AUSTRALIA POST

Part of Tomorrow

Annual Report 2016

2016 performance highlights

Our business performance

$36 million
Profit after tax

- Joint venture with Aramex
- Qantas airfreight network
- Majority investment in Mailplus

Our innovation and expertise

Australia Post Accelerator:
$20 million investment

Government innovation partnership: digitising WA Police National Police Check process

Our customers and communities

Community Service Obligation

Exceeded our 94% on time target in delivering letters, with a result of **96.2%**

Community Investment

$7.05 million

Our people

Gender pay gap
1.4%

Safety
6.6 LTIFR

Our customer network

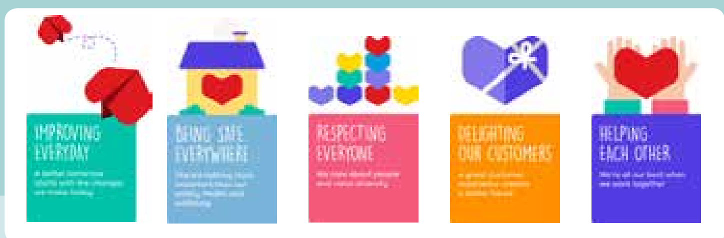
3.8 million MyPost registrations

11 new superstores

249 million annual customer visits

Our environment

Reduced carbon emissions by 17% since the year 2000
We're on track to achieve our target of 25% by 2020



Our purpose and values

Australia Post's purpose is: ***Helping our people, customers and communities deliver a better future. Everyone, everywhere, everyday.***

Our strategy is informed by, and focused on, services that meet customers' contemporary needs. We love delivering eCommerce through our people by embracing our shared values:

Improving everyday: A better tomorrow starts with the changes we make today.

Being safe everywhere: There's nothing more important than our safety, health and wellbeing.

Respecting everyone: We care about people and value diversity.

Delighting our customers: A great customer experience creates a better future.

Helping each other: We're at our best when we work together.

Your Australia Post

Australia Post has a rich history dating back to 1809 when a former convict, Isaac Nichols, was appointed to the role of Postmaster for New South Wales – using his own home to sort mail that was collected from sailing ships arriving in Sydney Harbour. The first Post Office, opened by Nichols soon after, was in George Street, Sydney.

In 2008, after 200 years of growth, Australian letter volumes reached an all-time peak. In the eight years since, addressed letter volumes have declined by 43 per cent per letterbox.

This shows how rapidly our traditional core business has shifted due to the emergence of digital communication and transactions.

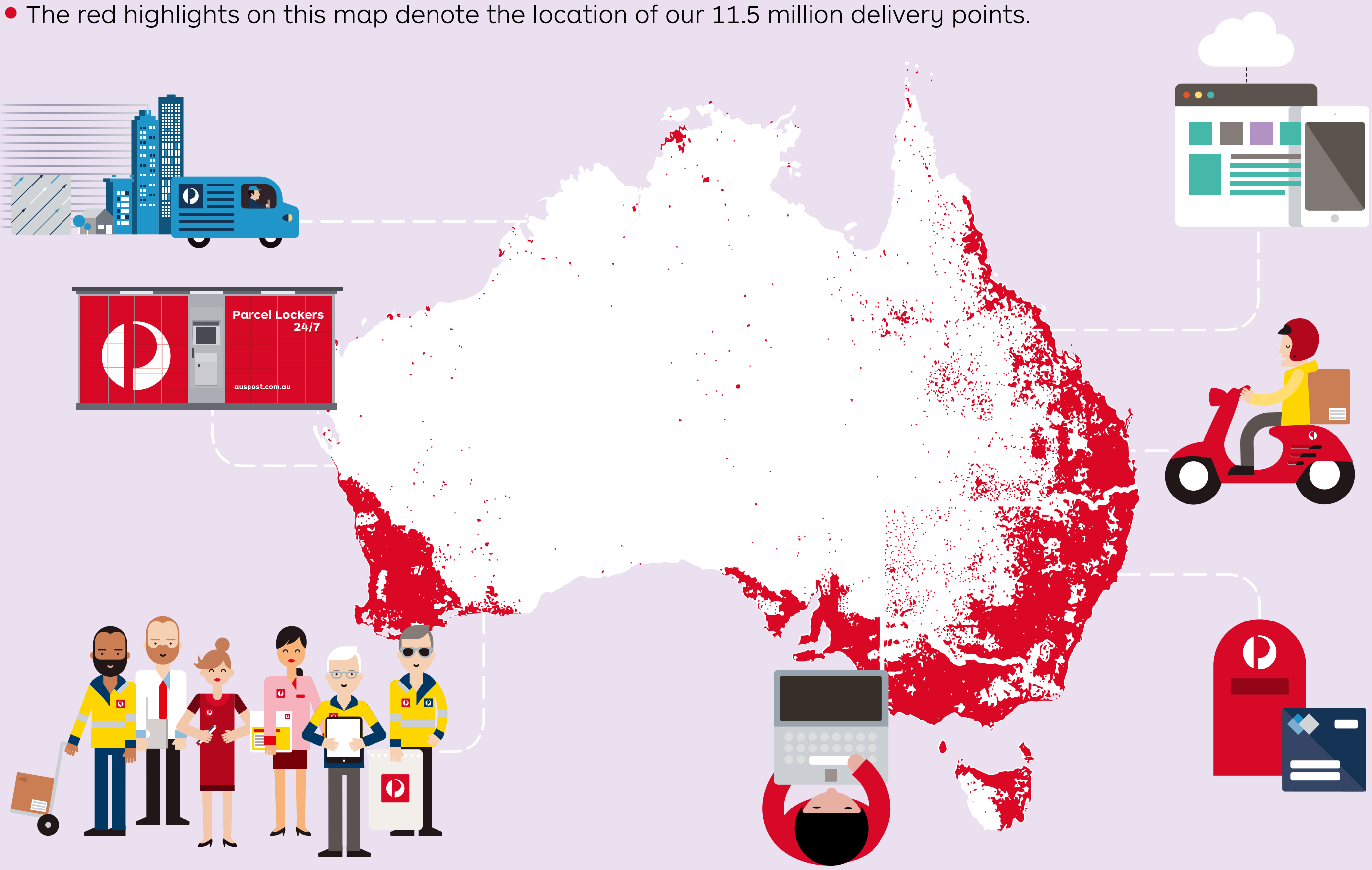
The internet, while devastating for our letters service, has created new opportunities for eCommerce, which requires parcel delivery and secure online transaction capability. As a result, we have moved from operating a monopoly – the domestic letters business – to competing in the global parcels and trusted eCommerce solutions markets.

Headquartered in Melbourne, Australian Postal Corporation largely operates in Australia, with offices across the country. The Australia Post Group is one of the most trusted brands in Australia, employing more than 36,000 people across our integrated delivery, logistics, retail and eCommerce network.

A self-funded government business enterprise, Australia Post has the Australian Government as its sole shareholder. The corporation does not receive any taxpayer funding and pays dividends to the Australian Government – more than $1.7 billion over the past decade.

As required under the *Australian Postal Corporation Act 1989*, we continue to balance our commercial objectives with delivering our community service obligations. Any profit we earn is either used to pay a dividend to our shareholder or is reinvested in our assets and services so that we are equipped to meet the changing needs of our customers and the community.

• The red highlights on this map denote the location of our 11.5 million delivery points.



About this report

This is the sixth year that we have incorporated sustainability reporting in our annual report. Prepared in accordance with legislative requirements, the Global Reporting Initiative (GRI) G4 Guidelines, Integrated Reporting <IR> and the principles set out in the United Nations Global Compact, our annual report includes our financial, social and environmental activities each year.

Integrated reporting is aimed at facilitating integrated thinking into mainstream business practices. It is more forward-looking than traditional annual reporting, while not as specifically detailed as comprehensive sustainability reports. In actively considering the relationships between our enterprise and how we create value in our areas of impact – organised as 'capitals' – we can move towards publicly reporting the way we integrate our thinking and decision-making.

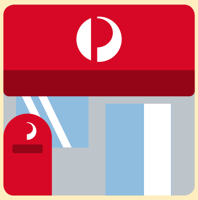
The International Integrated Reporting <IR> Council Framework provides guiding principles that align with the GRI, the well-established global best practice sustainability framework. The content of this report has been guided by the annual report Steering Committee. The approach was endorsed by the Executive General Manager, Group Services, with final approval of the annual report by the Board.

This year our annual report is framed around the six integrated reporting capitals to align with the <IR> Framework:

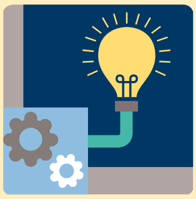
Our six integrated reporting capitals

Our business performance
Financial Capital

Our customers
Our communities
Social Capital



Our customer network
Physical Capital



Our innovation
Our expertise
Intellectual Capital

Our people
Human Capital

Our environment
Natural Capital

Determining what matters most – the materiality process

This report provides information for our four primary stakeholders:

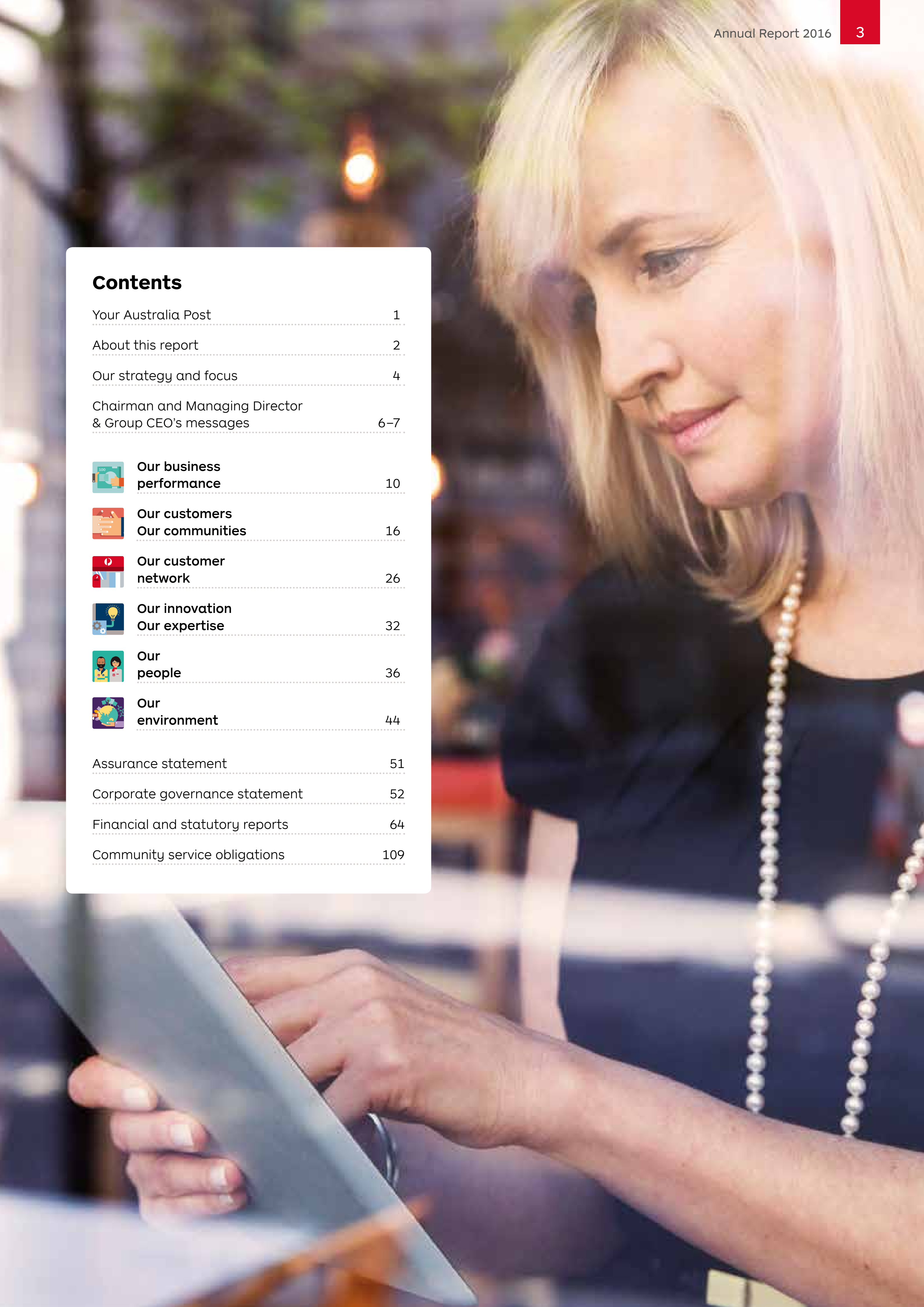
- our shareholder (the Australian Government)
- our people
- our customers
- the broader community.

The information in this report applies to Australia Post within the reporting period, unless otherwise stated. Australia Post did not issue restatements of information provided in previous reports and there are no significant changes in the boundary or scope of this report in 2015/16.

To determine the content and ensure we are reporting on what matters most to our stakeholders, we conduct an annual materiality assessment. This process is explained on page 49.

The material sustainability issues nominated by our internal and external stakeholders are:

disclosure



Contents

Our strategy and focus

As the world changes through the growth of digital technology, the way we live, learn and work has transformed. In looking to the long-term sustainability of our business, our future clearly depends on reshaping our business and continuing to create leading customer solutions.

Satisfying our customers and anticipating what people need and expect from Australia Post will ensure that our business continues to grow and remain relevant and "Part of Tomorrow".

Our purpose is to help our people, customers and communities to deliver a better future. We know we achieve this most effectively when we have happy and engaged people working to design and deliver innovative solutions.

We've worked hard to reform our letters services and to keep pace with everyone's increasingly digital lives and the outlook is for an increase in social, mobile and online transformation. Our future, alongside our customers, is a story of growth and opportunity.

For our business, digital disruption means:

- a decline in letter volumes but, at the same time, an increase in online shopping that is powering the growth of parcel deliveries
- the opportunity to build eCommerce partnerships to help our customers buy and sell online, both in Australia and internationally
- maintaining our track record as a trusted service provider and responding to customer needs for identity, verification, banking, passport and payment services.

How we create value

Australia Post's operations and our Part of Tomorrow strategy, in particular, create value for our customers and diverse stakeholders by drawing on all the six capitals outlined on page 2 and discussed throughout this report. Ultimately, being proudly Australian owned, we contribute to Australia's economic growth and reinvest into the community to advance our enterprise purpose: Helping our people, customers, and communities deliver a better future.

At a top-line, we create value through:

- Our business performance: Contributing to Australia's economic growth and prosperity
- Our customers, Our communities: Being a trusted and reliable partner for our stakeholders
- Our innovation: An agile and competitive organisation that meets the needs and expectations of customers
- Our customer network: A modern and competitive network delivers quality service to our customers
- Our environment: Reducing the environmental footprint of our operations
- Our people: Working with over 50,000 employees, licensees and contractors nationally, empowering a skilled, diverse and engaged workforce.

Being true to purpose

Our Part of Tomorrow strategy outlines how we advance our purpose, act and grow to deliver eCommerce experiences that customers value, differentiate ourselves from competitors, and make customers our greatest advocates. We know that global megatrends are impacting our operating environment: globalisation, digitisation, changing customer behaviours, changing expectations of the community and employees, and the effects of climate change to list a few.

Increasingly, our value is founded on creating eCommerce solutions that meet the varying needs of customers. But we recognise the importance of measuring and monitoring our impacts in more than financial terms and of our role in creating social and environmental value. That's why, in 2016, we refreshed our approach to Corporate Responsibility and launched our new strategy, "Everyone, Everywhere, Everyday". Our approach is inspired by the notion of Creating Shared Value.

"Everyone, Everywhere, Everyday" is all about being true to our enterprise purpose, and bringing it to life. It is Australia Post's roadmap to increase social and economic inclusion and wellbeing by connecting all Australians physically and digitally, to minimise our environmental impact throughout our value chain and to transform our own organisation so we meet the changing expectations of our customers and communities and help them prosper in a digital world.

Australia Post Corporate Responsibility Strategy

Chairman's message

We implemented important reforms to the letters service in 2015/16, while continuing the transformation of Australia Post into a customer-led eCommerce company.

Reforming the letters service

With the Australian community continuing to shift to using digital channels for communicating and transacting, the amount of addressed letters posted this year was down 9.7 per cent on the previous year.

This means that the volume of letters sent in Australia, annually, is now 43 per cent below our all-time "peak-mail" year, back in 2007/08.

Given this rapid rate of digital disruption, one of our primary responsibilities involves managing the decline of letters carefully, while maintaining reliable, community-wide access to our services. To this end, we reached a landmark moment with the introduction of letter service reforms at the mid-point of this financial year.

I would like to acknowledge the Federal Government for supporting the regulatory changes that were required to implement these vital reforms.

The importance of those reforms to the long-term sustainability of our services cannot be under-estimated.

In the short-term, letters reform was an important factor in our return to profitability this financial year. But, the reforms also give us the ability to maintain our nationwide services; the freedom to implement ongoing operational change; and the resources required to invest in our future as an eCommerce delivery company.

Creating a customer-led culture

As a service-based company that earns all of its profit from operating in fully competitive markets, our entire business is mobilising to put customers at the centre of everything we do. This was a particularly prominent theme in the second half of this year, as we established the role of a Chief Customer Officer with the responsibility of advocating for the customer, creating customer-led services and instilling a more customer-centric culture at Australia Post.

As we seek to cement our position as Australia's leading provider of eCommerce deliveries and services, our strategic initiatives are now all focused on supporting the specific needs of our customer segments. That involves creating safe and easy online shopping experiences for consumers; helping small business to go online and grow; powering eCommerce for all businesses; and helping corporations and government to digitise to improve their customer service.

Delivering eCommerce

We continued to adapt our networks, develop new capabilities and offer new services to support the growth of online shopping and eCommerce.

In June, we announced a strategic alliance with the global express delivery and logistics company, Aramex. We expect that this alliance will develop into a global business partnership that enables us to offer seamless cross-border logistics and delivery support for Australian businesses and consumers.

Thank you

Finally, I'd like to acknowledge the tremendous contribution made by my fellow directors, our CEO Ahmed Fahour, the management team, our employees, licensees and contractors. It's a pleasure to lead this motivated, nationwide team, because they are so committed to delighting our customers – everyone, everywhere and everyday.

John Stanhope AM
Chairman

John Stanhope AM – Chairman, and
Ahmed Fahour – Managing Director & Group CEO.

Managing Director & Group CEO's message

This was an important turn-around year at Australia Post, as we reformed the letters service, continued to build our eCommerce offering for our customers – and returned to profit.

Our 2015/16 performance

This time last year, it was my grim duty to report that Australia Post had recorded its first full-year loss in more than 30 years. Therefore, I am delighted to report that the Australia Post Group returned to the black in 2015/16 – earning a modest profit before tax of $41 million.

Total Group-wide revenue for the year was $6.56 billion (up 3.0 per cent on last year). The improvement in our financial position in 2015/16 was achieved on the back of two key factors: (1) the reform of the letters service and (2) growth in our business-to-consumer parcel deliveries.

Our commitment to maintaining accessible and reliable services, nationwide, is evident in that we again met, or exceeded, all of the performance standards related to our community service obligations. Most significantly, we maintained 4,392 Post Offices across Australia (against a target of 4,000 access points) and we delivered 96.2 per cent of letters on time or early (well ahead of our 94 per cent target).

Another pleasing aspect of this year's performance was that we reduced our lost-time injury frequency rate (LTIFR) to 6.6, which equals our previous record low for the incidence of injuries in our workplaces. The reduction in injuries (our LTIFR is down 43 per cent over the past four years), is the result of our sustained focus on safety culture at all levels of the business.

Letters reform package

The ongoing and accelerating decline in the community's use of letters meant that we had to reform the service to ensure it remained sustainable – and to prevent it from undermining the financial viability of the whole Group.

We responded to this significant challenge by consulting widely with our many stakeholders and, then, we implemented a carefully crafted package of reforms on 4 January 2016.

The reforms include the introduction of a two-speed letters service for consumers and an increase to the basic postage rate. But the broader reform package also involves discounted 60-cent stamps for the 5.7 million Australians with a concession card; commitments to maintain 4,000-plus Post Offices and five-day-a-week delivery; as well as job transition opportunities for our people, with no forced redundancies for anyone affected by the operational changes associated with letters service reforms.

With these reforms in place, it means by next year we will have boosted total annual payments to licensed Post Office operators by $125 million in the space of four years.

Enabling eCommerce for our customers and the community

For a number of years now, Australia Post has been transforming into a parcel delivery and trusted service provider that enables all Australians to participate in eCommerce.

That transition continued this year, as we expanded the capacity of our major parcel facilities and developed new solutions that make it easier for businesses to lodge with us – and for consumers to control final delivery.

We also established a new business unit this year, called Trusted eCommerce Solutions, which is partnering with government agencies and corporations to co-create solutions for the secure, omni-channel delivery of services.

There are now 4.1 million Australians registered on the MyPost platform. We added important new functionality to MyPost this year, including the ability for parcel recipients to direct us to "safe drop" their deliveries.

Thank you

The operational, cultural and service changes that we implemented this year will prove to be vital in setting up this great brand to be part of tomorrow.

Those changes have involved a genuine commitment from everyone in our business – from my fellow directors and the senior executive team, through to our operational and customer-facing staff. I'd like to thank you all, and commend you on an incredible team effort.

Ahmed Fahour

Ahmed Fahour
Managing Director
& Group CEO

Our Board and leadership team

Our Board

From left: **Bruce McIver, Dominique Fisher, The Hon. Michael Ronaldson, Brendan Fleiter, Jan West AM, Ahmed Fahour, John Stanhope AM, Holly Kramer, Michael Byrne.**

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 and the Bionics Institute, a director of AGL Energy Limited and Our Neighbourhood and Chancellor of Deakin University. He was previously chief financial officer and group managing director, finance of Telstra and an executive director of Telstra.

Ahmed Fahour

BEcon (Hons), MBA, FAICD
Managing Director & Group CEO

Ahmed Fahour was appointed managing director and group chief executive officer of Australia Post in February 2010. He has held a number of senior executive positions within the finance and banking industries in Australia and overseas and was previously CEO of Citigroup (Australia and New Zealand) and National Australia Bank (Australia) and is the former chairman of Rip Curl Group. Mr Fahour is currently chairman of LaunchVic, Pro-Pac Packaging and Our Neighbourhood.

Brendan Fleiter

LLB, B Juris MAICD
Deputy Chairman (non-executive)

Brendan Fleiter has been a member of the Australia Post board since October 2011, and was appointed deputy chairman in May 2013 (current term expires May 2017). Mr Fleiter is a former CEO of Crazy John's Group and is a qualified lawyer with extensive retail and telecommunications business experience. Mr Fleiter is currently the chairman of Kennards Hire and Walnut Melbourne, deputy chair of Methodist Ladies' College and chair of its Foundation and is a director of Volleyball Victoria, Our Neighbourhood, Australian Food Allergy Foundation, Godfreys Group and Interactive.

Dominique Fisher

BA (Hons), MAICD
Director (non-executive)

Dominique Fisher was appointed to the Australia Post board in November 2014 (current term expires in November 2017), and has extensive business experience in the corporate area, including the commercialisation of new technologies. Ms Fisher is principal of EC Strategies, executive chairman of CareerLounge Pty Ltd and a non-executive director of LaunchVic. She has previously served as a director of Pacific Brands, Insurance Australia Group, NRMA, Opera House Trust and Prostate Cancer Foundation, as well as chairman of Sky Technologies and Circadian Technologies.

Michael Byrne

MSc, MAICD
Director (non-executive)

Michael Byrne was appointed to the Australia Post board in October 2015 (current term expires in October 2018). Mr Byrne has extensive chief executive experience both in Australia and internationally, including in the areas of logistics and supply chains. He is the former CEO of Coates Hire, Linfox Australia and its Asian Subsidiaries and Westgate Holdings. Mr Byrne is also a foundation and current member of the Institute for Supply Chain and Logistics, Industry Advisory Board of Victoria University, and was previously a director of BevChain, Westgate Holdings and OzHarvest.

Holly Kramer

BA, MBA | Director (non-executive)

Holly Kramer was appointed to the Australia Post board in October 2015 (current term expires in October 2018). Ms Kramer has more than 20 years' experience in general management, marketing and sales for customer-focused organisations. Most recently she was CEO of apparel retailer Best & Less. Holly has also held senior executive and marketing roles with Pacific Brands, Telstra, eCorp and the Ford Motor Company. Ms Kramer is currently a director of Woolworths, AMP Limited, Nine Entertainment, Southern Phones, and the Alannah & Madeline Foundation.

Bruce McIver

FAICD | Director (non-executive)

Bruce McIver was appointed to the Australia Post board in December 2015 (current term expires in December 2018). Mr McIver has strong business experience with expertise in transport and logistics in Australia and across the Asia Pacific region. He was most recently the president of the Liberal National Party of Queensland and was also a foundation director of the Australian Trucking Association and chairman of the Board of Asia Pacific Shipping Enterprises.

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 2019) 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 to 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. He was previously a director of Snowy Hydro Ltd and Berklee Pty Ltd, and was the CEO/Founder of Madison Public Affairs.

Jan West AM

BCom, FCA, GAICD | Director (non-executive)

Jan West was appointed to the Australia Post board in May 2016 (current term expires in May 2019) and has a very strong background in finance and audit across Australian and international listed and private companies, government agencies and community organisations. Mrs West is currently a director of Australian Red Cross, Dairy Australia, Neurosciences Victoria and Melbourne Forum. 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.

Retirements

Susan Bitter

BEc (Hons), Dip App Fin&Inv, FICA, MAICD
Director (non-executive)

Susan Bitter was appointed to the Australia Post board in August 2012 and retired in August 2015.

Peter Carne

BA, LLB, FAICD, FAIM
Director (non-executive)

Peter Carne was appointed to the Australia Post board in December 2009 and retired in December 2015.

Michael D'Ascenzo AO

BEc, LLB, CA, FAICD, Hon. Life Member of CPA, Hon. FATMA
Director (non-executive)

Michael D'Ascenzo was appointed to the Australia Post board in May 2013 and retired in May 2016.

Talal Yassine OAM

BA, LLB, LLM, MBA, Hon. Professorial Fellow (ANU), Adjunct Professor (UWS)
Director (non-executive)

Talal Yassine was appointed to the Australia Post board in August 2012 and retired in August 2015.

Our Executive Committee

Bob Black
Executive General Manager, Parcel & eCommerce Services

Christine Corbett
Chief Customer Officer

Peter Bass
Executive General Manager, Letters and Mail Network

Laz Cotsios
Group Executive Business Services

Ahmed Fahour
Managing Director & Group CEO

Janelle Hopkins
Executive General Manager, Finance & Group CFO

Paul Burke
Group Executive, Government Affairs & Corporate Secretariat

Greg Sutherland
Chief Innovation Officer

Chris Blake
Executive General Manager, Group Services

Andrew Walduck
Executive General Manager, Trusted eCommerce Solutions

Our business performance

As a government business enterprise, we are a self-funded commercial company that is focused on delivering services to communities all over Australia. With the global shift to digitisation, it has been clear for a number of years that we needed to plan a very different future for Australia Post, to ensure the survival of our iconic institution.

We needed to carefully manage the community's declining use of the letters service while simultaneously building new services for the digital economy, leveraging our trusted brand and nationwide community networks.

The value we create incorporates how we manage the impact of change on many individuals' lives right across Australia. As we continue to power eCommerce growth by creating cross-border networks and markets, we also continue to prioritise support for our community.

A changing business landscape

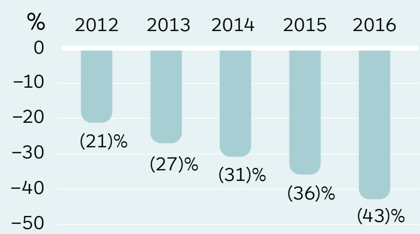
Addressed letter volumes have declined by 43 per cent per letter box since 2008. During this period, letters have gone from being a lead indicator of Australia's economic growth, to being a lead indicator of digital disruption. As a result, Australia Post has been delivering a shrinking volume of letters to an ever-expanding network of addresses.

This was an unsustainable situation, as evidenced by the $1.3 billion of losses that we have incurred in our letters business over the past eight years.

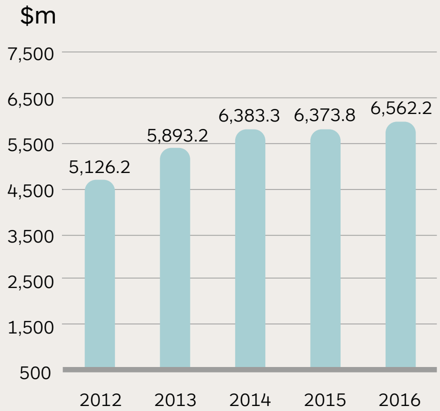
During 2015/16, a number of reforms were required to address declining letter volumes and to ensure we are part of tomorrow's world. Our financial position is stronger as a result of these reforms.

The solid performance of both our parcels services and trusted eCommerce solutions businesses is evidence of the opportunity to create new revenue streams for our business. We already provided passport applications, identity checks, banking, information management and payment services through our network. Working with our corporate and government customers we are increasingly co-designing solutions around their policy and business outcomes, drawing from our demonstrated capabilities. The Western Australia Police electronic National Police Check, which won a government innovation award in 2015/16, is an example of the strength of our new value proposition (see page 34 for details).

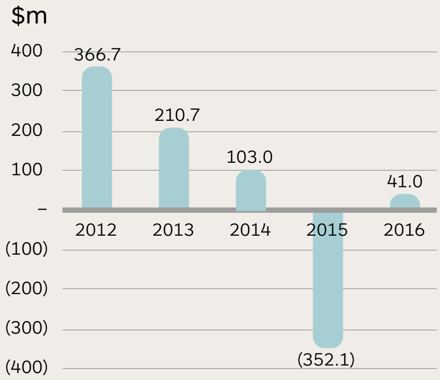
Cumulative volume loss in addressed letters, per letterbox



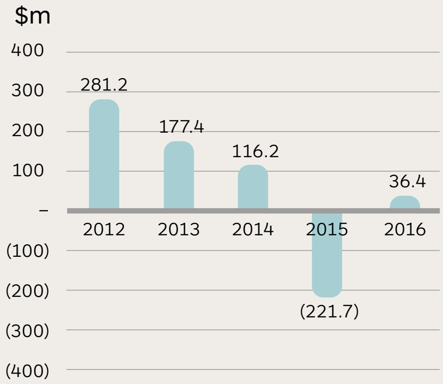
Revenue



Profit/(loss) before tax



Profit/(loss) after tax



Financial performance

We recorded a profit before tax of $41.0 million in 2015/16, following a loss the previous year. Our return to profit was largely driven by the reform of our letters services, which reduced the magnitude of the loss that we incurred in the delivery of traditional mail services.

The main drivers of the profit result were the continued solid performance of our parcels business, investment in online partnerships and further development of our portfolio of Australia Post trusted eCommerce solutions.

Our total cash investment across strategic projects and asset replacement and acquisitions was $298.1 million. Looking to our future, as we adopt a portfolio approach to investments centred around capability, we will tailor our investments to future capacity.

Addressing our risks

Australia Post has a Group Risk Management Framework (GRMF) in place that describes the core components that support the business to effectively manage risk. The GRMF has been developed in consideration of the size, scale and scope of the Australia Post Group and includes the establishment of core risk categories that are currently considered material to the Group. These core risk categories are: Strategic; Governance; Financial; Market; Third Party; Environmental; Corporate Social Responsibility; Regulatory and Operational (including. cyber and industrial relations).

A key component of the GRMF includes the Board Risk Appetite Statement that is aligned to the core risk categories and describes the principles relating to the level of risk that Australia Post is prepared to seek, accept or tolerate in pursuit of our objectives.

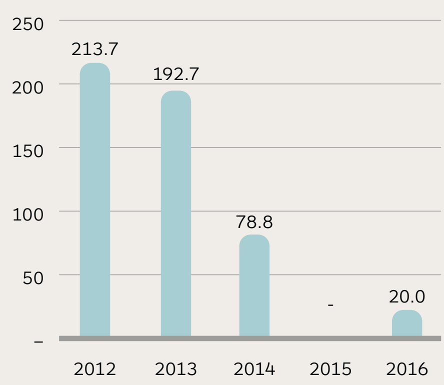
Five-year trends

	2012	2013	2014	2015	2016
Mail volumes (m)	4,843.0	4,580.2	4570.2	4,314.2	4,023.5
Revenue ($m)	5,126.2	5,893.2	6,383.3	6,373.8	6,562.2
Profit/(loss) before Tax ($m)[2]	366.7	210.7	103.0	(352.1)	41.0
Profit/(loss) after Tax ($m)[2]	281.2	177.4	116.2	(221.7)	36.4
Profit/(loss) from reserved services[2] ($m)	(114.4)	(198.0)	(242.6)	(284.3)	(14.3)
Profit/(loss) from regulated mail services[2] ($m)	(186.9)	(280.3)	(303.7)	(407.1)	(114.4)
Return on equity (%)[1, 2]	16.8	10.5	6.7	(14.9)	2.3
Return on average operating assets (%)[2]	11.5	6.2	3.4	(8.2)	1.8
Debt to debt plus equity	29.1	27.3	28.8	27.2	27.8
Dividends declared ($m)	213.7	192.7	78.8	–	20.0
Interest cover (times)[2]	10.8	7.7	3.6	(10.2)	2.2
Capital expenditure ($m)	227.0	386.8	523.1	342.0	298.1

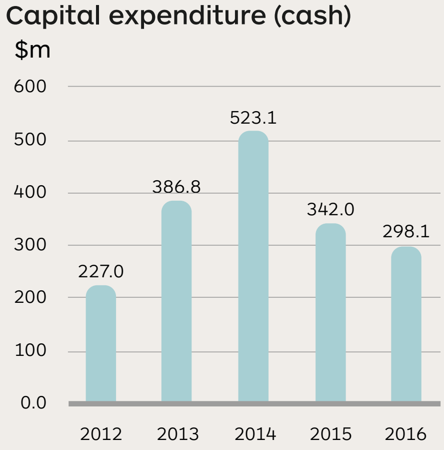
1 Return on equity is calculated as Profit/(loss) after tax as a percentage of equity. Equity has been adjusted to remove the impact of the Group's net superannuation liability/asset.

