NZ Post
Tukurau Aotearoa

Annual Report

New Zealand Post Group
For the year ended 30 June 2023

Contents

Directors' Report 2022/23

NZ Post is reporting a 2022/2023 full year profit of $49 million, compared to a profit of $102 million in the prior year. Adjusting for non-recurring items included in this result, we are pleased with our underlying business performance, which is broadly in line with expectations, particularly given the macro-economic environment, inflation and labour market constraints.

After several years of rapid growth, with Covid fuelling a spike in demand, domestic parcel volumes have returned to a more settled though slightly reduced level. Operating costs have increased with both inflation and the full year impact of an average 12% wage increase for our front-line staff and an uplift in payments to our courier contractors.

The current year result includes $43 million of incurred and provisioned costs related to our response to the ongoing decline in demand for mail services, and the final year of funding under the Government's mail Contract for Service. $37 million of funding was received, $24 million less than the prior year.

Te Iho (network transformation programme)

We are making significant progress on our network transformation programme - Te Iho, which is a strategic, long-term investment that involves development of an automated national parcel processing network. In October 2022, we opened our Wellington Super Depot, our first automated parcel processing hub in the lower North Island, designed to process up to 11,000 parcels per hour.

Work continues on our flagship Auckland Processing Centre in Wiri, which is due to open in the first half of 2024. The Auckland Processing Centre, which includes our international gateway, will allow us to process in a more cost and time efficient manner.

Responding to mail decline

NZ Post's mail business continues to evolve in response to the ongoing mail volume decline. During the year we closed our Manawatu mail processing centre and, in June 2023, announced the commencement of a programme of change to the ways in which we deliver mail. These changes are expected to result in a reduction of approximately 750 roles across mail and associated support functions over the next five years. Our focus, as always, will be on our people and supporting them through this transition.

Shareholding in Kiwi Group Holdings Limited (owner of Kiwibank)

In November 2022, we completed the divestment of our remaining 53% shareholding in Kiwi Group Holdings to the Crown resulting in accounting profits of $96 million (including dividend). We are proud to have established Kiwibank in 2002 and, although it previously made sense for NZ Post to own Kiwibank, it no longer aligns with our strategy.

We received $1,117 million from the sale of our shares and paid $717 million by way of special dividend to the Crown, our Shareholder, retaining the balance to fund our investment programme and mail change costs.

Outlook

We have a clear strategy to grow NZ Post and be a commercially sustainable business. Critical to this strategy is the continued investment in our parcel business to support NZ business growth aspirations and address mail decline.

We eagerly anticipate the opening of our Auckland Processing Centre in 2024 and the operational and customer benefits that our investment in automation will bring. This investment and transformation activity will see flat earnings for the next 12-24 months after which we begin to realise the financial benefits.

NZ Post remains confident that our business strategy is right and we will continue to support all our people and customers to deliver the best.

This Annual Report is for the period 1 July 2022 to 30 June 2023 and is signed on behalf of the New Zealand Post Board by:

Carol Campbell
Chair, NZ Post

Bruce Wattie
Director

Primary Statements

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

	Note	2023 $m	2022 $m
Revenue	4	**1,136**	1,036
Other revenue	5	**38**	62
Expenditure	6	**(1,155)**	(1,012)
Depreciation	11, 13	**(67)**	(55)
Amortisation	12	**(11)**	(13)
Operating (loss)/profit		**(59)**	18
Financial instruments at fair value net gain		**1**	3
Share of net loss of Supply Chain Solutions (NZ) (2021) Limited	8(b)	**-**	(1)
Impairment	19	**(2)**	-
(Loss)/profit before interest and tax		**(60)**	20
Interest income		**14**	1
Interest expense		**(12)**	(8)
Net finance income/(costs)		**2**	(7)
(Loss)/profit before tax		**(58)**	13
Income tax credit	7	**2**	1
(Loss)/profit for the year before discontinued operations		**(56)**	14
Discontinued operations			
Share of net profit of Kiwi Group Holdings Limited		**9**	88
Gain on sale of Kiwi Group Holdings Limited	8	**10**	-
Dividend income from Kiwi Group Holdings Limited	8	**14**	-
Reclassification of reserves previously recognised in other comprehensive income[1]	22	**72**	-
Profit from discontinued operations		**105**	88
Profit for the year		**49**	102

1. Upon divestment of the Group's interest in Kiwi Group Holdings Limited, amounts previously recognised in other comprehensive income have been reclassified to profit or loss. These amounts are non-cash in nature.

The accompanying notes form part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income (continued)
For the year ended 30 June 2023

	Note	2023 $m	2022 $m
Profit attributable to:			
Owner of New Zealand Post Limited		**49**	102
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
(Losses)/gains on revaluation of land and buildings	22(b)	**(1)**	1
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive (loss)/income of Kiwi Group Holdings Limited	22(b)	**(18)**	66
Reclassification of reserves to profit or loss	22(b)	**(72)**	-
Total other comprehensive (loss)/income net of tax		**(91)**	67
Total comprehensive (loss)/profit net of tax		**(42)**	169
Total comprehensive (loss)/profit for the year attributable to the Owner		**(42)**	169

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the year ended 30 June 2023

	Note	Fully Paid Ordinary Shares $m	Other Reserves $m	Retained Earnings $m	Total $m
Balance as at 1 July 2021		272	55	978	1,305
Profit for the year		-	-	102	102
Gains on revaluation of land and buildings – gross	22(b)	-	1	-	-
Other comprehensive profit	22(b)	-	66	-	67
Total comprehensive profit for the year attributable to the Owner		-	67	102	169
Balance as at 30 June 2022		**272**	**122**	**1,080**	**1,474**
Balance as at 1 July 2022		**272**	**122**	**1,080**	**1,474**
Profit for the year		**-**	**-**	**49**	**49**
Other comprehensive loss from discontinued operations	22(b)	**-**	**(18)**	**-**	**(18)**
Losses on revaluation of land and building – gross	22(b)	**-**	**(1)**	**-**	**(1)**
Reclassification of reserves previously recognised in other comprehensive income		**-**	**(72)**	**-**	**(72)**
Total comprehensive profit for the year attributable to the Owner		**-**	**(91)**	**49**	**(42)**
Other movements					
Dividends paid to shareholders	22(a)	-	-	(717)	(717)
Balance as at 30 June 2023		**272**	**31**	**412**	**715**

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 30 June 2023

Assets	Note	2023 $m	2022 $m
Current assets			
Cash and cash equivalents	9	**132**	71
Short-term deposits	9	**170**	-
Trade and other receivables	10	**181**	174
Current tax receivable		**1**	1
Inventories		**6**	6
Derivative financial assets	21	**-**	1
Prepaid project costs	11	**2**	23
Prepayments		**11**	11
Total current assets		**503**	287
Non-current assets			
Long-term deposits	9	**40**	-
Trade and other receivables	10	**2**	2
Loans to related parties	23	**2**	3
Loans to Sustainable Fleet Finance Limited	17	**2**	-
Derivative financial assets	21	**-**	1
Property, plant and equipment	11	**238**	169
Intangible assets	12	**238**	221
Right-of-use assets	13(a)	**398**	260
Investment properties	18(b)	**19**	19
Investment in Kiwi Group Holdings Limited	8(a)	**-**	1,116
Investment in Supply Chain Solutions (NZ) (2021) Limited	8(b)	**9**	9
Deferred tax assets	7	**2**	-
Total non-current assets		**950**	1,800
Total assets		**1,453**	2,087

The accompanying notes form part of these financial statements.

Statement of Financial Position (continued)

As at 30 June 2023

Liabilities	Note	2023 $m	2022 $m
Current liabilities			
Trade and other payables	14	**159**	173
Contract liabilities	15	**38**	35
Provisions	16	**19**	14
Borrowings	20	**59**	60
Lease liabilities	13(c)	**45**	47
Total current liabilities		**320**	329
Non-current liabilities			
Trade and other payables	14	**5**	5
Provisions	16	**40**	4
Borrowings	20	**-**	54
Lease liabilities	13(c)	**373**	221
Total non-current liabilities		**418**	284
Total liabilities		**738**	613
Net assets		**715**	1,474
Equity			
Share capital	22(a)	**272**	272
Retained earnings		**412**	1,080
Other reserves	22(b)	**31**	122
Total equity		**715**	1,474

The Board of Directors of New Zealand Post Limited authorised these financial statements for issue on 1 September 2023.

Carol Campbell
Chair

Bruce Wattie
Director

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 $m	2022 $m
Cash flows from operating activities			
Receipts from customers		**1,138**	1,010
Receipts from Government contract for mail services		**37**	69
Interest received		**8**	1
Receipt of miscellaneous revenue	5	**1**	1
Income tax received/(paid)		**1**	(1)
Net payments to agencies		**(14)**	(24)
Interest paid		**(22)**	(8)
Payments to suppliers and employees		**(1,094)**	(994)
Net cash flows from operating activities		**55**	54

Cash flows from investing activities			
Proceeds from sale of Kiwi Group Holdings Limited investment	8(a)	**1,117**	-
Dividends received from Kiwi Group Holdings Limited – discontinued operations		**14**	49
Settlement of derivative financial instruments		**2**	2
Advances to jointly controlled entities		**-**	(3)
Purchase of shares in Supply Chain Solutions (NZ) (2021) Limited	8(b)	**-**	(10)
Acquisition of Fliway Group Limited, net of cash acquired	3	**-**	(52)
Loans advanced to Sustainable Fleet Finance Limited	21	**(2)**	-
Payment for prepaid project costs	11	**(2)**	(23)
Purchase of intangible assets		**(28)**	(16)
Purchase of property, plant and equipment		**(65)**	(36)
Purchase of term deposits		**(210)**	-
Net cash flows from/(to) investing activities		**826**	(89)

The accompanying notes form part of these financial statements.

