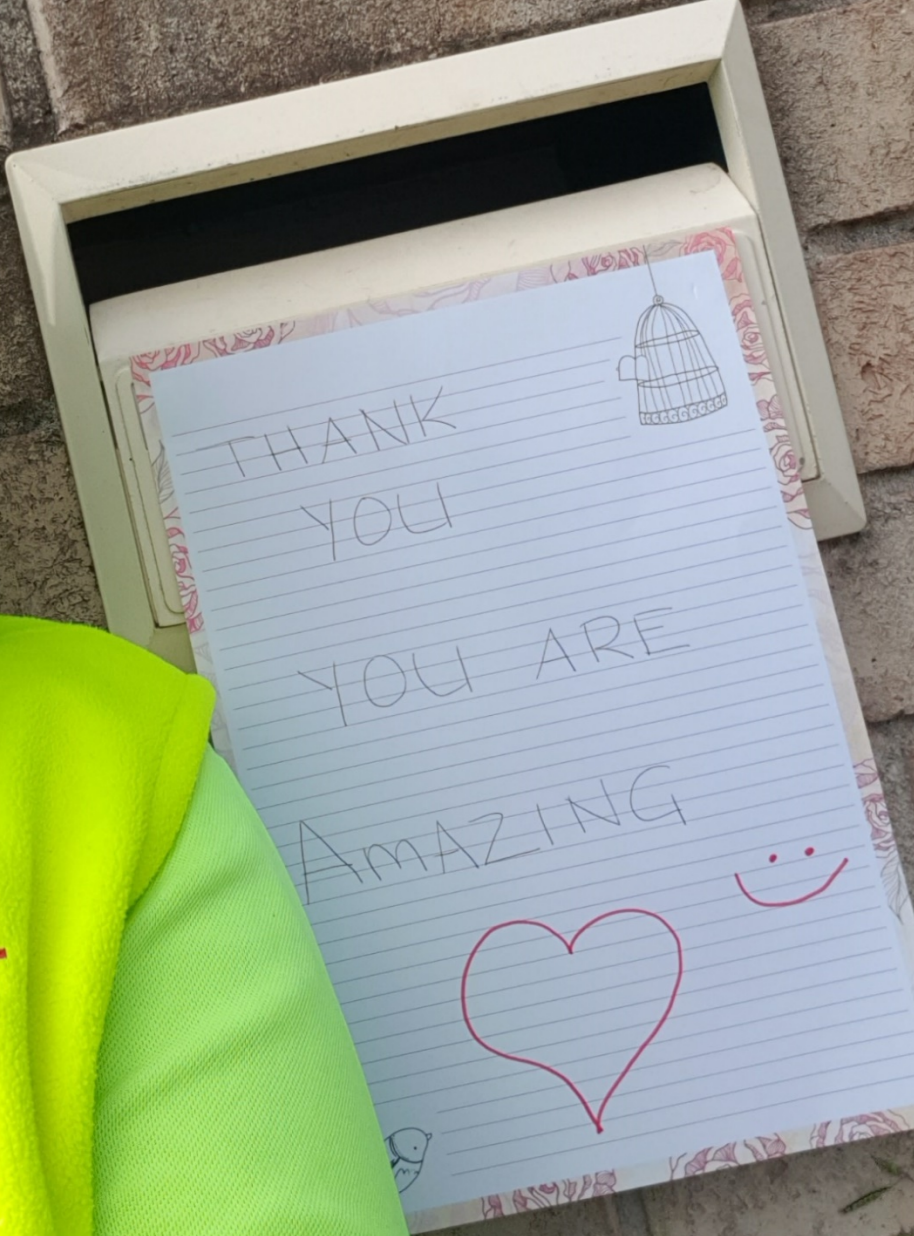


# Statement of Corporate Intent 2020/21 – 2023/24





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## 1. Introduction

This statement is prepared for paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*, for the reporting period 1 July 2020 to 30 June 2021. It reflects our planning commitments over the four year period 2020/21–2023/24, as agreed by the Board of Australia Post in consultation with its Shareholder Ministers.