2 Changes to AASB 119 Employee Benefits took effect on 1 July 2013. 2013 has been restated for like-for-like comparison. Years prior to 2013 have not been adjusted to reflect the changes as a result of this change in accounting standard.

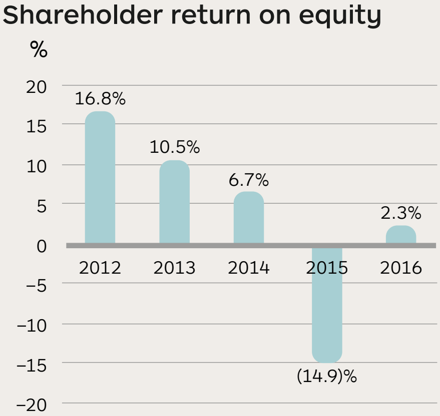
Dividends declared



Capital expenditure (cash)



Shareholder return on equity

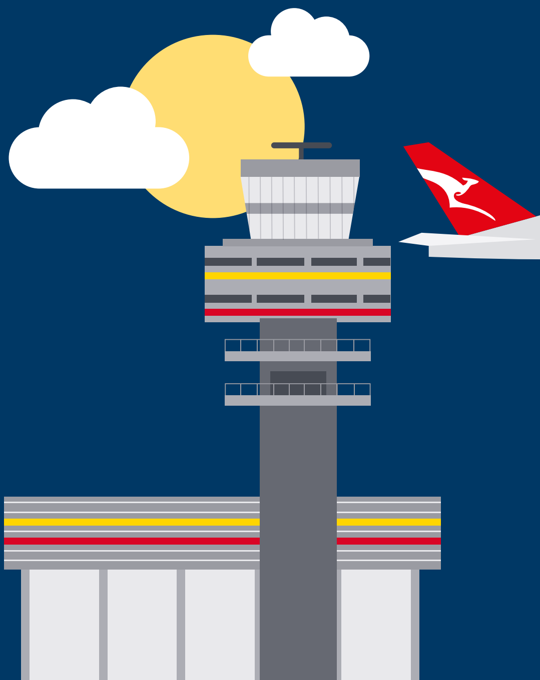


A partnership to build future success

In May 2016, we partnered with Qantas to provide an exclusive domestic air freighter network for Australia Post and StarTrack customers. The partnership further strengthened our position as Australia's leading parcels and logistics provider and reinforced our mail delivery network. It builds on the strong relationship that has existed between the national carrier and the nation's postal service since 1922, when Qantas first started flying airmail.

The new network, servicing nine destinations across the east and west coast of Australia, consists of six dedicated freighter aircraft featuring StarTrack branding, as well as continued priority access to cargo space in the Qantas Group s passenger fleet. Our partnership with Qantas creates a greater opportunity for Australia Post to be first to deliver for our customers, combining our unrivalled delivery network and existing freight network with a dedicated and flexible air network.

It means we now have a dedicated air freighter network that enables us to support local manufacturers, wholesalers, retailers and eCommerce companies as they grow their business – both in Australia and overseas.



Members of the team with Managing Director & Group CEO Ahmed Fahour and EGM Parcels & eCommerce Services Bob Black and a new StarTrack freighter aircraft.

Trusted eCommerce solutions

Australia Post's trusted reputation and nationwide Post Office network have always underpinned our track record as a provider of face-to-face identity and verification services. In October 2015, we established a new business unit, Trusted eCommerce Solutions, which focuses on connecting citizens to business and government by powering digitisation and co-designing omni-channel solutions that are accessible to Australians across all abilities, ages, socio-economic groups and regions.

During its first nine months, this business unit established its priorities and continued the momentum with our capabilities in banking, bill payments and payment processing, through successful products such as Bank@Post – now used by Australia's four major institutions.

A key focus for this area of our business is co-designing solutions with government.

We partner with a range of government departments and agencies to support their policy outcomes in a way that makes it easier for citizens to access government services and opens up new opportunities for small and medium businesses to innovate and compete.

Government services

We have strengthened our focus on helping government departments and agencies deliver sustainable change across the core of their operations – providing the platforms, digital solutions and real-world help that organisations need to drive transformation.

To meet growing consumer demand for choice and convenience in accessing services, we have made substantial investments in growing our digital identity, payment, information management and back-office processing capability:

- enabling **improved, inclusive access** to government services via multiple channels
- making it easier for governments to **connect with citizens** with greater time and cost efficiency
- helping to **digitise government services** and deliver end-to-end solutions at scale through integrated physical and digital service models.

Parcels

The online retail market continued to drive revenue in our parcels business. Operating in a fiercely competitive market, our products and services performed well, using innovation and our unrivalled physical network to advantage.

During the year, we increased the number of small parcels delivered by our posties and trialled new ideas including expanded delivery hours. This follows a $2 billion investment over the past four years, which included expanding our Melbourne and Sydney parcel facilities (see page 27 for details).

Mail services

We were pleased to once again exceed the on-time delivery standard set out under our Community Service Obligations, by delivering 96.2 per cent of letters on time or early (against the 94 per cent standard).

In January 2016, we made some key reforms to our business to reduce losses and better manage the costs associated with declining letter volumes. This included introducing the choice of Regular or Priority delivery for consumers. By introducing this two-speed delivery service, we effectively aligned our consumer letters service with the options introduced for business customers in June 2014. We also increased the Basic Postage Rate (BPR) from 70 cents to $1, which applied to the Regular service, to better reflect the actual cost of sending a letter. We've worked hard to maintain our service standards and performance and we continue to provide mail delivery five days a week across our network.

The reforms to the letters service were carefully crafted to minimise the impact on our community. As such, we maintained the price of the concession stamp at 60 cents and the seasonal greeting card price was frozen at 65 cents. Taken together, concession and seasonal greeting mail comprise around one-third of all the letters posted by consumers in Australia.

Total addressed letter volumes declined by 9.7 per cent compared to the previous year. The overall result reflects the continued trend towards alternative digital technology.

While the letters business again returned a negative result, the reform changes including the BPR increase helped reduce the loss and improve the sustainability of our letters service.

Our collaborative future

We continued building our eCommerce partnerships this year to help our customers buy and sell online and position them to meet prospective overseas customer demand – both in Australia and internationally. We believe one of our biggest growth opportunities involves supporting the growth of cross-border eCommerce by improving the integration between our domestic networks and services – and those of our global logistics partners.

To prepare for the unfolding future, we joined Asian eCommerce giants JD.com and Alibaba on some of their most popular online shopping platforms, including 1688.com and Tmall.com. Our presence on these Chinese marketplaces is giving Australian businesses direct access to the booming Chinese consumer market.

Through our joint venture with China Post (Sai Cheng Logistics International), we also offer logistics support to Australian companies doing business in China with end-to-end supply chain solutions.

In June 2016, we took this another step further by announcing a strategic eCommerce alliance with leading global provider of comprehensive logistics and transport solutions Aramex. The proposed joint venture will build on the service capability of StarTrack International, with Aramex investing in StarTrack International and contributing marketing and sales capability.

Under the terms of the agreement, Australia Post will provide last mile delivery in Australia for volumes generated by the joint venture, while we have extended the capabilities of StarTrack Courier by acquiring MailCall Couriers from Aramex. This alliance helps us to compete domestically, while also positioning our business to capture more offshore parcel volumes to meet our customers' growth projections.

Our future outlook

Through our positive financial performance we want to grow our business to create great experiences for our customers.

We work in a highly competitive industry so we are focusing on operational excellence to improve our cost to serve.

With a continued focus on cost control, we embrace this competitive market, with an emphasis on efficiency and providing great value for customers.

Our customers
Our communities

At the core of our customer's expectations is that we will provide choice and convenience. The value we create for our customers, who are now globally connected, is in being consistent and reliable as we meet that expectation.

We live in an age where the power has firmly shifted from organisations to consumers. Our newly established Chief Customer Office has a clear mandate for creating the experiences that customers love and advocating for our customers across the enterprise.

The new structure is all about putting the customer at the centre of everything we do. Empowering our people to solve customer problems will drive innovation and simplicity in the way we interact with customers. We have sharpened our focus on listening to customers and taking action, knowing our customers and understanding their needs.

As the advocate for the customer, our people are empowered to make demonstrable improvements in the customer experience. This includes removing the "pain points" for customers and bringing consistency to what our customers experience at our post offices, contact centre and our digital channels.

We are also looking to make a step change in the parcel delivery experience, to put the choice and control in customers' hands to increase first-time delivery. With our personalised MyPost experience if you're not going to be home you can elect to have your parcel "safe dropped" by instructing us where to leave it, redirect it to another address or take advantage of a free 24/7 parcel locker.

We recognise these as bold ambitions and big aspirations, but we believe we have a unique opportunity to redefine the customer experience.

As an organisation we want to be known for:

- creating seamless customer experiences
- listening to customers and taking action
- knowing our customers
- empowering our people.

Receiving letters
17m
monthly

Digital visits
182m
annually

App downloads
1.9m
annually

Visiting retail
249m
annually

Measuring customer advocacy

We are committed to listening to our customers, to understanding their concerns or problems and developing solutions that address their needs and the future outlook.

One of the ways we track our customers' experience is by measuring customer advocacy. The Net Promoter Score (NPS) provides data about what we are doing well and where we need to improve. Our NPS has dipped very slightly, from our 2014/15 result of +15. However, our 2015/16 result of +14.1 has seen minimal impact given the major reform to our letters service[1].

While reform to our letters service has had an impact, our research shows that the more people use our services, the more likely they are to advocate on our behalf. Promoters of Australia Post are important to us because they have the power to influence the purchase decisions of the people around them. We are determined to adapt our business and lead the way with transforming services and products for the future.

1 The methodology for NPS is currently under review. This data has been calibrated in line with our past reporting practices.

Helping consumers

The digital economy continues to disrupt our competitive landscape and, in response, we are transforming to deliver compelling, multichannel customer experiences. MyPost plays a significant role by providing a personalised way of delivering contemporary services to consumer and small business customers.

We currently offer a range of MyPost services to simplify delivery processes and connections to service providers such as banks, utilities and telecommunication companies. In 2015/16, 1.9 million consumers registered a free MyPost account, an increase of 190.0 per cent. MyPost Deliveries provides a personalised way for customers to access and manage parcel delivery services. Through their MyPost account, customers have the choice, convenience and control to get their parcels at the time and place that suits them – at home, on the go or at the Post Office. Delivery choices include Parcel Lockers, Parcel Collect, Safe Drop and redirect. With tracking and notifications through MyPost, customers can find out where their parcel is and know the moment their parcel has arrived. Customers can also search, lease and pay for a new post office box online.

MyPost Digital Mailbox helps customers manage and make selected bill payments all in one place. It provides free, secure storage for documents, such as birth certificates and travel documents, from any internet-connected device. Customers can receive digital receipts for purchases made at the Post Office, as well as WA Police checks and Fit2Work police certificates. Mail2Day notifications let customers with PO Boxes know when they have mail in their PO Box. Every Australian adult has access to a free MyPost Digital Mailbox.

Federal concession card holders can tell us who they are through MyPost Concession, which means they get concession rates for Mail Hold and Mail Redirection services. We also give these customers a free booklet of five concession stamps and access to up to 50 concession stamps per year.

International products makes sending overseas easy

Tomorrow's world is a global community and marketplace. We deliver to more than 190 countries and lodgement via 15,357 street posting boxes and 4,392 Post Offices nationwide.

In response to customer feedback, in 2015/16 we made it simpler to send items overseas. We relaunched a comprehensive range of international delivery options, which gives customers a clear choice of International Courier, International Express, International Standard, Registered Post and International Economy Sea and Air services. These options are all available in business hubs, Post Offices and online, via Click and Send.

Travel products

People are travelling overseas in increasing numbers, so we provide a one-stop shop for travel services. Travellers can now organise currency, travel insurance, TravelSIM, passports and passport photos at our Post Offices, where we help people get organised in a simple and secure way. The Load&Go Travel Card continued to prove popular, offering a convenient, flexible way of accessing money while travelling, with the extra security of not being linked to a bank account.

Connecting with customers

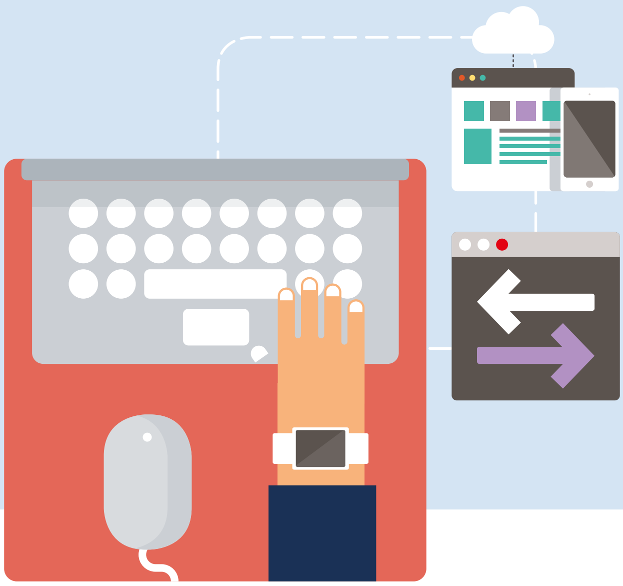
We received 182 million digital visits during 2015/16, 25 per cent higher than the previous year. Of these 164 million were to auspost.com.au. More and more people are using our website to do everyday jobs such as track a parcel, look up a postcode, or get more information about our range of products and services. In fact, the number of self-service actions on the site has grown by 16 per cent in the last year, so we are working hard to ensure we keep changing to meet customers' evolving needs.

Fifty-two per cent of customers visit our website via mobile devices and our website is undergoing a transformation to provide customers with a more seamless and personalised experience. One example is PO Boxes online, where customers can check availability at their preferred Post Office and complete the application and renewal process online.

When our Customer Contact Centre launched 24/7 online support for small business customers registered with My Post Business, our employees were delighted to get involved, with many opting to adjust their shifts to work through the night.

Small Business customers can now get in touch with us via Facebook, Twitter or by live chat. They can also use the click-to-call function, where they can choose to have one of our team call them back during extended telephone support hours.

This year we also continued to extend our Customer Relationship Management capability used in our customer contact centre into delivery centres, Post Offices and other support areas, enabling a 55 per cent improvement in customer query resolution. In line with the increase in self-service via our website, over a third of our customer enquiries are now via our online channels (web and social).



Winners Beserk with Chief Customer Officer, Christine Corbett.

Australia's favourite online retailers

With eCommerce continuing to grow in Australia and globally, StarTrack's exclusive naming partnership with the Online Retail Industry Awards (ORIAs) provides a platform to continue positioning ourselves as one of Australia's leading eCommerce companies.

This was the second – and biggest-ever – year of the StarTrack ORIAs People's Choice Award with around 100,000 loyal online shoppers voting for 750 of their favourite online retailers, ranging from familiar household names to Aussie start-ups. This is the only category that gives online shoppers the power to vote and decide the winner.

Ten diverse finalists were shortlisted with Catch of the Day announced as the overall People's Choice Award winner. This year's awards also saw the introduction of a brand new category to recognise and celebrate smaller online retailers, with alternative clothing store Beserk taking out the People's Choice Award for Small Business.

Helping small business

In October 2015, we launched our We Love Delivering for Small Business campaign signalling our commitment to help Australian small businesses go online, grow their business and export.

In May 2016, we launched our new tailored small business experience, accessed via free in-store or online registration with MyPost Business.

These enhanced services include specialised 24/7* online support with live chat and extended hours phone support, exclusive offers, monthly discounts and invitations to courses and events, a free parcel scanning app to make order tracking easier, and new tools to let customers easily pay for and print their own shipping labels online.

We're also supporting small business through thought leadership articles from our Australia Post leaders, small business event sponsorships, a new Australia Post for Business Facebook page, and the Small Business Conversation.

Creating a small business community

The Australia Post Small Business Hive, launched as a pilot in Geelong in early 2016, is designed to support and enable growth of small and start-up businesses. The Small Business Hive is a membership based, co-working space offering small businesses a range of services including:

- high-quality, shared workspaces with security, privacy, high-speed internet access and quality business equipment
- a program of events and education to provide knowledge, assets and advice
- a connected community culture to foster collaboration between businesses and the broader community

The Small Business Hive has been purposefully designed to foster a collaborative business culture that inspires innovation and entrepreneurial activity among the small businesses of Geelong. This is positioning the growing regional city well for a dynamic future.

Investing in small business – Mailplus majority investment

As part of our commitment to Australian small businesses and building partnerships with them from the beginning of their journey, in April 2016 we made a majority investment in Mailplus, a national franchised network for collecting, delivering and lodging mail and parcels on behalf of small businesses. With this investment in Mailplus, we will be able to provide a range of new services to make it simpler for small businesses to complete their everyday important jobs, including collecting their mail from their PO Box.

Mailplus employs approximately 20 staff in management and administrative support functions, and operates 123 territories supported by 178 vehicles. It has a national footprint (with the exception of the Northern Territory) and has over 6,000 small business customers.

Mailplus remains a stand-alone business, helping Australia Post to provide small businesses with the services they need – when they need them.

*excluding public holidays

Catch of the Day

With an impressive track record of growth, deals website Catch of the Day has established itself as a top online destination for thousands of deals on the latest streetwear, fashion, homewares, toys, groceries and more. Catch of the Day first set up their online shop in 2006 with five employees and a 200m^2 warehouse, and has since grown to become one of the largest parcel distributors in the country. It now boasting a robotic automated picking system at its 25,000m^2 inventory warehouse in Melbourne's south-east.

New innovations like these have allowed the group to work smarter and deliver customer orders in record time, especially over important busy seasons like Christmas and Easter. Together with its sister brands (Scoopon, Mumgo and Grocery Run) Catch of the Day's parent company, Catch Group, fills more than 8,000 orders every day. The group first partnered with Australia Post's parcels business in 2006, and has been using us for their deliveries, every step of their journey, ever since. Today, Catch of the Day offers its customers a range of delivery options, including express post, delivery to parcel locker, parcel collect & PO Box, and easy returns backed by seven-day customer service.

Adam Rudy, General Manager of Customer Experience at Catch of the Day said, "Catch of the Day and Australia Post have been around from the early stages of online shopping in Australia and, as our businesses have gone from strength to strength, we've helped each other grow. Customer satisfaction is paramount to us, and Australia Post shares the same philosophy."

Helping business and governments

We have a range of eCommerce solutions that respond to the changing needs of our corporate and government customers.

Digitise existing services

We have a suite of digital identity, payment processing and information management services to help accelerate the digitisation of existing services and back-office processes.

Multi-channel service delivery

Australia Post is uniquely positioned to facilitate secure transactions and has exclusive access to services with our unrivalled network of Post Offices. This includes substantial coverage in rural locations, as well as our digital channels and capabilities. We enable governments to design and adopt new service delivery models by sourcing and consolidating core services and integrating new technologies.

Citizen engagement and eMarketplaces

Our eMarketplaces platform uses a flexible approach where we co-design a people-centred and cost-efficient experience for streamlining the application, identity verification and online payment processes, while securely delivering goods electronically and physically.

Solutions design and managed services

We help all levels of government deliver sustainable ways to migrate customers to digital channels, while improving citizen access to everyday, important services. From establishing new online marketplaces to managing online registries, we offer a range of consulting, online hosting and support and maintenance services.

Identity services

We reduce the friction and inefficiency often associated with individuals proving their identity across several hundred million transactions performed every year. Services include document witnessing, physical and electronic identity verification, biometric capture (fingerprints, voice and photographic data), identity authentication, working with children checks, passport services, police certificates (WA), and land title transfers.

Payment services

Our payment processing, disbursement and banking solutions help organisations provide payment experiences consumers can use and trust in their everyday transactions – be it online, via mobile devices or through our nationwide retail network.

Information management services

We offer efficiencies and cost savings, a reduction in paper-based processes and improved risk management and compliance through secure, searchable, online archive capability.

Engaging our stakeholders

Our main stakeholder groups include our shareholder (the Australian Government), our people, our customers and the broader community. We also have important links with regulatory bodies, suppliers, industry organisations, peak bodies and environmental groups.

We depend on the support of all of these groups and actively engage with them in ways that suit the relationship. Every year we conduct surveys, interviews and focus groups to understand the needs of our stakeholders and the way our business affects them.

We discuss our postal and logistics services with consumers, small business and corporations.

We also conduct staff attitude surveys and focus groups to understand what our employees think about our business. The data and research we collect enable us to draw better insights and improve our stakeholders' experience.

Engaging the community in the need for letters reform

In 2015/16, it was particularly important that we worked closely with the community in discussing the declining use of letters and the best way to adapt our business to continue providing relevant services to the community. We engaged our people, customers, the community, the government and media on the issues surrounding the sustainability of our letters business. The two key reform changes were the BPR increase to $1 and the introduction of the two-speed consumer letters service.

Having received federal government support for reform in March 2015, the community engagement activity between July 2015 and January 2016 was focused on helping the community understand what the proposed changes meant for them. We also asked the community to share their views on the proposed reform and reinforced our commitment to continue providing relevant services to the community.

To continue the face-to-face engagement with local communities, Listening Posts continued to roll out throughout the second half of 2015 to explain proposed changes and hear feedback about our services in local areas. These events were often hosted by local members of parliament, who were keen to hear their constituents' firsthand experiences with Australia Post and to gain a deeper understanding of community views about the service.

Since May 2014, 206 Listening Posts have been held in 204 towns across 131 federal electorates.

Feedback consistently showed that this grassroots approach addressed community concern and built understanding and support for the changes. Events were facilitated by our area and regional managers, strengthening the relationship between our local managers and local communities.

Continuing the conversation online

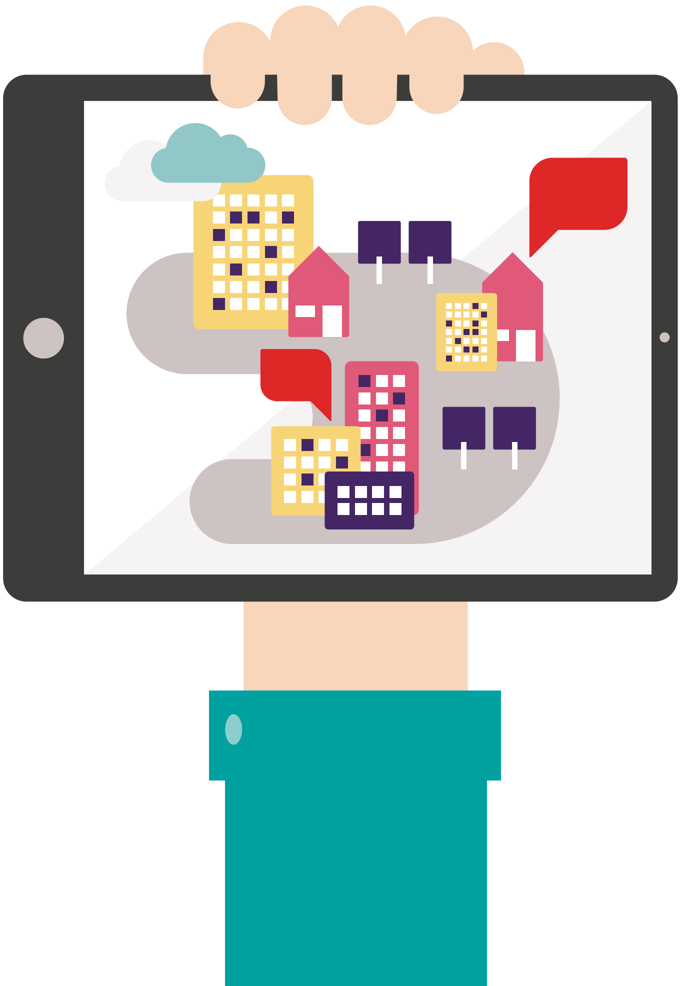
Through the National Conversation platform *auspost.com.au/conversation*, we enabled the entire community to participate in a conversation about our future.

Australians used this platform to find information, including videos and fact sheets, about Australia Post and the proposed changes, to participate in a discussion forum, ask questions, or take part in quick polls.

As at 30 June 2016 more than 170,000 people had visited the National Conversation to find information or participate in a conversation.

Thirty-five per cent of visitors undertook some form of activity to become informed about the proposed changes.

In October 2015, we launched the Small Business Conversation website to gain insights into how we can better support small business. By engaging small businesses in conversations about the things that matter to them and understanding the challenges and concerns they face in the community, we will be better able to provide products, services and connections for them and their customers. Still in its infancy, the Small Business Conversation site has had more than 10,000 visits since its launch.



Our Stakeholder Council

The Australia Post Stakeholder Council provides advice and guidance on a range of issues throughout the year. The council also reviews and guides our approach to best practice integrated annual corporate responsibility (CR) reporting.

The Stakeholder Council comprises nine members representing a range of views, chaired by an Australia Post Board member. In 2015/16, the council met three times. With roles and experience in small and medium business, community services, industrial relations, marketing and corporate responsibility, our council members are:

Sommers Botha – Former General Manager, Retail Scholastic Australia

Rhonda Cumberland – Former CEO, Good Shepherd

Graz van Egmond – Executive Director, Banksia Environment Foundation

George Etrelezis – Small Business Consultant

Dennis Jenner – Former Director, Post Office Agents Association Limited

Felicity Pantelidis – Chief Operating Officer, Slater & Gordon Lawyers

Geoff Rohrsheim – Founder/Executive Director, The Silver Lining Group

Cameron Thiele – Formerly of the Communications, Electrical and Plumbing Union

Phil De Young – Consultant & Former Principal, Carey Baptist Grammar School

Stakeholder Council Statement

For the past few years, the Stakeholder Council has had the opportunity to review Australia Post's approach to best practice annual reporting and provide their 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. Efforts to evolve the coverage of the corporation's material issues and further integrate its social and environmental performance within the 2016 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
August 2016

Go Digi

It is estimated that 16 per cent of Australians, around four million people, are not online. This means they aren't able to take advantage of the education, health and social benefits of being connected. Research also suggests that the greatest barriers to people getting online are skills and confidence.

As part of our strategy to increase participation in a digital world, Australia Post partnered with Infoxchange to create Go Digi, a four-year digital literacy program that aims to support Australians to improve their digital skills and confidence.

The Go Digi website houses a number of resources, including easy-to-read learning guides on a range of digital topics, and tips and tricks on how to be a great Go Digi Mentor by sharing your skills with a colleague, family member or friend. The site also enables users with a search tool to find face-to-face learning sessions run by "network partners" such as neighbourhood houses, community centres and libraries.

Go Digi is also a great additional resource for Australia Post employees who are looking to improve their online potential.

Industry consultation

A critical aspect of the reform of our letters service was ensuring that we engaged extensively with our customers about the proposed changes. We achieved this through face-to-face briefings and formal communications.

We were able to have more discussions about how the industry might be impacted by reform at an industry consultative forum. The forum included representatives from unions, licensees, major mail users, industry associations and other important stakeholders, and aimed to help the mail services sector achieve long-term sustainability.

Through this forum, we were able to design a package that helped to alleviate the impacts of reform. The package included increasing the discount on promotional post until mid-2017 and continuing to minimise cost increases for the not-for-profit sector.

Community programs and partnerships

One Netball Program

We partnered with Netball Australia to create the Australia Post One Netball Program, which includes a range of initiatives at national and local levels to raise awareness, understanding and participation around diversity and inclusion. The One Netball Community Awards celebrate individuals, clubs and associations who go above and beyond to welcome everyone in netball. In July 2015, the Paraburdoo Netball Association was one of seven national winners for its work in increasing netball participation in their remote community in the Pilbara.

AFL Multicultural Round visit to Perth Parcel Centre, WA.

AFL Multicultural Round visit to Alexandria Delivery Facility, NSW.

AFL

Our partnership with the AFL is focused on celebrating diversity and multiculturalism in the community, using the AFL Multicultural Round, Community Camps and player Ambassador Program to reach our audience. In these activities we celebrate diversity and connection to community through football. Using media and partner channels, we tell the story of football bringing communities together from grass roots local games to elite AFL competitions.

Good Spender

The Good Spender online marketplace is the result of a unique partnership with Social Traders, reflecting the social enterprise movement that is gaining momentum. We have grown the Good Spender social enterprise platform through a focused consumer marketing campaign and dedicated resourcing to welcome and support small social enterprises.

AFL Multicultural Round visit to Alexandria Delivery Facility, NSW.

Santa Mail

Santa Mail is an ongoing annual initiative that engages the community during the festive period by encouraging school children to write a letter to Santa.

Innovation Index

The Innovation Index report was launched in 2015 as a diagnostic assessment tool to measure the depth and breadth of innovation capabilities across the not-for-profit sector.

Australia Post and Westpac partnered with GiveEasy to help fund the research and production of the report and delivered a series of Australia-wide events.

Our Neighbourhood

Our Neighbourhood Trust

Our Neighbourhood Trust is a public charitable trust fund established by Australia Post in 2013. The Trust distributes funds raised as part of the Our Neighbourhood Community Grants program. The Trust has helped fund 383 community projects since 2013.

Our Neighbourhood Grants Programs

Our major focus is to promote healthier, more vibrant and inclusive communities by building capability within communities and leaving a positive legacy around Australia. In 2015/16, we successfully awarded 86 grants to projects that build skills and capability of individuals, community groups, small businesses and the wider community. Focus areas for funding included employment pathways, community inclusion and disaster readiness. To view details of all our grant recipients visit *ourneighbourhood.com.au/grant-winners*

Doing it Differently Day

Doing it Differently Day is an annual fundraising day of action where employees can pledge to do something different to raise funds for the Our Neighbourhood Trust. Just under $50,000 has been raised so far through Doing it Differently and this will be distributed via the Our Neighbourhood Community Grants program, to groups and organisations around Australia in need of assistance.

Lifestyle Solutions Work Assist

Our partnership with Lifestyle Solutions (a not-for-profit disability services provider) to develop the Work Assist program has provided more than 25 opportunities for people living with a disability to gain skills, knowledge and hands-on work placement through the Australia Post Group business.

The partnership also provides community mail programs in Alice Springs, Northern Territory and Mayfield, New South Wales, which provide additional work experience opportunities for people living with a disability.

During the year, Bindi Enterprises, a local Lifestyle Solutions organisation and Australia Post contractor, extended its service to two new locations, Larapinta Valley and Hidden Valley. Residents of that area no longer have to collect their mail from the Tangentyere Council offices. The supported staff of "Bindi Mail" are also involved in other employment opportunities, such as at the Mwerre Anthurre Artists Studio, refurbishing Qantas headsets and screen printing.

Our future outlook

We love delivering an exceptional customer experience, which means continuing to understand our customers' needs and the expectations around access, convenience and choice.

Our future will focus on delivering seamless experiences across all our customer channels and delighting our customers with our unrivalled range of parcel delivery options.

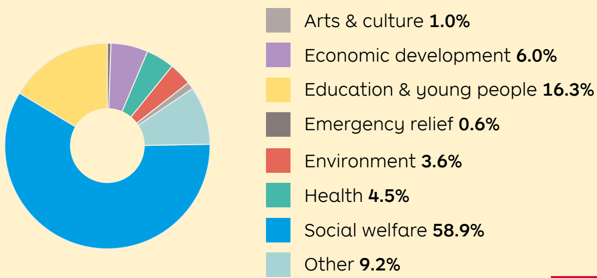
Measuring our impact

This year, we invested more than $7.05 million in the community. This figure comprised cash, time, in-kind donations, and management and operational costs to support our community programs.