Statement of Cash Flows (continued)
For the year ended 30 June 2023

	Note	2023 $m	2022 $m
Cash flows from financing activities			
Receipts from borrowings	20	**503**	245
Receipt of lease incentives		**7**	-
Transaction costs of borrowings	20	**(1)**	(1)
Repayment of lease liabilities		**(54)**	(45)
Repayment of borrowings	20	**(558)**	(165)
Dividends paid to shareholders	22(a)	**(717)**	-
Net cash flows (to)/from financing activities		**(820)**	34
Net increase/(decrease) in cash and cash equivalents		**61**	(1)
Cash and cash equivalents at the beginning of the year		**71**	72
Cash and cash equivalents at the end of the year	9	**132**	71

The accompanying notes form part of these financial statements.

Statement of Cash Flows (continued)
For the year ended 30 June 2023

	Note	2023 $m	2022 $m
Reconciliation of profit to net cash flows from operating activities			
Profit for the year – continued and discontinued operations		**49**	102
Non-cash items:			
Depreciation	11, 13	**67**	55
Amortisation	12	**11**	13
Impairment	19	**2**	-
Prepaid ticket liability release		**-**	(2)
Share of net loss of Supply Chain Solutions (NZ) (2021) Limited	8(b)	**-**	1
Financial instruments at fair value net gain		**(1)**	(3)
Deferred taxation	7	**(2)**	(1)
Holidays Act remediation provision release	16	**(4)**	(4)
Share of net profit of Kiwi Group Holdings Limited		**(9)**	(88)
Gain on sale of Kiwi Group Holdings Limited	8(a)	**(10)**	-
Dividend income from Kiwi Group Holdings Limited		**(14)**	-
Reclassification of reserves previously recognised in other comprehensive income	22(b)	**(72)**	-
Others		**(6)**	(10)
		(38)	(39)
Changes in assets and liabilities:			
Increase/(decrease) in provisions		**46**	(7)
Increase/(decrease) in contract liabilities		**3**	(9)
Decrease/(increase) in derivative financial instruments		**2**	(2)
Decrease/(increase) in current tax receivable		**1**	(1)
Increase in prepayments		**-**	(1)
Increase in inventories		**-**	(1)
(Decrease)/increase in trade and other payables		**(1)**	22
Increase in trade and other receivables		**(7)**	(10)
		44	(9)
Net cash flows from operating activities		**55**	54

The accompanying notes form part of these financial statements.

Basis of Preparation

Note 1. Reporting Entity and Statutory Base

These financial statements are for New Zealand Post Limited (the “Company”) and its subsidiaries (“NZ Post” or “the Group”) for the year ended 30 June 2023. NZ Post is a for-profit entity incorporated and domiciled in New Zealand with its registered office at 7 Waterloo Quay, Wellington, New Zealand.

NZ Post, Tukurau Aotearoa, is a New Zealand-based delivery and eCommerce logistics company, with global reach.

Note 2. Basis of Accounting

Note 2(a) Basis of preparation

The financial statements have been prepared in accordance with:

— generally accepted accounting practice in New Zealand (“NZ GAAP”), and as a result they comply with International Financial Reporting Standard (“IFRS”), New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) as well as other New Zealand accounting standards and authoritative notices applicable to entities that apply NZ IFRS, and;

— the requirements of the Companies Act 1993, the Financial Reporting Act 2013, and the State-Owned Enterprises Act 1986.

The financial statements have been prepared using historical cost, as modified by the revaluation of assets and liabilities at fair value and the accrual basis of accounting. They are presented in New Zealand dollars (“NZD”) which is the presentation currency of the Group and functional currency of the Company and each of the Company’s subsidiaries. All values are expressed in millions of New Zealand dollars unless otherwise stated.

The financial statements have been prepared using the going concern assumption.

All accounting policies have been applied consistently with the prior year.

Note 2(b) Critical accounting judgements, estimates, and assumptions

Key judgements and estimates made in compiling these financial statements are highlighted in the notes and summarised below. Significant changes in any of these could have a material impact on the financial statements at 30 June 2023.

Note 11	Property, plant and equipment	Page 28	Useful life of property, plant and equipment
Note 12	Intangible assets	Page 31	Impairment testing of goodwill
Note 13	Leases	Page 34	Assumptions regarding lease terms
Note 16	Provisions	Page 40	Assumptions regarding restructuring provision
Note 19	Impairment of non-financial assets	Page 45	Valuation of non-financial assets

Note 2. Basis of Accounting (continued)

Note 2(c) Basis of consolidation

The financial statements comprise the financial statements of NZ Post and its subsidiaries. Material subsidiaries and jointly controlled entities at 30 June 2023 are listed below:

Name of entity	Place of business/ country of incorporation	Functional currency	Ownership interest held by the Group and nature of the relationship		Principal activities
Fliway Group Limited ("FGL")	New Zealand	NZD	Subsidiary	100%	Transport and Logistics
Supply Chain Solutions (NZ) (2021) Limited ("SCS")	New Zealand	NZD	Jointly controlled entity	50%	Supply Chain and Logistics

FGL's 100% owned subsidiaries include Fliway Transport Limited which provides transport services, Fliway International Limited which provides freight forwarding services, and Fliway Logistics Limited which provides third-party logistic services.

In preparing these financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained and deconsolidated from the date that control ceases. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Jointly controlled entities have been equity accounted.

All subsidiaries and jointly controlled entities have a balance date of 30 June and where necessary, adjustments are made to their financial statements to bring their accounting policies materially in line with the Group's policies.

Note 2(d) Foreign exchange

Transactions in foreign currencies are translated into NZD at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in Profit or Loss. At balance date, foreign denominated monetary assets and liabilities are translated at the closing exchange rate, with exchange variations arising from these translations being recognised in Profit or Loss, except where deferred in equity as a qualifying cash flow hedge or qualifying net investment hedge. Foreign denominated non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the date of transaction.

Note 2(e) Interest income and expense

Interest income and expense for all interest-bearing financial assets and liabilities is recognised using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts and payments through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability.

Note 2(f) Other accounting policies

Other significant accounting policies adopted in the preparation of these financial statements are provided throughout the notes to the financial statements.

Note 2(g) Standards and interpretations issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2(h) Segment information

In accordance with NZ IFRS 8 *Operating Segments*, segment information is not required as the Group's equity and debt instruments are not traded in a public market, nor does the Group file the financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

Note 3. Business Combinations

On 1 March 2022, NZ Post acquired 100% of Fliway Group Limited, a company specialising in transportation of goods, third-party logistics and freight forwarding. The acquisition extends the Group's parcels business into larger items and broadens its logistics and supply chain capability for customers. The acquisition accounting was finalised during the financial year and there were no changes from the provisional assessment.

Identifiable assets acquired and liabilities assumed

The Group engaged an independent valuation expert to assist the group with valuing the assets and liabilities of FGL. The below summarises the assessment:

	2022 $m
Assets	
Cash	1
Trade and other receivables	16
Prepayments	2
Property, plant and equipment	14
Right-of-use assets	56
Intangible assets	6
Deferred tax	1
	96
Liabilities	
Trade and other payables	(12)
Provisions	(1)
Lease liabilities	(56)
	(69)
Total identifiable net assets at fair value	**27**

Total consideration	53
Fair value of net assets acquired	(27)
Deferred tax on fair value adjustments	2
Goodwill	**28**

Note 3. Business Combinations (continued)

The fair value of the trade receivables amounted to $16 million, with the gross amount at $16 million. It was expected that the full contractual amounts were recoverable.

The acquired lease liabilities were measured using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

Included in the intangible assets were customer relationships arising from the acquisition of FGL. These customer relationships were separately recognised from goodwill and were valued at $4.9 million upon acquisition. Judgement was applied to assess the useful life/attrition rate of customer relationships acquired.

The goodwill comprises the value of expected growth potential, cost synergies, and ability to cross sell and offer broader products and services to our customers. $15 million of goodwill has been allocated to the Fliway CGU and $13 million to Parcels CGU, as the Parcel CGU is expected to benefit from synergy benefits that NZ Post will be able to access as a result of the acquisition.

Policies

Business Combinations

The Group uses the acquisition method of accounting to account for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Assessment of Control

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Note 4. Revenue

	2023 $m	2022 $m
Delivery of services	**1,098**	997
Transport revenue	**22**	23
Sale of collectible stamps and coins	**7**	9
Other corporate revenue	**9**	7
Total revenue	**1,136**	1,036

Policies

The Group identifies its performance obligations for each of the distinct goods or services it has promised to provide its customers. For each performance obligation, revenue is either recognised over time or at a point in time.

