia Post will be focused on the modernisation of its business.

Sustainable profits will only be realised with timely and significant change

Australia Post's regulatory framework, developed in the 1980s and 1990s, is now constraining its ability to modernise services and remain financially viable.

Successful delivery of the Post26 Strategy to modernise Australia Post across the planning period requires significant change in three categories:

- Initiatives that Australia Post can pursue. The recent reduction in support office costs is an example of this, as is the disciplined approach to the allocation of capital resources;
- Initiatives requiring stakeholder support, but not regulatory change; and
- Initiatives requiring regulatory change.

Modernisation, including through regulatory change, is critical in enabling Australia Post to manage costs appropriately, invest to remain sustainable, and continue to deliver for Australian customers and communities over the longer term.

Australia Post requires fundamental change to the Letters business that will support the shifting needs of customers and ensure that services are delivered in a financially sustainable way.

The FY24 priorities within the Post26 strategy include initiatives in all business areas

With change required to modernise the business and the structural transformation of the cost base, the FY24 strategic priorities can position Australia Post for a sustainable future. In FY24 Australia Post will:

- continue to deliver automated parcel facilities and provide both senders and receivers with an improved customer experience. Safety of team members will be improved through the continued rollout of electric delivery vehicles (eDVs) into the delivery network;
- trial new Post Office formats, improve the customer experience through the POST+ point of sale technology and expand the Parcel Locker network;
- uplift digital, technology and data capabilities to provide customers and team members with an improved digital experience;
- build stakeholder support for the structural reform of the Letters business;
- make it easier for business customers to engage with Australia Post, and provide a simplified range of products and services; and
- continue to enhance its culture through the Our AP Way program, deliver Leadership@Post and maintain a cost-efficient business.

Australia Post will continue to engage its shareholder and all its valued stakeholders – team members, customers, partners, and community.

The importance of a financially sustainable Australia Post to ensure it can continue to meet the needs of Australian communities cannot be overstated.

Australia Post plays a critical role in the lives of all Australians. It is a key enabler of the economy and a touchstone for communities, particularly in rural and remote areas. Australia Post connects people kept apart by distance, provides support for businesses and access to important financial, identity and government services for customers. Last year Australia Post delivered more than 2.5 billion items around the country and carried out more than 202 million transactions across the Post Office network.

For many small businesses operating in regional locations, there is a reliance on a local Post Office to keep their businesses operating. Bank@Post provides access to banking services right across the country including in many remote locations which have no access to banking services other than through the Post Office.

Australia Post employs and engages team members of all ages, genders, and abilities across its extended workforce of more than 64,000, reflecting the diverse communities it operates in. Australia Post is proud to be included in the inaugural Indigenous Employment Index with three per cent of the employed workforce identifying as Aboriginal or Torres Strait Islander and it is the largest Australian employer to be certified as a Disability Confident Recruiter.

Over one million more households are shopping online today than in 2019¹. Online shopping penetration rates continue to grow and by 2033 it is estimated that one in three dollars will be spent online. Australia Post's ability to maintain its delivery capability into the future depends on changing the way it operates now.

As a self-funded Government Business Enterprise, Australia Post remains focused on strengthening its business so it can continue delivering and delighting customers and the community, and adapting to meet the challenges it faces.

2. Purpose

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

Australia Post's purpose is expressed through the APC Act, which set both community service and commercial obligations.

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

More specifically, Australia Post is required to meet its 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 reasonably 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 its network, Australia Post operates to a more expansive purpose of Delivering a Better Tomorrow.

Australia Post delivers letters and parcels to all Australians. It delivers incoming international letters and parcels and offers outbound international services. It offers an extensive range of letter and parcel services, to a range of delivery times.