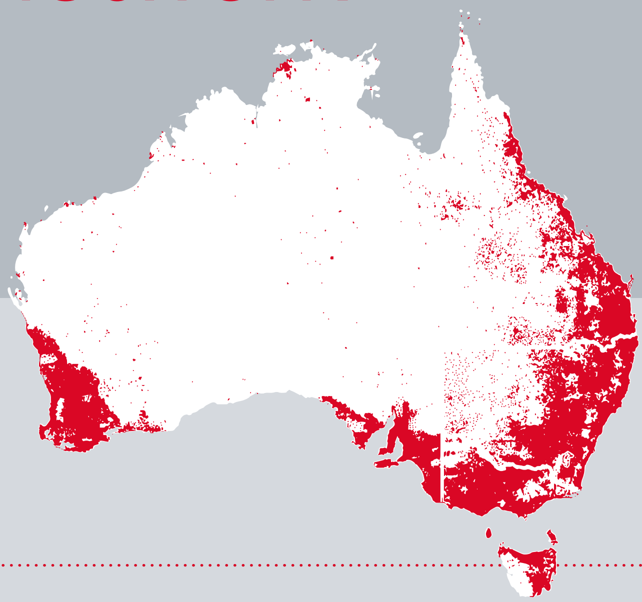
Australia Post is a member of the London Benchmarking Group (LBG) and sits on the group's Steering Committee. We measure our community investment using the LBG's internationally recognised approach and the data we report is verified by LBG each year.

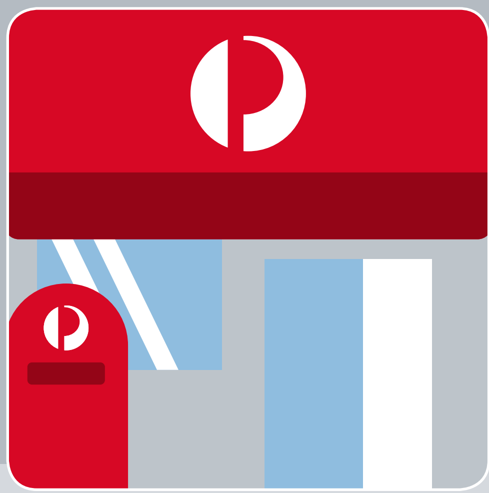
A copy of LBG's verification statement can be found at auspost.com.au/annualreport2016

Total value of contributions (excl. Management costs)

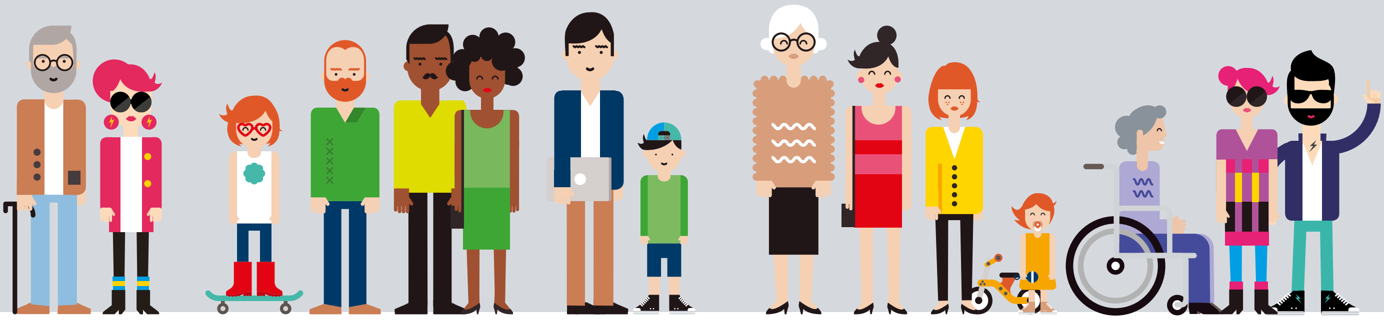


Our customer network





Every day we reach more Australians than any other company – through our 11.5 million delivery points.



Our combination of Australia Post and StarTrack creates a competitive advantage no one can match. Our unrivalled network is fundamental to the value we create for the Australian Government, businesses and communities.

We connect everyone, everywhere, everyday – including connecting people from Australia's most remote communities and country towns to anywhere on the globe.

We deliver to 190 countries and our network incorporates our gateways into Asia through online marketplaces JD.com and Tmall Global, as well as access to retailers who only ship within the USA, via Shopmate. This year we expanded our partnership with Qantas, which means we can offer businesses, manufacturers, wholesalers, retailers and eCommerce companies access to the best air freight network in the country (see page 12 for details).

However, it is our physical network of 15,357 street posting boxes and 4,392 Post Offices that most Australians traditionally associate with our services. We are committed to meeting our Community Service Obligations (CSOs) when providing our mail services, which includes providing a letter service that is reasonably accessible to all Australians wherever they reside.

Our corporate, licensed Post Offices (LPOs) and Community Postal Agencies (CPAs) are critical to our ability to maintain our strong rural and regional network.

As our customers increasingly move to accessing services and information via social, mobile and online platforms, we are providing the appropriate access to our network, across all platforms – physical and digital.

Investing in a sustainable network

During the year we officially opened 11 new Australia Post superstores and two more open-format stores in Greensborough and Forest Hill, Victoria, bringing our total number of superstores to 65. We currently have 16 superstores in regional locations, with the aim to increase this to 50 by 2020.

To help our employees and licensees provide premium service, we rolled out a new operating system to more than 8,300 counter terminals. This served to streamline customer transactions for more than 3,600 Post Offices, including LPOs.

In 2015/16, 28 franchised Post Offices transitioned to LPOs and we continued to actively support the LPO community by offering a range of payment increases including:

- An additional $51.4 million in payments over four years to support the LPO and Community Postal Agency (CPA) network, particularly in regional and remote Australia.
- New digital payments for LPOs, where the nominated licensee receives a payment for selected online transactions whenever a MyPost Deliveries customer selects an outlet as their "home" LPO.

We also rolled out a flexible point-of-sale system to 380 rural and remote LPOs to enable them to provide electronic services.

One of the problems faced by rural and remote businesses with low population density is the challenge in meeting minimum order requirements for retail merchandise. In 2015/16, we continued our LPO Buying Program that allows LPOs to buy merchandise from corporate Post Offices at discounted rates.

Improving the delivery experience

We completed the second phase of facility upgrades at the Melbourne and Sydney parcel facilities in 2015 – enabling these facilities to handle more than 1.3 million parcels per day and importantly, providing a safer workplace for our people.

Using our unrivalled network to deliver customer solutions

Collectively, Australia Post and StarTrack have one of the most robust and flexible logistics and delivery networks in Australia. This provides us with extensive opportunities to leverage our network and reach to provide businesses with scaleable, timely and customer-focused solutions.

Late last year we ran a local trial with Booktopia, an online book retailer in Sydney, to provide their customers with a same-day delivery service.

Customer orders placed online before 11am were picked at the Booktopia warehouse and collected daily by our StarTrack fleet. These were then transported to our delivery facility in St Leonards where posties completed the final step of delivering the item to the customers' door.

The trial demonstrated the power of our network and our ability to design tailored freight and delivery services to meet the specific needs of customers.

This year, we started trialling a number of initiatives that are aimed at improving first-time delivery rates. These pilots include delivering in the hours before and after work, as well as a trial of second-attempt delivery. We also trialled personal parcel boxes at residential homes in Port Melbourne during May. We're also working closely with a range of body corporates to encourage them to install communal parcel lockers in apartment complexes. We're already seeing some good results with these trials, with the first-time delivery rate increasing across the board. We'll continue to invest in trials that have the most significant impact on successful delivery.

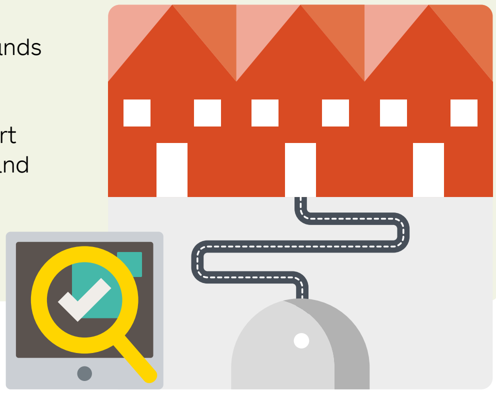
With our 24/7 parcel lockers now installed at around 250 locations, we delivered more than 1.4 million parcels to a collection point in 2015/16. As we strive to continue improving our delivery service for the customer, we introduced the popular "Safe Drop" option on MyPost, where customers can register their preference for us to leave a parcel in a safe place when they're not at home.

Making cyber safety a critical priority

During 2015/16, we held frequent and regular education and awareness campaigns to ensure that cyber security around our network remains top of mind for our people and our customers.

During the year we provided tips on virus protection, information security, privacy, data safety and guarding against cyber threats. As part of planning for the new year, in January 2016 we advised people to take stock of online accounts, connections, passwords and devices to reduce the potential for fraud and security weaknesses.

It is vital that confidential customer information does not end up in the wrong hands and we're committed to protecting customer security and helping people stay safe online. We provide small businesses with updates on email scams, detailed information about online security and fraud and offer a free identity theft support service, iDcare. Available on 1300 432 273, iDcare is a partner of Australia Post and provides support for a range of identity theft issues.



New in-store options – from pop-ups to point-of-sale

We strongly believe in testing ideas in our ready-made marketplaces and, in 2015/16, we conducted in-store trials across a broad spectrum of customer-centric concepts.

In the lead-up to Christmas, six stores across Victoria and New South Wales ran pop-up stores promoting five of our leading online retail partners. Post-trial surveys showed an increase in brand awareness in all the retailers involved, opening up more shopping options for customers and greater opportunities for our partners. As part of the Mother's Day online shopping campaign, we also trialled Bellabox pop-up shops in Melbourne and Brisbane.

To reduce queue times and optimise the customer experience, we tested a mobile point-of-sale process where a staff member used a handheld device to process simple transactions and payments as people waited. This was taken a step further at the Merimbula Post Office, which conducted a trial in partnership with the Department of Human Services (DHS), where customers were given access to a face-to-face information service and DHS self-help facilities.

Investing in advanced mail processing machines

A component of the reform of our letters service involved investing in advance automated processing technology. While letter volumes continue to decline, we still process around 3 billion letters a year. This investment was another key step to building a sustainable letters business.

Preparations for the installation of the first of the machines commenced at our four major mail processing facilities in Brisbane, Melbourne, Perth and Sydney. This included establishing local working groups at each site to help design and plan for local implementation.

In June we completed assembling the Flat Sorting machine and the Culler Facer Canceller Preparation machine in Sydney and Melbourne, respectively. These machines will come online in September and October following a rigorous testing period.

Machines at our Brisbane and Perth facilities will come online in 2017.

The new machines are designed to exacting safety and ergonomic specifications, are more efficient and can process significantly more letters per hour than our current machines.

To support our new mail processing machinery, in June we commenced introducing 800,000 new large letter trays to the network.

Following a rigorous tender process, Australia Post enlisted one of Melbourne's oldest family-owned manufacturers, Sneddon & Kingston Plastics (SKP), to design and make the recyclable plastic trays. Australia Post is proud to have supported a local small business.

"In an environment where companies are turning to foreign suppliers for goods, it's great to have the support from one of Australia's most trusted and recognised brands," says Blair Sinsheimer, General Manager, SKP.


6
Express Post

Building capacity in our delivery network

We're always on the lookout to do things differently to provide better services for our customers and provide a sustainable future for our business.

Our goal is to create a delivery network that's designed around the customer, so that our posties deliver on a vehicle that suits the terrain and can safely and securely carry a range of customer product, whether that's letters or bulkier packages.

This year we trialled a trike at a number of our delivery facilities. The trike has a larger carrying capacity than our motorbikes and electric bikes, and features a large lockable compartment to secure letters and parcels on the rear and a carrier on the front.

We're also looking abroad to see what other postal agencies, such as New Zealand Post, are using to give us ideas for what might be suitable for ustralia's large and diverse geography. We plan to trial a number of vehicles next financial year.

The modern postie

We currently have more than 7,000 posties who deliver mail all across Australia. As letter volumes continue to decline, we need to look for innovative ways to ensure the role of the postie is sustainable.

Over the past few years we've implemented a number of initiatives – for example, in 2013 we starting streaming small parcels (weighing under 2 kilograms) through the postie network for delivery to the customer.

This enabled our parcel delivery people to focus on the delivery of larger items. Earlier this year, in regional areas we added to the postie's panniers StarTrack Premium small parcels. Our posties now deliver a significant proportion of our total parcel volumes.

In some regional areas, we've transferred street posting box clearances to posties, who complete this work when returning from their delivery rounds and their pannier bags are empty.

We're continuing to explore other new opportunities to leverage our trusted brand and the community presence of our posties, who deliver to almost every address in Australia.

In May 2016, we completed a small trial, reading water meters at 5,500 residential and commercial addresses across a small number of suburbs in Sydney. The trial helped to measure the operational and commercial feasibility of offering this type of service on behalf of utility companies.

Stamps update

In September 2015, our Philatelic team launched a new collectables website providing a central resource and social platform for global collecting enthusiasts.

auspostcollectables.com.au

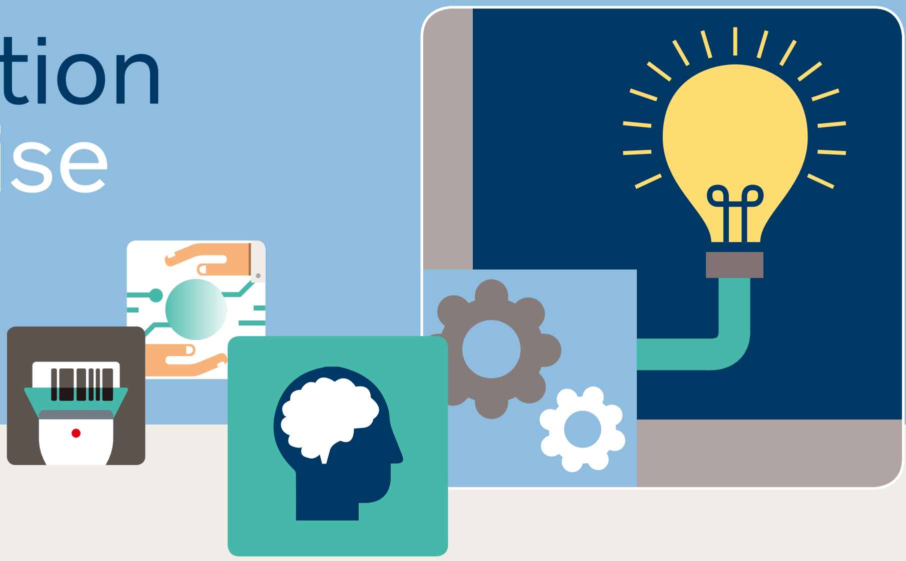
Our diverse 2015/16 stamp issue program included themes that continue to celebrate important cultural milestones and events. Included was A Century of Service: Animals in War, Centenary of WWI: 1916. Preparations were underway for the late 2016 release of the Rio Olympic Games Gold Medallists stamps and Seabirds of Norfolk Island, the first issue as postal authority for the external territory.

Our future outlook

With our post offices central to connecting communities across the nation, we will continue to redefine the role and service offering to meet the contemporary needs of all Australians.

Our aspiration is to help create new digital futures by connecting people, businesses, government and organisations to each other and the world.

Our innovation Our expertise



Innovation creates new value for our customers and communities, ensuring a sustainable enterprise for our people and shareholder.

While changing technology and a globalising world is providing many challenges to our letters business, it is also providing significant new opportunities to use the assets of Australia Post to solve the new and emerging problems of customers and communities around Australia.

The focus of our innovation efforts involve making eCommerce, egovernment and the broader digitisation of trusted services more accessible. Pursuing these opportunities will enable all Australians to start and grow businesses, participate in global marketplaces and access government services.

There are three major developments supporting innovation at Australia Post:

- supporting all our people in listening to customers and solving customer problems
- co-creating new products and services with leading customers in our solution centres in eCommerce and trusted services
- launching the Australia Post Accelerator which partners or invests in new businesses created internally or via our investment fund

Innovating with our people

The basis of innovation continues to be our people. Their passion for customers and communities has been the core of the development of Australia Post for over 200 years. Today we are equipping them with enhanced tools and data to understand the customer requirements and improve the customer experience. The roll-out of our customer feedback management system and NPS tools is providing new opportunities for all our people to listen and solve customer problems. Employee immersion events known as The Grapevine give people across our business the opportunity to engage in the future of Australia Post and their role in making changes that benefit customers and our business.

Hack Dayz, where employees come together to identify customer problems and work intensively on building or “hacking” a working prototype or solution, are now common events inside Australia Post. Recently an “intrapreneurship” program where employees initiate new business ideas to test and develop with customers has also been introduced.

Innovation arenas reflect new customer challenges and opportunities

The Australia Post Accelerator has four strategic areas of focus:

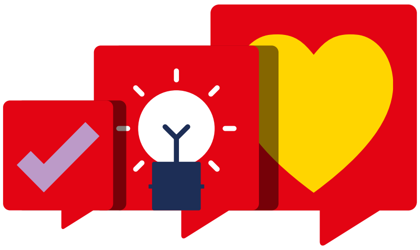
The home of the future – reimagining home logistics and services as Smart home and Internet of things technology evolves

Logistics of the future – examining the ongoing change and disruption to logistics in an eCommerce world

Trusted services of the future – solving the digitisation challenge of identity and service when trust is paramount

eCommerce and eService acceleration – enabling everyone, everywhere, everyday to have access to and capture the opportunity from eCommerce and eGovernment

Based on solving key customer challenges, these arenas guide investment and acceleration support provided to Australian start-ups by the Australia Post Accelerator.



Innovating with our customers

Our product, sales and marketing teams are aligned to customers and today work collaboratively to solve our customers' most important problems. Design thinking and agile delivery teams are now a core part of the capability of these teams. This year we worked with customers on many important future developments that included:

- same day delivery options for leading online retailers
- new delivery solutions for regional customers through drone trials
- new co-working workspaces called the Small Business Hive, designed to support the business service and space needs of entrepreneurs and start-ups in local communities
- continued development of eCommerce application programming interfaces (APIs) and self-scanning applications for small to medium businesses
- new digital "one stop" change of address applications for corporate and governments.

We are also investing to support a more innovative Australia. Our Go & Grow Online events continue to be popular, particularly in regional Australia. In a forum designed to foster conversation about online opportunities, we bring in experts to discuss topics such as search engine optimisation and best practice eCommerce, so entrepreneurs can start online businesses, and established small businesses can grow and export. In 2015/16, we held 38 Go & Grow Online sessions with expert presenters, most of which were hosted by local members of parliament.

Other events involved our eCommerce partners Google, Facebook and LinkedIn, to help business gain insights from industry leaders about online trends and growth opportunities.

In 2015/16, we created an integrated campaign to promote the opportunity all Australians have in eCommerce. We Love Delivering was used to demonstrate the idea that now every Australian, everywhere, can start a business and their first customer can be anywhere in the world.

StarTrack business breakfasts building innovation

Our popular StarTrack Business Breakfast series continued during the year, with two well-attended expert panel discussions at the Grand Hyatt in Melbourne and Sydney's Ivy Sunroom. A combined total of more than 180 online retailers from various stages of the business lifecycle took part, including eCommerce partners Temando, PayPal and Shippit.

Guest panels, comprising leading Australian businesswomen in the eCommerce sector, helped our business customers innovate and improve their online customer experience. Panellists shared insights on what it takes to succeed in an increasingly competitive and rapidly evolving digital world, drawing on their own experiences using social media, delivering seamless customer experiences and creating brand loyalty to drive customer growth and retention.

Working with WA Police

In 2015/16, together with Western Australia (WA) Police, we won a government innovation award for our digital identity solution for National Police Certificates. Many government agencies are digitising their services and our unique position is the ability to provide an omni-channel service offering, where customers can elect to use the Post Office or an online option, to help the agency improve its customer service.

Our partnership with the WA Police involved digitising their National Police Check process. Performing in-person Police Checks is something we have done at our Post Offices since 2007. During 2015/16, we created a streamlined digital process that links to CrimTrak and includes:

- online forms
- electronic identity verification
- QR codes
- online payment processing
- secure online delivery and storage in MyPost Digital Mailbox.

A process that previously took a number of days can now be completed in one hour. As a provider of eGovernment services, we are using innovation, our network and our trusted eCommerce solutions to provide innovative and relevant options for customers.

In 2016, we also launched on Alibaba's business-to-business marketplace, called 1688.com. There are now five Margaret River (Western Australia) wineries on our 1688 storefront and recent orders included a shipping container of wine to China. Demand for quality Australian products in unlocking a world of opportunity for local businesses wanting to grow into China.

Further opportunities are available through our agreement with JD.com, China's second largest online retailer. This includes a flagship online store showcasing Australian products, which exposes Australian businesses to more than 500 million customers on the JD Worldwide website.

Our strategy is to empower consumers, business and government to connect, create and thrive in the digitised future. This means growing our role in government service delivery, creating products that connect our communities to everyday services, like bill payments, and expanding our capability in identity, payment and information management services. Our range of services keeps growing and all four major Australian banks now use Bank@Post.

We are also providing identity services on behalf of the Victorian Land Titles Office, working with the Northern Territory Department of Transport to digitise vehicle licensing and the Queensland Government to process fishing licenses. In South Australia we are investigating a return to work solution that involves scanning compensation claims at Post Offices. Through our Decipha business we also offer digitised donations for charity groups, to encourage greater contribution through convenient channels.

From the seemingly simple notion of enabling customers to search and lease Post Office boxes via the internet using PO Box Online, to the digital native-style Snap It App launched in July that allows employees to log customer queries, safety and damage issues immediately, we have made customers the focus of our eCommerce discoveries and services.

Australia Post Accelerator

In late 2015, we announced the launch of the Australia Post Accelerator that would invest in new business creation and external start-ups. The Australia Post Accelerator is now engaging with the Australian startup ecosystem, creating opportunities for entrepreneurs to work with us and solve a new set of challenges and capitalise on emerging opportunities that the eCommerce and eGovernment world is creating.

The accelerator offers support by providing eCommerce tools for entrepreneurs and broad sponsorship for entrepreneur programs, with a special focus on rural and regional outreach and female entrepreneurship. It also invests in outstanding Australian entrepreneurs through the $20 million Australia Post Investment Fund.

Operating separately from our core business activities, the accelerator leverages Australia Post's assets and networks, enabling it to operate with the agility of a start-up while still providing emerging small business and entrepreneurial partners with the advantages of corporate backing.

Partnerships driving innovation

Many of our partnerships involve integrating online tools and software to help our business customers sell, track and send their online orders in a more streamlined, secure and simple way. For example, our customers use online platforms like Temando and NetSuite to a ccess a range of business services to manage orders, print labels and so on. By integrating with an eCommerce platform that partners with Australia Post, businesses of all sizes can access our shipping and tracking services.

Similarly, by leveraging our partnerships with international online marketplaces, Tmall Global, eBay, Amazon, Good Spender and Farmhouse Direct, we enable businesses to find and connect with new customers and create revenue.

Sponsorships of Melbourne Accelerator Program – supporting entrepreneurs

Last October Australia Post announced a three-year sponsorship of the University of Melbourne's Melbourne Accelerator Program (MAP). This sponsorship reflected Australia Post's ongoing commitment to support young entrepreneurs in Australia. It also aligned more broadly with Australia Post's community outreach programs supporting small business in rural and regional communities like the 2016 Go Online and Grow Online event series.

This year the MAP sponsorship provided two additional places for aspiring eCommerce start-ups within the MAP16 Start-up Accelerator intake. It also awarded a new Wade Institute Master of Entrepreneurship scholarship to Sarah Agboola, a young entrepreneur from regional Wagga Wagga, and drove support for a range of new community outreach activities including the development of a new one-day Start-up Intensive workshop for rural and regional entrepreneurs.

Some of the Australia Post Accelerator team and Australia Post's first internal start-up teams are co-located at MAP's working space in Carlton, Victoria.

Andrew Walduck, EGM Trusted eCommerce Solutions, with guests at MAP launch.

Helping Tall Poppies to keep growing

To assist female entrepreneurs, we launched Tall Poppies, to support women with confidence building and networks, which are two significant obstacles for women building businesses. This community outreach program provides an online conversation platform where women can connect and share ideas with other female entrepreneurs.

An example of the power of this initiative was the group of local women who made newspaper headlines for putting Wagga Wagga on the map as a "hub of innovation". Though country cities are not generally associated with habouring business pioneers, two of Wagga's female entrepreneurs proved big ideas can be born from small cities. Founder of coffee-ordering app 365 cups, Simone Eyles and start-up business owner and Wade Institute's first Australia Post scholarship winner Sarah Agboola, were featured in national media after attending our Tall Poppies Summit.

Tall Poppies events are aimed to encourage and inspire female entrepreneurs to start and grow their own businesses. The Melbourne Summit in April 2016 saw more than 80 female entrepreneurs and business leaders take part in panel conversations and discussions aimed at women in business.


Simone Eyles, Belinda Allitt, Sarah Agboola.

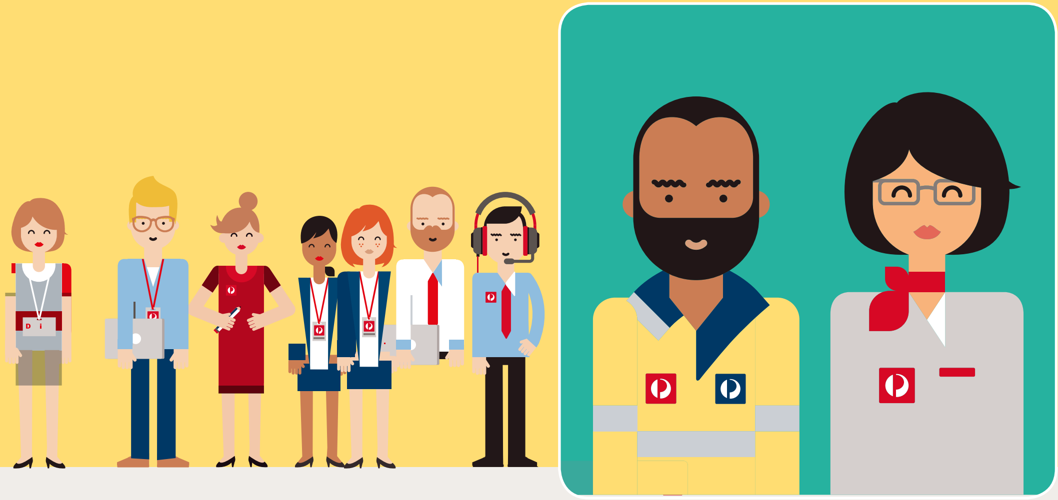
Our future outlook

We are working with our customer partners to create innovative solutions including our international alliances and joint ventures, new partnerships, omni-channel services and capabilities.

We are investing in the future by evolving our products, services and capabilities to create new opportunities for growth, participation and inclusion in a digital economy.

We will work with corporates and governments to support their digitisation strategies and use our extensive reach to ensure all Australians continue to have access to essential services.

Our people



There is no question that it's our people who make Australia Post what it is. When we have happy employees, it translates directly to a better experience for our customers and the community. We create value by working with more than 50,000 people nationally, empowering a skilled, diverse and engaged workforce.

It is clear that employee satisfaction and engagement must remain a key priority for our business. So, in our desire to help everyone be part of tomorrow, we always strive to create a safe, secure and inclusive workplace.

During the year we introduced a number of programs for our employees, including:

- new Shared Values (see 2016 performance highlights) which are promoted throughout the year; and living them is part of our performance gateway
- a new online jobs, careers and development portal called Post People 1st
- our first gender action plan to publicly address the gender diversity issues
- a new Domestic Violence Leave policy
- programs to support our people as we implement the operational changes that flow from the reform of our letters service.

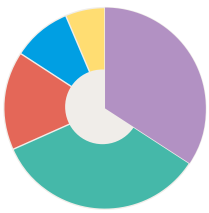
Our people represent

140 different nationalities

and speak more than 64 different languages

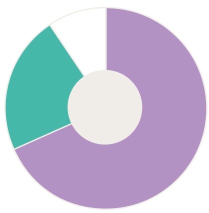
Total workforce

By region



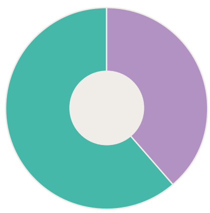
- NSW/ACT 34.4%
- Vic/Tas 34.1%
- Qld 15.9%
- WA 9.4%
- SA/NT 6.2%

By type



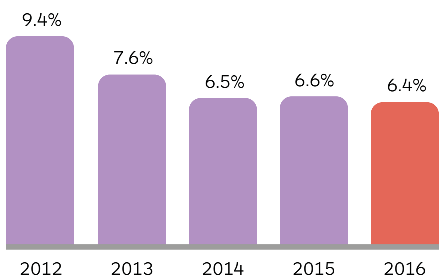
- Full-time 74.4%
- Part-time 24.2%
- Casual 1.4%

By gender



- Female 38.7%
- Male 61.3%

Turnover rate (%)



Data based on average headcount for permanent, full-time and part-time employees only (Excludes StarTrack, redundancies and fixed term contracts.)

Safety – a core value

Safety, as the first consideration in every decision we make, is core to a successful workplace. We reward safety initiatives and run a range of programs to raise awareness about people's role in influencing the safety culture and reducing exposure and risks. In acknowledging the imperative for a leader-driven safety culture, safety is a key performance indicator on the Executive Scorecard.

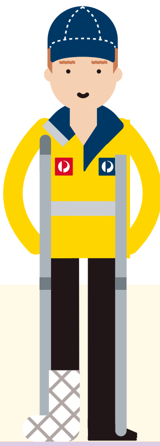
In 2015/16, programs ranged from enterprise-wide programs such as annual Safety Time, Safety Leadership and Health and Wellbeing, to grassroots initiatives such as videos explaining hazards on postie routes and facility safety teams to drive positive safety outcomes at a local level.

The enterprise-wide focus on safety shows that everyone has a role to play in safety leadership and it starts with a mindful approach to safety. We need to be fully conscious about the way we work and look for ways to manage exposures and prevent incidents from occurring.

In 2015/16, we equalled our all-time record low LTIFR of 6.6.

The incidence of lost-time injuries in our workplaces is 43 per cent less than four years ago. This is a considerable achievement and testament to the success of a wide-ranging and long-term focus on the safety culture within our business. While our results once again show an encouraging trend, they still require significant improvement and indicate that we are only part-way through our vision of creating a truly safe working environment for our people.

In 2015/16, we continued to invest in Safety Leadership programs across the business, with over 1,000 leaders trained in Safety Leadership over the past 12 months. We also had 118 of our most senior leaders across the enterprise (including StarTrack) involved in safety investigations to gain a deeper, practical insight into risk management and safety processes.



Regrettably, there were two public fatalities connected with Australia Post this year. A customer suffered a medical emergency while in a Post Office and an elderly pedestrian was injured in a vehicle collision and subsequently passed away. Community safety remains a key priority for us, as demonstrated through our ongoing public safety campaigns.

Safety performance

	2015	2016
Lost time injury frequency rate (LTIFR) where next shift could not be worked due to injury/occupational disease (i.e lost time, per million hours worked)	7	6.6
Injury rate (IR) Incidents involving an injury per 200,000 hours worked	3	2.9
Occupational disease rate (ODR) Incidents involving occupational disease per 200,000 hours worked	1.3	0.8
Fatalities (number)	1	0
Fatality rate (per million km)	0.0047	0
All occupational injury frequency rate (AOIFR) Incidents involving an injury* or disease* per million hours worked	21.5	18.5

Work-related injury or fatality claims that have been lodged and accepted. Licensees and contractors are not included.
*Injury or disease based on approved claims.

Safe Rider program a positive experience

Following a successful trial at our Nepean Delivery Facility in New South Wales, a number of staff weighing over 100kg were assisted to get back into the safe rider weight zone and, ultimately, a healthy weight range.

Phil Howarth was one of many great examples of using willpower and determination to make positive changes. Phil worked hard to build healthier habits and improve his wellbeing, having started the Safe Rider program weighing over the 100kg threshold. After making some simple changes to his diet and lifestyle, Phil managed to lose more than 20kg and felt more energetic and confident as a result. Phil knew his biggest weakness was sugar, so he faced his habit straight on – going from 400g of chocolate and up to 3L of soft drink every day, to cutting it out altogether. That alone made a big difference, although Phil said it wasn't easy. He volunteered to come off the motorbike and onto a walk round to get more exercise at work. Getting a new dog was another factor, encouraging Phil to walk more after work.

Motivated by wanting to be around for his young family, Phil looks back now and wonders why he didn't do it five years ago. While it wasn't easy to make the changes, Phil said it was actually simpler than he thought it would be. "It's a choice you have to make every day to be healthier, and I have seen the results. I have so much more energy, I wake up feeling fresh and go to bed proud of the choices I have made.

Since losing the weight, I actually feel freer and less constricted, which has made it a lot more comfortable riding my motorbike. I have come to understand why there would be weight limits – I feel the difference!"

Engaging our workforce

Our annual Say2Action survey measures employee sentiment across a number of aspects of our business and there was a high response rate in 2015/16, with 78 per cent of total staff completing the survey.

Our overall company-wide net engagement score was 57 per cent, up by 1 per cent from the most recent full survey we conducted in 2014, but down 3 per cent from last year's pulse-check survey.

The feedback from the survey indicated that employees are happy with the focus on safety, supporting workplace change, living our Shared Values, and communicating our strategy. The survey results also indicated we could improve our customer focus, supporting career opportunities and making sure our senior leaders are more widely available. The feedback also indicated that a continued focus on supporting our community is important to our people.