The Group recognises revenue primarily from delivery of services to its customers. Delivery of services include the following revenue portfolios:

Revenue Portfolio	Performance Obligation(s)
Mail and parcels	Delivery of domestic and outbound international of parcels, packages and letters, and oversize items
Inbound international mail and parcels	Delivery of inbound international postal and courier items
International freight and logistics	Provision of international freight agency and warehousing services
Customer communications	Provision of printing, business process outsourcing and mail house services
Box bag	Supply of postal storage facilities by means of private bags and post boxes across our box lobby network
Payment services	Payment collection services through our retail network

Note 4. Revenue (continued)

Judgement has been exercised in determining whether each revenue portfolio has a single distinct obligation to perform, and whether other activities NZ Post undertakes in relation to such obligation are highly interrelated or not.

Revenue portfolios under delivery of services, except for payment services, are recognised over time as performance obligations are fulfilled. Revenue from “Mail and parcels” and “Inbound international mail and parcels” is typically recognised when the goods are delivered to the requested destination or recipient. Revenue from “International freight and logistics”, “Customer communications” and “Box bag” are recognised as services are performed and customers simultaneously receive and consume the benefits.

The Group considers transport revenue as having similar performance obligations as delivery of services. Transport revenue is recognised over time as performance obligations are satisfied and the benefits of transport services are simultaneously received and consumed.

The Group recognises revenue at a point in time when control has been transferred to the buyer and collectability of the related receivables is reasonably assured. This includes revenue from payment services and sale of collectible stamps and coins.

Note 5. Other Revenue

	2023 $m	2022 $m
Contract for Service	**37**	61
Miscellaneous revenue	**1**	1
Total other revenue	**38**	62

Government Contract for Service

NZ Post entered into a Contract for Service with the Government during the 2020 financial year. For the year ended 30 June 2023, income of $37 million from the contract has been recognised as other revenue in the statement of profit or loss and other comprehensive income (FY2022: $61 million).

The Contract for Service provided funding of up to $130 million for the period FY2021 up to FY2025 to maintain a break-even financial result in the mail business as mail volume declines. NZ Post has fully utilised the $130 million funding available under the contract.

Note 6. Expenditure

	2023 $m	2022 $m
Contracted delivery services	**458**	445
Production costs	**57**	29
Cost of services and goods	**515**	474
Salaries and wages	**341**	316
Other personnel costs	**44**	41
Restructuring costs	**43**	2
Superannuation – defined contribution plans	**13**	12
Holidays Act remediation provision release	**(4)**	(4)
Employee expenses	**437**	367
Computer expenses	**53**	47
Property operational outgoings	**37**	27
Retail agency remuneration	**22**	24
Repairs and maintenance	**19**	13
Professional services	**9**	10
Other rental costs	**9**	9
Other expenses	**54**	41
Other expenditure	**203**	171
Total expenditure	**1,155**	1,012

Note 6. Expenditure (continued)

Policies

Employee expenses

Employee entitlements to salaries and wages, bonuses, annual leave, long service leave, retiring leave and other similar benefits are recognised when they accrue to employees, being when services are provided by employees.

Long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Liabilities for salaries and wages that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured using the amounts expected to be paid.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in profit or loss as they fall due.

	2023 $000's	2022 $000's
Fees paid to auditors[1]		
Audit of financial statements	**1,020**	934
FY2022 fee variation billed in FY2023	**20**	-
Other services		
PwC		
Other assurance services[2]	**6**	5
Attendance at generic technical training courses	**8**	1
Purchase of a report summarising a NZ Executive Remuneration survey	**2**	2
Deloitte		
Specified procedures engagement over Fliway Group	**-**	68
Total fees paid to auditors	**1,056**	1,010

1. Fees paid to auditors are included in the "other expenditure" line of the financial statements.
2. Other assurance services include a review of the consolidated earnings statement which is part of the annual report (FY2022: same).

PricewaterhouseCoopers is the auditor of the New Zealand Post Superannuation Plan, which has audit fees of $74,561 (FY2022: $63,635) and other assurance fees of $50,600 (FY2022: $46,000).

Note 7. Income Tax

	2023 $m	2022 $m
(Loss)/profit before income tax from continuing operations	**(58)**	13
Profit before income tax from discontinued operations	**105**	88
Tax at 28%	**13**	4
Non-assessable revenue – income from jointly controlled entity	**(2)**	(24)
Non-assessable revenue – gain on disposal of Kiwi Group Holdings Limited	**(23)**	-
Taxable bonus issue received from Kiwi Group Holdings Limited	**111**	-
Non-deductible expenditure	**-**	1
Imputation credits received	**1**	-
Derecognition/(utilisation) of net deferred tax asset	**(102)**	(6)
Income tax (credit)	**(2)**	(25)
Comprising:		
Deferred tax	**-**	(1)
Current tax	**(2)**	-
Total income tax (credit)	**(2)**	(1)
Tax (credit) attributable to:		
Continuing operations	**(2)**	(1)
Discontinued operations	**-**	-
	(2)	(1)
Imputation credits available for use in the future	**172**	336

Note 7. Income Tax (continued)

	2023 $m	2022 $m
Recognised deferred tax relates to the following:		
Deferred tax assets:		
Provisions and accruals	**1**	1
Tax losses	**3**	1
	4	2

Deferred tax liabilities:		
Fixed assets	**(1)**	(1)
Intangibles	**(1)**	(1)
	(2)	(2)
Deferred tax assets, net	**2**	-

	2023 $m
Reconciliation of recognised deferred tax, net	
Balance as at 1 July	**-**
Movement in temporary differences	**-**
Transfer of FY2023 tax losses	**2**
Balances as at 30 June	**2**

NZ Post has $80 million of unrecognised income tax losses and temporary differences to carry forward at 30 June 2023 (FY2022: $66 million).

Note 7. Income Tax (continued)

Policies

Current taxes

The current income tax charge is calculated using tax rates (and laws) that have been enacted or substantially enacted at the balance date. Management periodically evaluates positions taken in tax returns where applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred taxes

Deferred income tax is calculated using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled.

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available to utilise them. Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Key Judgements and Estimates

Derecognition of deferred tax asset

Management has determined that future taxable profits are beyond a reliable forecast horizon. The resulting unrecognised deferred tax asset of $80 million at 30 June 2023 comprises deductible temporary differences, (including fixed assets and intangibles) of $29 million and tax losses of $51 million.

Operating Assets and Liabilities

Note 8. Investment in Jointly Controlled Entities

Note 8(a) Kiwi Group Holdings Limited

In November 2022, NZ Post sold its 53% shareholding in KGH to the Crown. Following signing a sale and purchase agreement in early August 2022, NZ Post ceased equity accounting and classified its investment as held for sale. The sale resulted in a gain of $10 million that has been recognised in profit and loss.

	2023 $m
Investment in KGH as at 1 July 2022	1,116
Share of net profit	9
Share of other comprehensive loss	(18)
Carrying value of investment in KGH at the time of sale	**1,107**
Cash proceeds received	1,117
Gain on sale of investment	**10**

Following cessation of equity accounting, the Group received a cash dividend of $14 million from KGH which has been recognised in the profit and loss. The total cash flows of $1,131 million are attributable to investing activities of discontinued operations.

Prior to the completion of the sale, the Group received 198,404,451 taxable bonus shares at an issue price of $1.44, with $110,763,738 imputation credits attached, for nil consideration. The taxable bonus share issue enabled the Group to receive their share of imputation credits which would have otherwise been lost with the sale to the Crown. As a result, these imputation credits will be available for use in the future.

The Group had previously guaranteed the payment obligations of Kiwibank Limited under a Deed Poll guarantee. This amounted to $694 million as at 30 June 2022. Following the sale of the Group's investment in KGH, these obligations have been transferred to the Crown.

Note 8. Investment in Jointly Controlled Entities (continued)

Note 8(b) Supply Chain Solutions (NZ) (2021) Limited

NZ Post holds a 50% shareholding in SCS which is accounted for using the equity method. As at 30 June 2023, the Group has advanced a loan to SCS of $2.40 million (FY2022: $2.75 million). The amount outstanding is interest-bearing and repayable in full on 1 July 2024. Interest is charged based on the Bank Bill Benchmark Rate ("BKBM") rate plus applicable margin. There were no contingent liabilities in relation to the investment in SCS as at 30 June 2023 (FY2022: nil). The Group's investment in SCS is as follows:

	2023 $m	2022 $m
Balance as at 1 July	**9**	-
Purchase of SCS on 2 July 2021	-	10
Share of net loss of SCS	-	(1)
Balance as at 30 June	**9**	9

Policies

Jointly controlled entities are joint ventures that are accounted for using the equity method.

Under the equity method of accounting, investments in jointly controlled entities are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a jointly controlled entity equals or exceeds its investment in the jointly controlled entity (which includes any long-term investments that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

The carrying amount of equity-accounted investments is tested for impairment whenever there are indicators of impairment (refer to Note 19 for impairment policy).

Note 9. Cash and Term Deposits

	2023 $m	2022 $m
Cash and cash equivalents		
Cash on hand	**2**	3
Cash at bank	**45**	68
Deposits with banks	**85**	-
Total cash and cash equivalents	**132**	71

Term deposits		
Short-term deposits	**170**	-
Long-term deposits	**40**	-
	210	-

Policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and cash held on deposit for a term of three months at initial inception.

Short-term deposits

Short-term deposits represent cash held on deposit for a term of greater than three months and less than 12 months.

Long-term deposits

Long-term deposits represent cash held on deposit for a term greater than 12 months.