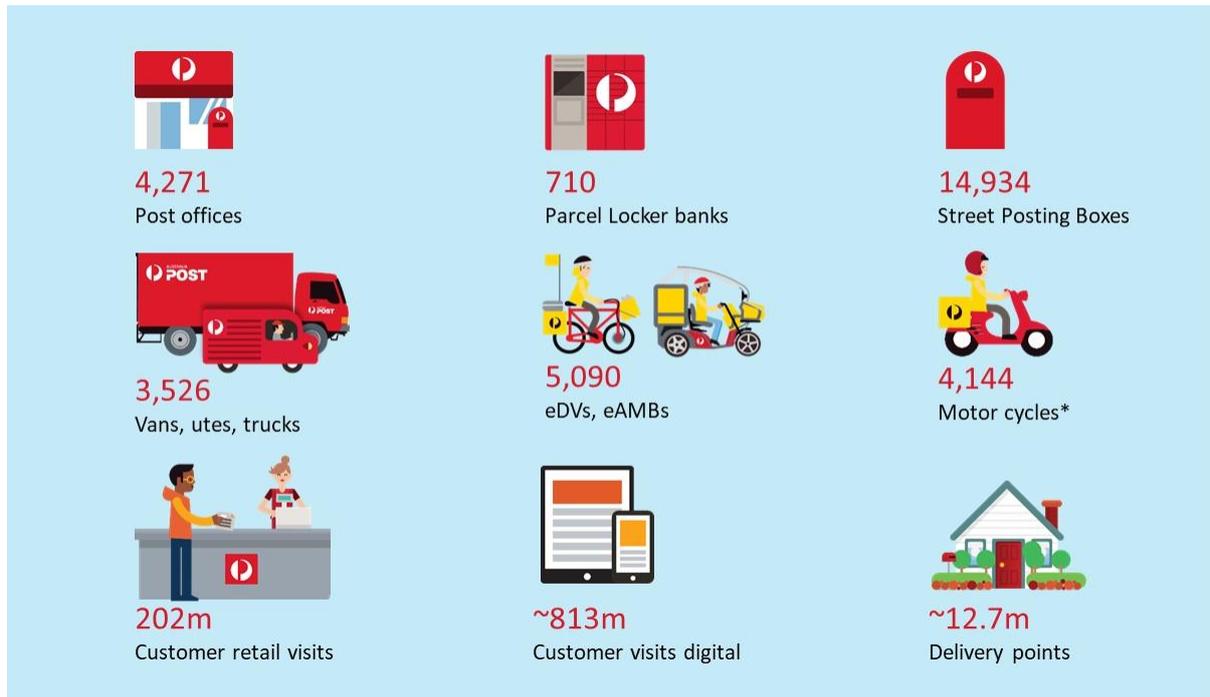
The Prescribed Performance Standards require that Australia Post maintain a minimum of 4,000 retail outlets which provide Australia Post products and services. While many of the services offered in Post Offices are subject to digital disruption and substitution, in-person services remain valued by many Australians.

Australia Post manages an extensive operational asset base (Figure 1), and unrivalled community presence through the Post Office network (Figure 2).

Team members live Australia Post's values of Trust, Inclusivity, Empowerment, and Safety.