Engaging our people is important and our new Applaud awards recognise employees living the shared values.

A seamless connection through OurPost.com.au

Many of our employees are out in the community, so they don't have a work computer. But regardless, our people tell us that they want to be able to access need-to-know information, updates and services – in real time.

So, this year we launched OurPost, a dedicated website for everyone who works for and supports the Australia Post Group. It gives them easy access to work-related services and keeps them up to date with the latest business news.

Keeping our posties safe

While we have a range of internal training education and management programs to help manage exposures, there are some issues that require the community's help. The Bubble Wrap Postie campaign was launched in October 2015 to raise community awareness about the danger of reversing cars. The campaign reached 1.5 million people on social media and called for the public to reverse with care and to toot their horns to warn anyone on the footpath.

More information on our public safety campaigns can be found at *auspost.com/safety.*

Embracing diversity and inclusion

The transformation of Australia Post into an innovative, customer-centric, leading eCommerce business is about building talent and creating a strong culture that represents our community and customers. A diverse workforce is not only the right thing to do from a corporate citizenship perspective, we also believe it translates to better business performance.

Our diversity and inclusion program (detailed in our separate Diversity and Inclusion Report, available online at *auspost.com.au*), celebrated many successes in 2015/16. The activities included a range of lesbian, gay, bisexual, transgender and intersex (LGBTI) initiatives including participation in MidSumma and our PostPride membership group, ongoing implementation of our Accessibility Action Plan and Reconciliation Action Plan and a strong presence during Reconciliation Week.

Our diversity profile

	2013	2014	2015	2016
Aboriginal & Torres Strait Islander people	1.6%	1.5%	1.9%	2.1%
Women	39.1%	38.9%	38.7%	38.7%
Culturally & Linguistically Diverse	23.1%	23.0%	25.5%	25.3%
People with Disability	7.1%	7.1%	6.3%	6.0%
Lesbian, Gay, Bisexual, Transgender and Intersex people	not recorded	not recorded	0.9%	0.9%
Female Executives (Band 4 and above)		34.1%	33.3%	35.4%

Australia Post only

National Reconciliation Week

Each year, National Reconciliation Week invites us to recognise two important dates in Australia's Reconciliation journey: the 1967 referendum and High Court of Australia's landmark Mabo decision.

It's a time to reflect on our national identity, the progress we have made and to celebrate acts of reconciliation between Indigenous and non-Indigenous people.

We hosted a number of special activities across the country including events at major sites in all capital cities during National Reconciliation Week 2016. As a mark of respect to the Indigenous communities we serve, we unveiled 31 newly branded trucks and vehicles across Australia. The design on these vehicles represents the connection Australia Post has with Aboriginal and Torres Strait Islander communities.

Our Managing Director & Group CEO, is a Male Champion of Change and leads a determined effort to provide equal employment opportunities. We launched our Gender Action Plan in October 2015, which provides a roadmap of initiatives to fast-track the development of the many talented women in our business.

During the past five years, almost 2,000 women have participated in one of our tailored development programs, such as ProjectMe (formerly MyMentor), designed to harness the talent of our award-level females, the TenProgram, Xplore and Horizon, to build a pipeline of future female leaders. These programs aim to lift the proportion of women in every area of managerial responsibility across our business.

The Recruit Smarter program is a new Victorian Government program aimed at improving fairness in the hiring process for all job seekers. We are participating in this program, which aims to eliminate unconscious bias during the recruitment process and help to remove barriers to achieving greater gender equity, progressing the agenda for women at senior levels.

ProjectMe

Since 2010, Australia Post has made significant progress in the percentage of women in leadership roles, mainly due to senior-level sponsorship and support and investment in a range of female talent development programs. In 2015, we partnered with Inkling Women to develop ProjectMe, which is positioned at award-level female employees. It aims to empower female participants to take responsibility for their career and life development by building their skills, confidence and resilience.

ProjectMe aims to leave participants inspired, energised and connected so they are ready to take charge of their career and life outside of work.

Closing the gender pay gap in our workplace

There has been significant media coverage highlighting the gender pay gap in Australia. Following our research of this issue across the Australia Post Group, it was pleasing to note that our gender pay gap is 1.4 per cent.

Achieving Gender Equality in the workplace is something our Managing Director & Group CEO is passionate about, particularly in his role as a Male Champion of Change. Our vision is for a gender pay gap of zero and the current result highlights the significant progress we have been making towards gender equality in our business.

Gender Pay Gap is the difference between women's and men's average full time equivalent annualised base salary (before tax, excluding overtime, irregular bonuses, salary sacrifice) for all active employees excluding casuals (part time, full time, trainees, including managerial employees and CEO) expressed as a percentage of men's annualised base salary.

Celebrating the launch of the Gender Action Plan (L-R): Lauren Jauncey (Head of Diversity & Inclusion), Prue Lester, Kate Palmer (CEO Netball Australia), Sarah Hamilton (CEO Bellabox), Christine Corbett (Chief Customer Officer) and Kate Jenkins (Federal Sex Discrimination Commissioner).

Supporting and developing our people

Post People 1st is in its third year, delivering a range of employment and development opportunities for our workforce. In prioritising and supporting the future of our people through retraining or redeployment, the Post People 1st program puts our existing employees first for jobs at Australia Post, first for skill development and first for a career.

We made a commitment that there would be no forced redundancy of any employees directly impacted by letters reform who are actively seeking jobs in other parts of the business. The majority of Australia Post employees are covered by collective agreements, except for those employed on individual contracts or individual statutory agreements. We engage in regular discussion with unions, employees and government to ensure job reductions in our postal business are managed with compassion and care. Supporting our employees through workplace changes associated with the reform of our letters service is critical to our business as it directly affects morale and culture, which in turn impacts the customer experience.

A new Post People 1st careers portal was launched in September 2015, to improve the employee job application experience and the accessibility and visibility of all internal job opportunities for our people. This careers portal also provides career coaching support and access to continued learning, with these services being actively promoted throughout the year.


Members of our retail team modelling new uniforms.

Health and wellbeing

We conducted a wide variety of health and wellbeing programs during the year, to address the needs of our diverse workforce.

We announced new initiatives ranging from a new Domestic Violence Leave policy, which supports people through additional paid leave during times of personal hardship, to our partnership with BUPA, where we offer personalised health reports.

Mental health was a key focus area for a number of programs including specific mental health training for human resources and operations managers, as well as involvement in the Black Dog Ride and the City2City fun run. We also supported employees who elected to move to different shifts at our mail processing facilities, with a “Staying Healthy Night to Day Shift” seminar. The seminar explained some of the changes people can expect when they change shifts, including practical tips for adjusting sleep patterns and making lifestyle changes.

We’re continuing to adapt our mail operations to align with changing customer behaviour and declining mail volumes.

Following the introduction of the two-speed consumer service in January, we’ve been closely monitoring Priority and Regular volumes. We’ve seen a shift in product migration for total addressed letter product, with Regular mail accounting for more than 80 per cent of letter volumes.

This means we have more mail available to be processed during the day, and we need to adjust our staffing levels in response.

This year more than 850 mail processing employees have voluntarily moved from night shift to day shift. We recognise that this change can be difficult for our people. We’re continuing to support employees with a range of programs and seminars, such as Create Your Future, Finance, Superannuation, and Staying Healthy Night to Day, which provides employees adjusting to working a day shift with practical tips about lifestyle adjustments.

Our partner workforce

We extend our influence, where we can, beyond our employees to our partner workforce including delivery contractors and licensees.

Nearly 50 per cent of our customer-facing workforce are our partners, as a result, they play a significant role in delivering our customer centricity strategy and are often the face of the Australia Post brand. Our partner workforce plays an important role in helping us to meet our community service obligations, particularly in rural and regional Australia.

Our delivery contractors are a vital part of our network directly responsible for millions of customer interactions each week. They give us flexibility to deliver the significant increases in parcel volumes during the peak periods such as pre-Christmas.

We expect our partner workforce and suppliers to operate to recognised standards and appropriate codes of practice. They are also bound by our Supplier Code of Conduct (see Sustainability Supplement for details).

In 2015/16, we welcomed the release of a report into management of compliance matters related to parcel delivery contract arrangements. The review, chaired independently by former Victorian Police Commissioner Ken Lay with support from law firm Allens Linklaters, made recommendations to strengthen Australia Post's contractor engagement processes.

We are committed to providing a fair and safe work environment to all those providing services on our behalf and have also seen the opportunity to deliver activities in a way that can drive focus on customer experience. Following the review, we have started a range of initiatives focused on:

- customer experience
- safety
- communications and engagement
- governance and compliance.

Customer experience – discussing delivery in Derrimut

The Derrimut Parcel Delivery Centre in Victoria experimented with a new way of working with customer feedback in 2016 that proved so successful it was rolled out to many of our facilities in other states.

In reviewing the daily comments from customers, the team used the information to recognise delivery van drivers during the daily "thank you" sessions as well as the monthly recognition awards. The customer comments were also discussed during team meetings on a weekly basis.

This meant the contract drivers could see how parcel receivers view their customer service. The vast majority of the comments are positive, but where issues are raised, it allows the team to develop solutions directly and immediately.

As a result of the pilot, driver advocacy and job satisfaction increased 39 per cent at Derrimut from August to November 2015 and there has been a sustained increase in customer NPS.

The pilot has now been extended to 13 Delivery Centres.

Our suppliers

We also recognise the importance of our suppliers and consider the social, ethical and environmental dimensions of our supply chain.

For example, we actively seek to engage Indigenous businesses and social enterprises in our supply chain and work with Supply Nation, the leading directory of Indigenous businesses, and our national community partner, Social Trader.

All of our suppliers are bound by our Supplier Code of Conduct, which requires a demonstrated commitment to human rights and fair employment practices in accordance with existing international standards, such as the United Nations Universal Declaration of Human Rights, the International Labour organisation Declaration on Fundamental Rights and the United Nations Convention on the Rights of the Child.

The Supplier Code of Conduct outlines further ethical, social and environmental standards of conduct expected in the following categories:

- Corporate Governance & Ethical Business Practices
- Management Practices Which Respect the Rights of Employees and Local Community
- Impact on Environment
- Risk Management

Through our Supplier Code of Conduct, our suppliers are required to meet our environmental obligations and, where practicable, our preference is to procure products and services that:

- source materials from sustainable or renewable sources
- have the appropriate certification
- source material made from recycled content
- are able to be reused or recycled at the end of their life
- are appropriately labelled
- help minimise our energy and fuel use and carbon emissions
- help minimise our water use or disposed waste.

Our future outlook

In response to technology and the shifting demands of our customers and community, our business has experienced significant disruption over the past five years and will continue to evolve from a traditional letters business to competing in global parcels and trusted eCommerce solutions.

Our people – our employees and our partner workforce – are key to keeping up with changing demands and continuing to delight our customers. We are committed to providing our people with the skills, information and experience necessary to deliver for our customers and communities now and in the future.

Our environment

Our commitment to responsible environmental practices is as much about our iconic status as a leading Australian organisation, as it is about the direct impacts our business has on the environment. We understand that we need to manage our impacts on the environment but doing so helps reduce our costs, manage risks and improve customer value. We view the issue of environmental responsibility as intrinsic to being part of tomorrow.

To support our focus on this area, we introduced the new enterprise-wide Corporate Responsibility Strategy in May 2016. Our opportunity to create value lies both in our ability to reduce the environmental footprint of our operations and to use our network assets to create a more circular economy.

Australia Post is committed to managing our environmental impact in a way that reduces our carbon emissions and our impact on climate change. In this context, we prioritise our response to climate change and work hard to ensure that our performance is based on reality.

We're committed to understanding the impacts our business operations have on the environment and finding ways to improve. This means minimising costs, better managing our resources and identifying avenues to create value for our customers, our workforce and for the environment.

Environmental considerations are embedded throughout our regular business activities, with sustainability requirements integrated into our business cases, as well as being a key criteria in our procurement procedures.

National Packaging Covenant and our role in recycling

As an active and committed member of the National Packaging Covenant since 2005, we focus our efforts on the design, composition and recycling of our packaging. We continue to work with our suppliers to look for ways to enhance the reuse and recyclability of our packaging, as well as increase the recycled content of our packaging materials.

We introduced a new recycling program in 2016, encouraging our customers to recycle their plastic mailing satchels. The Australia Post Mailing Satchel Brigade is a new national program with our partner TerraCycle. Customers across Australia can also now post their used plastic mailing satchels for free to TerraCycle, to have them turned into materials that help build recycled products and industrial items. Through our partnership with TerraCycle, we are now closing the waste loop on our own mailing satchels.

We are proud of our long-term retail recycling partnership with Planet Ark's printer cartridge recycling program Cartridges 4 Planet Ark. MobileMuster is another long-term partner, where customers can recycle all brands and types of mobile phones, as well as batteries, chargers and accessories. Since 2008, through our network of Post Offices, more than 245,000 MobileMuster satchels have been returned by our customers. This amounts to 62.6 tonnes of mobile phone handsets, batteries and chargers diverted from landfill.

Our climate change position

We acknowledge that climate change is one of the biggest threats facing the world's future, with global emissions of carbon dioxide (CO_2) having increased by almost 50 per cent since 1990. The impacts of climate change will be felt by people all over the world, with some of the poorest nations being impacted the most.

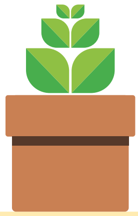
Action is needed by business, governments and civil society to combat these impacts and move towards a more sustainable future. As part of our commitment to managing our environmental impact, Australia Post is a member of the UN Global Compact (UNGC) – the world's largest corporate sustainability initiative. The 10 principles of the UNGC provide both a practical framework for action and a platform for demonstrating corporate commitment and leadership.

In a worldwide call for action, in 2015 the United Nations launched its Sustainable Development Goals (SDGs) – negotiated in part by our shareholder, the Australian Government. The SDGs provide a new roadmap for achieving global sustainability and development to 2030, seeking to mobilise global efforts around a common set of goals and targets. One of the SDGs is to address climate change.

The Australian Government is signatory to the Paris Agreement, negotiated at the 2015 United Nations Climate Change Conference, which saw an agreement reached to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and endeavour to limit them to 1.5°C.

Our achievements include:

- reducing emissions by 17 per cent compared to 2000 levels, keeping us on track to meet our target of 25 per cent by 2020
- in the last financial year we have achieved a 3 per cent reduction for our combined scope 1&2 emissions
- introducing new motorbikes, vans and sedans that have enhanced fuel efficiency, including 100 hybrid vehicles and motorbikes that are 60 per cent more fuel efficient
- launching the use of Australia's first 100 per cent electric commercial van
- having completed the installation of 23 commercial solar installations – 619 KW and projected carbon savings per annum of 835 tonnes
- implementing energy-efficiency upgrades at eight sites to achieve energy and carbon savings of greater than 40 per cent.



Large Business Sustainability Leadership Award

In November 2015, we were delighted to receive the highly prestigious Banksia Environmental Foundation's Large Business Sustainability Leadership Award in recognition of our efforts to integrate comprehensive and high-impact environmental initiatives across our business. Our success was a result of our comprehensive and impactful programs across our business.

Our carbon reduction target

To demonstrate our environmental commitment we have an Environmental Sustainability Strategy, which mandates a target to reduce our carbon emissions by 25 per cent by 2020 from a baseline year in 2000. To achieve this target we will:

- continue to drive energy-efficiency opportunities
- look to expand our existing solar power program and explore energy storage
- review future fleet decisions to ensure compatibility with lower carbon fuel options
- model the carbon and energy costs of our business cases to incentivise lower carbon decisions
- investigate alternative electricity-purchasing models including aggregated renewable energy purchasing.

Our approach is underpinned by a robust environmental management system. This is aligned with the ISO 14001 environmental standard that actively monitors and manages environmental impacts.

Scope	2016	2015
Scope 1	119,345	115,620
Scope 2	169,447	181,920
Scope 3	592,888	642,795
Total Emissions	**881,680**	**940,334**

Australia Post has seen a 6 per cent reduction in total emissions primarily associated with a reduction in electricity, road and air transport as product is moved onto the rail network wherever possible.

Waste management and the circular economy

With our unparalleled network of touch points into Australian businesses and communities, we are perfectly positioned to make it easier for Australians to collect and return items that would otherwise go to landfill. As such we set ourselves a target to responsibly divert 100,000 tonnes of material from landfill, by 2020.

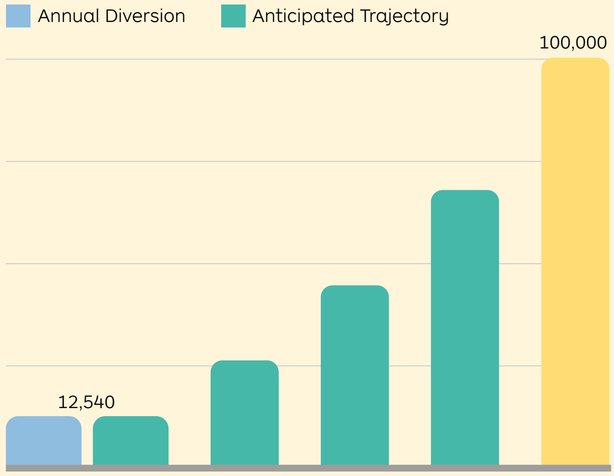
We continue to transform operational circularity solutions, such as the recycling of truck curtains and tyres into customer circularity solutions, responding to market trends but also through leveraging our own capabilities. In 2015/16, we joined forces with TerraCycle to recycle products from some big brands including Colgate, Garnier, Maybelline, L'Oreal, Nespresso, L'Occitane and Nature's Own. With initiatives where people can redirect recyclable waste through the postal and parcels network, we are directing products including toothbrushes, cosmetic items and coffee pods for repurposing. These waste products are melted down and the recycled plastic made into plastic lumber, shipping pallets and railway sleepers.

We also continue our long-term partnerships with Planet Ark and MobileMuster, enabling the return of 179,326 printer cartridges and 103,962 mobile phones and accessories.

Reused and Recycled – 2015/2016

Total Recycled Tonnes

Reuse and Recycling Target



In 2016, Australia Post recycled and reused 12,531 tonnes during the first year of our target from a combination of customer and operational programs.

Australia Post has set a target for 2017 to increase the level of recycling by an additional 1500 tonnes, focusing on textiles and internal reuse programs.

The chart shows the levels of recycling and reuse required to meet our 2020 performance target.

Focusing on our areas of greatest impact

Transport

Transport is a focus area for environmental improvement and we continue to look for ways to become more efficient and adopt alternative fuels across our transport fleet. We are starting to see great results through a number of new initiatives including our purchase of fuel-efficient vehicles, using an extendable conveyor to "loose load" parcels directly into transport containers on selected routes, improving container storage capacity.

We are also partnering with Renault Australia, to assess Australia's first fully electrically powered commercial van – the Renault Kangoo Maxi ZE. We expect to halve energy costs, along with the 100 per cent reduction in carbon emissions.

Buildings and facilities

Energy use in our buildings and facilities accounts for around two-thirds of our carbon emissions. Our employees and contractors are always looking for innovative ways to improve energy efficiency across our network of Post Offices, mail facilities and administrative offices. We conduct a dedicated energy-efficiency audit program and use a research and development fund to trial and evaluate ideas.

As well as identifying and implementing more efficient lighting systems as part of our repair and replacement program, we monitor, measure and influence the impact of our IT infrastructure, including data centres. One of the most effective ways we manage our energy efficiency is by integrating sustainable design principles into our Building Design Standards, to guide our property development and construction activities.

Collaborating to purchase renewable energy

Australia Post is part of a group of organisations looking to drive investment in renewable energy through the Melbourne renewable energy project, using a group purchasing model to buy at large scale. Led by the City of Melbourne, the project includes Australia Post, NAB, the University of Melbourne, RMIT, NEXTDC, Zoos Victoria, the City of Port Phillip, Moreland City Council, the City of Yarra, Citywide, Melbourne Convention and Exhibition Centre and Bank Australia.

Having identified how much renewable energy we are all willing to purchase, we are challenging the market to supply at a cost-effective price.

If the market responds effectively, we will see a new renewable energy plant constructed within the next two years to supply the group's energy demands. The group is aiming to purchase more than 110 gigawatt hours of energy, which is enough to power more than 28,000 Melbourne households for a year.

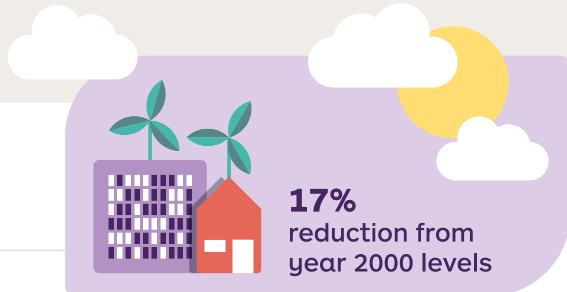
Participation in this innovative energy procurement project is just one of the many ways we are looking to reach our emissions reduction target.

Supporting small businesses

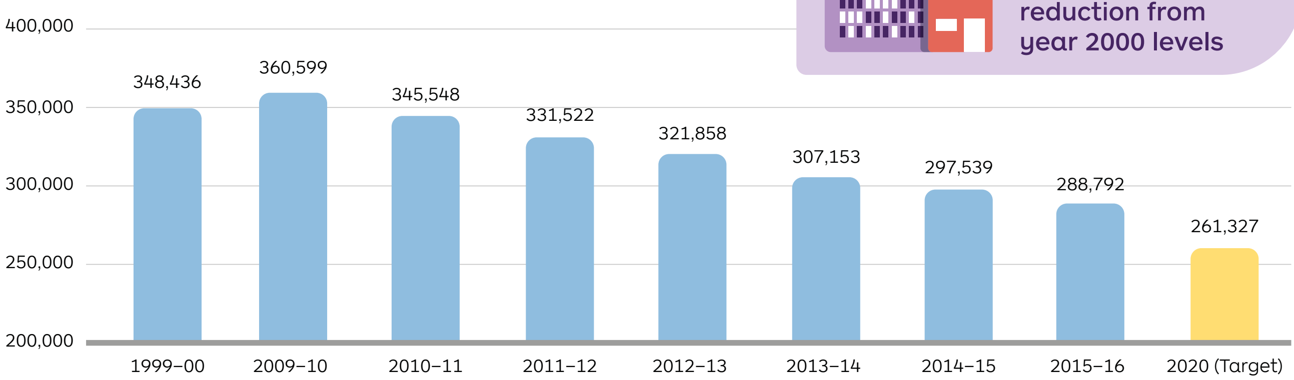
Our partnership with the Banksia Sustainability Awards has continued for many years and we continued to sponsor the Small to Medium Business Sustainability Leadership Award category. This category rewards work done to develop and implement industry-leading environmental and sustainability measures.

In 2015, South Australian small business Kalleske Wines won this award for excellence in sustainability initiatives. Kalleske Wines uses ecologically and socially friendly farming methods, while its use of solar technologies makes it a leading net exporter of electricity in Australia.

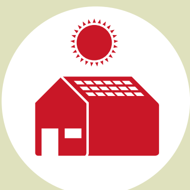
The Northgate (QLD) Green Team, led by Michelle Livaditis, is keen to recycle more.



Carbon reduction target (Scope 1 and 2 emissions)



Australia Post has achieved a seventeen per cent reduction compared to the 2000 baseline and is on track to achieving the 25% reduction target by 2020.



Our future outlook

We will continue to drive energy efficiency and carbon reduction improvements across our 1,100 properties.

We will make it easier for our customers to engage with the circular economy through our unmatched assets.

GRI and UNGC Index

Section	GRI Disclosure/ UNGC alignment	Page	Report section/Direct answer
Strategy and analysis	G4–1	6–7	Chairman's message; Managing Director & Group CEO's message
	G4–2	6–7, 11, 53–63	Chairman's message; Managing Director & Group CEO's message; Addressing our risks; Corporate Governance Statement
Organisational Profile	G4–3	1	Your Australia Post
	G4–4	1	Your Australia Post
	G4–5	1	Your Australia Post
	G4–6	1, 26	Your Australia Post; Our customer network
	G4–7	1	Your Australia Post
	G4–8	4	Our strategy and focus
	G4–9	10–11, 36	Our business performance; Our people
	G4–10	36	Our people
	G4–11/UNGC 1, 3	All permanent staff of Australia Post are covered by our Enterprise Bargaining Agreement except for those employed on individual contracts or individual statutory agreements.	
	G4–12	43	Our suppliers
	G4–13	1, 6–7	Your Australia Post; Chairman's message; Managing Director & Group CEO's message
	G4–14/UNGC 7	53–63	Corporate Governance Statement
	G4–15/UNGC 1–10 G4–16	2, 50, 128	About this report; UN Sustainable Development Goals; Commitment to external initiatives
Identified Material Aspects and Boundaries	G4–17	101	E1 Our subsidiaries
	G4–18	2, 49	About this report; Materiality Review
	G4–19	2	About this report
	G4–20 G4–21	The information in this report applies to the Australia Post Group within the reporting period, unless otherwise stated.	
	G4–22	2	About this report
	G4–23	2	About this report
	G4–23	No significant changes in 2015/16	
Stakeholder Engagement	G4–24	22–23	Our customers, Our communities
	G4–25	16–25	Our customers, Our communities
	G4–26	16–25	Our customers, Our communities
	G4–27	16–25	Our customers, Our communities
Report Profile	G4–28	2	About this report
	G4–29	The previous report was tabled in Parliament in October 2015.	
	G4–30	2	About this report
	G4–31	64	Any queries about this report, please contact *annual.report@auspost.com.au*
	G4–32	This report presents information about the Australia Post Group in accordance to the GRI G4 framework, using the 'Core' option.	
	G4–33	51	Assurance statement
Governance	G4–34/UNGC 1–10	56–57	Corporate Governance Statement
Ethics and Integrity	G4–57/UNGC 1–10	58	Corporate Governance Statement
Disclosure on Management Approach	DMA	2	About this report

G4 Specific standard disclosures				
Aspect	**GRI disclosure/ UNGC alignment**	**Page**	**Report section**	**Coverage**
Economic	G4–EC1	10–11	Our business performance	Full
	G4–EC4	1	Your Australia Post	Full
Environment	G4–EN3/UNGC 8	126	Financial and Statutory Reports: Environmental Performance Summary	Full
	G4–EN4	126	Financial and Statutory Reports: Environmental Performance Summary	Full
	G4–EN6/UNGC 7–9	45	Our climate change position	Partial
	G4–EN15/UNGC 8	45	Our carbon reduction target	Full
	G4–EN16/UNGC 8	45	Our carbon reduction target	Full
	G4–EN17/UNGC 8	45	Our carbon reduction target	Full
	G4–EN23/UNGC 8	46	Our environment	Full
	G4–EN27/UNGC 7–9	46	Our environment	Partial
	G4–EN28	46	Our environment	Partial
Social: Labour practices and decent work	G4–LA1/UNGC 6	36	Our people	Partial
	G4–LA6/UNGC 1, 2	37	Our people	Partial
	G4–LA10	42	Our people	Partial
	G4–LA12/UNGC 1, 6	55	Corporate Governance Statement	Partial
Social: Society	G4–SO1/UNGC 1–2	22–25	Our customers, Our communities	Full
Social: Product responsibility	G4–PR5	17	Our customers, Our communities	Partial

Corporate Governance statement and financial and statutory reports are available online at *auspost.com.au/annualreport2016*

Materiality review

In April and May 2016, we conducted a materiality review with internal and external stakeholders to learn from their views and perceptions of Australia Post's activities, performance and key issues to inform our annual report content and guide our strategic decisions.

The materiality review was conducted through one-on-one interviews with key external stakeholders and an online survey to a cross-section of internal stakeholders.

We identified a number of issues that are aligned to the IIRC Integrated Reporting framework's "Six Capitals".

- Financial Capital: Governance and finance
- Manufactured Capital: Our customer network
- Intellectual Capital: Our innovation and expertise
- Human Capital: Our people
- Social Capital: Our relations with stakeholders
- Natural Capital: Our environment

The review of the feedback from our stakeholders and the business across these issues help us identify our key impacts and explain how Australia Post creates value over time. The table below summarises the top 10 issues for Australia Post, external stakeholders and overall.

Australia Post	External stakeholders	Overall
Employee safety	Innovate/co-create	Customer experience
Customer data security	Customer experience	Community relations
Diversity and inclusion	Community relations	Innovate/co-create
Fair labour practices	Operating profitably	Operating profitably
Workforce engagement	Transparency and disclosure	Transparency and disclosure
Employer of choice	eCommerce expertise	eCommerce expertise
Community relations	Post Office network	Support for the vulnerable
New products, services and/or business models	Greenhouse gas emissions	Digital access
Workforce digital capability	Digital access	Greenhouse gas emissions
Viable parcel business	Support for the vulnerable	Fair treatment of suppliers

- Our customer network
- Business performance
- Our innovation
Our expertise
- Our customers
Our communities
- Our people
- Or environment
Our responsibilities

UN Sustainable Development Goals

Australia Post welcomed the United Nations General Assembly's 2015 adoption of the Sustainable Development Goals, recognising that they provide a common set of goals to put the world on a sustainable path to 2030 and address its massive economic, social and environmental challenges.

Australia Post is poised to play a domestic leadership role in advancing the SDGs, negotiated in part by our shareholder, the Australian Government. Achievement of the goals is in direct alignment with our enterprise purpose: *To deliver a better future for our people, customers and communities. Everyone, Everywhere, Everyday.*

As one of Australia's largest companies – in terms of employment and presence on roads and in communities nationwide – we're well placed to raise their profile locally. In the coming years, we will help advance the SDGs through the investments we make, the solutions we develop, and the business practices we adopt.

The 17 goals are interconnected but some of the SDGs more closely align with Australia Post's role and operations.

We have prioritised six SDGs in terms of the current and potential impact that our business operations have on them. We will reassess these priorities on an ongoing basis:

Goal 5 Gender Equality – Achieve gender equality and empower all women and girls.

Goal 8 Decent Work and Economic Growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9 Industry, Innovation and Infrastructure – Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

Goal 11 Sustainable Cities and Communities – Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 12 Responsible Consumption and Production – Ensure sustainable consumption and production patterns.

Goal 13 Climate Action – Take urgent action to combat climate change and its impacts.

Assurance statement

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Building a better working world

Inpendent Limited Assurance Statement in relation to Australia Post's 2016 Annual Report

Limited Assurance Conclusion:

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the Selected Sustainability Matters and related disclosures in the Annual Report for the year ended 30 June 2016, have not been calculated and presented fairly, in all material respects, in accordance with the Criteria.

To the Management and Directors of Australia Post

We have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ('Subject Matter'), and as presented in the Australia Post 2016 Annual Report ('the Report'), has not been reported and presented fairly, in all material respects, in accordance with the criteria ('Criteria') below.

Subject Matter

The Subject Matter for our limited assurance engagement is the Selected Sustainability Matter listed in the table below and related disclosures for the year ended 30 June 2016.

Capital alignment	Sustainability Matters	Performance disclosures	Annual Report page
Social	Customer experience	Net Promoter Score	17
	Community relations	Community investment	25
Human	Pay and benefits	Gender pay	41
	Fair labour practices	Lost time injury Frequency Rate and Fatality Rate (LTIFR)	37
	Workforce engagement	Employee engagement score	38
	Employer of choice	Turnover rate	36
Intellectual	Innovate / co-create	A selection of disclosures: - WA police checks - The Hive - Melbourne accelerator program	20, 34, 35
Natural	Greenhouse gas emissions	Scope 1, 2 and 3 Greenhouse gas emissions	45, 47

The subject matter did not include:

- Data sets, statements, information, systems or approaches other than the Selected Sustainability Matters and related disclosures
- Management's forward looking statements
- Any comparisons made against historical data.

Criteria

The following criteria have been applied:

- The Global Reporting Initiative (GRI) indicator protocols
- National Greenhouse and Energy Reporting (Measurement) Determination 2008, as amended
- Australia Post's reported criteria detailed in footnotes in the Annual Report.

Management's Responsibility

The management of Australia Post is responsible for the preparation and fair presentation of the Subject Matter in accordance with the Criteria, and is also responsible for the selection of methods used in the Criteria. No conclusion is expressed as to whether the selected methods are appropriate for the purpose described above. Further, Australia Post's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our assurance engagement conducted in accordance with the Australian Auditing and Assurance Standards Board Australian *Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and the terms of reference for this engagement as agreed with Australia Post.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgment including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Summary of Procedures Undertaken

Our procedures included, but were not limited to:

- Conducting interviews with key personnel to understand Australia Post's process for collecting, collating and reporting the Selected Sustainability Matters during the reporting period
- Checking that the Criteria has been correctly applied in the calculation and aggregation of the Selected Sustainability Matters
- Undertaking analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data
- Checking evidence to statements made in the Annual Report
- Reviewing the appropriateness of the presentation of information.

Use of our Limited Assurance Engagement Report

We disclaim any assumption of responsibility for any reliance on this assurance report, or on the Subject Matter to which it relates, to any persons other than management and the Directors of Australia Post, or for any purpose other than that for which it was prepared.

Independence

In conducting our assurance engagement, we have met the independence requirements of the APES 110 *Code of Ethics for Professional Accountants*. We have the required competencies and experience to conduct this assurance engagement.