Note 10. Trade and Other Receivables

	2023 $m	2022 $m
Trade receivables	**180**	179
Provision for impairment	**(3)**	(3)
Interest receivable	**6**	-
Total trade and other receivables	**183**	176
Comprising:		
Current trade and other receivables	**181**	174
Non-current trade and other receivables	**2**	2
Total trade and other receivables	**183**	**176**

Trade receivables past due but not impaired		
Past due up to 30 days	**12**	19
Past due 31 – 60 days	**1**	5
Past due 61 – 90 days	**1**	1
Total trade receivables past due but not impaired	**14**	25

Included within trade and other receivables is $50 million (FY2022: $43 million) of international mail trade receivables. A portion of this can be offset by international mail trade payable balances. The balances are recorded on a gross basis within the financial statements.

Note 10. Trade and Other Receivables (continued)

Policies

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less an allowance for impairment based on expected credit loss.

The amount which is neither overdue nor impaired has been assessed for collectability under the expected credit loss analysis. There is no collateral held for overdue trade receivables.

Impairment of trade receivables

The Group recognises an allowance for expected credit losses for trade receivables. Expected credit losses are based on the difference between the contractual cash flows due and what the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group applies a simplified approach in calculating expected credit losses for trade receivables. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade receivables which the Group considers impaired include receivables older than 90 days based upon the expectation of non-recovery, as well as receivables that have been referred to a third-party debt collector, or where a customer has entered into liquidation or bankruptcy proceedings.

Note 11. Property, Plant and Equipment

	Land and Buildings (At Valuation) $m	Motor Vehicles $m	Furniture, Fittings and Equipment $m	Computer Equipment $m	Plant and Equipment $m	Work in Progress $m	Total $m
Cost or valuation							
Balance as at 1 July 2022	**38**	**27**	**56**	**11**	**137**	**74**	**343**
Additions	-	3	2	2	2	79	88
Transfers	-	-	5	5	43	(53)	-
Disposals	-	(2)	(1)	-	(8)	-	(11)
Net revaluation of land and buildings	(2)	-	-	-	-	-	(2)
Balance as at 30 June 2023	**36**	**28**	**62**	**18**	**174**	**100**	**418**
Accumulated depreciation and impairment							
Balance as at 1 July 2022	**-**	**(16)**	**(43)**	**(7)**	**(108)**	**-**	**(174)**
Depreciation	-	(3)	(3)	(2)	(7)	-	(15)
Impairment	-	-	-	-	(1)	(1)	(2)
Disposals	-	2	1	-	8	-	11
Balance as at 30 June 2023	**-**	**(17)**	**(45)**	**(9)**	**(108)**	**(1)**	**(180)**
Net book value							
Cost or valuation	36	28	62	18	174	100	418
Accumulated depreciation and impairment	-	(17)	(45)	(9)	(108)	(1)	(180)
Balance as at 30 June 2023	**36**	**11**	**17**	**9**	**66**	**99**	**238**

Note 11. Property, Plant and Equipment (continued)

	Land and Buildings (At Valuation) $m	Motor Vehicles $m	Furniture, Fittings and Equipment $m	Computer Equipment $m	Plant and Equipment $m	Work in Progress $m	Total $m
Cost or valuation							
Balance as at 1 July 2021	38	16	71	27	151	12	315
Additions	-	-	-	1	1	73	75
Additions through business combinations	-	11	1	-	1	1	14
Transfers	(1)	-	3	2	7	(12)	(1)
Disposals	-	-	(19)	(19)	(23)	-	(61)
Net revaluation of land and buildings	1	-	-	-	-	-	1
Balance as at 30 June 2022	38	27	56	11	137	74	343
Accumulated depreciation and impairment							
Balance as at 1 July 2021	-	(15)	(58)	(24)	(127)	-	(224)
Depreciation	-	(1)	(3)	(2)	(4)	-	(10)
Impairment	-	-	(1)	-	-	-	(1)
Disposals	-	-	19	19	23	-	61
Balance as at 30 June 2022	-	(16)	(43)	(7)	(108)	-	(174)
Net book value							
Cost or valuation	38	27	56	11	137	74	343
Accumulated depreciation and impairment	-	(16)	(43)	(7)	(108)	-	(174)
Balance as at 30 June 2023	38	11	13	4	29	74	169

Prepaid project costs

As at 30 June 2023, $2.1 million of project costs for new parcel operating sites have been prepaid (FY2022: $23 million). When the sites have been handed over to NZ Post and the assets are available for use, the costs will be capitalised in the asset register.

Capitalised borrowing costs and depreciation

During the year, the Group has capitalised lease interest of $6.5 million (FY2022: nil) and general borrowing costs of $4 million (FY2022: $1 million) attributed to qualifying assets. The Group has also capitalised $5.3 million lease depreciation as directly attributable costs during the year (FY2022: nil).

Note 11. Property, Plant and Equipment (continued)

Policies

The value of purchased property, plant and equipment (excluding land and buildings) is measured at the cost to acquire the asset, including directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use, less depreciation and impairment. Borrowing costs for qualifying assets are included in the cost of the asset. Contingent payments are capitalised when incurred. Additions subsequent to initial measurement are recognised at cost.

Depreciation and amortisation

The cost of all fixed assets (excluding land and work in progress), less their estimated residual value, is written off on a straight-line basis over the asset's estimated useful economic life. Asset useful lives and residual values are assessed annually and adjusted if required.

The useful lives of the major classes of property, plant and equipment have been estimated as follows:

Classes of property, plant and equipment	Useful life (Years)
Buildings	25 – 50
Plant and equipment	8 – 20
Motor vehicles	5 – 10
Computer equipment	2 – 10
Furniture, fittings and equipment	5– 13

Land and buildings

The Group regularly revalues land and building across its portfolio and carries land and buildings at fair value. An independent valuation specialist was engaged by the Group to assess fair value as at 30 June 2023. The land and buildings that were revalued at 30 June 2023 were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties are provided in Note 18.

To the extent that any revaluation gains reverse a loss previously charged to profit or loss for the asset item, the gain is credited to profit or loss. Otherwise, revaluation gains are credited to the asset revaluation reserve in equity. To the extent that any revaluation loss reverses a gain previously credited to the asset revaluation reserve for the asset item, the loss is debited to the asset revaluation reserve. Otherwise, revaluation losses are recognised in profit or loss.

Note 12. Intangible Assets

	Goodwill $m	Brands $m	Customer Relationships $m	Computer Software $m	Computer Software (Work in Progress) $m	Total $m
Cost						
Balance as at 1 July 2022	**172**	**41**	**5**	**193**	**26**	**437**
Additions	**-**	**-**	**-**	**-**	**29**	**29**
Transfers	**-**	**-**	**-**	**25**	**(25)**	**-**
Disposals	**-**	**-**	**-**	**(32)**	**-**	**(32)**
Balance as at 30 June 2023	**172**	**41**	**5**	**186**	**30**	**434**

	Goodwill $m	Brands $m	Customer Relationships $m	Computer Software $m	Computer Software (Work in Progress) $m	Total $m
Accumulated amortisation and impairment						
Balance as at 1 July 2022	**-**	**(41)**	**-**	**(175)**	**-**	**(216)**
Amortisation	**-**	**-**	**-**	**(11)**	**-**	**(11)**
Impairment	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**31**	**-**	**31**
Balance as at 30 June 2023	**-**	**(41)**	**-**	**(155)**	**-**	**(196)**

	Goodwill $m	Brands $m	Customer Relationships $m	Computer Software $m	Computer Software (Work in Progress) $m	Total $m
Net book value						
Cost	**172**	**41**	**5**	**186**	**30**	**434**
Accumulated amortisation and impairment	**-**	**(41)**	**-**	**(155)**	**-**	**(196)**
Balance as at 30 June 2023	**172**	**-**	**5**	**31**	**30**	**238**

Note 12. Intangible Assets (continued)

	Note	Goodwill $m	Brands $m	Customer Relationships $m	Computer Software $m	Computer Software (Work in Progress) $m	Total $m
Cost							
Balance as at 1 July 2021		144	41	-	188	17	390
Additions		-	-	-	-	16	16
Additions through business combinations	3	28	-	5	1	-	34
Transfers		-	-	-	7	(7)	-
Disposals		-	-	-	(3)	-	(3)
Balance as at 30 June 2022		172	41	5	193	26	437
Accumulated amortisation and impairment							
Balance as at 1 July 2021		-	(41)	-	(166)	-	(207)
Amortisation		-	-	-	(13)	-	(13)
Impairment		-	-	-	1	-	1
Disposals		-	-	-	3	-	3
Balance as at 30 June 2022		-	(41)	-	(175)	-	(216)
Net book value							
Cost		172	41	5	193	26	437
Accumulated amortisation and impairment		-	(41)	-	(175)	-	(216)
Balance as at 30 June 2022		172	-	5	18	26	221

At 30 June 2023, the net book value of computer software, and computer software work in progress, deemed to be internally generated is $28 million (FY2022: $27 million).

Note 12. Intangible Assets (continued)

Policies

Goodwill

Goodwill has an indefinite useful life. It is recognised at cost and tested for impairment annually or whenever there are indicators of impairment (Note 19). Goodwill arises on the acquisition of subsidiaries and represents the cost of the acquisition less the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities.

Software

The value of software is measured at the cost to acquire and develop the asset, including directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use, less amortisation and impairment. These costs are amortised on a straight-line basis over the estimated useful life (being 3-10 years).