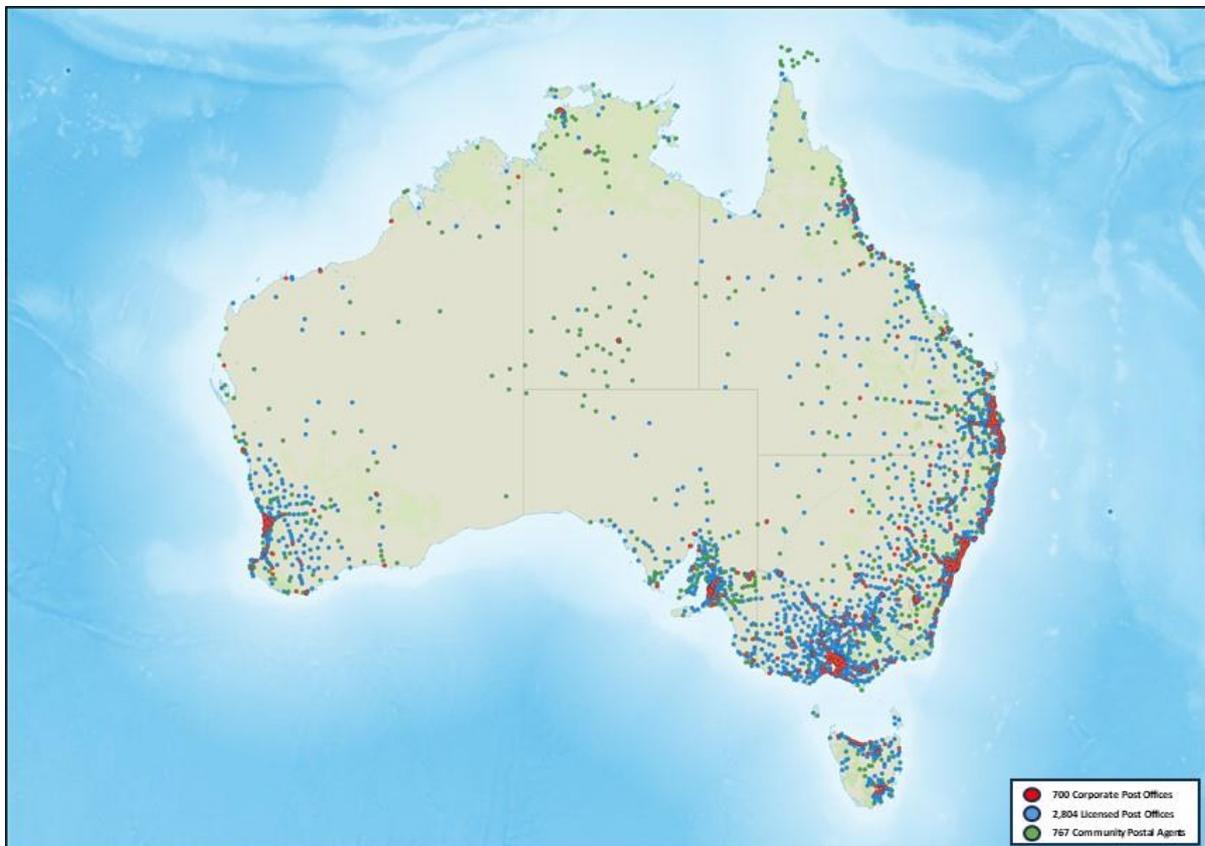
Australia Post's values underpin everything it does and are the ties that bind it. Team members can be trusted to do the right thing; Australia Post is inclusive, respects everyone; and team members are empowered to find a way to help customers. The safety and wellbeing of team members is Australia Post's highest priority and it has transitioned from an organisation where safety is a necessity, to one where safety is a value.

Figure 1. Operational asset base²



*In service motorcycles

Figure 2. Post Office network throughout Australia³



² Australia Post network and transport fleet figures are as at 30 June 2023.

³ ArcGIS mapping as at 30 June 2023

3. Environment

Australia Post's strategy and performance is partially driven by the external environment in which it operates.

In FY23, 83 per cent of revenue was generated in competitive non-regulated markets, that are impacted directly by the external operating environment.

The world continues to rapidly change with five macro forces expected to have significant impacts on Australia Post's operating environment:

1. Inflation and economic downturn
A significant impact on both costs and revenues, as interest rates and cost of living have increased, driving lower levels of discretionary spending.
2. Geopolitical landscape
High political tensions and localisation of manufacturing are fuelling a level of deglobalisation.
3. Post pandemic world
A return of air travel is resulting in a return to historical levels of freight costs for parcel transportation and levels of supply.
4. Technology advancement and adoption
The cyberspace has created opportunities for growth through emerging technologies. However, there is also the risk of cyberattacks on personal customer data which Australia Post safeguards against through its maintenance of the Essential Eight mitigation strategies.

Industries are incurring costs not only to adopt new technologies, but to deal with the technology debt associated with legacy systems.

5. Environment and Sustainability
Desire for an environmentally sustainable future has increased dramatically in the past two years. The financial and environmental impacts on Australia Post are considerable as it continues to prioritise the safety of its team members. Continuing the rollout of electronic delivery vehicles will be a significant component of Australia Post's environment and sustainability commitment.

Other operating trends

Alongside the five macro forces, a number of retail industry trends will be providing opportunities and challenges for Australia Post during the planning period:

1. Rising competition

Shipping platforms have intensified competition, providing customers with greater visibility of the comparative services and pricing that different suppliers offer, making it easier to switch service providers.