Matters Relating to Electronic Presentation of Non-Financial Information

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.

Ernst & Young

Ernst & Young

Melbourne, Australia

13 September 2016

Corporate Governance Statement 2016

This statement has been approved by the Board and is current as at 25 August 2016.

Australia Post's approach to corporate governance

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

These practices derive principally from the provisions of the *Australian Postal Corporation (APC) Act 1989*, the *Public Governance, Performance and Accountability (PGPA) Act 2013*, and the Commonwealth Government Business Enterprise (GBE) Governance and Oversight Guidelines (2015). Our governance framework is also guided by the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition".

PRINCIPLE 1: Lay solid foundations for management and oversight

(based on ASX Principle 1)

Recommendation 1.1: *Corporations should establish the functions reserved to the Board and those delegated to the Executive Team.*

Role of the Australia Post Board ("the Board")

The 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.

In discharging those broadly defined roles, the Board's primary tasks include, amongst others:

- reviewing and approving Australia Post's corporate plan;
- selecting, appointing and monitoring of the performance of the Managing Director & Group CEO and if appropriate, terminating the appointment of the Managing Director & Group CEO;
- approving and monitoring key corporate policies, including policies in relation to financial matters and risk management;
- monitoring financial outcomes and the integrity of reporting, and in particular, approving annual budgets and longer-term strategic and business plans;
- approving decisions affecting Australia Post's capital, including approval of major new business initiatives and declaring dividends;
- meeting its accountability to Government by: submitting corporate plans, evaluating and recommending dividend proposals, reporting on business and operational performance, preparing an annual report, by notifying significant business proposals by ensuring compliance with notified Government policies and ensuring proper accounting and enterprise risk management and oversight.

The Board has established three Committees:

- Nomination and Remuneration Committee (see Principle 2 and Principle 8);
- Audit and Risk Committee (see Principle 4); and
- People, Safety and Culture Committee (see Principle 8).

Timetables for Board and Committee meetings are agreed annually in advance.

Delegation to the Managing Director & Group CEO and the Executive Team

Sections 18 & 19 of the APC Act specify a wide number of postal, postal-related and other powers of Australia Post. These powers reside in the Managing Director and may be delegated by him to other employees of Australia Post under Section 93.

Under Section 94 of the APC Act, the Board may delegate virtually all or any of its powers to a Director of the corporation.

The Board has delegated to the Managing Director & Group CEO responsibility for implementing Australia Post's strategic priorities and for managing Australia Post's day-to-day operations. Specific limits on the authority delegated to the Managing Director & Group CEO are set out in the Delegated Authorities approved by the Board.

The Executive Team comprises the CEO and senior managers (Executives) who are accountable to the CEO. Specific limits on the authority delegated to the Executive Team are set out in the Delegated Authorities approved by the Managing Director & Group CEO.

Recommendation 1.2: *Corporations should carry out appropriate checks of Board candidates and provide information to shareholders that is material to their candidacy.*

Non-executive directors are appointed by the Governor-General on the nomination of the portfolio Minister for a period of up to five years. Reappointment is permissible. In practice, terms of appointment are generally three years.

The Minister must consult with the Chairman before nominating a person for appointment as a director. To nominate a person for appointment as a director, the Minister must have regard to the need to ensure that the directors collectively possess an appropriate balance of skills and experiences aligned to the corporation's strategic priorities.

The Managing Director & Group CEO is appointed by the Board.

Recommendation 1.3: *Corporations should have a written agreement with each director and Executive setting out the terms of their appointment.*

New directors consent to act as a director and receive a formal letter of appointment from Shareholder Ministers which sets out duties and responsibilities, rights, and remuneration entitlements.

The Managing Director & Group CEO and each Executive are employed under individual contracts of employment which sets out the terms on which they are employed including details of their duties and responsibilities, rights and remuneration entitlements. The contract of employment sets out the circumstances in which the Executive may be terminated by either Australia Post or the Executive, including details of notice periods and amounts payable to the Executive as a consequence of the termination by Australia Post of the Executive's employment.

Continuation of employment is subject to ongoing performance reviews by the Board and the Managing Director & Group CEO. Where the Board terminates the Managing Director & Group CEO or endorses the termination of other senior executives' employment for reasons other than performance or misconduct, the individuals are entitled, in the case of the Managing Director & Group CEO, to:

- 12 months' notice in writing or payment of 12 months' Salary and Allowances in lieu of notice or a combination of both notice in writing and payment in lieu of notice;

and, for other senior executives, to:

- 90 days payment in lieu of notice and a termination payment calculated based on length of service and capped at 12 months fixed annual remuneration including the payment in lieu of notice.

Recommendation 1.4: *The corporate secretary should be accountable directly to the Chair of the Board for matters relevant to the Board.*

Australia Post's Corporate Secretary fulfils other management responsibilities in addition to corporate secretarial duties. The formal reporting line of the Corporate Secretary is to the Executive General Manager, Group Services. For any matter relevant to the corporate secretarial duties or conduct of the Board, the Corporate Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

Recommendation 1.5: *Corporations should have a policy concerning diversity and disclose that policy, together with measurable objectives for achieving gender diversity and its progress towards achieving those objectives.*

Australia Post is committed to achieving a respectful and inclusive workplace that values diversity. Our Diversity and Inclusion Strategy aims to promote improved diversity outcomes to foster a workplace culture that ensures equal employment opportunities (EEO) for all. Managing diversity in Australia Post is a corporate objective and responsibility is vested in the Board, our Executive Committee, managers and employees.

Diversity in the workplace encompasses understanding, acceptance and respect for individual difference including ethnicity, gender, sexual orientation, age, disability, family status, religious beliefs, perspective, experience or other ideologies.

We recognise that maximising our people's skills and commitment better positions Australia Post to meet our business purpose and future challenges. Developing and managing an increasingly diverse workforce means recognising, respecting and leveraging individual differences and contributions in the workplace. It requires the implementation of practices that maximise respect for all individuals and which recognise the value that diversity brings to Australia Post.

While we define diversity in the broadest-possible sense, we formally measure and track our progress against five key areas: gender, Aboriginal & Torres Strait Islander people, people from culturally and linguistically diverse backgrounds, people with disability and Lesbian, Gay, Bi-sexual, Trans and Intersex (LGBTI). This year we launched our first Gender Action Plan, which outlines our commitment to improving gender equality, both within Australia Post and throughout the communities we serve.

Performance against each of our five focus areas is disclosed in Australia Post's Diversity and Inclusion annual report, which is prepared in compliance with the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* and presented to the Minister for Communications. The report is published on our website at *auspost.com.au.* Performance for 2015/16 was:

Authority for disclosure	Australia Post		Australia Post Group*
	2015	2016	2016
Aboriginal & Torres Strait Islander Representation	1.9%	2.1%	1.8%
Culturally & Linguistically Diverse	25.5%	25.3%	22.5%
People with Disability	6.3%	6.0%	5.3%
LGBTI	0.8%	0.9%	0.9%
Female representation	38.7%	38.7%	36.4%
Female Executive Committee members	37.5%	N/A	33.3%
Female Bands 1-4	33.3%	35.4%	N/A
Women in Management	35.5%	36.1%	N/A
Female Postal Manager	50.9%	51.0%	N/A
Female Facility Manager	30.8%	27.9%	N/A
Female Delivery Manager	15.9%	14.4%	N/A

* Australia Post has commenced the process of collecting diversity information from our subsidiary companies; however, a large proportion of these employees are yet to complete a diversity profile. Encouraging these employees to share their diversity profile will be a focus for FY17 and as such we expect our Australia Post Group diversity statistics to increase.

Recommendation 1.6: *Corporations should disclose the process for evaluating the performance of the Board, its committees and individual directors.*

Evaluation of Board and individual directors

The Board regularly reviews its own performance and the performance of individual directors. The most recent review, which was conducted during the year, was facilitated by an independent consultant with expertise in conducting Board reviews. The results of the review were discussed at a subsequent Board meeting. The Chairman met separately with each director to provide feedback from the review in relation to the director's contribution to the Board. The Board agreed to accept the Board evaluation report and implement ongoing improvements, as part of its ongoing development and learning.

An independent review of the performance of the Board is conducted every two years.

Evaluation of Board Committees

Audit and Risk Committee

Review process	The Committee undertakes an annual self-assessment of its performance against the requirements of the Charter. The Committee provides an annual report to the Board on the operation and performance of the Committee. The Committee was satisfied that it had been effective in performing its responsibilities under its Charter.

People, Safety and Culture Committee

Review process	The Committee undertakes an annual self-assessment of its performance against the requirements of the Charter. The Committee was satisfied that it had been effective in performing its responsibilities under its Charter.

Nomination & Remuneration Committee

Review process	The Committee regularly informs the Board about Committee activities and makes recommendations to the Board on matters relevant to the Committee's purpose. The Committee was satisfied that it had been effective in performing its responsibilities under its Charter.

Recommendation 1.7: *Corporations should disclose the process for evaluating the performance of the Executive Team.*

Executive team performance evaluations have been conducted for the year ended 30 June 2016.

Performance evaluations are based on an assessment of performance against key business objectives set annually. The measures include safety, financial, strategy & execution, customer satisfaction, employee engagement and other individual metrics that support the key business objectives.

PRINCIPLE 2: Structure the Board to add value

(based on ASX Principle 2)

The APC Act provides that the Board of Australia Post comprises up to nine directors, including the chairperson, the deputy chairperson, the managing director and not more than six other directors.

The directors of Australia Post at any time during the financial year are listed with a brief description of their qualifications, appointment date and experience on pages 8 and 9 of the annual report.

The Board met eight times during the financial year. Directors' attendances are set out on page 63 of the annual report.

Recommendation 2.1: *The Board should establish an appropriately structured nomination committee.*

The Board has established a Nomination and Remuneration Committee. The Committee currently comprises all non-executive directors.

The Committee has a formal Charter that is required to be reviewed at least annually. The Charter was most recently reviewed in August 2015. A copy of the Charter is available on Australia Post's website.

The Committee is responsible for:

- providing Shareholder Ministers with a recommendation on Board composition and membership;
- developing an annual Board Plan;
- undertaking a Board effectiveness review approximately every two years;
- informing Shareholder Ministers prior to a vacancy on the Board or in the role of the Managing Director & Group CEO;
- ensuring that Australia Post's performance, remuneration, and succession practices for the Managing Director & Group CEO are coherent, fair and reasonable and are consistent with applicable provisions regarding remuneration and disclosure;
- reviewing and making recommendations to the Board regarding remuneration levels for the Managing Director & Group CEO;
- reviewing and making recommendations to the Board regarding corporate goals, objectives and short and long-term incentive programs relevant for the Managing Director & Group CEO;
- assessing the performance of the Managing Director & Group CEO in light of objectives determined;
- ensuring that the recommendations in relation to the Managing Director & Group CEO's Key Performance Indicators (KPIs) encourage behaviour consistent with the organisation's Shared Values and support Australia Post's long-term financial soundness, growth and success within an appropriate risk management framework;
- establishing and maintaining appropriate succession arrangements for the Managing Director & Group CEO;
- considering the Managing Director & Group CEO's recommendations around recruitment, performance, remuneration (both short and long-term incentives) and succession arrangements for executive general managers and the Management Committee; and
- reviewing policies to ensure alignment with the duties set out in the *Public Governance, Performance and Accountability Act 2013.*

The Committee met five times during the year.

Details of directors' attendances are set out on page 63 of the annual report.

Recommendation 2.2: *The Board should establish and disclose a Board skills matrix on the mix of skills and diversity for Board membership.*

Australia Post seeks to maintain a Board of Directors with a broad range of financial and other skills, experience and knowledge relevant to overseeing the business of a global eCommerce organisation.

During the year, the external Board Performance Review identified that, collectively, new appointees should have strong skillsets and:

- should be strategic thinkers capable of insightful constructive questioning and critical judgement;
- should have considerable non-executive director experience;
- should address the skills of eCommerce and digital business models, internationalisation and customer centricity; and
- recommendations to government by the Chair should strongly focus on proven individuals with a combination of skills mapped to the Part of Tomorrow strategy.

Diversity of the Board, including through gender, age, ethnicity or geography, is a consideration for new appointees.

Recommendation 2.3: *The corporation should disclose whether its directors are independent.*

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 shareholders generally.

In determining whether a director is independent, the Board has considered whether the director:

- is, or has been, employed in an executive capacity by Australia Post or any of its subsidiaries and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has within the last three years, been a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
- is, or has been within the last three years, in a material

- business relationship (for example, as a supplier or customer) with Australia Post or any of its subsidiaries, or an officer of, or otherwise associated with, someone with such a relationship;
- has a material contractual relationship with Australia Post or its subsidiaries other than as a director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of Australia Post for such a period that his or her independence may have been compromised.

The Board has determined that each non-executive director is, and was throughout the entirety of the financial year, independent.

During the financial year, there were four instances where an individual director found it necessary to be excused from consideration by the Board of a specific matter because of a potential conflict of interest.

No director has received or become entitled to receive a benefit because of a contract between any company in the Australia Post Group and the director, or a firm of which the director is a substantial member, or an entity in of which the director has a substantial financial interest, other than:

- in the case of non-executive directors, remuneration as disclosed in the annual report;
- in the case of the Group CEO, a contract of employment and entitlements under Australia Post's Long-Term Incentive Plan.

Directors have unfettered access to Australia Post records and information reasonably necessary to fulfil their responsibilities. Directors also have access to the Corporate Secretary on any matter relevant to their role as director. In addition, the Board has access through the Corporate Secretary to other relevant senior executives to seek additional information concerning Australia Post's business.

Provided they have prior agreement from the Chairman, directors have the right to seek independent professional advice at Australia Post's expense to help them carry out their responsibilities.

It is usual for the non-executive directors to confer, without management being present, at the start of each scheduled Board meeting.

Recommendation 2.4: *The majority of the Board should comprise of independent directors.*

As at 30 June 2016, the Board comprised eight non-executive directors and one executive director. The executive director is Australia Post's Group CEO, Ahmed Fahour. The Board has determined that each non-executive director is, and was throughout the entirety of the financial year, independent.

Recommendation 2.5: *The Chair should be an independent director.*

Under the APC Act, the Chairman is appointed by the Governor-General on the nomination of the portfolio Minister.

The Board is satisfied that Australia Post's Chairman, John Stanhope, is, and was throughout the entirety of the financial year, independent.

The Chairman presides over Australia Post's Board meetings. The Chairman is responsible for:

- leading the Board in reviewing and discussing Board matters;
- managing the efficient organisation and conduct of the Board's function;
- briefing all directors in relation to issues arising at Board meetings;
- facilitating effective contribution by all directors and monitoring Board performance;
- overseeing that the membership of the Board is skilled and appropriate for Australia Post's needs and reporting this to Shareholder Ministers;
- promoting constructive relations between Board members and between the Board and management;
- reviewing corporate governance matters with the Corporate Secretary and reporting on those matters to the Board; and
- overseeing the implementation of policies and systems for Board performance review and renewal.

Recommendation 2.6: *Establish a program for inducting new directors and provide appropriate professional development opportunities for directors.*

Under the APC Act, the Chairman is appointed by the Governor-General on the nomination of the portfolio Minister.

Directors receive a formal letter of appointment from Shareholder Ministers. An induction pack is provided to directors by Australia Post and contains sufficient information to allow the new director to gain an understanding of:

- the Ministerial powers granted to the portfolio Minister;
- the rights, duties and responsibilities of directors;
- the role of Board Committees;
- the roles and responsibilities of the Executive Team; and
- Australia Post's financial, strategic, and operational risk management position.

New directors undertake an induction program which comprises:

- an electronic information pack which includes a copy of Australia Post's Governance Framework; Commonwealth Government Business Enterprise Governance and Oversight Guidelines; *Australia Postal Corporation Act 1989; Public, Governance, Performance and Accountability Act 2013*; the most recent Corporate Plan; the most recent annual report; our organisational chart; Insurance and Indemnity details pertaining to Australia Post's Directors and Officers Insurance policy and tier 1 policies;
- a program of meetings with Australia Post's Chairman, Managing Director & Group CEO, members of the Executive Committee and the Corporate Secretary; and
- visits to Australia Post's main operational sites.

PRINCIPLE 3:
Act ethically and responsibly

(based on ASX Principle 3)

Recommendation 3.1: *Corporations should establish a Code of Conduct.*

Australia Post has a Code of Conduct referred to as "Our Ethics" that applies to Australia Post and its directors, employees and contractors (all of whom are referred to as "The Australia Post Group" in Our Ethics).

Our Ethics sets out a number of overarching principles of ethical standards which are set out under the following headings:

- Health, safety and work environment;
- Compliance with laws and regulations;
- Conflicts of interest;
- Environmental sustainability;
- Use of corporate property;
- Corporate records; and
- Privacy and confidentiality.

Our Ethics is underpinned by Australia Post's shared values: Being Safe Everywhere, Helping Each Other, Respecting Everyone, Improving Everyday and Delighting our Customers.

Our Ethics provides a mechanism to enable members of the Australia Post Group to report actual or suspected breaches, including an independently operated Whistleblower Hotline service to allow for anonymous reporting. The Whistleblower Hotline also services the requirements of the *Public Interest Disclosure Act 2013*.

Australia Post's Our Ethics is available on Australia Post's website.

PRINCIPLE 4:
Safeguard integrity in corporate reporting

(based on ASX Principle 4)

Recommendation 4.1: *The Board should establish an appropriately structured audit committee.*

The Board has established an Audit and Risk Committee. Its primary function is to assist the Board through its oversight and review of financial reporting, performance reporting, system of risk oversight and management, system of internal control and auditor independence and performance.

Structure of the Audit and Risk Committee

Under its Charter, the Audit and Risk Committee must have a minimum of three members, all of whom must be non-executive directors and the majority of whom are independent. However, the Chair of the Board is not to be a member of the Committee in accordance with the PGPA Act. The Charter also requires all members to be financially literate, with at least one possessing accounting or related financial qualifications and experience.

The Committee currently comprises five members – Brendan Fleiter (Chair), Michael Byrne, Holly Kramer, Bruce McIver and Jan West. Other non-executive directors may attend meetings. Details of the qualifications and experience of all Committee members are disclosed on pages 8 and 9 of the annual report.

The Managing Director & Group CEO, Group Chief Financial Officer, Chief Risk Officer, Group Financial Controller, Internal Auditor, external auditor and other management representatives may attend meetings at the discretion of the Committee. The Committee meets privately with the external auditor on general matters concerning external audit and other related matters, including the half-year and full-year financial reports. The Committee also meets privately with the internal auditor, Group Chief Financial Officer and Chief Risk Officer.

The Corporate Secretary is the secretary to the Committee. Copies of the minutes of a meeting of the Committee are distributed to the Board for discussion at the next Committee meeting. The Chairman of the Committee reports to the Board on the Committee's conclusions and recommendations.

The Committee met four times during the year. Details of directors' attendances are set out on page 63 of the annual report.

Charter of the Audit and Risk Committee

The Committee operates under a formal Charter published on Australia Post's website. The Charter is required to be reviewed by the Committee annually. The Charter was most recently reviewed and updated in August 2015 and is available on Australia Post's website.

The Charter sets out the roles and responsibilities, composition, structure and membership requirements of the Committee.

The Committee's primary responsibilities include oversight and review of:

- financial reporting;
- performance reporting;
- system of risk oversight and management;
- system of internal control; and
- auditor independence and performance.

Monitoring performance of the external auditor

Under section 43 of the PGPA Act, the Auditor-General is responsible for auditing the financial reports of Australia Post and its subsidiaries. The Auditor-General is also responsible for auditing compliance with the performance standards prescribed for Australia Post under section 28C of the APC Act. Ernst & Young (E&Y) has been retained by the Australian National Audit Office to assist in both of these assignments.

The Board has in place a comprehensive set of audit independence principles in relation to the external auditors. Among other things, these principles exclude the engagement of the external auditors for the provision of certain non-statutory audit-related services, such as internal auditing, taxation planning, treasury policy and operations, and business and strategic planning. In addition, the senior audit partner on the corporation's account must be rotated at least every five years. However, under circumstances where the involvement of key personnel in the audit of the corporation does not constitute a familiarity threat, the Australian

National Audit Office (ANAO) may extend the rotation of the senior audit partner to a maximum of seven years.

The Audit and Risk Committee together with ANAO, monitor the ongoing non-statutory audit-related services provided by E&Y.

Recommendation 4.2: *CEO and CFO certification of financial statements.*

Prior to the adoption of the financial reports, the Board received and considered a written statement from the Managing Director & Group CEO and Group Chief Financial Officer to the effect that:

- the financial records of the corporation and the consolidated entity have been properly maintained;
- the statements comply with 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 to the financial statements is founded on a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3: *External auditor availability at AGM.*

There is no requirement for Australia Post to hold an AGM.

Under section 43 of the PGPA Act, the Auditor-General is responsible for auditing the financial reports of Australia Post and its subsidiaries. The Auditor-General makes themselves available at the request of the shareholder.

PRINCIPLE 5:
Make timely and balanced disclosure

(based on ASX Principle 5)

Recommendation 5.1: *Corporations should establish disclosure policies and ensure compliance with those policies.*

Australia Post's disclosure obligations are prescribed from the provisions of the APC Act, the PGPA Act, and the GBE Guidelines (2015).

Australia Post is accountable to its Shareholder Ministers for its performance. Disclosure of performance, expenditure and any significant issues is made to our Shareholder Ministers in a timely and balanced manner. This is executed through quarterly progress reports, the annual report and regular website updates. This is in addition to responding to requests from Shareholder Departments on a regular basis.

PRINCIPLE 6:
Respect the rights of shareholders

(based on ASX Principle 6)

Recommendation 6.1: *The corporation should provide information about itself and its governance to its shareholder on its website.*

Australia Post's website at *www.auspost.com.au* provides detailed information about its business and operations. Details of Australia Post's Board members and Executive Team are included on the website.

The About us link on Australia Post's website provides helpful information to the shareholder. It allows the shareholder to view all media releases since at least September 2012; various speeches provided by the Managing Director & Group CEO, a copy of the most recent annual report and annual reports for at least the eight previous financial years.

Australia Post also publishes an annual Diversity and Inclusion annual report setting out the details of its achievements against a range of diversity programs focused on building our female talent pipeline, improving employment opportunities for Aboriginal and Torres Strait Islander Australians, celebrating our cultural diversity, and building awareness about people with disability. Australia Post's most recent Diversity and Inclusion annual report can be found on its website.

The shareholder can find information about Australia Post's corporate governance on its website at *http://auspost.com.au/about-us/corporate-governance.html*. This includes Australia Post's Board Committee Charters.

The following documents are published on the Australia Post website under About us:

- Corporate Governance Statement;
- Audit and Risk Committee Charter;
- People, Safety and Culture Committee Charter;
- Nomination and Remuneration Committee Charter;
- Customer Service Charter;
- Community Participation Commitment;
- Corporate Responsibility Policy;
- Environmental Policy;
- Our Ethics.

Recommendation 6.2: *The corporation should design and implement a shareholder relations program to facilitate two-way communication with its shareholder.*

Although Australia Post has not established a formal shareholder communications policy, it does take appropriate measures to keep its shareholder informed about its activities and to listen to issues or concerns raised by its shareholder.

Recommendation 6.3: *The corporation should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.*

Although Australia Post has not established a formal shareholder participation policy, it does follow the obligations as set out in the PGPA Act and GBE Guidelines with regards to shareholder meetings.

Engagement with shareholders occurs during fortnightly teleconferences, quarterly face-to-face meetings, meetings upon request and responses to any enquiries made from time to time.

Recommendation 6.4: *The corporation should provide the option to send and receive communications from the corporation in electronic form.*

Australia Post communicates with its shareholder via a number of different communications channels, which include digital and physical methods.

PRINCIPLE 7: Recognise and manage risk

(based on ASX Principle 7)

Recommendation 7.1: *Corporations should establish an appropriately structured risk management committee for the oversight of material business risks.*

The Board has established an Audit and Risk Committee. Its responsibilities include oversight of the effectiveness of Australia Post's system of risk management and internal control.

The Committee receives regular presentations on Australia Post's material business risks and the controls in place to mitigate the consequences of those risks. Australia Post's main risks are reviewed at each meeting of the Committee and annually by the Board. The Committee also receives regular presentations from management throughout the year on specific risk topics. The Committee has responsibility for approving the internal audit plan.

Details of the structure and Charter of the Audit and Risk Committee are set out in Recommendation 4.1.

Recommendation 7.2: *The Board or a Committee of the Board should review the company's risk framework at least annually to satisfy itself that it continues to be sound.*

Risk Management Policies

Australia Post has a Group Risk Management Policy and supporting Group Risk Management Framework, which collectively describes the principles, strategies, processes and core components that are in place for supporting the organisation in effectively managing risk. The Policy & Framework are enterprise-wide documents and have been developed utilising the principles as detailed in the International Standards for Risk Management (ISO 31000:2009) & Compliance Management Systems (ISO 19600:2014); and the ASX Corporate Governance Principles (Principle 7 – Recognise and manage risk).

Australia Post has a number of other policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Our Ethics
- Group Policy & Supporting Documents Lifecycle Governance Policy
- Group Work, Health & Safety Policy
- Group Information Security Policy
- Group Treasury Policy
- Group Fraud & Corruption Policy
- Group Risk Management Policy
- Group Delegations Policy
- Group Privacy Policy
- Group Corporate Responsibility Policy
- Group Chain of Responsibility Policy
- Group Customer Data & Use Policy
- Group Business Continuity Management
- Group Incident Management Policy

Roles and responsibilities

The Group Risk Management Policy, and the other policies listed above, describe the roles and responsibilities for managing risk. This includes appropriate details of responsibilities allocated to the Board or to the Audit and Risk Committee (Committee), Executives, the business units, Enterprise Risk & Compliance and Australia Post's internal audit function.

Board	The Board is responsible for ensuring that established processes, practices and adequate resources are in place to effectively manage all risks associated with Australia Post's operations. The Board oversees a comprehensive risk management program covering all potentially significant business risks, strategic objectives and risk appetite considerations. The Audit and Risk Committee assists the Board in carrying out these responsibilities. The Board annually reviews and approves the Board Risk Appetite Statement. The Board also conducts an annual review of the corporation's risk policy and supporting framework to maintain its effectiveness and adequacy.
Committee	Details of the operation of the Committee are included in the commentary on Principle 4. The Committee oversees the detailed analysis of the effectiveness of the system of risk management and internal control. At each of its meetings the Committee receives a report providing an update on matters affecting Australia Post's main risk exposures and progress toward mitigating the consequences of those risks. The Committee also receives regular presentations from management throughout the year on specific risk topics. Annually, the Committee reviews the Board Risk Appetite Statement (that provides overarching principles of the level of risk that Australia Post is willing to accept in the pursuit of its objectives) before it is presented to the Board for approval.
Executive Committee	The Executive Committee comprises senior Executive Management and assists the Committee and Board with the review, oversight and clearance of all committee papers.

Enterprise Portfolio Forum	The Enterprise Portfolio Forum comprises senior Executive Management and is established among other activities to assist management in discharging their responsibilities, particularly in relation to risk management and internal control.
Business Units	In addition to the forums noted that currently meet on a regular basis, risk governance mechanisms are in place at a business unit level, to fully embed and support the effective and efficient management of risk. Australia Post's business units are responsible for maintaining a risk profile detailing their material business risks, associated controls and mitigation strategies. Business management is responsible for the preparation, presentation and integrity of information and all matters about which the Enterprise Portfolio Forum should be informed. Management is also responsible for implementing and maintaining appropriate risk management principles and policies, internal controls and processes designed to identify and address unacceptable risk as determined by the Enterprise Portfolio Forum. The Chief Risk Officer as part of the Risk Assurance model has dedicated resources embedded in the business to support the transition and operationalisation of the Risk Management Frameworks.
Enterprise Risk & Compliance	Enterprise Risk & Compliance supports the Chief Risk Officer in the development, implementation and maintenance of the Risk Management Frameworks and is accountable for setting the minimum risk and compliance standards and the reporting and oversight of the details of material business risks and risk controls to the appropriate committees and forums.
Internal Audit	Internal Audit provides independent assurance to the Board of our internal processes and controls, that is, the effectiveness and efficiency of the risk, control and governance processes.
External Review	Independent external reviews of risk management are undertaken every four years to ensure better practice is maintained. The most recent such review was undertaken by PwC and presented to the Audit and Risk Committee in February 2014.

Recommendation 7.3: *Corporations should disclose the structure and role of its internal audit function.*

Australia Post's internal audit function provides assurance to the Audit and Risk Committee on the effectiveness of Australia Post's risk management framework and on the adequacy and effectiveness of the system of internal controls.

Internal Audit is an independent, objective assurance and consulting function designed to add value and improve the organisation's operations including the internal control environment. It assists the organisation to accomplish its objectives by bringing a systematic, disciplined, third line of defence to the evaluation of internal processes and controls, and improve the effectiveness and efficiency of the risk, control and governance processes.

The Audit and Risk Committee participates in the appointment, dismissal or replacement of the General Manager Internal Audit. Selection, promotion, performance assessment and professional development of Internal Audit staff are the responsibilities of the General Manager Internal Audit in consultation with the Chief Risk Officer.

Recommendation 7.4: *Corporations should disclose their economic, environmental and social sustainability risks and how those risks are managed.*

Corporate responsibility

In 2016, Australia Post revised its approach to corporate responsibility. Our new corporate responsibility plan will help us stay connected to our purpose of helping our people, customers and community deliver a better future.

We are committed to contributing to Australia's sustainable development while improving the quality of life of our workforce as well as of the Australian community. Our Corporate Responsibility plan is to transform our business for the digital world and to connect Australians physically and digitally, while minimising our environmental impact. Specifically, this includes:

- helping our stakeholders transition to a future in eCommerce: This means maintaining trusted and valued relationships with our stakeholders through change;
- increasing participation in a digital world: This will involve providing Australians with access to everyday services delivered both physically and digitally, while simultaneously building the knowledge, skills and confidence of Australians to proposer in a digital world; and
- becoming a leading sustainable organisation: We will manage the economic, social and environmental impacts of our business operations, and work alongside our stakeholders to create greater, and new forms, of business, social and environmental value.

We will advance this agenda through a broad range of programs related to four key areas: our people, customers, the community and the environment. This will involve continually identifying, actively addressing and monitoring any sustainability risks that may relate to these areas. We will continue to maintain conservative posture for any Governance, Safety and Corporate Responsibility risks.

The Corporate Responsibility Policy that underpins this approach, updated in 2015, provides for clear accountability in meeting the program's goals and objectives. The policy's key objectives are to:

- be a purpose and values-led organisation that is open and accountable to the Australian community and our shareholder;
- give meaningful consideration to societal and environmental impacts of our organisation and how we can create "shared value";
- build strong and enduring relationships with our people, customers, community and shareholder; and
- drive inclusion, prosperity and self-reliance of Australian communities.

Our corporate responsibility performance is reported periodically to management as well as the Board and the Australia Post Stakeholder Council. Reporting on sustainability/non-financial data occurs annually through the annual report, which is being expanded this year to reflect the two leading sustainability frameworks: the Global Reporting Initiative and Integrated Reporting, as outlined by the International Integrated Reporting Council.

Corporate responsibility is embedded and integrated across the corporation through key business focus groups. Our workforce needs and subsequent programs are governed by the Human Resources Committee. The Australia Post Stakeholder Council, which provides an external perspective to the Corporate Responsibility program, comprises representatives ranging from small, medium and large business, direct marketing, corporate responsibility and senior Australia Post executives.

Responsible and sustainable sourcing

Australia Post conducts its business with integrity and ensures compliance with all relevant laws, regulations, policies and procedures. Our Ethics clearly defines the standards of behaviour expected from our employees and business partners to operate ethically and with integrity when purchasing goods and services, and working with suppliers.

Australia Post's Supplier Code of Conduct specifies that social and environmental outcomes are considered when choosing suppliers. Under the code, suppliers are expected to demonstrate a commitment and compliance to human rights, fair employment practices and environmental responsibility in accordance with existing international standards, such as the United Nations Universal Declaration of Human Rights, the International Labour Organization Declaration on Fundamental Rights at Work, and the United Nation's Convention on the Rights of the Child and Industry norms.

Australia Post actively manages risk and compliance of its value chain, striving for transparency and measurable performance.

Our commitment to environment sustainability, requires all suppliers to comply with all applicable environmental laws and regulations, conduct their business in a manner that protects the environment and have an environmental management program that takes responsibility for goods and services throughout their lifecycle to minimise the impact of activities on the environment.

Details of Australia Post's corporate responsibility strategy can be found on page 5 of the annual report.

PRINCIPLE 8: Remunerate fairly and responsibly

(based on ASX Principle 8)

Recommendation 8.1: *The Board should establish an appropriately structured remuneration committee.*

The Board has established a Nomination and Remuneration Committee. Its responsibilities include reviewing and making recommendations to the Board regarding remuneration levels for the Managing Director & Group CEO and considering the Managing Director & Group CEO's recommendations around recruitment, performance, remuneration (both short and long-term incentives) and succession arrangements for Executive General Managers and the Management Committee.

Details of the structure and Charter of the Nomination and Remuneration Committee are set out in Recommendation 2.1.