Customer Relationships

Customer relationships are recognised if they are separately identifiable and can be reliably measured. Customer relationships are initially measured at fair value and subsequently amortised over an estimated useful life of 13-20 years using the straight-line method.

Note 13. Leases

Land and building leases relate to processing and operational facilities, Post Shops and corporate offices. These leases contain market rental reviews that are not included in the calculation of lease liabilities. Equipment leases mostly relate to print mail assets that have been fully impaired. Fleet leases relate to company-operated vehicles. NZ Post also has a significant fleet of contractor vehicles that are short-term leases and are not capitalised.

Note 13(a) Right-of-use assets

	Land and Buildings $m	Equipment $m	Fleet $m	Total $m
Cost				
Balance as at 1 July 2022	358	7	6	371
Additions	170	1	1	172
Adjustments to existing leases	31	-	1	32
Disposals	(21)	-	(3)	(24)
Balance as at 30 June 2023	538	8	5	551
Accumulated depreciation and impairment				
Balance as at 1 July 2022	(102)	(7)	(2)	(111)
Depreciation	(55)	-	(2)	(57)
Depreciation disposal	12	-	3	15
Balance as at 30 June 2023	(145)	(7)	(1)	(153)
Net book value				
Cost	538	8	5	551
Accumulated depreciation and impairment	(145)	(7)	(1)	(153)
Balance as at 30 June 2023	393	1	4	398

Note 13. Leases (continued)

	Land and Buildings $m	Equipment $m	Fleet $m	Total $m
Cost				
Balance as at 1 July 2021	256	7	3	266
Additions	70	-	1	71
Additions through business combination	53	-	3	56
Adjustments to existing leases	(12)	-	-	(12)
Disposals	(9)	-	(1)	(10)
Balance as at 30 June 2022	358	7	6	371
Accumulated depreciation and impairment				
Balance as at 1 July 2021	(67)	(7)	(2)	(76)
Depreciation	(44)	-	(1)	(45)
Depreciation disposal	9	-	1	10
Impairment	-	-	-	-
Balance as at 30 June 2022	(102)	(7)	(2)	(111)
Net book value				
Cost	358	7	6	371
Accumulated depreciation and impairment	(102)	(7)	(2)	(111)
Balance as at 30 June 2022	256	-	4	260

Note 13(b) Amounts recognised in profit or loss

	2023 $m	2022 $m
Depreciation expense on right-of-use assets	**57**	45
Depreciation capitalised as directly attributable costs	**(5)**	-
Interest expense on lease liabilities	**19**	7
Interest capitalised as borrowing costs	**(7)**	-
Expense relating to short-term leases	**9**	7
Expense relating to low-value leases	**1**	1
Expense relating to variable leases not included in measurement of lease liabilities	**3**	2

Note 13. Leases (continued)

Note 13(c) Lease liabilities

	2023 $m	2022 $m
Analysed as:		
Current	**45**	47
Non-current	**373**	221
Total lease liabilities	**418**	268

At 30 June 2023, the Group has commitments to $1.0 million for short-term leases (FY2022: $0.7 million).

Note 13(d) Lease maturity analysis

	2023 $m	2022 $m
Maturity analysis		
Year 1	**45**	47
Year 2	**43**	39
Year 3	**36**	35
Year 4	**29**	28
Year 5	**28**	21
Onwards	**237**	98
Total	**418**	268

For the year ended 30 June 2023, the average effective borrowing rate was 5.49% (FY2022: 3.67%). The majority of the Group's lease obligations for the year ended 30 June 2023 are denominated in New Zealand dollars (FY2022: same).

Note 13(e) Additional information about the Group's leasing activities

	2023 $m	2022 $m
Fixed payments	**85**	66
Variable payments	**3**	2
Total payments	**88**	68

Policies

Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as laptop computers and EFTPOS equipment). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease and presented as a separate line in the statement of financial position. If the implicit interest rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of lease liabilities comprise fixed lease payments less any lease incentives receivable; and variable lease payments that depend on an index or rate where the rate can be determined at the commencement date. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount for the lease payments made.

Note 13. Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation for right-of-use assets begins at the commencement date of the lease and right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. At each reporting period, NZ Post reassesses its assumptions for lease extensions due to changes in operating conditions. If the Group assesses that a change is required, the carrying value of the lease liability and right of use asset are remeasured using an updated incremental borrowing rate. NZ Post does not revalue its right-of-use assets.

The Group applies NZ IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its properties. Leases for which the Group is a lessor are classified as finance or operating leases. Leases that transfer substantially all the risks and rewards of ownership to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as a separate line in the statement of financial position, at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Key Judgements and Estimates

Key judgements relating to lease accounting are as follows:

- Courier, Express and Transport contracts have been determined to contain vehicle leases. Judgement was involved in determining that the contracts are leases and that they are short-term. The contracts have been assessed as short-term due to the termination rights held by both NZ Post and the contractors limiting the period for which the contracts are enforceable. As short-term fleet leases they are excluded from lease accounting under the short-term exemption. A different conclusion would have a material impact on NZ Post's contracted delivery service expenses and on the number of leases capitalised.
- The Group determines the lease term as the non-cancellable term of the lease, together with any rights of renewal if it is reasonably certain to be exercised.

Note 14. Trade and Other Payables

	2023 $m	2022 $m
Trade payables	**40**	36
Accrued employee benefit liabilities	**49**	51
Payment services holding accounts	**13**	5
Other accruals and payables	**62**	86
Total trade and other payables	**164**	178
Comprising:		
Current trade and other payables	**159**	173
Non-current trade and other payables	**5**	5
Total trade and other payables	**164**	178

Policies

Trade payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Accrued employee liabilities

Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported at the present value of the estimated future cash outflows.

Note 15. Contract Liabilities

	2023 $m	2022 $m
Balance as at 1 July	**35**	44
Addition to contract liabilities	**40**	38
Recognised as revenue	**(37)**	(45)
Reduction due to change in accounting estimate	**-**	(2)
Balance as at 30 June	**38**	35

Total revenue of $32 million was released to the statement of profit or loss and other comprehensive income during the 2023 financial year from the opening balance of contract liabilities (FY2022: $40 million). Performance obligations for revenue deferred are expected to be completed within a year.

Policies

The Group recognises deferred revenue for mail and parcel services and box bag services that have been sold but where the obligations have not yet been performed.

Deferred revenue

At balance date an estimate is made of the performance obligations from prepaid product sales that have not been fulfilled. Judgement is applied to determine how much of each service is prepaid and the average time between purchase and delivery.

A reasonable change in the key assumptions in the revenue deferral models would not result in a material change to the revenue deferred.

Note 16. Provisions

	Restructuring $m	Properties $m	Holidays Act Remediation $m	Other $m	Total $m
Balance as at 30 June 2022					
Current provisions	1	2	6	5	14
Non-current provisions	-	4	-	-	4
Total provisions as at 30 June 2022	1	6	6	5	18
Balance as at 1 July 2022	**1**	**6**	**6**	**5**	**18**
Utilisation	**(3)**	**-**	**(1)**	**-**	**(4)**
Release of provision	**(1)**	**-**	**(4)**	**(1)**	**(6)**
Additional provision	**43**	**6**	**-**	**2**	**51**
Total provisions as at 30 June 2023	**40**	**12**	**1**	**6**	**59**
Comprising:					
Current provisions	**10**	**2**	**1**	**6**	**19**
Non-current provisions	**30**	**10**	**-**	**-**	**40**
Total provisions	**40**	**12**	**1**	**6**	**59**

Provisions are recognised at the present value of the cost to settle the obligation.

During the period the Group has recognised a provision of $36.6 million to restructure its mail business. The change programme (Tupuna) has commenced. It will result in a reduction in the Group's workforce of an estimated 700-750 FTE over the period FY2024 – FY2028.

Judgement has been applied to determine the inputs (number of employees and cost per employee) used to calculate the total costs. Key assumptions include attrition rates and wage inflation. A reasonable change in these assumptions would not result in a material change to the provision. Judgement has also been applied to determine costs that the Group is committed to in order to fulfil other obligations associated with the restructuring activities.

The Property provision includes amounts required to fulfil our make good obligations on leased properties and remediation of retail network agency's properties that currently host Box Lobbies (PO Boxes). During the period the Group has recognised an additional $3.7 million provision based on latest obligations and market-based cost estimates to remediate property obligations.

Note 17. Capital and Other Commitments

	2023 $m	2022 $m
Contractual commitments:		
Payable no later than one year	**71**	52
Payable later than one year, not later than five years	**-**	27
Total contractual commitments	**71**	79

Funding commitments:
During FY2022, NZ Post entered into an agreement with SFF Low Emissions Delivery Limited ("SFF LED"), whereby SFF LED would provide financing to both NZ Post and its delivery partners to enable them to purchase/lease low emissions vehicles (primarily electric vans). To facilitate this, NZ Post has established a loan facility to lend money to SFF LED. The facility amount is $10 million, the interest rate is 2.5% per annum and the facility matures in December 2024. The amount of loan outstanding as at 30 June 2023 is $1.75 million (FY2022: nil).

Note 18. Fair Value

Note 18(a) Fair value of financial assets and liabilities
The estimated fair values of the Group's financial assets and liabilities which differ from their carrying values are noted below.