Customers are highlighting concerns about value proposition, price and experience as key drivers for shifting business to competitors.

2. Changing consumer preferences

Consumers are increasingly expecting greater levels of flexibility and choice when purchasing online and will make purchasing decisions based on comparisons of supplier offers. Sustainability is having a greater influence on purchasing decisions than ever before.

3. Cost pressures and margin erosion

Retailers are realising pressure on margins, incurring higher cost bases from wage and energy cost growth. As a result, they are actively looking to minimise logistics costs in delivering products to their own customers.

4. Evolving retail propositions

eCommerce businesses are changing the existing retail proposition, with some delivering their own retail volumes in metro locations. Store concepts and footprints are evolving to meet customer needs and changing behaviour. Click and collect is an increasing retail fulfilment option.

5. Sourcing and supply chain strategy

Customers are increasingly using multi-carrier shipping, reducing the risks associated with all deliveries being carried by a single supplier, enabled by evolving technology platforms.

4. Performance

Key planning assumptions underpinning its FY24 budget include letter volume declines and price movements, and parcel volume and price movements.

Key expenditure assumptions include volume related costs, internal wages movements, forecast expenditure to the Licensed Post Office network, and forecast superannuation expenditure. Key capital costs include investments in the delivery and retail network and in technology uplift.

The strategic imperatives of supporting each other, delighting our customers and communities, and creating a sustainable future, will be delivered by six priorities:

- Winning in eCommerce delivery services;
- Reimagining the Post Office network;
- Creating market leading digital and data experiences;
- Building a sustainable Letter business;
- Simplifying our products and services; and
- Uplift culture and leadership; simplify operations and systems.

Australia Post has a joint venture and subsidiaries, which provide services that serve the community and build a sustainable future.

Key subsidiaries include Australia Post Global, which provides cross-border logistic services to the global eCommerce marketplaces.

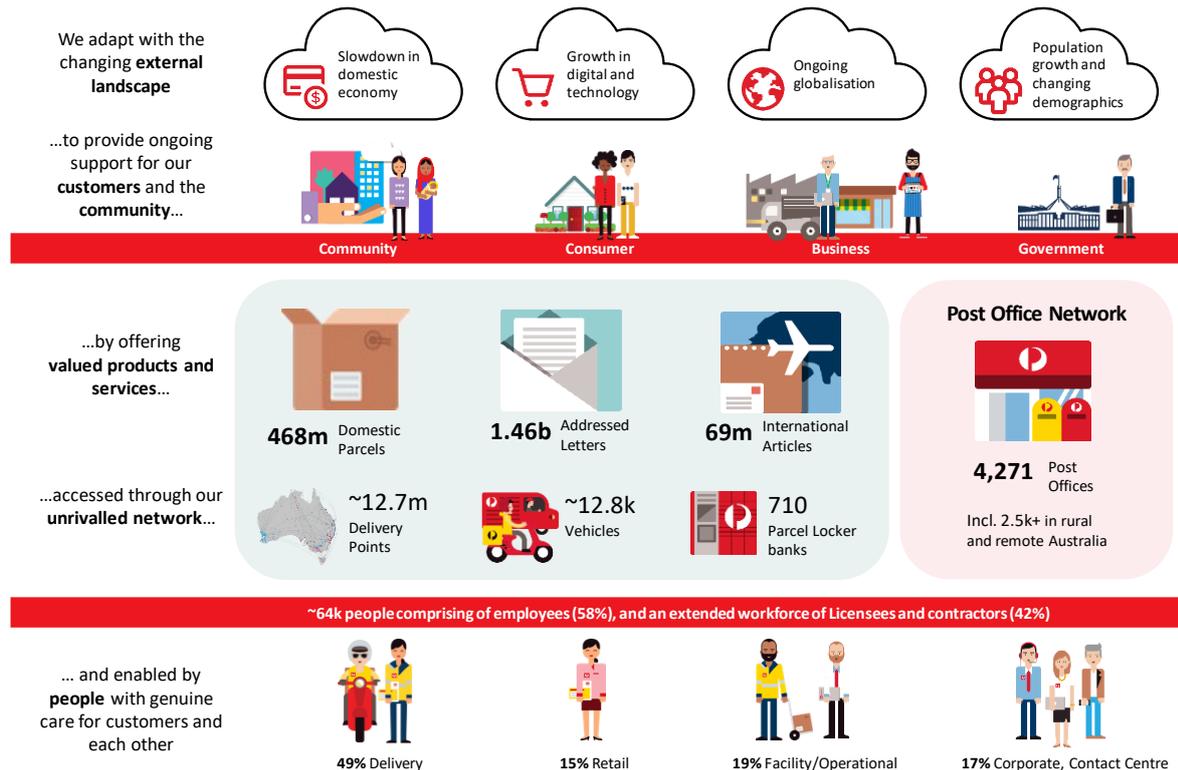
Australia Post maintains a joint venture company with China Post, Sai Cheng Logistics International Company Ltd (Sai Cheng). Sai Cheng provides an integrated supply chain solution and cross-border eCommerce logistics capabilities.