In addition, the Board has established a People, Safety and Culture Committee. The Committee has adopted a formal Charter that is required to be reviewed annually. The most recent review was in December 2015. A copy of the Charter is available on Australia Post's website.

The Committee considers and makes recommendations to the Board, as appropriate, about:

- workplace safety, health and wellbeing;
- culture and enterprise engagement;
- organisational structure;
- recruitment, selection and retention;
- workplace and industrial relations, including the renegotiation of the Enterprise Bargaining Agreement (EBA) and/or terms and conditions of employment; and
- learning and development.

The Committee met four times during the year.

Details of directors' attendances are set out on page 63 of the annual report.

Recommendation 8.2: *The corporation should distinguish between non-executive directors' remuneration and that of executive directors and Executives.*

Remuneration for Australia Post's non-executive directors is determined by the Commonwealth Remuneration Tribunal. As at 1 January 2016 this was:

Chairman	$182,520
Deputy chairman	$101,860
Directors	$92,290
Audit and Risk Committee chairman	$21,120
Audit and Risk Committee member	$10,560
People, Safety and Culture Committee chairman**	$18,000
People, Safety and Culture Committee member**	$9,000

** Effective 3 May 2016

The Board is responsible for setting the remuneration arrangements for the Managing Director & Group CEO.

Remuneration arrangements for other senior executives are reviewed and determined by the Nomination and Remuneration Committee based on recommendations by the Managing Director & Group CEO.

Advice is sought annually from independent specialised remuneration consultants on the:

- structure of remuneration packages applying in the external market; and
- quantum of increases that have occurred in comparable Australian corporations over the previous 12 months.

On the basis of this advice, the Managing Director & Group CEO ensures that payments to senior executives are in line with market practice, and that they are competitively placed to attract and retain the necessary talent for the work required by these roles.

Incentive rewards payable to the Managing Director & Group CEO and other senior executives for meeting or exceeding specific key annual business objectives are linked to the annual business planning process at a corporate and individual level. Measures and targeted achievement levels are monitored and reviewed annually to reflect changes in the business priorities for the forthcoming year. The measures include safety, financial, strategy and execution, customer satisfaction, employee engagement and other individual metrics that support the key business objectives.

Before a reward is payable, a threshold must be reached, according to predefined measures. In the case of the Managing Director & Group CEO and some senior executives, part of their incentive payment is deferred and expensed over the deferral period.

Remuneration details for the Managing Director & Group CEO and other senior executives are provided in Note C2 to the financial reports (see page 91).

Recommendation 8.3: *The corporation should establish a policy on whether participants in equity-based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes.*

There are no employees in equity-based remuneration schemes.

Directors' attendance at meetings – 2015/16

	Board		Audit & Risk Committee		People, Safety & Culture Committee		Nomination & Remuneration Committee	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
John Stanhope AM	8	8	–	–	–	–	5	5
Ahmed Fahour	8	8	–	–	4	4	–	–
Brendan Fleiter	8	8	4	4	4	4	5	5
Susan Bitter	1	1	–	–	–	–	1	1
Michael Byrne	5	5	2	2	–	–	2	2
Peter Carne	4	4	2	2	–	–	3	3
Michael D'Ascenzo AO	7	7	2	2	1	1	3	3
Dominique Fisher	8	8	–	–	4	4	4	4
Holly Kramer	5	4	2	1	–	–	2	2
Bruce McIver	4	4	1	1	–	–	1	1
Michael Ronaldson	1	1	–	–	–	–	–	–
Jan West AM	1	1	–	–	–	–	–	–
Talal Yassine OAM	1	1	–	–	–	–	1	1

(a) Number of meetings held while a director/committee member
(b) Number of meetings attended
Note: One Board meeting was held at Australia Post operating sites.


Financial and statutory reports

Contents

Statement by directors, Managing Director & Group CEO and EGM Finance & Group CFO

2015–16 Financial Statements

In our opinion:

(a) the accompanying financial statements for the year ended 30 June 2016:

(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.

J Stanhope AM
Chairman
Melbourne
25 August 2016

A Fahour
Managing Director & Group CEO
Melbourne
25 August 2016

J Hopkins
EGM Finance & Group CFO
Melbourne
25 August 2016

2015–16 Financial Statements Certification by Directors

Prior to the adoption of the 2015/16 financial statements, the Board received and considered a written statement from the Managing Director & Group CEO and EGM Finance & Group CFO 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.

J Stanhope AM
Chairman
Melbourne
25 August 2016

Annual performance statements
for the year ended 30 June 2016

Each year, Australia Post provides a rolling four-year corporate plan. The 2015/16 plan and associated Statement of Corporate Intent were submitted to Shareholder Ministers in July 2015, detailing Australia Post's strategic direction under the Part of Tomorrow strategy.

Our primary objective is to provide high-quality, efficient services to the community. As much as possible, we will grow dividends and enhance shareholder value.

In 2015/16, we announced our Part of Tomorrow strategy to accelerate our growth agenda – Delivering eCommerce: Everyone, everywhere, everyday. We refreshed our statement of purpose: Helping our people, customers and community build a better future; and introduced the following values shared by all our people:

- Being safe everywhere;
- Respecting everyone;
- Helping each other;
- Improving everyday; and
- Delighting our customers.

The strategy will be realised through a program of strategic initiatives to win in our current business, create leading customer solutions, and reshape our portfolio.

1. Winning in our current businesses:

To win in our current businesses we will deliver on our customer promises and deliver strong financial performance.

2. Creating leading customer solutions:

To create leading customer solutions tailored to the needs of consumers, small businesses and our enterprise and government customers, we will continue to become truly customer-centric.

3. Reshaping the business:

To reshape and grow our commercial portfolio we will build, partner or acquire new products and capabilities, both to support our existing businesses, and to grow.

Results
Key financial and non-financial performance measures set out in the plan were:

- profit before tax of $11.2 million in the first year of the plan; and
- dividends paid of $2.9 million in the first year of the plan.

Specific targets for 2015/16 and performance against these targets were as follows:

Performance Indicator	Target	Performance
On-time letter delivery	94%	96.2%
Profit before tax	$11.2 million	$41.0 million
Shareholder return on equity	0.5%	2.3%
Ordinary dividend declared for 2015/16	$5.8 million	$20.0 million

Analysis
In 2015, we gained permissions to implement the letter reforms that have delivered an ongoing viable service for all Australians, a substantial increase in payments to licensees, and have underpinned our forecast return to profit this year.

In the past 12 months, the first year of our Part of Tomorrow strategy, we have oriented our business around the customer, focused on the reality that what is best for the customer is best for the business. We have realigned around customer segments, growth opportunities, digitisation and the customer experience. It is critical that we have done this to mitigate the inherent risks in realising our strategy; in particular, the sensitivity around letter volume declines.

Statement
The directors, as the accountable authority of Australia Post, present the 30 June 2016 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, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the *Public Governance, Performance and Accountability Act 2013.*

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

J Stanhope AM
Chairman
Melbourne
25 August 2016

Financial statements audit report

Auditor-General for Australia

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Communications

I have audited the accompanying annual financial statements of the Australian Postal Corporation and its controlled entities for the year ended 30 June 2016, which comprises the Statement by Directors, Managing Director & Group CEO and EGM Finance & Group CFO, 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. The consolidated entity comprises the Australian Postal Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements of the Australian Postal Corporation and its controlled entities:

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

(b) present fairly the financial position of the Australian Postal Corporation and its controlled entities as at 30 June 2016 and its financial performance and cash flows for the year then ended; and

(c) comply with International Financial Reporting Standards as disclosed in the section titled 'About this report'.

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 Standards and the rules made under that Act and are also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In the Note to the financial statements titled 'About this report', the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
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Email grant.hehir@anao.gov.au

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Postal Corporation's preparation and fair presentation of the financial statements 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 Australian Postal Corporation's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors of the Australian Postal Corporation, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office

Grant Hehir
Auditor-General

Canberra
25 August 2016

Consolidated statement of comprehensive income

for the year ended 30 June 2016

Consolidated ($m)	Note	2016	2015
Revenue			
Goods and services	A2	6,451.6	6,252.5
Interest	A2	6.1	5.3
	A2	6,457.7	6,257.8
Other income			
Rents	A2	41.8	42.5
Other income and gains	A2	62.7	73.5
	A2	104.5	116.0
Total income	A1, A2	**6,562.2**	**6,373.8**
Expenses (excluding finance costs)			
Employees	A3	2,908.7	2,784.2
Suppliers	A3	3,116.3	3,104.9
Depreciation and amortisation	A3	330.3	340.1
Other expenses	A3	131.1	465.7
Total expenses (excluding finance costs)	A3	**6,486.4**	**6,694.9**
Profit/(loss) before income tax, finance costs and share of net profits of joint venture		**75.8**	**(321.1)**
Finance costs	A3	(34.5)	(31.3)
Share of net profits of joint venture		(0.3)	0.3
Profit/(loss) before income tax		**41.0**	**(352.1)**
Income tax (expense)/benefit	A4	(4.6)	130.4
Net profit/(loss) for the year attributable to equity holders of Australian Postal Corporation		**36.4**	**(221.7)**
Net Profit/(loss) for the year attributable to:			
Owners of the parent		36.5	(221.7)
Non-controlling interest		(0.1)	–
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	C3	(172.8)	531.1
Other items		5.2	–
Income tax on items that will not be reclassified to profit or loss	A4	50.2	(159.3)
Total items that will not be reclassified to profit or loss, net of tax		**(117.4)**	**371.8**
Items that may be reclassified subsequently to profit or loss			
Other items		9.4	(0.5)
Income tax on items that may be reclassified to profit or loss		(3.1)	–
Total items that may be reclassified to profit or loss, net of tax		**6.3**	**(0.5)**
Other comprehensive income for the year		**(111.1)**	**371.3**
Total comprehensive income for the year attributable to equity holders of Australian Postal Corporation		**(74.7)**	**149.6**
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		(74.6)	149.6
Non-controlling interest		(0.1)	–

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

Consolidated balance sheet
as at 30 June 2016

Consolidated ($m)	Note	2016	2015
Assets			
Current assets			
Cash and cash equivalents	A5	547.6	415.3
Trade and other receivables	B1	544.3	483.4
Accrued revenues		154.0	158.4
Prepayments		116.5	97.6
Inventories		50.2	48.2
Other current assets		16.4	2.5
Total current assets		**1,429.0**	**1,205.4**
Non-current assets			
Finance lease receivable	E2	96.7	96.8
Net superannuation asset	C3	403.6	612.9
Property, plant and equipment	B2	1,525.8	1,595.3
Intangible assets	B3	950.2	938.9
Investment property	B5	213.2	200.0
Deferred tax assets	A4	387.1	413.5
Other non-current assets		37.6	31.6
Total non-current assets		**3,614.2**	**3,889.0**
Total assets		**5,043.2**	**5,094.4**
Liabilities			
Current liabilities			
Trade and other payables	B6	1,023.8	947.4
Employee provisions	C1	745.0	653.0
Interest-bearing liabilities	D2	285.3	-
Other provisions	B7	35.2	58.9
Other current liabilities		43.4	18.4
Total current liabilities		**2,132.7**	**1,677.7**
Non-current liabilities			
Interest-bearing liabilities	D2	423.2	713.7
Employee provisions	C1	292.8	353.2
Other provisions	B7	52.8	54.0
Net superannuation liability	C3	-	-
Deferred tax liabilities	A4	249.6	320.7
Other non-current liabilities		53.2	61.6
Total non-current liabilities		**1,071.6**	**1,503.2**
Total liabilities		**3,204.3**	**3,180.9**
Net assets		**1,838.9**	**1,913.5**
Equity			
Contributed equity		400.0	400.0
Reserves		17.1	7.2
Retained profits		1,421.8	1,506.3
Equity attributable to equity holders of the parent		**1,838.9**	**1,913.5**

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

Consolidated statement of changes in equity

for the year ended 30 June 2016

Consolidated ($m)	Contributed equity	Reserves	Retained profits	Non-controlling interests[1]	Total equity
Balance at 30 June 2014	**400.0**	**7.7**	**1,356.2**	**–**	**1,763.9**
Comprehensive income					
Loss for the year	–	–	(221.7)	–	(221.7)
Other comprehensive income	–	(1.1)	531.1	–	530.0
Tax on other comprehensive income	–	0.6	(159.3)	–	(158.7)
Total comprehensive income for the year	**–**	**(0.5)**	**150.1**	**–**	**149.6**
Transactions with owners					
Distribution to owners (refer to note A6)	–	–	–	–	–
Balance at 30 June 2015	**400.0**	**7.2**	**1,506.3**	**–**	**1,913.5**
Comprehensive income					
Profit/(Loss) for the year	–	–	36.5	(0.1)	36.4
Other comprehensive income	–	14.6	(172.8)	–	(158.2)
Tax on other comprehensive income	–	(4.7)	51.8	–	47.1
Total comprehensive income for the year	**–**	**9.9**	**(84.5)**	**(0.1)**	**(74.7)**
Transactions with owners					
Non-controlling interest on acquisition of subsidiary	–	–	–	5.3	5.3
Put option to acquire non-controlling interest	–	–	–	(5.2)	(5.2)
Distribution to owners (refer to note A6)	–	–	–	–	–
Balance at 30 June 2016	**400.0**	**17.1**	**1,421.8**	**–**	**1,838.9**

1 Relates to non-controlling interest in DFE Pty Limited for which the Group holds 75% of equity interest. DFE Pty Limited holds 100% of equity interest in Mail Plus Pty Ltd and MP Rights Pty Ltd.

Ordinary shares are classified as equity. Reserves include Asset revaluation, Foreign currency translation and Hedging reserves.
This statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2016

Consolidated ($m)	Note	2016	2015
Operating activities			
Cash received			
Goods and services		7,058.5	6,911.4
Interest		6.0	5.3
Income tax refund		22.4	–
Total cash received		**7,086.9**	**6,916.7**
Cash used			
Employees		2,838.8	2,927.6
Suppliers		3,545.3	3,411.2
Financing costs		32.9	36.5
Income tax		3.9	14.7
Goods and services tax paid		258.8	247.8
Total cash used		**6,679.7**	**6,637.8**
Net cash from operating activities	**A5**	**407.2**	**278.9**
Investing activities			
Cash received			
Proceeds from sales of property, plant and equipment		50.8	66.6
Sundry items		–	1.1
Total cash received		**50.8**	**67.7**
Cash used			
Purchase of investment in controlled entities		15.7	7.9
Purchase of investment property		1.0	0.5
Purchase of property, plant and equipment		238.5	238.2
Purchase of intangibles		58.6	103.3
Purchase of available-for-sale financial assets		11.9	–
Total cash used		**325.7**	**349.9**
Net cash used by investing activities		**(274.9)**	**(282.2)**
Financing activities			
Net cash used by financing activities		**–**	**–**
Net increase/(decrease) in cash and cash equivalents		**132.3**	**(3.3)**
Cash and cash equivalents at beginning of year		415.3	418.6
Cash and cash equivalents at end of the year		**547.6**	**415.3**

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

Notes to the financial statements
for the year ended 30 June 2016

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 during the year 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. The nature of the operations and principal activities of Australia Post and its subsidiaries (referred to as "the Group") are described in note A1 Segment information.

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 2016 was authorised for issue in accordance with a resolution of the directors on 25 August 2016.

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

- is required by clause 1 (a) of Paragraph 42 of the *Public Governance Performance and Accountability Act 2013* (PGPA Act);
- has been prepared in accordance with the requirements of the PGPA Act, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on an accrual basis and in accordance with the historical cost convention, except for investment property and derivative financial instruments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedge relationships, and are otherwise carried at cost, 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 million dollars ($' 000,000) 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 2015. 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.

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:

A2	International mail revenue	page 78
B4	Impairment	page 86
B5	Investment property	page 87
B6	Unearned postage revenue	page 88
B7	Other provisions	page 89
C1	Employee provisions	page 90
C3	Post-employment benefits	page 92

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 one overseas subsidiary, as discussed in note E1. On consolidation, that entity's:

- 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 functional 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;
- 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 pages 4 to 5 of the annual report, is reflected in the financial performance and position of the Group. These sections comprise:

- **Our financial performance:** Our enterprise strategy focuses on reforming our letters service, 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 enterprise 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 enterprise 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 management of 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 enterprise 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

As announced on 2 June 2016, Australia Post and global provider of comprehensive logistics and transport solutions Aramex agreed to form a strategic eCommerce alliance. The alliance with Aramex complements Australia Post's existing range of global partnerships and will allow Australian businesses and consumers to take advantage of growth in cross-border eCommerce.

Under the terms of the agreement, Australia Post and Aramex have negotiated the following arrangements since 30 June 2016:

- the formation of an Asian-based joint venture by Australia Post and Aramex that will acquire the STI Co (Aust) Pty Ltd business from Australia Post; and
- the acquisition of 100 per cent of MailCall Couriers from Aramex by a wholly owned subsidiary of Australia Post in order to extend the capability of the StarTrack Courier business.

Financial completion of these arrangements is expected within the first half of the 2017 financial year.

In addition, Australia Post has acquired a minority share holding in Aramex of approximately 5 per cent of its share capital.

Our business performance

This section analyses the financial performance of the Group and the Postal Services and Parcel Services and segments for the year ended 30 June 2016. The focus is on business area performance, Group revenue streams, expenses, taxation, cash flows and dividend performance. Certain operational expenses are disclosed in the notes with the associated operating asset or liability in the Our asset platform and Our people sections.

A1 SEGMENT INFORMATION

The results of the Group's operating segments for the year ended 30 June are as follows:

2016 ($m)	Postal Services	Parcels Services	Unallocated & Eliminations	Total
Revenue				
Segment revenue	3,539.5	2,961.3	55.3	**6,556.1**
Interest revenue				**6.1**
Consolidated revenue				**6,562.2**
Result				
Earnings before net interest and income tax expense	(138.2)	314.4	(106.8)	**69.4**
Net interest				**(28.4)**
Profit/(loss) before tax				**41.0**
Income tax (expense)/benefit				**(4.6)**
Net profit/(loss) for the year				**36.4**
Assets				
Segment assets	1,641.1	1,806.6	1,189.7	**4,637.4**
Superannuation asset	–	–	403.6	**403.6**
Investment in joint venture	–	–	2.2	**2.2**
Total assets	1,641.1	1,806.6	1,595.5	**5,043.2**
Liabilities				
Segment liabilities	1,441.2	678.0	1,085.1	**3,204.3**
Total liabilities	1,441.2	678.0	1,085.1	**3,204.3**
Other segment information				
Capital expenditure	178.2	123.3	–	**301.5**
Impairment losses	–	–	82.7	**82.7**
Depreciation and amortisation expense	194.4	122.9	13.0	**330.3**

2015 ($m)	Postal Services	Parcels Services	Unallocated & Eliminations	Total
Revenue				
Segment revenue	3,326.0	2,968.2	74.3	**6,368.5**
Interest revenue				**5.3**
Consolidated revenue				**6,373.8**
Result				
Earnings before net interest and income tax expense	(207.5)	290.5	(409.1)	**(326.1)**
Net interest				**(26.0)**
Profit/(loss) before tax				**(352.1)**
Income tax (expense)/benefit				**130.4**
Net profit/(loss) for the year				**(221.7)**
Assets				
Segment assets	1,577.2	1,675.0	1,226.7	**4,478.9**
Superannuation asset	–	–	612.9	**612.9**
Investment in joint venture	–	–	2.6	**2.6**
Total assets	1,577.2	1,675.0	1,842.2	**5,094.4**
Liabilities				
Segment liabilities	1,416.2	655.9	1,108.8	**3,180.9**
Total liabilities	1,416.2	655.9	1,108.8	**3,180.9**
Other segment information				
Capital expenditure	172.1	186.2	–	**358.3**
Impairment losses	–	–	214.1	**214.1**
Depreciation and amortisation expense	176.2	116.0	47.9	**340.1**

A1 SEGMENT INFORMATION (CONTINUED)

Operating segments

The Group's operating segments are organised and managed based on the manner in which the product is sold and the nature of the services provided. The executive management committee (the chief operating decision makers) monitors the results of the business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, computer software and goodwill, net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee entitlements and advance receipts.

During the current financial year, the following changes have been made to the primary segments. These changes reflect the way the business unit results are analysed internally:

1 The previous "Retail & Agency Services" and "Mail Services" segments have been combined into "Postal Services" reflecting the nature of the overall Postal business which includes Letters, Retail and Trusted eCommerce Solutions.
2 Certain products have been realigned to different segments consistent with internal business unit reporting.
3 In the prior year, internal transfer pricing was applied between the Retail & Agency Services, Mail and Parcel Services segments. The removal of this disclosure is in line with current internal reporting.
4 In the prior year, restructuring costs were allocated to individual business units, whereas in the current year these restructuring costs are included within unallocated to ensure a like-for-like comparison between the primary segments.

Comparatives have been restated to reflect these changes.

The following represents the primary segments the Group operates in:

Postal Services

1 The collection, processing and distribution of mail items.
2 Providing services across identity, digital, receiver and agency service offerings, as well as the sale of financial and retail merchandise products.

Parcel Services

The processing and distribution of parcel and express products along with freight forwarding operations.

Unallocated and eliminations

If items of revenue and expense are not allocated to the core operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent. The following are not allocated to operating segments as they are not considered part of the core operations of any segment:

- activities incidental to the Group's core product and service offerings, principally those which generate rental income and other miscellaneous amounts;
- non-trading items including net gains arising on disposal of fixed assets, amounts arising on remeasurement of the Group's investment property portfolio, restructuring costs, impairment of assets as result of change in group strategies and divested operations;
- expenses representing costs that are attributable to unallocated revenues;
- assets including assets under construction, investment property, cash investments, held to maturity investments, superannuation assets, investment in joint ventures and deferred tax; and
- liabilities including interest-bearing liabilities and deferred tax.

At balance date, the Group has $214.9 million (2015: $309.9 million) of assets under construction unallocated to the core operating segments that will ultimately benefit from this investment.

Geographical segments

The Group primarily operates in Australia with no significant portion of assets or operations located outside of Australia.

A2 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)	2016	2015
Rendering of services to:		
– Related entities[1]	180.2	178.0
– External entities[2]	5,992.0	5,790.6
	6,172.2	5,968.6
Sale of goods to external entities[2]	279.4	283.9
	6,451.6	6,252.5
Interest income from:		
– Cash and cash equivalents	4.7	5.3
– Loans and receivables	1.4	–
	6.1	5.3
Total revenue	**6,457.7**	**6,257.8**
Rents from operating leases	32.9	32.2
Income from investment property	8.9	10.3
	41.8	42.5
Net gain on disposal of land and buildings	20.5	43.3
Net foreign exchange gains	–	2.2
Change in fair value of investment property	32.2	7.4
Other income	10.0	20.6
	62.7	73.5
Total other income	**104.5**	**116.0**
Total income	**6,562.2**	**6,373.8**

1 Related entities – related to the Commonwealth Government
2 External entities – not related to the Commonwealth Government

Recognition and measurement

Rendering of services

Revenue is recognised when the Group has the right to be compensated for services performed and the stage of completion can be reliably measured. It is recorded at the amount likely to be received for the provision of that service, usually set out on the invoice or contractually defined terms, excluding GST. Revenue is recognised on a commission basis where the Group acts as an agent rather than a principal in the transaction.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Allowance is made for the assessed amount of revenue from postage sales as at balance date in respect of which service has not yet been provided. Refer to note B6 for further discussion on the Group's policy for unearned postage revenues.

Interest revenue

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 property 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: International mail revenue

The Group recognises an accrual for the amount of revenue earned from delivery of international mail where statements have not been received. At 30 June 2016, included within accrued revenue, international mail related accrual was $132.6 million (2015: $121.4 million).

Revenue is determined based on a number of factors including the volume of articles delivered, the international postal organisation for which we are delivering mail and with reference to the International Postal Union guidelines.

A3 EXPENSES

Expenses for the year

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

Consolidated ($m)	2016	2015
Salaries and wages	2,291.2	2,264.8
Leave and other entitlements	265.3	226.9
Superannuation expense	252.0	182.6
Other employee expenses	100.2	109.8
Employee benefits expense	**2,908.7**	**2,784.2**
Purchase of services from external entities	2,682.0	2,664.5
Purchase of goods from external entities	232.9	230.0
Operating lease rentals	197.0	206.5
Investment property expenditure	4.4	3.9
Supplier-related expenses	**3,116.3**	**3,104.9**
Depreciation	195.3	197.7
Amortisation	135.0	142.4
Depreciation and amortisation	**330.3**	**340.1**
Write-down and impairment of assets:		
Receivables	1.9	12.9
Inventory	9.6	7.4
Property, plant & equipment	16.9	37.9
Computer software	7.0	81.8
Goodwill & other intangibles	47.3	60.8
Other	–	13.3
	82.7	214.1
Restructuring costs	10.8	200.1
Net foreign exchange loss	2.6	–
Sundry expenses	35.0	51.5
Other expenses	**131.1**	**465.7**
Total expenses	**6,486.4**	**6,694.8**

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

Consolidated ($m)	2016	2015
Bonds	31.7	36.6
Interest rate swaps	0.1	(4.4)
Other	2.7	(0.9)
Total finance costs	**34.5**	**31.3**

Recognition and measurement

Employee benefits expense

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 B2 and B3 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 B4 for further discussion specifically around impairment of non-financial assets.

Restructuring costs

Refer to note B7 for provision-related accounting policies.

Financing 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, such as long service leave, 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.

A4 TAXATION

Taxation performance for the year

The major components of tax expense are:

Consolidated ($m)	2016	2015
Statement of comprehensive income		
– current income tax charge	41.2	57.0
– adjustments for current income tax of previous years	(34.5)	(43.7)
– deferred income tax relating to origination and reversal of temporary differences	(33.3)	(162.4)
– adjustments for deferred income tax of previous years	31.2	18.7
Income tax expense/(benefit) reported in the statement of comprehensive income	**4.6**	**(130.4)**
Other comprehensive income		
Net remeasurements on defined Benefit plans	(51.8)	159.3
Sundry items	4.7	(0.6)
Income tax expense/(benefit) reported in other comprehensive income	**(47.1)**	**158.7**
Tax reconciliation:		
Profit/(loss) before income tax	**41.0**	**(352.1)**
At the Group's statutory income tax rate of 30% (2015: 30%)	12.3	(105.6)
Adjustments relating to prior years	(3.3)	(25.0)
Non assessable gain on pre-CGT assets	(3.6)	(3.5)
Sundry items	(0.8)	3.8
Income tax expense/(benefit) on profit/(loss) before tax	**4.6**	**(130.4)**

Recognition and measurement

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities, using tax rates and laws that are enacted or substantively enacted at reporting date.

Current income tax relating to items recognised directly in other comprehensive income is also recorded in other comprehensive income.

Deferred tax assets and liabilities

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts determined under applicable Australian Accounting Standards.

Deferred tax assets and liabilities are recognised on all deductible and taxable temporary differences respectively, except:

1. to the extent it is not probable that taxable profits will be available against which the deductible temporary difference can be utilised; or
2. where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
3. where the temporary difference is associated with investments in subsidiaries, associates and joint ventures, to the extent that:
    a) the timing of the reversal of the taxable temporary difference can be controlled and it is probable that the taxable temporary difference will not reverse in the foreseeable future; or
    b) it is not probable that the deductible temporary difference will reverse in the foreseeable future or that taxable profit will not be available to utilise the deductible temporary difference.

Deferred tax assets are recognised on the carry-forward of unused tax credits and any unused tax losses only to the extent that it is probable that taxable profit will be available against which the carry-forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset balances are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax items are recognised in correlation to the underlying transaction either in the statement of comprehensive income or in other comprehensive income.

A4 TAXATION (CONTINUED)

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

	2016	2015
Superannuation asset	(121.1)	(183.9)
Accrued income and other	(70.7)	(62.4)
Research and development	(28.2)	(36.7)
Intangibles	(22.8)	(24.2)
Accelerated depreciation	(5.0)	(9.6)
Other	(1.8)	(3.9)
Deferred tax liabilities	**(249.6)**	**(320.7)**
Provisions	328.1	362.5
Accrued and other payables	28.5	22.8
Make good	12.7	12.0
Capital losses	5.9	1.1
Other	11.9	15.1
Deferred tax assets	**387.1**	**413.5**
Net deferred tax assets	**137.5**	**92.8**

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

Superannuation asset	(10.9)	10.2
Research and development	(8.4)	(26.8)
Intangibles	(6.1)	(22.8)
Accrued and other payable	(5.7)	(9.6)
Capital losses	(4.7)	8.7
Accelerated depreciation	(4.6)	(13.6)
Make good	(0.8)	4.2
Provisions	34.3	(83.8)
Accrued income and other	8.3	(8.4)
Other	(3.5)	(1.8)
Deferred income tax expense	**(2.1)**	**(143.7)**

Tax consolidation

Australian Postal Corporation (the head entity) and its 100 per cent owned Australian resident subsidiaries (members) formed an income tax consolidated group effective 1 July 2004. DFE Pty Limited (the head entity) and its 100 per cent owned Australian resident subsidiaries (members) formed an income tax consolidated group effective 31 March 2016.

The head entity and members of each tax consolidated group have entered into a tax-sharing agreement which limits each member's income tax liability to its contribution amount 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.

The head entity and members of each tax consolidated group have also entered into a tax funding agreement which provides for the allocation of current taxes between the head entity and members of the tax consolidated group in accordance with their contribution to the actual tax payable by the head entity for the period. Deferred taxes are recognised by each entity in accordance with the principles of AASB 112 Income Taxes and UIG 1052 Tax Consolidation Accounting.

A5 CASH FLOWS

Consolidated ($m)	2016	2015
Cash on hand	547.6	415.3
Total cash and cash equivalents	**547.6**	**415.3**

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

Consolidated ($m)	2016	2015
Net profit/(loss) for the year	**36.4**	**(221.7)**
Depreciation and amortisation	330.3	340.1
Net revaluation (gain)/loss on investment property	(32.2)	(7.4)
Write-down of property, plant and equipment	16.9	37.9
Write-down of intangibles (including goodwill)	54.4	142.6
Write-down of receivables and inventory	11.5	20.3
Net gain from sales of property, plant and equipment	(25.4)	(47.0)
Sundry items	0.8	(1.2)
	356.3	**485.3**

Changes in assets and liabilities adjusted for the acquisition and disposal of businesses

(Increase)/decrease in assets:		
Receivables	(51.9)	16.3
Other current assets	(42.2)	(15.8)
Deferred income tax asset	26.4	(80.3)
Superannuation asset	36.4	(33.9)
Increase/(decrease) in liabilities:		
Creditors, other payables and accruals	10.7	55.8
Employee entitlements	38.8	137.9
Income tax payable	20.2	(0.8)
Deferred income tax liability	(23.9)	(63.9)
	14.5	15.3
Net cash from operating activities	**407.2**	**278.9**

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 cash flow statement 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.

A6 DIVIDENDS

The breakdown of dividends paid during the year ended 30 June is as follows:

Consolidated ($m)	2016	2015
Final ordinary dividend (from prior year results)	–	–
Interim ordinary dividend	–	–
Total dividends paid	**–**	**–**
Dividend not recognised as a liability	20.0	–

Our asset platform

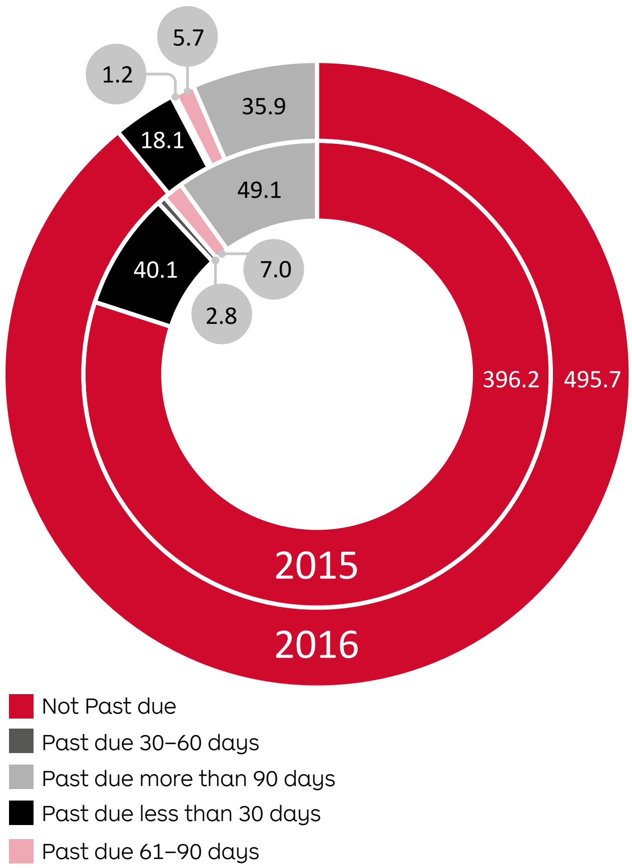
This section analyses the primary elements of our asset platform used to generate the Group's financial performance and operating liabilities incurred as a result.