	Note	Carrying Amount 2023 $m	Estimated Fair Value 2023 $m	Carrying Amount 2022 $m	Estimated Fair Value 2022 $m
Financial liabilities					
Borrowings	20	**59**	**59**	114	115

The carrying values of the following financial instruments are a reasonable approximation of fair value because they are short-term in nature: cash and cash equivalents, loans to related parties, trade receivables and trade payables.

Note 18. Fair Value (continued)

Note 18(b) Fair value measurement

30 June 2023	Note	Level 1 $m	Level 2 $m	Level 3 $m	Level 4 $m
Assets at fair value					
Investment properties		-	-	**19**	**19**
Land and buildings	11	-	-	**36**	**36**
Total financial assets at fair value		-	-	**55**	**55**

30 June 2022	Note	Level 1 $m	Level 2 $m	Level 3 $m	Level 4 $m
Assets at fair value					
Investment properties		-	-	19	19
Land and buildings	11	-	-	38	38
Derivative financial assets	21	-	2	-	2
Total financial assets at fair value		-	2	57	59

Note 18(c) Fair value measurement of investment properties, land and buildings

All investment properties and land and buildings are categorised as Level 3 in the fair value hierarchy. The key unobservable inputs used to measure fair value of investment properties and land and buildings properties are disclosed below, along with their sensitivity to a significant increase or decrease:

		Fair Value Measurement Sensitivity to Significant Changes:	
Significant Unobservable Inputs	Description	Increase in Input	Decrease in Input
Market capitalisation rate	The capitalisation rate applied to the market rental to assess the property's value. Derived from similar transactional evidence taking into account location, weighted average lease term, customer covenants, size and quality of the property.	Decrease	Increase
Market rental	The valuer's assessment of the net market income attributable to the property; includes both leased and vacant areas.	Increase	Decrease

Note 18. Fair Value (continued)

The following table discloses the quantitative information by asset class of the key significant unobservable inputs disclosed below:

30 June 2023 Asset Class	Description	Market Capitalisation Rate %pa	Market Rental $ psqm
Property, plant and equipment	Post Shop	3.65 – 11.50	37.50 – 550.00
Property, plant and equipment	Mail Centre	6.50 – 11.00	50.00 – 220.00
Investment property	Investment Property	3.65 – 11.50	37.50 – 550.00

30 June 2022 Asset Class	Description	Market Capitalisation Rate %pa	Market Rental $ psqm
Property, plant and equipment	Post Shop	3.50 – 11.50	35.00 – 550.00
Property, plant and equipment	Mail Centre	6.50 – 10.50	50.00 – 220.00
Investment property	Investment Property	3.50 – 11.50	35.00 – 550.00

Transfers between investment properties and land and buildings

There were no transfers of land and buildings to investment properties during the year (FY2022: $0.6 million). Net revaluation loss recognised on investment properties amounted to $0.3 million (FY2022: net revaluation gains of $0.4 million).

Note 18. Fair Value (continued)

Policies

Fair value estimation

NZ Post measures financial instruments, such as derivatives, and some non-financial assets such as investment properties and land and buildings, at fair value at each balance date.

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability; the Group must have access to the principal or most advantageous market at the measurement date.

Fair value hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the quality and reliability of information used to determine the fair values. The three levels of the fair value hierarchy are defined as follows:

Level 1
Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2
Fair value measurements are those where quoted market prices are not available, for example where the instrument is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3
Fair value measurements where at least one input which could have a significant effect on the instruments' valuation is not based on observable market data.

Land and buildings

NZ Post carries land and buildings at fair value and engaged an independent valuation specialist to assess this as at 30 June 2023. They were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The agreement by which the Company purchased the Post Office business from the Crown recognises potential land claims that may be lodged under the Treaty of Waitangi Act 1975. The effect on the valuation of assets resulting from potential claims cannot be quantified. However, under the Treaty of Waitangi (State Enterprises) Act 1988, the Company will be compensated by the Crown for any loss that occurs upon the resumption of any interest in land by the Crown.

If land and buildings (including investment properties) had been measured using the cost method the carrying amounts would be as follows:

	2023 $m	2022 $m
Land	**5**	5
Buildings	**9**	10

Note 18. Fair Value (continued)

Key Judgements and Estimates

The fair values of assets and liabilities carried at fair value were determined by application of the following methods and assumptions.

Derivative financial instruments

The fair values of exchange rate or interest rate contracts are obtained from observable market prices, discounted cash flow models or option-pricing models as appropriate.

Investment properties and land and buildings

The carrying amount of investment properties and land and buildings is the fair value of the property as determined by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair value reflects management's assessment of highest and best use of each property at the end of the reporting period.

The fair values presented are based on market values, which are derived using the capitalisation method. The key assumptions used in the valuations are derived from recent comparable transactions to the greatest extent possible; however, the valuation method uses unobservable inputs in determining fair value.

Note 19. Impairment of Non-financial Assets

Impairment losses for non-financial assets for the year ended 30 June comprise:

	Note	2023 $m	2022 $m
Mail CGU property, plant and equipment	11	**2**	1
Third-party logistics CGU property, plant and equipment – reversal of impairment	11	**-**	(1)
Total impairment		**2**	-

Note 19(a) Impairment of NZ Post assets

Cash generating units

NZ Post has three material cash generating units ("CGUs"); the Mail CGU comprising delivery of letters untracked parcels, the Parcels CGU, aligned with the Parcels operating business, and the Fliway CGU, aligned with the Fliway business.

Mail CGU impairment review

The recoverable amount of the Mail CGU has previously been assessed to be nil (on a fair value less cost of disposal basis). Newly acquired non-financial assets in the Mail CGU have been impaired by $3 million, including property, plant and equipment and leased print mail equipment recognised as right-of-use assets (FY2022: $1 million). Assets are reviewed individually, and key assumptions and sensitivities are not disclosed as any reasonable change in assumptions does not change

Note 19. Impairment of Non-financial Assets (continued)

impairment assessments. Management has considered whether any indicators of impairment have reversed. The Group has assessed that indicators of impairment have not reversed. Management has also reviewed the leased property sites recognised as right-of-use assets in the Mail CGU by obtaining independent rental reviews and assessed that no impairment is required based on the ability to sublease the sites and that any sublease would be approximately at or above current rates paid by NZ Post.

Goodwill impairment review

Parcels CGU

$157 million of goodwill has been allocated to the Parcels CGU, this includes $13 million of goodwill recognised upon acquisition of the Fliway Group. The valuation used to assess the recoverable amount of the Parcels CGU was based on fair value less costs of disposal, using a five-year discounted cash flow ("DCF"). This valuation is Level 3 in the fair value hierarchy.

The key assumptions (based on past performance and management experience) incorporated into the Board approved five-year forecast used in the valuation and include:

- Compounding Average Growth Rate ("CAGR") for parcel volume growth, average revenue per unit ("ARPU") and cost per parcel. The volume CAGR was derived from past performance and management's forecast of the market, consumer behaviour and macro-economic conditions and is the most significant valuation input. Reasonable changes in the ARPU and cost per parcel do not have a material effect on the valuation.
- Benefits and costs from the Network Strategy Investment (Te Iho) have been included in the valuation as it is fully integrated into the business plan.

The key valuation inputs used in the DCF were:

Parcels CGU	Goodwill Carrying Value $m	Post-tax Discount Rate	Terminal Value Growth Rate	Forecast Parcel CAGR
Year ended 30 June 2023 – Goodwill	157	8.9% pa	1.0% pa	3.4%
Year ended 30 June 2022 – Goodwill	144	8.4% pa	1.0% pa	6.4%

The discount rate and terminal growth rates were informed by external corporate finance experts based on internal and external information.

The carrying value of the Parcels CGU at 30 June 2023, including the goodwill, was less than the recoverable amount estimated by the DCF valuation (FY2022: same). Therefore, there has been no impairment of goodwill at 30 June 2023 (FY2022: nil). The CAGR is considered the most significant valuation input and (holding all other valuation inputs constant) would need to reduce by over 50% across the forecast period to result in an impairment (FY2022: same). A plausible change in either forecast or valuation assumptions would not result in an impairment (FY2022: same).

Fliway CGU

$15 million of goodwill has been allocated to the Fliway CGU. The valuation used to assess the recoverable amount of the Fliway CGU was based on fair value less costs of disposal, using a five-year DCF. This valuation is Level 3 in the fair value hierarchy.

The key assumptions (based on past performance and management experience) incorporated into the Board approved five-year forecast used in the valuation and include:

- Average revenue growth rate of 4.1% per annum (key driver is transport volumes)
- Terminal growth rate of 2.0%
- Post tax discount rate of 9.9%

Fliway has three business units, Transport, Logistics and International. The most significant valuation input is the Transport volume (cubic metres). Reasonable changes in the ARPU and unit cost do not have a material effect on the valuation.

Note 19. Impairment of Non-financial Assets (continued)

The discount rate and terminal growth rates were informed by external corporate finance experts based on internal and external information.

The carrying value of the Fliway CGU at 30 June 2023, including the goodwill, was less than the recoverable amount estimated by the DCF valuation. Therefore, there has been no impairment of goodwill at 30 June 2023.

Corporate and shared assets

NZ Post runs an integrated delivery network and corporate and shared assets are those used for both mail and parcel operations. The carrying value of shared assets has been allocated to the parcels CGU on the assumption that these would be repurposed for parcels use if required.

No impairment losses have been recognised in relation to the shared assets (FY2022: same).