In 2018 we introduced our One Australia Post strategy to put customers at the centre of all that we do.

In 2020/21, we continue to progress our five strategic priorities:

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

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

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

We continue to engage all our valued stakeholders – our people, customers, partners, community and shareholder, and strengthen our purpose of helping unlock opportunities for everyone.

The ongoing decline in letter volumes and revenue continues to present significant challenges to Australia Post’s operations and financial performance. Australia Post continues to work with its shareholder and other stakeholders to explore options to ensure its ongoing financial sustainability.

## 2. Purpose

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

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

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

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

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

In an environment where non-letter products are an ever increasing part of our network, Australia Post operates to a more expansive purpose that encompasses all that we do: Australia Post connects people with each other and the world. We help unlock opportunities for everyone. Everyone Matters.

Our motivation is to build vibrant communities abundant with possibility that allow us a more prosperous and inclusive Australia. People are at the heart of everything we do. And providing access to services and the support they need is what drives us.

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

We provide financial services through a network of more than 4,000 post offices, including over 2,500 in rural and remote Australia. While many of the services offered in post offices are subject to digital disruption and substitution, in-person services remain highly valued by the Australian community.

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

Our people reflect our purpose of connection and unlocking opportunities, and live our values of trust, inclusivity, empowerment, and safety. We directly employ a workforce of approximately 36,000, and an additional 42,000 in our extended workforce. The majority of these are employed in our delivery, post office and operational networks.

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

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

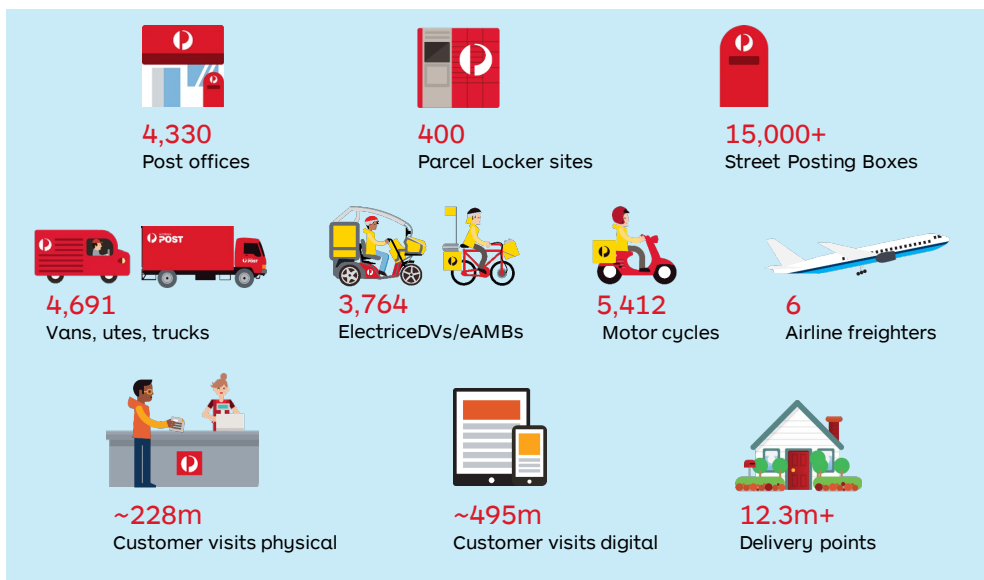
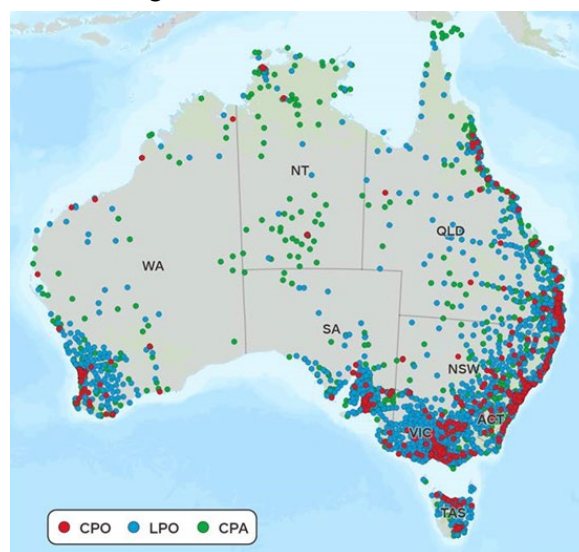