B1 RECEIVABLES

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

Consolidated ($m)	2016	2015
Trade receivables	538.7	486.6
Allowance for doubtful debts	(12.3)	(11.8)
	526.4	474.8
Other receivables	17.9	8.6
Total current trade and other receivables	**544.3**	**483.4**

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



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 accumulated impairment.

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

Analysis of ageing and recoverability

At 30 June 2016, no material receivables are individually determined to be impaired, with the total receivables determined to be impaired being $12.3 million (2015: $11.8 million). Overall, there have been no material movements in the allowance for doubtful debts during the year.

Refer to note D1 for further discussion on how the Group manages its credit risk and note A3 for the total write-down of receivables.

B2 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 & buildings	Plant & equipment	Total
Gross book value	223.9	1,328.0	1,551.9	1,883.5	3,435.4
Accumulated depreciation	–	(672.6)	(672.6)	(1,155.6)	(1,828.2)
Net book value at 30 June 2014	**223.9**	**655.4**	**879.3**	**727.9**	**1,607.2**
Additions	–	46.1	46.1	203.3	249.4
Depreciation	–	(59.9)	(59.9)	(137.8)	(197.7)
Disposals	(3.8)	(21.8)	(25.6)	(0.1)	(25.7)
Sundry items[1]	(2.1)	(3.9)	(6.0)	(31.9)	(37.9)
Gross book value	218.0	1,323.1	1,541.1	1,858.2	3,399.3
Accumulated depreciation	–	(707.2)	(707.2)	(1,096.8)	(1,804.0)
Net book value at 30 June 2015	**218.0**	**615.9**	**833.9**	**761.4**	**1,595.3**
Additions	8.9	55.1	64.0	206.0	270.0
Depreciation	–	(62.5)	(62.5)	(132.8)	(195.3)
Disposals	(2.0)	(3.8)	(5.8)	(6.1)	(11.9)
Sundry items[1]	3.8	(3.7)	0.1	(132.4)	(132.3)
Gross book value	228.7	1,325.1	1,553.8	1,401.9	2,955.7
Accumulated depreciation	–	(724.1)	(724.1)	(705.8)	(1,429.9)
Net book value at 30 June 2016	**228.7**	**601.0**	**829.7**	**696.1**	**1,525.8**

1 Sundry items include revaluation increments of $5.2 million (2015: $2.1 million decrement), $0.1 million of additions from acquisition of subsidiary (2015: nil), offset by $114.9 million of transfers to Intangible Assets (2015: nil), $5.8 million of transfers to investment properties (2015: nil) and impairment losses of $16.9 million (2015: $35.8 million).

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 estimated 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 current and 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 and equipment	Motor vehicles: 3–10 years Specialised plant and equipment: 10–20 years Leasehold improvements: lower of lease term and 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 or disposal.

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)	2016	2015
Property, plant and equipment	111.1	147.5

B3 INTANGIBLE ASSETS

The reconciliation of the opening and closing balances of intangible assets at 30 June are as follows:

Consolidated ($m)	Computer software	Goodwill	Brand names & trademarks	Customer relationships	Other intangibles	Total intangibles
Gross book value	1,306.0	520.7	63.4	134.0	–	2,024.1
Accumulated amortisation	(876.1)	–	(0.7)	(34.6)	–	(911.4)
Net book value at 30 June 2014	**429.9**	**520.7**	**62.7**	**99.4**	**–**	**1,112.7**
Additions by purchase	103.8	–	–	–	–	103.8
Amortisation expense	(122.1)	–	(0.5)	(19.8)	–	(142.4)
Sundry items[1]	(78.7)	(9.0)	0.6	(48.1)	–	(135.2)
Gross book value	812.9	511.7	64.0	136.0	–	1,524.6
Accumulated amortisation	(480.0)	–	(1.2)	(104.5)	–	(585.7)
Net book value at 30 June 2015	**332.9**	**511.7**	**62.8**	**31.5**	**–**	**938.9**
Additions by purchase	60.3	–	–	–	–	60.3
Amortisation expense	(126.1)	–	(0.9)	(7.0)	(1.0)	(135.0)
Sundry items[1]	108.3	(12.8)	3.4	(24.2)	11.3	86.0
Gross book value	963.0	498.9	66.4	2.2	11.3	1,541.8
Accumulated amortisation	(587.6)	–	(1.1)	(1.9)	(1.0)	(591.6)
Net book value at 30 June 2016	**375.4**	**498.9**	**65.3**	**0.3**	**10.3**	**950.2**

1 Sundry items includes $114.9 million of transfers from Property, plant and equipment (2015: nil), $25.4 million of additions from acquisition of subsidiary (2015: $7.4 million), offset by impairment losses of $54.3 million (2015: $142.6 million).

Recognition and measurement

Goodwill

Goodwill is initially measured at the excess of the aggregate consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Brand names, trademarks, computer software, customer relationships and other intangibles

Brand names, trademarks, computer software, customer relationships and other intangibles that are either acquired separately or in a business combination are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. After initial recognition, intangible assets are measured at cost less amortisation and any impairment losses. Intangible assets with finite useful lives are tested for impairment whenever there is an indication of impairment while intangible assets with indefinite lives are tested for impairment in the same way as Goodwill, as discussed in note B4 Impairment of non-financial assets.

Derecognition

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

Commitments

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

Consolidated ($m)	2016	2015
Intangible assets	1.8	1.6

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 are reviewed annually.

A summary of useful lives of intangible assets is as follows:

Asset	Useful life
Computer software	Finite between 4 and 8 years
Brand names & trademarks	P|StarTrack brand names: indefinite Others: finite not exceeding 10 years
Customer relationships	Finite up to 7 years
Other intangibles	Finite up to 3 years

P|StarTrack brand names are considered to have indefinite useful lives as they are not considered to have foreseeable brand maturity dates; accordingly they are not amortised and are carried at cost less accumulated impairment losses. These brand names are allocated to the P|StarTrack cash-generating unit (CGU) and subject to annual impairment testing.

An assessment of indefinite useful life is performed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Goodwill and brand names with indefinite useful lives acquired through business combinations have been allocated to individual CGUs as follows:

Consolidated ($m)	2016	2015
Goodwill - P|StarTrack	488.1	488.1
Goodwill - Other CGUs	10.8	23.6
Brand names - P|StarTrack	61.3	61.3
	560.2	**573.0**

B4 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.

Impairment calculations

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 that do not exceed the 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 CGU 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.

Recognised impairment

The Group has tested the following non-financial assets for impairment:

- goodwill and indefinite life intangibles allocated to CGUs, in accordance with annual impairment testing (refer to note B3); and
- customer relationship intangible assets for which impairment indicators have been identified.

Key assumptions and impairment testing results

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 is 3.0 per cent (2015: 3.0 per cent). After this period a 2.0 per cent–3.0 per cent (2015: 2.0 per cent–3.0 per cent) revenue growth rate is applied. A post-tax discount rate applicable to each CGU has also been applied. These rates are between 7.5 per cent and 9.3 per cent (2015: 7.5 per cent –9.8 per cent).

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of any CGUs containing goodwill and brand names to exceed their recoverable amount.

B5 INVESTMENT PROPERTY

Investment property as at 30 June is as follows:

Consolidated ($m)	2016	2015
Investment property	213.2	200.0

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 A3. Approximately 70 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 A2.

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 the 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. This assessment is conducted by Savills Pty Ltd (Savills), an accredited, external and independent valuer. Savills 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 properties, 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 on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

At 30 June 2016, 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 used for internal use, it is classified as an investment property where an insignificant portion of total floor space is occupied.

B6 PAYABLES

The components of payables at 30 June are as follows:

Consolidated ($m)	2016	2015
Trade creditors	468.7	445.8
Agency creditors[1]	112.8	104.0
Salaries and wages	52.5	56.9
Unearned postage revenue	61.9	57.9
Other advance receipts	158.0	146.4
Borrowing costs	4.5	4.5
Other payables	165.4	131.9
Total current trade and other payables	**1,023.8**	**947.4**

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

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 remain 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 (UPU) arrangements, which may be longer than 30 days. Salaries and wages are accrued for in accordance with note C1.

Unearned postage income arises where payment has been received from an external party, but the associated service has yet to be performed.

Other advance receipts is comprised predominantly of deferred revenue from post office boxes and bags which are rented out to the public, and advanced contributions to marketing and promotional activities.

Other payables includes amounts accrued for capital expenditure, GST obligations and other accrual of the Group.

Key estimate: Unearned postage revenue

With respect to revenue generated from postage sales, an allowance is made at balance date where the service has not yet been provided. An actuarial valuation is undertaken every three years incorporating updates to key input assumptions including changes to product mix and patterns of purchase and use. The actuarial valuation also makes certain assumptions including applying an average initial credit balance before each postage meter reset, constant postage meter usage between resets and that the timing of resets follows a reasonably random process for business customers. The provision is reassessed every six months and where necessary, an update to the actuarial factors is made where a significant change in assumption is observed.

B7 OTHER PROVISIONS

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

Consolidated ($m)	Property make good provision	Surplus lease space provision	Other provision[1]	Total
Balance at 30 June 2014	**54.1**	**36.7**	**39.5**	**130.3**
– current provision	**0.3**	**20.3**	**39.5**	**60.1**
– non-current provision	**53.8**	**16.4**	**–**	**70.2**
Reassessments and additions	3.7	(4.2)	25.9	25.4
Unused amount reversed	(2.3)	(1.3)	(3.2)	(6.8)
Payments made	(1.4)	(0.4)	(27.8)	(29.6)
Unwinding and discount rate adjustment	(2.2)	(4.2)	–	(6.4)
Balance at 30 June 2015	**51.9**	**26.6**	**34.4**	**112.9**
– current provision	**12.4**	**12.1**	**34.4**	**58.9**
– non-current provision	**39.5**	**14.5**	**–**	**54.0**
Reassessments and additions	3.2	(5.4)	12.5	10.3
Unused amount reversed	(1.9)	(3.2)	(11.1)	(16.2)
Payments made	(1.3)	(0.7)	(17.5)	(19.5)
Unwinding and discount rate adjustment	0.9	0.5	(0.9)	0.5
Balance at 30 June 2016	**52.8**	**17.8**	**17.4**	**88.0**
– current provision	**8.8**	**9.0**	**17.4**	**35.2**
– non-current provision	**44.0**	**8.8**	**–**	**52.8**

1 Includes legal provisions (2016: $4.2 million; 2015: $24.7 million), onerous agreement provisions (2016: $nil; 2015: $7.0 million) and other provisions (2016: $13.3 million; 2015: $2.7 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 estimates: Other provisions

Surplus lease space provisions

Surplus lease space provisions represent the estimated lease cost of property leases surplus to the Group's requirements or where sub-let agreements are on terms substantially below market rates. The estimated cost is based on the contractually required lease payments over the remaining term of each lease agreement, less any amounts received through sub-lease agreements where applicable.

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 dependent on the nature of the building being leased. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised by adjusting both the 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)	2016	2015
Current provisions		
Employee provisions:		
Annual leave	181.2	178.9
Long service leave	373.5	349.2
Separations and redundancy[1]	100.6	42.1
Other employee	59.2	53.6
	714.5	**623.8**
Employee-related provisions:		
Workers' compensation	30.5	29.2
Balance at 30 June	**745.0**	**653.0**
Non-current provisions		
Employee provisions:		
Long service leave	64.2	61.6
Separations and redundancy[1]	99.6	175.1
Other employee	9.4	4.9
	173.2	241.6
Employee-related provisions:		
Workers' compensation	119.6	111.6
Balance at 30 June	**292.8**	**353.2**

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 where the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date is recognised in current provisions. 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 recognised in current provisions.

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.

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 $21.7 million of claims made in the 2015/16 financial year (2014/15: $22.1 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;
- investment return;
- average claim size;
- claim development; and
- claim administration expenses.

C2 SENIOR EXECUTIVE AND DIRECTOR 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.

For the purposes of this note, the Group has defined senior executives as those employees who report directly to the Managing Director & Group CEO. 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.

Senior executive and director remuneration by category

Remuneration received directly or indirectly by senior executives and directors under an accrual basis for the year ended 30 June is as follows:

	Senior executives and directors		
Corporation and consolidated ($)	**2016**	**2015**	**2014**
Short-term employee benefits[1, 2]	12,730,978	8,393,297	13,079,359
Post-employment benefits	1,536,193	811,174	1,263,414
Other long-term benefits[3]	4,067,430	4,573,592	1,834,930
Termination/retirement benefits	368,052	–	–
Total senior executive and director remuneration	**18,702,653**	**13,778,063**	**16,177,703**

1 Short-term employee benefits comprise wages, salaries, paid annual leave, bonuses (if payable within 12 months of the end of the period) and non-monetary benefits.

2 The 2016 total includes the full cost of short-term incentives which have been reinstated in the current year. In 2015, these incentives were forfeited either partly or in full by senior executives in order to support the reform agenda.

3 The 2015 and 2016 totals include the cost of a long-term incentive program implemented for a number of senior executives which requires performance against Board-approved hurdles over a number of years.

Total number of senior executives and directors

The total number of senior executives and directors who held office at any time during the year is disclosed below:

	Senior executives and directors		
Corporation and consolidated (number)	**2016**	**2015**	**2014**
Senior executives	8	9	9
Directors	12	8	8
	20	17	17

Related-party transactions

Transactions entered into directly by directors or director-related entities with the Australian Postal Corporation have been either domestic or trivial in nature.

A number of directors of the Australian Postal Corporation are also directors of or have interests in other entities which have transacted with the Australian Postal Corporation Group. These transactions have occurred on terms and conditions no more favourable than those which it is reasonable to expect the Group would have adopted if dealing with any third party on normal commercial terms.

C3 POST-EMPLOYMENT BENEFITS

All employees are entitled either to benefits from the Group's defined benefit plan Australia Post Superannuation Scheme (APSS - the Fund) on retirement, disability or death or can direct the Group to make contributions to a defined contribution plan of their choice.

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)	2016	2015
Current service cost	194.9	190.6
Past service cost	–	(90.7)
Interest cost on benefit obligation	143.6	121.2
Interest income on plan assets	(164.0)	(125.4)
Plan expenses	12.0	12.6
Contributions tax reserve	–	16.9
Defined benefit superannuation expense	**186.5**	**125.2**

The reconciliation of the changes in the present value of the amounts recognised in the balance sheet at 30 June is as follows:

Changes in the present value of defined obligation		
Opening defined benefit obligation at 1 July	3,310.7	3,685.9
Interest cost	143.6	121.2
Current service cost	194.9	190.6
Benefits paid and payable	(254.1)	(344.4)
Past service cost	–	(90.7)
Actuarial gain/(loss) due to changes in financial assumptions	163.7	(225.9)
Actuarial gain/(loss) due to changes in demographic assumptions	–	(6.9)
Other remeasurements	(52.0)	(19.1)
Closing defined benefit obligation at 30 June[1]	**3,506.8**	**3,310.7**
Changes in the fair value of the plan assets		
Opening fair value of plan assets at 1 July	3,923.6	3,726.5
Return on plan assets	(40.4)	291.5
Interest income on plan assets	164.0	125.4
Contributions by employer	150.0	159.1
Benefits paid and payable	(254.1)	(344.4)
Plan expenses	(12.0)	(12.6)
Contributions tax reserve	(20.7)	(21.9)
Fair value of plan assets at 30 June[1]	**3,910.4**	**3,923.6**
Amount recognised in other comprehensive income		
Remeasurements on liability	111.7	(251.9)
Return on plan assets excluding interest income	40.4	(291.5)
Contributions tax	20.7	12.3
Total amount to be recognised in other comprehensive income	**172.8**	**(531.1)**

1 Excluded from the obligation and plan assets above is $3,524.3 million (2015: $3,483.0 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 to 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. The past service cost for the prior period comprises a reduction in the defined benefit obligation due to changes to the APSS as announced in the 2014 financial year, and this was partly offset by a curtailment loss resulting from the Group's planned restructuring activities. 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 StarTrack Express Pty Ltd, Post Super Pty Ltd and Decipha Pty Ltd are members of the fund. The APSS provides employer-financed defined benefits to all employees who are members and member-financed accumulation benefits to those who elect. Member-financed accumulation balances at 30 June 2016 totalling $3,524.3 million (30 June 2015: $3,483.0 million) have been excluded from the disclosures. On 30 June 2012 the fund closed to new members.

Regulatory framework and governance

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 14) was consolidated in September 2014. 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 member representative 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 salary sacrifice contributions in respect of Members Savings) of $145 million for the year ended 30 June 2017.

As under the current arrangements, the corporation can cease making contributions at any time to the APSS, the corporation has no legal requirement to contribute to the APSS. As such, the corporation does not currently have any minimum funding requirements in respect of the APSS.

Categories of plan assets ($m)[1]

The fair value of total plan assets is as follows:

Consolidated ($m)	2016	2015
Active Market		
Cash	64.4	53.3
Australian public equities	275.0	218.5
International public equities	834.9	622.0
Emerging markets public equities	279.2	268.4
Australian public debt	532.8	561.9
International public debt	200.1	185.0
Inactive Market		
Equities and debt	1,401.3	1,501.5
Real estate	322.7	513.0
	3,910.4	3,923.6

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 Australia Post shops.

Related-party transactions

The Group performs administrative services on behalf of its Superannuation Fund APSS. These services are provided on normal commercial terms. Payment received by Australia Post for these services for the year ended 30 June 2016 is $12.0 million (2015: $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)	2016	2015	2014	2013	2012
Present value of benefit obligation (wholly funded)	(3,506.8)	(3,310.7)	(3,685.9)	(3,433.3)	(3,393.2)
Fair value of plan assets	3,910.4	3,923.6	3,726.5	3,431.9	3,194.4
Contributions tax reserve	–	–	7.2	(0.2)	(35.1)
Net superannuation asset/(liability)[1]	403.6	612.9	47.8	(1.6)	(233.9)

1 The corporation's entitlement to any surplus in the Fund is limited by the terms of the relevant Trust Deed and applicable superannuation laws. On termination, any money and other assets remaining in the Fund after the payment of benefits and expenses of the Fund 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 Fund'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.

C3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Management of the plan risks

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

Key assumptions and sensitivities

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

			Sensitivity ($m)			
	Actuarial assumption (%)		Rate increase of 1%		Rate decrease of 1%	
Consolidated	2016	2015	2016	2015	2016	2015
Discount rate	**3.2**	4.3	**(253.5)**	(235.9)	**292.5**	271.7
Future inflationary salary increases (for year to 30 June 2015)	**n/a**	2.0	**–**	–	**–**	–
Future inflationary salary increases (the period thereafter)	**2.5**	2.5	**239.8**	224.9	**(208.9)**	(195.8)

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 8.5 years (2015: 9 years), calculated using expected benefit payments on an accrual basis.

Defined contribution post-employment benefits

Australia Post pays the Superannuation Guarantee contribution to the nominated superannuation funds of employees who are not members of the Fund, or those who have voluntarily elected not to be members of the Fund.

Defined contribution post-employment benefits are expensed by the Group as service is rendered by the Group's employees. The defined contributions superannuation expense recognised in respect of post-employee benefits is as follows:

Consolidated ($m)	2016	2015
Defined contribution superannuation expense	65.2	57.4

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 enterprise 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 of the level of equity capital employed and seeks to maintain a prudent balance between the advantages and flexibility afforded by a strong capital position and the higher returns on equity possible with some leverage. A further consideration when managing capital is maintenance of an investment grade rating. The Group holds a AA– rating (2015: AA–) from the independent ratings agency Standard & Poor's.

The capital structure of the Group (which has not changed from the 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 on 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 insignificant.

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 was $232.4 million (2015: $226.2 million) which relates to bank guarantees over projected workers' compensation claims 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 balances are monitored on an ongoing basis with the result that the exposure to bad debts is not significant.

Credit risk management: financial instruments

Counterparty limits are reviewed regularly by the treasury group with recommended limits endorsed by the Board. Investment of surplus funds is made only with approved high investment grade counterparties as rated by Standard & Poor's. Surplus funds invested with bank counterparties are all rated A- or better (2015: A– or better).

Accordingly, credit risk on derivative financial instruments is limited and managed using the principle of the APRA Current Exposure Method as described in its guidance note AGN 112.2, taking into account both current credit exposure and potential future credit exposure.

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 B7 and B6 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 had the following financing facilities available throughout the financial year:

- a three-year revolving committed facility of $200 million expiring 25 June 2018 and a five-year revolving credit facility of $200 million expiring 25 June 2020, both of which are available for draw down for a minimum of 30 days.
- a bank overdraft facility of $15 million available for draw-down and repayable on demand, as required.

D2 MANAGING OUR FINANCIAL RISKS (CONTINUED)

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. For financial guarantee contracts and undrawn loan commitments, the maximum amount of the guarantee and undrawn loan commitment is allocated to the earliest period in which the guarantee or loan commitment can be called.

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 2016						
Trade and other payables	665.9	–	–	–	**665.9**	**665.9**
Bonds payable	317.5	22.1	310.1	199.1	**848.8**	**708.5**
Interest rate swaps	(8.2)	–	–	–	**(8.2)**	**(6.1)**
Hedge foreign exchange contracts (net settled)	(5.6)	(0.5)	–	–	**(6.1)**	**(6.1)**
Financial guarantee contracts[1]	–	–	–	–	**–**	**–**
	969.6	**21.6**	**310.1**	**199.1**	**1,500.4**	**1,362.2**
As at 30 June 2015						
Trade and other payables	610.6	–	–	–	**610.6**	**610.6**
Bonds payable	37.5	317.5	66.4	464.9	**886.3**	**713.7**
Interest rate swaps	(4.3)	(6.3)	–	–	**(10.6)**	**(11.2)**
Hedge foreign exchange contracts (net settled)	0.2	(0.6)	–	–	**(0.4)**	**(0.4)**
Financial guarantee contracts[1]	0.5	–	–	–	**0.5**	**–**
	644.5	**310.6**	**66.4**	**464.9**	**1,486.4**	**1,312.7**

1 This represents the maximum amount that could be called on by the counterparty. This contract has been fully settled during the year (2015: $0.5 million).

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, while 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 is 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)	2016	2015
Financial assets		
Cash and cash equivalents (floating rate)	389.6	249.6
Financial liabilities		
Bonds payable (fixed rate)	708.5	713.7
Interest rate swaps (fixed rate)	(285.3)	(290.8)
Interest rate swaps (floating rate)	279.2	279.6

Interest rate risk sensitivity

An interest rate sensitivity analysis of the Group at the reporting date has been performed, using a 30 basis point (2015: 40) 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 $0.8 million (2015: $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 $280 million maturing on 6 February 2017, $250 million maturing on 13 November 2020 and the remaining $175 million maturing on 13 November 2023.

Consolidated ($m)	2016	2015
Payable in less than 1 year[1]	285.3	–
Current loan liabilities	**285.3**	**–**
Payable in 1–5 years[2,1]	249.4	290.8
Payable in over 5 years[2]	173.8	422.9
Non–current loan liabilities	**423.2**	**713.7**
Total	**708.5**	**713.7**

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 rights and 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 four major traded currencies (USD, Japanese Yen, EUR and Pound Sterling). 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 the SDR, is measured and managed on an item-by-item basis and individual exposures over $500,000 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 table below.

Other major sources of foreign exchange transaction risk are as a result of foreign sourced and priced capital equipment, purchases or sales in foreign currencies (including fuel purchases) and foreign currency bank accounts.

Foreign currency sensitivity

The following table also details the effect on profit after tax as at 30 June from a 10.5 per cent (2015: 10.9 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.

		Exchange +10.5%		Exchange –10.5%	
Consolidated AUD ($m)	Exposure	Impact on profit	Impact on equity	Impact on profit	Impact on equity
2016					
Financial assets					
Cash on hand	127.5	(8.5)	–	8.5	–
Trade and other receivables	163.7	(12.0)	(5.6)	12.0	5.6
Available-for-sale financial assets	11.9	–	(0.8)	–	0.8
Financial liabilities					
Trade and other payables	(80.6)	5.9	–	5.9	–
Net Exposure	**222.5**	**(14.6)**	**(6.4)**	**14.6**	**6.4**
		Exchange +10.9%		Exchange –10.9%	
	Exposure	Impact on profit	Impact on equity	Impact on profit	Impact on equity
2015					
Financial assets					
Cash on hand	8.1	(0.5)	–	0.5	–
Trade and other receivables	154.7	(14.8)	(7.9)	14.8	7.9
Financial liabilities					
Trade and other payables	(71.0)	4.9	–	(4.9)	–
Net Exposure	**91.8**	**(10.4)**	**(7.9)**	**10.4**	**7.9**

Of the total $222.5 million of foreign currency denominated exposures, $122.0 million is USD, $83.1 million is SDR and $11.9 million in AUD. The remaining $5.5 million is made up of GBP, EUR and NZD (2015: Total of $91.8 million is $83.8 million of SDR and $6.9 million of USD. Remaining $1.1 million is made up of GBP, EUR and NZD).

The receivables and payables denominated in SDR, on which the sensitivity is shown in the table above, are not necessarily representative of the Group's exposure to currency risk for the years ended 30 June 2016 and 30 June 2015.
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.

D3 USING DERIVATIVES TO HEDGE RISK

Types of hedging instruments

The Group uses the following types of derivative financial instruments as part of its risk management strategy:

Interest rate swaps

Interest rate swaps are used to manage the exposure to interest rate movements arising from Group 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.

The following table details the notional principal amounts and remaining terms of fixed for floating interest rate swap contracts as at balance date.

Consolidated	Fixed interest rate %	Notional principal amount ($m)
2016		
From 1–5 years	5.5	280.0
2015		
From 1–5 years	5.5	280.0

During the year, the Group had interest rate swap contracts which settled on a quarterly basis. The floating rate on the $280 million interest rate swaps is quarterly BBSW plus 131 basis points.

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.

Foreign currency derivatives

All foreign currency contracts are entered into on the basis of known or projected exposures. The Group has elected to adopt hedge accounting in respect of some of its foreign currency hedging exposures, excluding SDR. The fair value of foreign currency contracts designated as hedging instruments is a net asset of $6.1 million (2015: net asset of $0.4 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 and capital expenditure. 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 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 has elected not to adopt hedge accounting on these contracts. The gain or loss from remeasuring these SDR contracts is recorded in profit and loss.

The following table details the foreign currency contracts outstanding as at balance date:

Consolidated	Average exchange rate	Notional amount (foreign currency) ($m)
2016		
BUY USD		
0–6 months	0.741	14.7
		14.7
BUY EUR		
0–6 months	0.689	4.1
7–12 months	0.678	8.2
over 12 months	0.671	13.5
		25.8
BUY JPY		
over 12 months	89.208	2,436.6
		2,436.6
2015		
BUY USD		
0–6 months	0.790	20.3
7–12 months	0.780	1.9
over 12 months	0.771	3.1
		25.3
BUY EUR		
0–6 months	0.681	10.5
over 12 months	0.676	25.7
		36.2
BUY GBP		
0–6 months	0.510	0.8
7–12 months	0.502	0.2
		1.0
BUY JPY		
0–6 months	93.638	140.1
over 12 months	89.507	2,382.2
		2,522.3
SELL SDR		
0–6 months	1.777	72.1
7–12 months	1.823	34.8
		106.9

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 cash flow hedge arrangements 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's 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 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 and forward rates sourced from available market data quoted for all major currencies and commodities. 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
2016		
Financial assets		
Finance lease receivable	103.2	135.8
Financial liabilities		
Bonds payable	708.5	759.7
2015		
Financial assets		
Finance lease receivable	103.3	112.2
Financial liabilities		
Bonds payable	713.7	749.0

The financial assets and liabilities not measured at fair value in the consolidated balance sheet are disclosed above. In valuing them at fair value, they would be 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.

There was 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:

	2016 %	2015 %
AP Innovation Ventures Pty Ltd[1]	100	-
AP International Holdings Pty Ltd[1]	100	100
ApeCom Fund Incorporated Limited Partnership[9]	100	-
APost Accelerator Pty Ltd[1]	100	-
APost Innovation Pty Ltd[1]	100	-
Australia Post Digital MailBox Pty Ltd[10]	100	100
Australia Post Licensee Advisory Council Limited[5]	50	50
Australia Post Services Pty Ltd[6]	100	100
Australia Post Transaction Services Pty Ltd[2]	100	100
Australian Express Transport Pty. Limited[1]	100	100
Australian Express Freight Pty. Limited[1]	100	100
AUX Investments Pty Ltd[4]	100	100
corProcure Pty Ltd[1]	100	100
Decipha Pty Ltd[4]	100	100
Discount Freight Express Pty Limited[1]	100	100
DFE Pty Limited[1, 8]	75	100
DFE Transport Pty Ltd[1]	100	100
Geospend Pty. Ltd.[1]	100	100
Lakewood Logistics Pty Ltd[1]	100	100
Mail Plus Pty Ltd[1, 8]	75	-
Mardarne Pty. Ltd.[1]	100	100
MP Rights Pty Ltd[1, 8]	75	-
Multigroup Distribution Services Pty Limited[1]	100	100
Our Neighbourhood Pty. Ltd.[1]	100	100
Our Neighbourhood Trust[7]	100	100
POLi Payments Pty Ltd[1]	100	100
Post Fulfilment Online Pty Ltd[1]	100	100
Post Logistics Australasia Pty Ltd[1]	100	100
Postcorp Developments Pty Ltd[1]	100	100
Postlogistics (Hong Kong) Pte Limited[3]	100	100
SB Parcels Pty Ltd[1]	100	-
SecurePay Holdings Pty Ltd[4]	100	100
SecurePay Pty. Ltd.[4]	100	100
Sprintpak Pty. Ltd.[1]	100	100
ST Couriers Holdings Pty Ltd[1]	100	-
Star Track Couriers Pty Limited[1]	100	100
Star Track Express Holdings Pty Limited[4]	100	100
Star Track Express Investments Pty Limited[4]	100	100
Star Track Express Pty Limited[4]	100	100
Star Track Pty Limited[1]	100	100
StarTrack Retail Pty Ltd[4]	100	100
Star Track Special Services Pty Limited[1]	100	100
STI Co (Aust) Pty Ltd[1]	100	–

1 Small proprietary entity not required to prepare and lodge audited financial statements with Australian Securities and Investments Commission (ASIC).
2 Large proprietary company required to prepare and lodge audited financial statements with ASIC.
3 Entity incorporated in Hong Kong and not audited by the Australian National Audit Office.
4 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 Class Order 98/1418.
5 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.
6 Small proprietary entity which holds an Australian Financial Services Licence and is required to prepare and lodge audited financial statements with ASIC.
7 Not-for-profit entity required to prepare and lodge audited financial statements with the Australian Charities and Not-for-profits Commission.
8 Entity required to prepare audited financial statements in accordance with the requirements of the DFE Pty Limited Shareholders Agreement.
9 Incorporated limited partnership governed by a deed required to prepare audited financial statements.
10 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.

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. The Group is party to both finance leases and operating leases. 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 benefits.

Below outlines the leases that the Group is party to where the underlying leased assets are not on the consolidated balance sheet.

Finance leases for assets the Group leases to extenal parties

The Group has a finance lease receivable relating to the disposal in 1996–97 of the Sydney GPO heritage site under a 99-year lease. The agreement included a seven-year rent-free period to the lessee, followed by a guaranteed minimum rental.

The reconciliation of minimum lease payments to lease receivable is as follows:

Consolidated ($m)	2016	2015
Gross minimum finance lease rentals receivable	523.3	529.8
Finance lease revenue not yet recognised	(420.1)	(426.5)
Total	**103.2**	**103.3**
Minimum finance lease rentals receivable:		
– within 1 year	6.5	6.5
– from 1 year to 5 years	26.0	26.0
– over 5 years	490.8	497.3
Total	**523.3**	**529.8**
Finance lease receivable[1]	103.2	103.3
• Current	6.5	6.5
• Non Current	96.7	96.8

1 The lease commitments receivable at year-end equals the minimum lease payments, as there are no material contingent payments or unguaranteed residual value relating to this lease agreement.

Operating leases for assets the Group leases to external parties

The Group leases or sub-leases a total of 245 sites to external parties. These are under operating leases with various occupancy terms that are due to expire in the next 1 to 22 years. The leased property portfolio comprises 27 commercial, 41 industrial, 158 retail and 19 general 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)	2016	2015
– within 1 year	35.3	37.4
– from 1 year to 5 years	80.9	93.0
– over 5 years	51.9	42.1
Total	**168.1**	**172.5**

Operating leases for assets the Group leases from external parties

The Group leases a total of 993 sites. These are under operating leases with various occupancy terms that are due to expire in the next 1 to 16 years. The leased property portfolio comprises 174 commercial, 303 industrial, 7 residential, 504 retail and 5 general 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)	2016	2015
Minimum lease payments	196.2	205.6
Contingent rentals	0.8	0.9
Operating lease rentals	**197.0**	**206.5**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Consolidated ($m)	2016	2015
– within 1 year	167.5	167.2
– from 1 year to 5 years	378.9	402.3
– over 5 years	183.3	212.4
Total	**729.7**	**781.9**

E3 AUSTRALIAN POSTAL CORPORATION

Corporation ($m)	2016	2015
Current assets	1,360.4	1,101.2
Total assets	4,920.9	4,937.0
Current liabilities	2,087.3	1,621.5
Total liabilities	3,105.9	3,038.6
Contributed equity	400.0	400.0
Retained profits	1,397.6	1,491.9
Asset revaluation reserve	11.1	7.5
Hedging reserve	6.3	(1.0)
Net equity	**1,815.0**	**1,898.4**
Net profit/(loss) of the parent entity	26.6	(153.8)
Total comprehensive income of the parent entity	(120.9)	371.8

Australian Postal Corporation, which is the Group's ultimate parent and controlling entity of the Australian Postal Corporation Group, also has:

- contingent liabilities which relate to legal liability claims that have been lodged against the corporation, including motor vehicle accident and personal injury claims in the amount of $2.5 million (2015: $2.5 million);
- issued bank guarantees amounting to $160.5 million (2015: $150.3 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 $168.1 million (2015: $172.6 million). Capital commitments of the parent entity in relation to land and buildings and plant and equipment amount to $109.1 million (2015: $148.4 million); and
- operating lease commitments of $620.8 million (2015: $629.9 million).