5. Operating Context

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

Australia Post realises its purpose of delivering a better tomorrow for its customers and communities by providing products and services that are aligned to customers' needs through an unrivalled network of physical and digital channels.

Figure 3. Operating context⁴



Capability

Australia Post continuously delivers capability upgrades throughout its business to meet customers' changing expectations. These include:

- adding critical network capacity and capabilities to meet evolving customer expectations;
- creating a leading-edge marketplace that connects Australians with the world;
- providing seamless digital and data experiences;
- simplifying and enhancing the product portfolio to grow revenue;
- strengthening sales capability to provide customers improved experiences; and
- investing in team members and their safety.

⁴ As at 30 June 2023.

Risk oversight and management

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

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

Australia Post's Group Risk Appetite Statement describes the levels of risk that it is willing to take for different risk categories.

Australia Post's predominant risks remain the safety and wellbeing of its team members and meeting the challenges of maintaining profitability with the increasing fixed costs from its regulated services.

Additional key risks include cyber security, including unauthorised access, manipulation or disclosure of business critical or sensitive information by internal or external parties, and the risk of technology interruptions impacting critical business services and operations. Mitigation strategies and actions are in place to limit these risks.

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

Who Australia Post co-operates with

Australia Post engages with a broad range of parties including:

- Community: particularly groups with special needs, and for the socially disadvantaged and isolated;
- Customers: enabling online shopping and services for consumers, supporting businesses to grow in eCommerce (in Australia and internationally), providing access to government and corporate services (both online and through the Post Office), and connecting international customers with Australia and the world;
- Team members: comprises directly employed team members, and partnerships with licensees and contractors, who manage a large component of the delivery and Post Office networks;
- Partners: network of suppliers, industry and strategic partnerships;
- Shareholder: The Minister for Communications and the Minister for Finance, and their respective Departments; and
- Government: which is both a customer and regulator.

Australia Post's external Stakeholder Council reviews and gives feedback on issues including corporate responsibility, stakeholder relations and social and environmental sustainability. The purpose of the Council is to:

- improve communication with Australia Post's external stakeholders;

- improve external stakeholder understanding of Australia Post’s business and its portfolio of products and services;
- improve Australia Post’s understanding of stakeholder needs and expectations;
- enhance Australia Post service and product initiatives through review and feedback; and
- contribute, review and provide feedback on major Australia Post corporate responsibility initiatives.

Australia Post has established the Customer Advisory Group (CAG) as a forum where major customers discuss market trends for different industries. The CAG provides an opportunity Australia Post and major customers to network and discuss how Australia Post can help grow a customer’s business.

Australia Post is developing a Digital Advisory Board to provide strategic advice on the investment in and development of digital capabilities relating both to operational platforms as well as customer access applications.

6. Performance Standards

Australia Post is required to meet Prescribed Performance Standards that align to its community service obligations. These relate to frequency, speed and accuracy of letter delivery, and the availability or accessibility of retail outlets or mail lodgement points.

Lodgement points

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

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

Retail outlets will be located so that:

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

Delivery timetable

For letters posted by the latest advertised posting times:

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

Delivery frequency

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

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

Accuracy and speed of delivery

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