Policies

Testing for impairment

NZ Post tests property, plant and equipment (excluding land and buildings held at revalued amounts), intangibles, goodwill and investments for impairment:

- at least annually for indefinite life intangibles, intangibles not yet available for use 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 assets other than goodwill) may have changed.

Assets are impaired if their recoverable amount is less than their carrying amount. An impairment loss is recognised in profit or loss for the difference, except to the extent that there is a revaluation reserve for the impaired asset, in which case, the impairment is recognised first against the revaluation reserve for that asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of impairment testing, goodwill is allocated to each of the CGUs or groups of CGUs, that is expected to benefit from the synergies of the business combination (assets or groups of assets that derive cash flow benefits to the Group). Impairment losses for goodwill are not reversed.

Financing

Note 20. Borrowings

	2023 $m	2022 $m
Current borrowings		
Commercial paper	**59**	60
Total current borrowings	**59**	60
Non-current borrowings		
CBA facility	-	54
Total non-current borrowings	-	54

Net debt reconciliation

	Borrowings due < 1 year $m	Borrowings due > 1 year $m	Total $m
Balance as at 1 July 2022	**60**	**54**	**114**
Commercial paper issued	**249**	**-**	**249**
Commercial paper repaid	**(250)**	**-**	**(250)**
Drawdown of CBA facility (net of transaction costs)	**-**	**256**	**256**
Repayment of CBA facility	**-**	**(310)**	**(310)**
Other non-cash movements	**-**	**-**	**-**
Balance as at 30 June 2023	**59**	**-**	**59**

	Borrowings due < 1 year $m	Borrowings due > 1 year $m	Total $m
Balance as at 1 July 2021	-	34	34
Commercial paper issued	135	-	135
Commercial paper repaid	(75)	-	(75)
Drawdown of CBA facility (net of transaction costs)	-	109	109
Repayment of CBA facility		(90)	(90)
Other non-cash movements	-	1	1
Balance as at 30 June 2022	60	54	114

Note 20. Borrowings (continued)

Commercial Paper
Commercial paper up to $200 million can be issued to wholesale investors. The amount and term of the issue is at the discretion of NZ Post. The current amount on issue has a tenor of three months (as at the date of the relevant issuance).

CBA Facility
On 17 March 2021, NZ Post arranged a new credit facility with the Commonwealth Bank of Australia ("CBA"), comprised of $100 million with tenor of three years and $100 million with a tenor of five years. NZ Post has the intention and the right to an automatic rollover of the borrowings and to defer settlement of drawdowns within the applicable tenor. Amounts drawn down under the facility are treated as non-current. Related transaction costs subject to amortisation amounted to $0.8 million as at 30 June 2023 (FY2022: $0.5 million).

Policies
Borrowings
Borrowings are recognised at amortised cost.

Borrowing costs directly attributable to the issuance of debt are capitalised and amortised over the life of the debt instrument.

Note 21. Financial Instruments

Financial instruments by category

30 June 2023	Fair Value through Profit or Loss $m	Other Financial Assets at Amortised Cost $m	Total $m
Cash and cash equivalents	-	**132**	**132**
Term deposits	-	**210**	**210**
Trade and other receivables	-	**183**	**183**
Loan to related party	-	**2**	**2**
Loan to Sustainable Fleet Finance Limited	-	**2**	**2**
Total financial assets	-	**529**	**529**

	Fair Value through Profit or Loss $m	Other Financial Liabilities at Amortised Cost $m	Total $m
Trade and other payables[1]	-	**162**	**162**
Lease liabilities	-	**418**	**418**
Borrowings	-	**59**	**59**
Total financial liabilities	-	**639**	**639**

30 June 2022	Fair Value through Profit or Loss $m	Other Financial Assets at Amortised Cost $m	Total $m
Cash and cash equivalents	-	71	71
Trade and other receivables	-	176	176
Derivative financial assets	2	-	2
Loan to related party	-	3	3
Total financial assets	2	250	252

	Fair Value through Profit or Loss $m	Other Financial Liabilities at Amortised Cost $m	Total $m
Trade and other payables[1]	-	173	173
Lease liabilities	-	268	268
Borrowings	-	114	114
Total financial liabilities	-	555	555

1. Trade and other payables exclude other taxes.

Note 21. Financial Instruments (continued)

Policies

Designation of financial instruments

Designation of financial assets and financial liabilities into categories is determined by the way the assets are managed, and their contractual cash flows as at initial recognition.

Financial assets

Recognition and measurement

NZ Post's financial assets include financial assets at amortised cost (debt instruments) and financial assets at fair value through profit or loss. Trade receivables are measured at the transaction price determined under NZ IFRS 15.

Financial assets at amortised cost

NZ Post measures financial assets at amortised cost if they are held to collect contractual cash flows, and payments are solely principal and interest.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

This category includes derivatives categorised as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are recognised initially at fair value and gains and losses from changes in the fair value are included in profit or loss in the period they arise.

Financial liabilities

NZ Post classifies its financial liabilities as either fair value through profit or loss or at amortised cost. Financial liabilities at fair value through profit or loss are recorded at fair value with any realised and unrealised gains or losses recognised in profit or loss.

Borrowings are recognised when cash is advanced.

Derivative financial instruments

Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the profit or loss.

Financial risk management

NZ Post undertakes activities which involve the acceptance of credit, market (currency and interest rate), financing and operational risks. The management of risk is an essential element of the Group's strategy with emphasis placed on proactive management to enhance shareholder value and minimise earnings volatility over time.

The Board of Directors are responsible for the direction, strategies and policy around risk management which the Corporate Finance team then execute.

Note 21(a) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Note 21(b) Liquidity risk

Liquidity risk is the risk of NZ Post being unable to meet financial obligations as they fall due. NZ Post manages liquidity risk to ensure that it has sufficient cash in a timely manner and at a reasonable price to meet its financial commitments and monitors this risk daily, primarily by forecasting future cash requirements.

Liquidity risk management

NZ Post manages this risk by maintaining a portfolio of liquid assets in the form of cash and short-term investments (in term deposits of various tenors). Other facilities include a $200 million commercial paper programme of which $59 million was drawn at 30 June 2023 (FY2022: $60 million) and a bank facility of $200 million of which $0 million was outstanding at 30 June 2023 (FY2022: $55 million).

Note 21. Financial Instruments (continued)

Exposure

The tables below summarise the cash flows payable by the Group under both non-derivative and derivative financial liabilities by remaining contractual maturities at the balance date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the inherent liquidity risk is managed based on expected undiscounted cash flows.

30 June 2023	Up to 3 Months $m	Between 3 and 12 Months $m	Between 1 and 5 Years $m	More than 5 Years $m	Total $m
Non-derivative cash flows					
Cash and cash equivalents	132	-	-	-	132
Term deposits	65	105	40	-	210
Trade and other receivables	146	35	2	-	183
Trade and other payables	(139)	(19)	(4)	-	(162)
Borrowings	(59)	-	-	-	(59)
Interest payable	(5)	(16)	(68)	(104)	(193)
Loan to related party	-	-	2	-	2
Loan to Sustainable Fleet Finance Limited	-	-	2	-	2
Lease liabilities	(10)	(35)	(136)	(237)	(418)
Net non-derivative cash flows	130	70	(162)	(341)	(303)
Derivative cash flows					
Foreign exchange derivatives – inflows	7	13	-	-	20
Foreign exchange derivatives – outflows	-	(7)	-	-	(7)
Commitments					
Capital commitments	46	25	-	-	71
Lease commitments	1	-	-	-	1
Total off balance sheet cash flows	54	31	-	-	85
Net position	184	101	(162)	(341)	(218)

Note 21. Financial Instruments (continued)

30 June 2022	Up to 3 Months $m	Between 3 and 12 Months $m	Between 1 and 5 Years $m	More than 5 Years $m	Total $m
Non-derivative cash flows					
Cash and cash equivalents	71	–	–	–	71
Trade and other receivables	137	26	13	–	176
Trade and other payables	(152)	(15)	(6)	–	(173)
Borrowings	(60)	-	(54)	-	(114)
Lease Interest payable	(3)	(7)	(20)	(19)	(49)
Loan to related party	-	-	3	-	3
Lease liabilities	(13)	(34)	(123)	(98)	(268)
Net non-derivative cash flows	(20)	(30)	(187)	(117)	(354)
Derivative cash flows					
Foreign exchange derivatives – inflows	5	3	–	–	8
Foreign exchange derivatives – outflows	(10)	-	–	–	(10)
Interest rate derivatives – outflows	-	(1)	(2)	-	(3)
Commitments					
Capital commitments	23	29	27	–	79
Total off balance sheet cash flows	18	31	25	-	74
Net position	(2)	1	(162)	(117)	(280)

Note 21. Financial Instruments (continued)

Note 21(c) Market risk

Foreign exchange risk

Foreign exchange risk arises as the Group holds assets and issues liabilities denominated in foreign currencies. The main objective of the management of foreign exchange risk is to minimise foreign exchange rate volatility and minimise costs. Transactions with overseas postal organisations are invoiced in Special Drawing Rights (SDR) and settled primarily in United States Dollars (USD). SDR is a basket currency comprised of fixed quantities of five major currencies set by the International Monetary Fund. The foreign currency which the Group primarily deals in is USD.