E4 AUDITORS' 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:

Corporation ($m)	2016	2015
An audit or review of the financial report of the entity and any other entity in the consolidated entity	1,749,000	1,655,000
- assurance related	300,000	195,000
- special audits required by regulators[1]	–	103,000
- other non-audit related[1]	583,500	236,200
Total auditors' remuneration	2,632,500	2,189,200

1 These services are performed by Ernst & Young (Australia) directly and include due diligence, governance, compliance and research services.

E5 CONTINGENCIES

The Group has the following contingent assets and liabilities as at 30 June 2016. 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	2016 ($m)	2015 ($m)	2016 ($m)	2015 ($m)	2016 ($m)	2015 ($m)
Balance from previous period	226.2	223.9	38.5	7.2	264.7	231.1
New contingent liabilities recognised	23.4	7.3	4.4	59.4	27.8	66.7
Remeasurement	(13.0)	6.6	(0.7)	3.1	(13.7)	9.7
Liabilities realised	–	–	(4.5)	(24.9)	(4.5)	(24.9)
Obligations expired	(4.2)	(11.6)	(35.3)	(6.3)	(39.5)	(17.9)
Total contingent liabilities	**232.4**	**226.2**	**2.4**	**38.5**	**234.8**	**264.7**
Balance from previous period	9.3	9.2	–	–	9.3	9.2
New contingent assets recognised	–	0.7	–	–	–	0.7
Assets realised	–	–	–	–	–	–
Obligations expired	(1.3)	(0.6)	–	–	(1.3)	(0.6)
Total contingent assets	**8.0**	**9.3**	**–**	**–**	**8.0**	**9.3**
Net contingent liabilities	**224.4**	**216.9**	**2.4**	**38.5**	**226.8**	**255.4**

Recognition and measurement

Contingent liabilities and contingent assets arise when:

- there is sufficient uncertainty as to the existence of a liability or asset; or
- there is 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 remote.

Guarantees

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* (SRC Act).

Claims for damages or other costs

These 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 2016, there was no material contingent liability with respect to the Group's self-insurance activities.

E6 OTHER ACCOUNTING POLICIES

a) Accounting for goods and services taxes

Revenues, expenditures and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- on 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 – purchase cost 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 2016. Liabilities are disclosed as current when they are due within 12 months of 30 June 2016 or when there is no unconditional right to defer settlement of the liability for at least 12 months after 30 June 2016.

d) New and amended Australian Accounting Standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2015:

Reference	Description
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The standard makes amendments to a number of Standards and Interpretations arising from the issuance of AASB CF 2013-1 and the deletion of references to AASB 1031 Materiality and also makes minor editorial amendments to various other standards. There were also amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments. There were no material changes to the Group's financial statements from the initial application of this standard.
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. There were no material changes to the Group's financial statements from the initial application of this standard.

E6 OTHER ACCOUNTING POLICIES (CONTINUED)

e) New and amended Australian Accounting Standards not yet adopted

The following standards, amendments to standards and interpretations are relevant to current operations but have not been applied by the Group in this financial report.

Reference	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 9 Financial Instruments	Amendments to AASB 9 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2018	1 July 2018
AASB 2014-3 Amendments to Accounting for Acquisitions of Interests in Joint Operations	AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. These amendments are not expected to have any material impact on the Group's financial statements.	1 January 2016	1 July 2016
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation	AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an assets. These amendments are not expected to have any material impact on the Group's financial statements.	1 January 2016	1 July 2016
AASB 15 Revenue from Contracts with Customers	AASB 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2018	1 July 2018
AASB 1057 Application of Australian Accounting Standards	This standard lists the application paragraphs for each other standard (and interpretation), grouped where they are the same. These amendments are not expected to have any material impact on the Group's financial statements.	1 January 2016	1 July 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. These amendments are not expected to have any material impact on the Group's financial statements.	1 January 2016	1 July 2016

Reference	Nature of change to accounting policy	Application date of standard	Application date for Group
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 2018	1 July 2018
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The amendment makes changes to a number of accounting policies including the methods of disposal in AASB 5 Non-current Assets Held for Sale and Discontinued Operations, disclosure requirements in AASB 7 Financial Instruments: Disclosures and AASB 134 Interim Financial Reporting and clarification of discount rates utilised in AASB 119 Employee Benefits.	1 January 2016	1 July 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project.	1 January 2016	1 July 2016
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 Disclosure of Interests in Other Entities and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities. These amendments are not expected to have any material impact on the Group's financial statements.	1 January 2016	1 July 2016
AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs	This standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133. These amendments are not expected to have any material impact on the Group's financial statements.	1 January 2016	1 July 2016

E6 OTHER ACCOUNTING POLICIES (CONTINUED)

Reference	Nature of change to accounting policy	Application date of standard	Application date for Group
AASB 16 Leases	AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The accounting by lessors, however, will not significantly change. The changes under AASB 16 are significant and will have a pervasive impact, particularly for lessees with operating leases. Management is yet to complete its assessment of the likely impact on the Group's financial statements.	1 January 2019	1 July 2019
2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	This standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. These amendments are not expected to have any material impact on the Group's financial statements.	1 January 2017	1 July 2017
2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments are not expected to have any material impact on the Group's financial statements.	1 January 2017	1 July 2017

Community service obligations

for the year ended 30 June 2016

Australia Post's community service obligations (CSOs) are set out in s27 of the *Australian Postal Corporation Act 1989* (the 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; and
- 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 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 2015/16. The actual result for each standard is outlined in the table below. The associated ANAO Audit Report is reproduced on pages 110 to 111.

Organisational arrangements

The ongoing focus on CSO compliance is maintained by Australia Post's Head of Board & Shareholder Liaison in its headquarters and nominated CSO representatives nationally.

CSO costs

There is a financial cost associated with meeting CSOs. That cost arises when the charge made for any mandated service does not recover the cost of its delivery. The cost is measured on a net basis (that is, after reduction of related revenue).

For 2015/16 (calculated on the avoidable cost methodology), CSO costs are estimated to be $182.5 million.

Performance standard			2015/16 performance
Lodgement			
10,000 street posting boxes			15,357
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			96.2%
Access			
4,000 retail outlets (2,500 in rural and remote areas)			4,392 (2,551 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			88.8%
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 AUDITOR'S COMPLIANCE REPORT

To the Minister for Communications

Report on the extent to which the Australian Postal Corporation has compiled with the *Australian Postal Corporation (Performance Standards) Regulations 1998* for the year ended 30 June 2016

I have audited the Australian Postal Corporation's compliance 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 2016.

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).

Conclusion

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 2016.

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Email grant.hehir@anao.gov.au

Respective Responsibilities

The directors of the Australian Postal Corporation are responsible for compliance with the Prescribed Performance Standards.

My responsibility is to express a conclusion on compliance with the Prescribed Performance Standards by the Australian Postal Corporation, in all material respects. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the applicable Standard on Assurance Engagements ASAE 3100 *Compliance Engagements,* to provide reasonable assurance that the Australian Postal Corporation has complied with the Prescribed Performance Standards. Accordingly, I have performed such tests and procedures as considered necessary in the circumstances. 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 2016.

Inherent Limitations

Because of the inherent limitations of any compliance audit, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the Prescribed Performance Standards, as an audit is not performed continuously throughout the year and the audit procedures performed in respect of compliance with the Prescribed Performance Standards are undertaken on a test basis. The audit conclusion expressed in this report has been formed on the above basis.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office

Grant Hehir
Auditor-General

Canberra
25 August 2016

Domestic Letter Service Monitor (TNS)

TNS

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Australia

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www.tnsglobal.com

July 22, 2016

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 against its delivery undertakings for the year ended June 2016 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 369,756 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 and including window-faced envelopes. 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 ending June 2016 the sample used by TNS Australia was consistent with the sample frame provided by Australia Post. The attached certification from Deloitte states that "nothing has come to our attention that would suggest that the results reported by TNS Australia for the year ended 30/06/2016 have not been calculated in accordance with the agreed business rules or do not fairly represent the performance of Australia Post's basic letter service for that period."

Results

For the year ended June 2016, the monitor showed that Australia Post delivered 96.2 per cent of all letters early or on time, and 99.0 per cent of letters were delivered on time or not more than one working day after your delivery undertakings.

Taylor Nelson Sofres Australia Pty Ltd
ACN 000 601 221

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 2016 against the scope provided.

Yours faithfully,

Tania Kullmann
Managing Director
TNS Australia Pty Ltd

Margaret Persico
Director
TNS Australia Pty Ltd

Survey certification

Deloitte.

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21 July 2016

Independent Assurance Report on TNS Australia calculation of Australia Post Performance Metric for Basic Letters for the period 01 July 2015 to 30 June 2016

TNS Australia perform an external mail monitoring service covering basic (domestic) letters carried across the Australia Post Network for Australia Post within a defined set of parameters that have been agreed between Australia Post and TNS Australia.

TNS Australia's Responsibilities

The management of TNS Australia is responsible for the calculation and delivery of the performance metrics to Australia Post in accordance with the agreed business rules. This responsibility includes the design and operation of controls intended to monitor the accuracy of the calculation of the performance metrics.

Deloitte's Responsibilities

At the request of TNS Australia, Deloitte has re-performed the calculation of the delivery performance metric using the data output from the Computer Information System (CIS) in order to express a conclusion on whether, based on the work we have performed, anything comes to our attention to indicate that the calculations performed by TNS Australia have not, in all material respects, been calculated in accordance with the business rules set out in the agreement between TNS Australia and Australia Post dated 21 August 2015 and do not fairly represent the performance of Australia Post's basic letter service.

Our procedures were performed in accordance with Australian Standard on Assurance Engagements ASAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" in order to provide limited assurance as defined by that standard. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ASAE 3000 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Considering the risk of material error, we planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusion. Key procedures included:

- Interviewing the process owners for the preparation of the Australia Post Performance Metrics
- An evaluation of the implementation of key controls used by management in the preparation of the Australia Post Performance Metrics

Deloitte.

Page 2
21 July 2016

- Independent re-performance of the calculation of the delivery performance metric using data extracted from the CIS system
- Choosing a random sample of invalidated ('dudded') transactions, and obtaining supporting evidence to identify for those transactions in the sample, whether the process (as agreed to between TNS Australia and Australia Post) for 'dudding' transactions was adhered to.

Inherent Limitations

Because of the inherent limitations of any internal control structure it is possible that fraud, error, or non-compliance with the agreed business rules may occur and not be detected. Further, the internal control structure, within which the processes that we have reviewed operate, has not been reviewed and no opinion is expressed as to its effectiveness.

A review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the operation of the monitoring processes to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The conclusion expressed in this report has been formed on the above basis.

Independence

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.

Assurance Practitioner's Independence and Quality Control

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.

Use of report

This report has been prepared for distribution to TNS Australia in terms of our engagement letter dated 21 August 2015. We understand that a copy of this report will be provided to Australia Post by TNS Australia. We disclaim any assumption of responsibility for any reliance on this report to Australia Post or to any other persons or users, other than TNS Australia, or for any purpose other than that for which it was prepared.

Findings

The table below compares the national average of the delivery performance metric as calculated by TNS Australia and by Deloitte:

Type of Letter	TNS Australia figure	Deloitte figure
Basic	96.2% (±0.1)	96.2%

Conclusion

Based on the work performed, in all material respects, nothing has come to our attention that would suggest that the results reported by TNS Australia for the year ended 30 June 2016 have not been calculated in accordance with the agreed business rules or do not fairly represent the performance of Australia Post's basic letter service for that period.

Yours sincerely,

Kevin Nevrous
Partner
Deloitte Touche Tohmatsu

Reserved/Non-reserved services

	Reserved		Non-reserved[1]		Total	
2016	$m	%	$m	%	$m	%
Revenue	1,937.3	29.6%	4,618.7	70.4%	6,556.0	100.0%
Expenditure	1,951.6	30.1%	4,534.7	69.9%	6,486.3	100.0%
Profit before interest & jointly controlled entities	**(14.3)**	**(20.6%)**	**84.0**	**120.6%**	**69.7**	**100.0%**
Net interest					(28.4)	100.0%
Share of jointly controlled entities profits					(0.3)	100.0%
					41.0	
Income tax expense					(4.6)	
Profit after income tax expense					**36.4**	

	Reserved		Non-reserved[1]		Total	
2015[1]	$m	%	$m	%	$m	%
Revenue	1,737.3	27.3%	4,631.2	72.7%	6,368.5	100.0%
Expenditure	2,020.7	30.2%	4,674.1	69.8%	6,694.8	100.0%
Profit/(loss) before interest & jointly controlled entities	**(283.4)**	**86.9%**	**(42.9)**	**13.1%**	**(326.3)**	**100.0%**
Net interest					(26.0)	100.0%
Share of jointly controlled entities profits					0.2	100.0%
					(352.1)	
Income tax benefit/(expense)					130.4	
Profit/(loss) after income tax expense					**(221.7)**	

1 2015 expenditure within the non-reserved services includes the impacts of asset write-offs and impairments as well as a portion of letter restructuring costs associated with our reform program and an update top our cost methodology.

Statutory reporting requirements index

for the year ended 30 June 2016

This Australia Post Annual 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
Work Health and Safety Act 2011 – reporting requirements		
Sch.2,s4(2)(a)	Health, safety and welfare initiatives	120-121
Sch.2,s4(2)(b)	Health and Safety Outcomes	120-121
Sch.2,s4(2)(c)	Statistics requiring the giving of notice	120-121
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Statutory reporting requirements

for the year ended 30 June 2016

Introduction

Australia Post is subject to various statutory reporting requirements under the *Public Governance, Performance and Accountability Act 2013*, the *Australian Postal Corporation Act 1989*, 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 117 to 119 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* (the Act).

Shareholder Ministers

As Minister for Communications, from September 2016 Senator the Hon. Mitch Fifield has portfolio responsibility for Australia Post (previously Malcolm Turnbull MP). Under a dual shareholder model, overall responsibility for the enterprise 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 any additional disclosures.

Directors of Australia Post are also indemnified by the corporation 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 had, 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.

There have been no instances of non-compliance with any direction or order referred to above.

Other government obligations

Administrative Law

The cost of meeting Commonwealth administrative requirements in 2015/16 is estimated at approximately $1.5 million.

Postal Industry Ombudsman (PIO)

During 2015/16 the PIO has estimated the costs of investigating complaints relating to Australia Post to be $550,000.

ACCC record keeping

The cost of the regulatory audit and compliance with the ACCC's record-keeping rules in 2015/16 is estimated at $500,000.

Maintaining heritage properties

The cost of repairing and maintaining heritage-listed properties in 2015/16 was $3.1 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 the 2015/16 reporting period, revenue foregone is estimated at $62,000.

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 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.

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 2011).*

The Enterprise Safety Strategy focuses on the key safety and health risks to the business, being workers health and well-being (health and fitness or preparedness for work), elimination of harm and care for people who may have been injured at work.

In September 2015 we refreshed a set of shared values which included five values. "Being Safe Everywhere" is a core value for Australia Post as we continue our journey towards zero injuries and zero tolerance of unsafe acts in our workplaces.

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:

- continuing to implement our Health and Safety strategy, focusing on five priorities that underpin our safety program of work:
  - lead and empower to live safely;
  - develop and enhance safety systems that support the safety culture we are aiming to create;
  - develop a continuous learning approach to increase injury prevention;
  - increase the visibility and relevance of our safety performance; and
  - encourage and support our people to care for their health and wellbeing both physically and psychologically;
- implementing leading indicators as KPIs to drive senior leader participation in addressing safety challenges and to increase the focus on preventative safety measures;
- convening the Enterprise Safety Council to provide leadership and direction on safety issues and activity across the enterprise, including decision-making rights that may impact operational decisions and activity;
- continuing the roll-out of the Safety Leadership cultural transformation initiative to over 3,000 operational leaders and supervisors;
- hosting a world leader in safety culture, who toured nationally and spoke to over 1,000 leaders across the Enterprise. His message increased the focus on exposure as well as transformational leadership and valuing safety;
- implementing a "Being Safe Everywhere" activity during our annual "Safety Time" stop work in October;
- progressing the Australia Post Group Work Health and Safety Management System through development, consultation and implementation of integrated procedures and processes;
- hosting a WHS education day for the SRC licensee association with topics including safety innovation, contractor safety and mental health;
- conducting national vertical slice WHS audits, along functional lines for seven audit sites in accordance with the corporation's WHS Management System Quality Assurance (WHSMS QA) Program;
- engaging an independent auditor to conduct Australia Post's national WHSMS QA Program audits in 2015/16;
- delivering a calendar of events as part of our Be Well, Be Healthy, Be Happy health and wellbeing program to all employees, including access to an online self-assessment tool with over 3,500 responses, and developing a group of health and wellbeing champions;
- commencing a focus on mental health with mental health awareness training for HR professionals and operational managers. All staff also received information on mental health and a reminder about our employee assistance program;
- focusing on designing our health and safety issues as we upgrade our equipment and facilities;
- conducting a safety strategy day involving over 70 senior leaders across the business;
- commencing work on a group of life-saving rules;
- continuing work on contractor safety with a focus on mail and parcel delivery contractors;
- focusing safety observations on load-shifting equipment, manual handling and motorcycle riding; and
- delivering an external communication campaign "bubble wrap postie" to raise public awareness to prevent collisions with our postal delivery workers.

During the year:

- 55 incidents notified to Comcare under section 38
- 2 investigations/compliance inspections
- No seizures made under section 175 or 176
- No improvement notice issued under section 191
- No prohibition notices issued under section 195
- No non-disturbance notices issued under section 198
- No remedial action taken under section 211 or 212
- No written undertakings accepted by Comcare under section 216
- No applications for internal review made under section 224
- No applications for external review made under section 229
- No infringement notices given under section 243
- No prosecution instituted under the Act

There were 21 in-house HSR training courses run with a total of 213 HSR and Deputy HSR participants trained. Also eight HSR's attended the One Day Refresher course.

Freedom of information report

In the year to 30 June 2016, Australia Post received 280 applications under the *Freedom of Information Act 1982*.

These were handled as follows:

Granted in full	103
Granted in part	62
Access refused	82
Withdrawn	22
On hand at 30 June 2016	11

There were 17 applications for internal review received during the year.

No additional costs were incurred in the handling of Freedom of Information requests and related responsibilities in 2015/16.

Categories of documents

The categories of documents maintained by Australia Post include those relating to:

- 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

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

Fraud control

Australia Post has in place an internal control framework which includes strategic, financial, operational and compliance elements designed to deter and detect instances of fraud. This framework is supported by a national Fraud and Corruption Policy and the corporation's Our Ethics policy.

The corporation's Assurance group comprises a number of specialist groups responsible for providing risk and compliance, audit, assurance, legal, and security and investigation services to Australia Post.

The Corporate Risk and Compliance group is responsible for an enterprise-wide approach to risk management, including identification, measurement and mitigation of business risks across all areas of the business. The framework and underpinning processes are consistent with the principles of the relevant standards.

The Internal Audit group applies a systematic risk-based, control and governance methodology to review business operations and related systems, including policies and procedures, which make up the control environment.

The Security group is a specialised internal group that provides security consultancy, crime analysis and investigative services to Australia Post. The Security group works closely with law enforcement agencies both within Australia and internationally. There are a number of programs in place to manage risk and compliance in specific areas, including fraud.

Examination of mail

International mail

Australia Post is authorised under the Australia Postal Corporation Act to open mail, as required by the Australian Customs and Border Protection Services, in the following circumstances:

- when it is suspected that articles may contain prohibited substances; or
- to determine that appropriate duties/taxes are met.

Australian Customs and Border Protection Services personnel have also been authorised under section 90T of the Act to remove and open articles in excess of a particular weight which Customs reasonably believes may contain certain drugs or other chemical compounds being carried in contravention of a law of the Commonwealth. Customs has also been authorised under section 90FB (3) of the Act to act as an authorised examiner for the purpose of examining mail without opening. (i.e. by x-ray or with drug detection dogs).

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 Act to request Australia Post to open, for inspection, any article for delivery in that prescribed state or territory, where the inspection officer has reasonable grounds to believe the item consists of, or contains, quarantine material.

Section 90UA authorises Australia Post to remove articles from the mail stream where it is suspected that the article 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 the 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 s.43 (o) (i) (ii) of the Act, Tables 1 and 2 overleaf, detail the number of times that such information was disclosed during the year and the authorities or bodies to which it was disclosed.

Table 1. Disclosure of information/documents (section 90J "Authority")*
(Applies to all information or documents)

Authority for disclosure	Number of disclosures	Disclosures made to
Disclosure under warrants [s. 90J(3)]	23	Australian Customs and Border Protection Services Australian Taxation Office Australian Crime Commission (NSW) Police (TAS) Australian Federal Police (Federal), Police (QLD) Police (VIC)
Disclosure under a law of the Commonwealth [s. 90J(5)]	5,841	Australian Commission for Law Enforcement Integrity Australian Competition and Consumer Commission (Federal) Australian Crime Commission (Federal) Australian Customs and Border Protection Services Australian Financial Security Authority (Federal) Australian Taxation Office (Federal) Centrelink (Federal) Child Support Agency (Federal) Department of Immigration and Border Protection (Federal) Medicare
Disclosures under certain laws establishing commissions [s. 90J(6)]	212	Crime Commission (NSW), Corruption and Crime Commission (WA)

* There were no disclosures made under s. 90J (7) (8) or (9).

Table 2. 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 to authorised ASIO officer [s. 90K(4)]	205	Australian Security Intelligence Organisation (Federal)
Disclosure for the enforcement of laws or protection of public revenue [s. 90K(5)]	6,777	Australian Communications and Media Authority (Federal) Australian Federal Police (Federal) Consumer & Business Services (SA), Consumer Affairs Victoria (VIC), Crime and Misconduct Commission (QLD) Department of Agriculture Department of Agriculture and Water Resources Department of Commerce (WA), Department of Defence (Federal) Department of Environment and Primary Industries (VIC) Department of Environment and Heritage Protection Department of Foreign Affairs and Trade (Federal) Department of Sustainability, Environment, Water, Population and Communities (Federal) Fair Trading (NSW) Fair Work Ombudsman Independent Broad-based Anti-Corruption Commission Office of Environment and Heritage Office of Fair Trading (QLD) Office of State Revenue (NSW) Office of State Revenue (QLD) Residential Tenancies Authority (QLD), RevenueSA (SA) RSPCA (Federal) State Revenue Office (VIC) State Revenue (WA) Police (ACT) Police (SA) Police (QLD) Police (NSW), Police (NT) Police (TAS) Police (VIC)

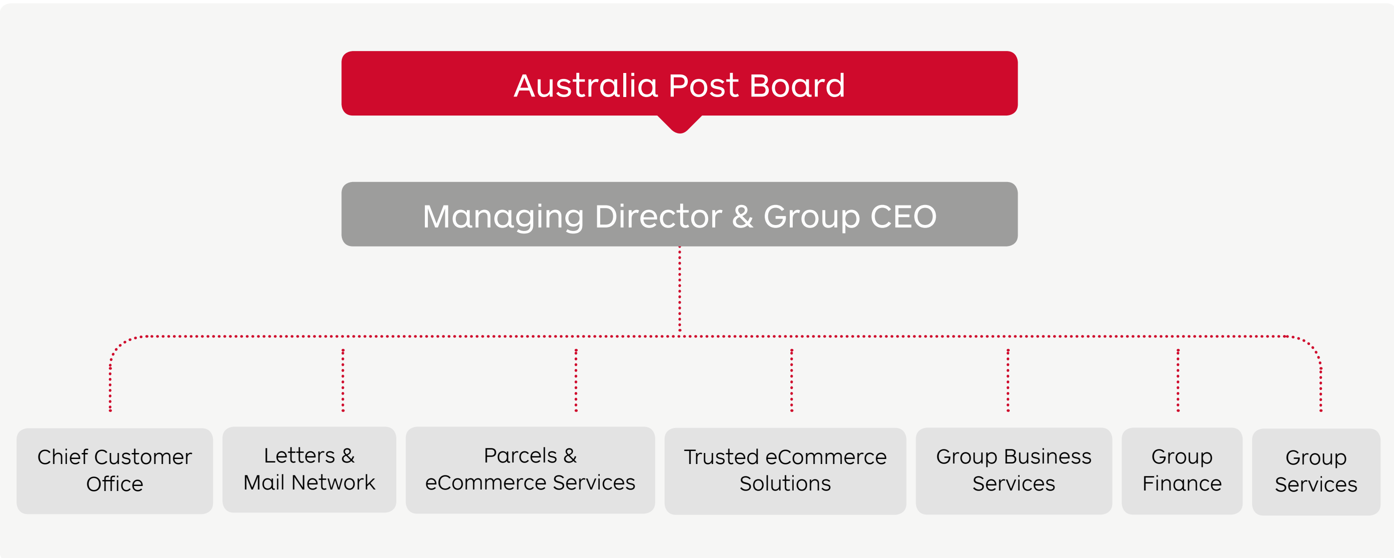
Table 1. Disclosure of information/documents (section 90J "Authority")* continued
(Applies to all information or documents)

Authority for disclosure	Number of disclosures	Disclosures made to
		Police (WA), WorkCover Queensland, Worksafe Victoria, Anti-Corruption Commission (WA), Australian Sports Anti-Doping Authority (ASADA), Attorney-General's Department (Federal), Australian Building and Construction Commission, Australian Financial Security Authority, Australian Pesticides and Veterinary Medicines Authority (Federal), Department of Environment, Land, Water and Planning (VIC), Department of Corrective Services (VIC), Department of Health – Therapeutic Goods Administration (Federal), Department of Human Services (Federal), Department of Parks and Wildlife (WA), Department of Racing, Gaming and Liquor (WA), Department of Natural Resources and Environment (VIC), Office of Director of Public Prosecutions, Environmental Protection Authority, Family Court of Australia, National Parks and Wildlife, Queensland Treasury – Office of Liquor, Gaming and Racing

* There were no disclosures made under s. 90K (2) or (3).

Note: Commonwealth agencies, unless otherwise indicated.

Our organisational structure



Australia Post – the statistics

1 – Five Year Statistical Summary

Consolidated ($m)	2011/12	Restated 2012/13	2013/14	2014/15	2015/16
Revenue ($m)	5,126.2	5,893.2	6,383.3	6,373.8	6,562.2
Expenditure ($m)[1]	4,776.3	5,682.3	6,280.3	6,726.2	6,520.9
Profit/(loss) before tax ($m)[1]	366.7	210.7	103.0	(352.1)	41.0
Total assets ($m)	4,175.8	4,401.5	4,651.2	5,094.4	5,043.2
Return on average operating assets (%)[1]	11.5%	6.2%	3.4%	-8.2%	1.8%
Community service obligations ($m)	165.2	173.9	205.8	211.6	182.5
Total taxes and government charges ($m)	369.3	447.3	494.2	433.9	399.3
Dividends declared ($m)	213.7	192.7	78.8	0.0	20.0
Operations[2]					
Full-time employees (excludes casuals)	23,184	23,526	27,315	27,371	26,939
Part-time employees (excludes casuals)	9,398	8,938	8,613	8,395	7,990

1 Changes to AASB 119 Employee Benefits took effect on 1 July 2013. 2013 has been restated for like-for-like comparison. Years prior to 2013 have not been adjusted to reflect the changes as a result of this change in accounting standard.

2 Australia Post Corporation operations.

2 – Basic Postage Rate[3] (BPR) and consumer price index (CPI)

	2012	2013	2014	2015	2016
BPR cents	60	60	70	70	100
BPR concession cents	0	0	60	60	60
CPI all groups 8 capitals base 2011/12=100	100.4	102.8	105.9	107.5	108.6
Year-on-year change in BPR (%)	0.0%	0.0%	16.7%	0.0%	42.9%
Year-on-year change in CPI (%)	1.2%	2.4%	3.0%	1.5%	1.0%
Change in real postage (%)	–1.2%	–2.4%	13.7%	–1.5%	41.8%

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

3 – Post offices at 30 June 2015

	NSW/ACT	VIC/TAS	QLD	WA	SA/NT	Total
Corporate offices						
1 July 2015	261	202	123	79	63	728
30 June 2016	260	200	123	77	62	722
Licensed post offices						
1 July 2015	864	955	471	291	318	2,899
30 June 2016	864	946	468	290	318	2,886
Community postal agencies						
1 July 2015	144	97	200	104	234	779
30 June 2016	146	95	203	107	233	784
Total outlets						
1 July 2015	1,269	1,254	794	474	615	4,406
30 June 2016	1,270	1,241	794	474	613	4,392

Australia Post Environmental Performance Summary

Indicator	2012	2013	2014	2015	2016
Scope 1 Emissions (tonnes)	**119,478**	**120,367**	**116,251**	**115,620**	**119,345**
Natural Gas	5,308	5,819	4,756	4,787	5,278
LPG (All)	5,820	5,796	5,962	5,753	5,399
Diesel including generation	96,488	97,320	95,809	95,954	100,301
Petrol	11,862	11,432	9,724	9,126	8,368
Scope 2 emissions (tonnes)	**212,044**	**201,490**	**188,855**	**181,920**	**169,447**
Electricity Grid	212,044	201,490	188,855	181,920	169,447
Scope 3 Emissions (tonnes)	**492,373**	**457,328**	**651,563**	**642,795**	**592,888**
Energy and fuel losses	36,761	36,120	39,479	34,061	29,483
Subcontracted Road Transport	103,984	109,654	214,232	264,494	237,061
Sub-Contracted Air transport	318,245	294,299	351,013	286,104	272,874
Sub-contracted rail	752	834	5,636	3,538	5,695
Sub-contracted ship	0	0	1,143	2,324	2,678
Business Travel	6,345	2,678	3,434	4,116	4,910
LPO Electricity	16,790	13,743	26,086	36,996	27,270
Waste	9,497	N/A	10,539	11,162	12,917
Other Indicators					
Energy Consumed (GJ)	Not comparable	2,633,936	2,499,868	2,426,095	2,443,571
Renewable Energy Production (GJ)	0	0	291	1,648	3,072
Waste to landfill (Tonnes)			11,060	9,899	9,381
Waste Recycled – Operational			7,141	9,092	8,484
Waste Recycled and reuse – (Customers)				3,364	4,056
Water (kilolitres)					434, 656

Notes - Australia Post has only included StarTrack scope 3 emissions from 2014 when the organisation was integrated for a full reporting year. Australia Post reports all scope 3 related transport emissions based on the calendar year which is then reported to the International Postal Corporation.

GHG Emissions Commentary

- **Scope 1 –** Australia Post has seen a 7% increase in diesel emissions in 2016 arising from a combination of emission factor changes, reduction in volume of biofuel, increased usage of some of the larger trucks.
- **Scope 2 –** Australia Post has seen a 7% reduction in electricity emissions arising from a combination of: emission factor changes, energy efficiency and property consolidation.
- **Scope 3 –** Australia Post has seen an 8% reduction in scope 3 emissions primarily associated with a reduction in road and air transport as product is moved onto the rail network wherever possible.

Other Indicators

- **Energy Consumption –** Australia Post total energy usage has remained flat in FY16 reflecting eth increase in diesel usage and a reduction in electricity consumption.
- **Renewable Energy Production -** Australia Post continues to increase the amount of solar generation available across the Australia Post network with a total of 978 KW's of solar now in network.
- **Waste –** Australia Post has reported total waste to landfill of 8,484 tonnes a reduction of over 500 tonnes from FY15.
- **Water –** Australia Post has reported water of 434,656 kilolitres for FY16.

Criteria

- Scope 1 and 2 emissions have been calculated in accordance with the NGER regulations.
- Scope 3 emissions have been calculated in accordance with the GHG protocol.

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Copies of the report

The 2016 Annual Report and supporting documentation can be found online at auspost.com.au/annualreport2016

To order a printed copy of the report email annual.report@auspost.com.au or phone 13 POST (13 7678).

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 your feedback, visit our website or email annual.report@auspost.com.au

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Awards

ARA AUSTRALASIAN REPORTING AWARDS

Australia Post received a Silver award for its 2015 Annual Report at the 2016 Australasian Reporting Awards.
arawards.com.au

Commitment to external initiatives

Australia Post is an active supporter of leading national and international sustainability initiatives.

- 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)
- 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 & 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

Credits

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Lizzy Kingston

Design
ERD.COM.AU


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