Figure 2. Post office network throughout Australia<sup>2</sup>



<sup>1</sup> Australia Post network and transport fleet figures are as at 30 June 2020. Parcel lockers include those located at third party (eg Woolworths) sites, and airline freighters refer to leased freighters from Qantas.

<sup>2</sup> ArcGIS mapping as at 30 June 2019

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### 3. Environment

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

#### External environment

A number of external factors are of particular relevance to driving product and service growth and managing network costs. These factors may have an increased impact on our business after COVID 19.

- Greater levels of online shopping may become the “new normal”, impacting both parcel volumes and service fulfilment;
- The unprecedented growth in online shopping may attract new eCommerce competitors who specialise in segments of the supply chain;
- A slow economic recovery may result in greater levels of unemployment and under employment, and lower levels of discretionary spending;
- As retailers, including banks, choose to retain fewer physical outlets there may be a greater community reliance on post offices; and
- Senders who have become more familiar in communicating digitally with their customers may have an impact on future letter volumes.

#### Internal environment

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

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

We have reoriented ourselves to meet the needs of the customer, and have progressed initiatives designed to delight our customers.

We will maintain a relentless pursuit of safety and continue the safety improvements we have realised in the past five years, as evidenced by the low levels of infection recorded during COVID 19.

Our people hold a deep seated connection with Australia Post’s purpose of helping others and with our role in the community.

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

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

## 4. Performance

Key planning assumptions underpinning our 2020/21 budget include letter volume declines and price movements, and parcel volume growth rates and price movements.

Key assumptions for our International Business in 2020/21 are impacted by the forecast availability of international freight carriers both into and out of Australia.

Key expenditure assumptions include internal wages movements, forecast expenditure to the licensed post office network, and forecast superannuation expenditure.

Our One Australia Post customer strategy will be delivered by realising initiatives that improve the customer experience for both consumers and business customers and by connecting businesses and communities to the world through an improved international offer. Our strategic initiatives include providing products and services that our customers trust and love, and by always providing great service and value.

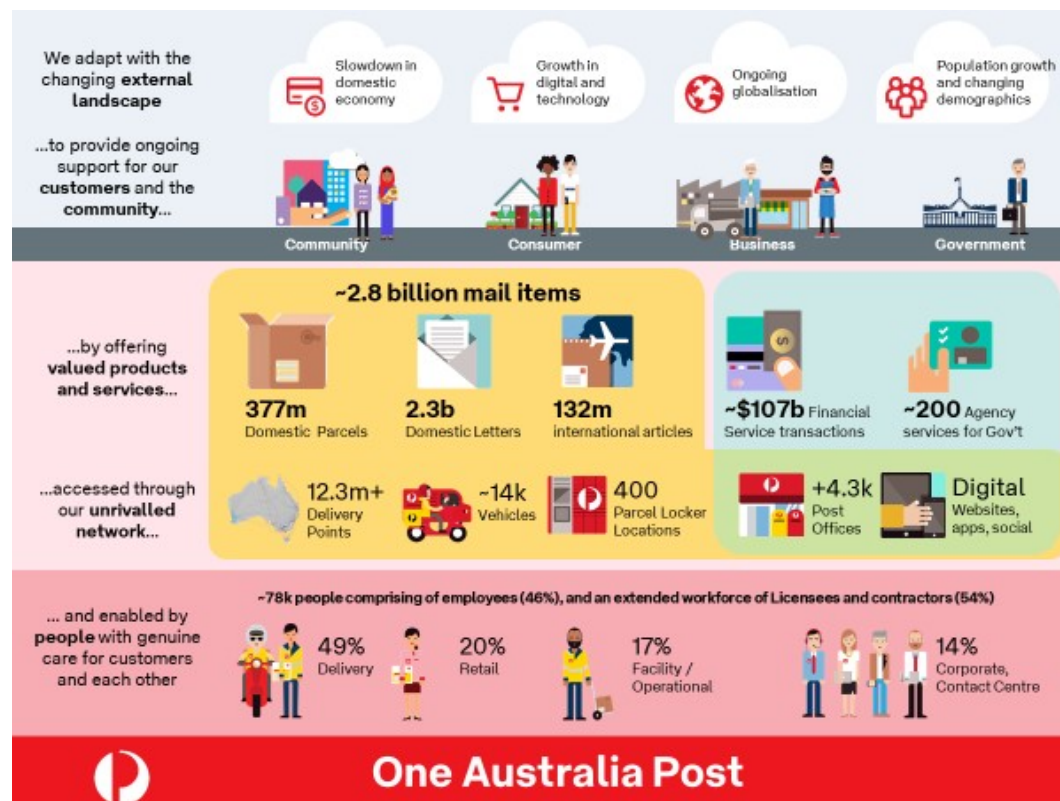
Australia Post has joint ventures and subsidiaries, which contribute to our purpose by providing services that connect people with each other and the world.

## 5. Operating Context

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

We realise our purpose of connecting consumers and businesses to each other and the world by providing products and services that are aligned to our customer's needs through an unrivalled network of physical and digital channels

Figure 3. Our operating context



### Capability

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

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



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## Risk oversight and management

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

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

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

Our predominant risks remain the safety and wellbeing of our people, the continuing decline of mail volumes, and meeting the challenges of parcels growth and letters decline as we transition our operations to align with this change.

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

## Who we co-operate with

We engage with a broad range of stakeholders including:

- **Community:** particularly groups with special needs, and socially disadvantaged and isolated;
- **Customers:** enabling online shopping and services for consumers, supporting businesses to grow in eCommerce (in Australia and internationally), providing access to government and corporate services (both online and through the post office), and connecting international customers with Australia and the world;
- **Workforce:** comprises employees, and an extended workforce of licensees and contractors, who manage a large component of our delivery and post office networks;
- **Partners:** network of suppliers, Joint Ventures, industry and strategic partnerships;
- **Shareholder:** The Minister for Communications, Urban Infrastructure, Cities and the Arts and the Minister for Finance, and their respective departments; and
- **Government:** which is both a customer and regulator.

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

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

## 6. Performance Standards

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

On 16 May 2020, temporary regulatory relief was provided to Australia Post until 30 June 2021. Under the temporary changes, Australia Post is no longer providing its priority letters service.

Australia Post is also operating under a temporary relaxation in regulatory requirements:

- its required delivery time for regular intrastate letters has been extended to five days after the day of posting;
- it has been permitted to adjust its delivery frequency, in metropolitan areas only, from every business day to every second business day; and
- it has greater freedom in managing post offices while there is a pandemic, but will take all reasonable steps to keep outlets open.

For the period until 30 June 2021, our prescribed performance standards are as follows:

### Letter and parcel 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	Regular
<b>Delivery within a State</b>	
Metro to metro	Five business days
Same/adjacent country to country	Five business days
All else	Five business days

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<b>Delivery between States</b>	
Metro to metro	Five business days
Country to metro	Six business days
Metro to country	Six business days
Between country areas	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), unless the delivery point is located in a metropolitan area, where Australia Post is required to service that delivery point at least every second day.

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.