Foreign exchange risk management

The Group manages foreign exchange risk through the use of derivatives (foreign exchange contracts). The Group's policy is to hedge net foreign currency cash flows (exceeding $0.5 million) forecast to occur within 24 months, within specified limits. NZ Post does not apply hedge accounting. Capital expenditure over $0.5 million is hedged between 90%-100% as soon as a legal commitment has been made. Foreign exchange rate movements of greater than 35% would be required in order to materially impact NZ Post's financial position or performance.

Exposure

The Group's exposure to foreign exchange risk (prior to hedging contracts) at reporting date are:

	2023		2022	
	AUD NZD$m	**USD NZD$m**	AUD NZD$m	USD NZD$m
Cash and cash equivalents	**5**	**1**	1	-
Trade and other receivables	**-**	**50**	-	43
Derivative financial assets	**-**	**-**	-	2
Trade and other payables	**-**	**(23)**	-	(17)
Net on statement of financial position	**5**	**28**	1	28

Possible fluctuations in foreign exchange rates are not expected to have a material impact on NZ Post's financial position or performance.

Interest rate risk

NZ Post is exposed to interest rate risk through fluctuations in interest costs on floating debt instruments and from changes in asset and liabilities values due to changes in market interest rates. The main objective of the management of interest rate risk is to minimise the interest expense volatility and minimise funding costs.

Interest rate risk management

The Group manages interest rate risk through the use of derivatives to modify its exposure to changes in interest rates. The derivatives typically entered into are pay-fixed, receive floating interest rate swaps. These instruments will swap a portion of the variable component of interest to a fixed rate, to allow the Group to forecast future funding cost requirements. Interest rate repricing on financial assets acts as an offset to repricing on financial liabilities.

The interest rate risk is hedged within Treasury Policy limits once the drawn debt has exceeded a minimum threshold. The Group has no interest rate swaps as at 30 June 2023 (FY2022: $40 million).

Commercial paper is held for three months per issuance and is also included in the debt limit calculations for our interest rate risk management.

Note 21. Financial Instruments (continued)

Exposure
The Group has floating rate borrowings with a face value of $60 million at 30 June 2023 (FY2022: $55 million), and fixed rate borrowings with a face value of nil (FY2022: nil). As at 30 June 2023, the weighted average interest rate on borrowings is 5.73% pa (FY2022: 2.94% pa).

Based on borrowing levels as at 30 June 2023, interest rate movements that could be reasonably expected would not have a material impact on NZ Post's financial position or performance.

Note 21(d) Credit risk
NZ Post is exposed to counterparty credit through cash and cash equivalents on deposit with banks; interest rate swaps and foreign exchange contracts with counterparties; and customers with outstanding receivables.

Credit risk management
NZ Post manages credit risk through specific policy benchmarks and parameters (including credit terms for customers and debtor day targets) set by the Board which must be complied with in all situations. Credit risk is actively monitored on a monthly basis by the Board. No collateral is held as at 30 June 2023 (FY2022: nil) but accounts are suspended for non-payment as required. The Group performs credit checks on new customers prior to creating an account.

NZ Post Treasury Policy sets out counterparty credit risk control limits based on the long-term credit rating of the counterparty. Bank accounts and short-term deposits can only be held with counterparties with a credit rating of A-/A3 or higher.

Credit risk exposure
NZ Post's exposure to credit risk is outlined in the statement of financial position (showing cash and cash equivalents and derivative financial instruments) and Note 10, setting out trade and other receivables and the current provision in place against these balances.

At balance date, 65% of the total maximum exposure is derived from deposits with three major New Zealand Banks and the remaining 35% is derived from trade and other receivables (FY2022: 29% and 71%). Management is confident in its ability to manage and sustain acceptable credit risk exposure resulting from its financial assets.

Excluding the exposure on deposits with banks there are no other individual counterparties or connected persons where their credit exposure equalled or exceeded 10% of the Group's total credit exposure during the year (FY2022: nil).

Note 22. Equity

Note 22(a) The nature of the Group's contributed equity
Ordinary share capital
At 30 June 2023, NZ Post had 272.2 million authorised and fully paid ordinary shares on issue (FY2022: 272.2 million authorised shares, of which 272.2 million were fully paid). The shares have no par value. All shares have equal voting rights and share equally in dividends and surplus on winding up.

Special dividends totalling $717 million ($2.52 per fully paid share) were paid to shareholders during the year ended 30 June 2023 (FY2022: nil).

Note 22. Equity (continued)

Note 22(b) Other reserves

The table below details movements in other reserves. A description of the nature and purpose of each reserve is provided below the table.

	Property Revaluation Reserve $m	Fair Value Reserve of Financial Assets at FVOCI $m	Cash Flow Hedge Reserve $m	Total $m
Balance as at 1 July 2022	**32**	**(39)**	**129**	**122**
Losses on revaluation of land and buildings – gross	**(1)**	**-**	**-**	**(1)**
Share of other comprehensive income of KGH	**-**	**6**	**(24)**	**(18)**
Other comprehensive income/(loss)	**(1)**	**6**	**(24)**	**(19)**
Other movements				
Reclassification of reserves previously recognised in other comprehensive income	**-**	**33**	**(105)**	**(72)**
Balance as at 30 June 2023	**31**	**-**	**-**	**31**

	Property Revaluation Reserve $m	Fair Value Reserve of Financial Assets at FVOCI $m	Cash Flow Hedge Reserve $m	Total $m
Balance as at 1 July 2021	31	(4)	28	55
Gains on revaluation of land and buildings – gross	1	-	-	1
Share of other comprehensive income/(loss) of jointly controlled entities	-	(35)	101	66
Other comprehensive income/(loss)	1	(35)	101	67
Other movements				
Transfer between revaluation reserve and retained earnings	-	-	-	-
Balance as at 30 June 2022	32	(39)	129	122

The gains on revaluation of land and buildings is shown as net of any deferred tax impact.

Note 22. Equity (continued)

Nature and purpose of reserves

Property revaluation reserve

The property revaluation reserves is used to record movements in the fair value of land and buildings.

Fair Value Reserve of Financial Assets at FVOCI

The fair value reserve of financial assets recorded movements in the fair value of financial assets through other comprehensive income held by KGH.

Cash flow hedge reserve

The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Other Disclosures

Note 23. Related parties

The ultimate shareholder of the Group is the Crown and the Group undertakes many transactions with other State-Owned Enterprises, Crown Entities and Government Departments in the normal course of business which are not disclosed here. All subsidiaries and jointly controlled entities are considered to be related parties of NZ Post. Transactions and balances with subsidiaries are not disclosed as they eliminate on consolidation.

	2023 $m	2022 $m
Related party transactions		
Jointly controlled entities		
Sale of goods and services	**18**	17
Expenditure recoveries	**-**	3
Purchase of goods and services	**(5)**	(1)

Related party balances		
The amounts outstanding with related parties at balance date were:		
Jointly controlled entities		
Current trade receivables	**2**	3
Non-current loan receivable	**2**	3
Total related party balances	**4**	6

Key management personnel compensation	2023 $000's	2022 $000's
Short-term employee benefits and Directors' fees	**5,141**	5,954
Total key management personnel compensation	**5,141**	5,954

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, being Directors and Executive Leadership Team Members of the Group. Directors' fees recognised during the year amounted to $515,461 (FY2022: $464,254).

Note 24. Contingencies

The Group is subject to additional claims, contingencies and investigations incurred in the normal course of business. As at 30 June 2023, the Directors are not aware of any significant exposure to the Group.

Note 25. Events Occurring After Balance Date

There were no subsequent events to be disclosed that occurred between balance date and the date of issue of these financial statements.

Independent Auditor's Report

Independent auditor's report

To the readers of New Zealand Post Limited's financial statements for the year ended 30 June 2023.

The Auditor-General is the auditor of New Zealand Post Limited (the "Company" or "NZ Post") and its subsidiaries (the "Group"). The Auditor-General has appointed me, Kevin Brown, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of the Group on his behalf.

Our opinion

In our opinion, the accompanying financial statements of New Zealand Post Limited (the "Company"), including its subsidiaries (the "Group"), present fairly, in all material respects, the financial position of the Group as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's financial statements comprise:

- the statement of financial position as at 30 June 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standards 1: *International Code of Ethics for Assurance Practitioners including International Independence Standards (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assurance services for the Group in the form of a custody control engagement and other services in the area of providing Group employees access to generic technical training courses and a report summarising the results of a survey of New Zealand executive rewards. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services and relationships have not impaired our independence as auditor of the Group.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Divestment of Kiwi Group Holdings (KGH) As disclosed in note 8 to the financial statements, in November 2022, New Zealand Post sold its 53% shareholding in KGH to the Crown for $1,117 million. Following signing a sale and purchase agreement in early August 2022, New Zealand Post ceased equity accounting and classified its investment as held for sale. At the date of settlement, ownership of NZ Post's 53% share of KGH was transferred to the Crown, and NZ Post reclassified its share of earnings from KGH as a discontinued operation. The share of profits from discontinued operations includes a gain on sale of $10 million and $14 million of dividends received from KGH pre-divestment. We consider the divestment of KGH to be a key audit matter due to the significance of the transaction to the financial statements.	To obtain an understanding of the divestment we read the sale and purchase agreement entered into between New Zealand Post Limited and the Crown. We also inquired of management as to the terms of the sale, and read minutes of Board of Directors' meetings relating to the divestment. Our audit procedures in relation to the divestment included: • agreeing sale proceeds and dividends received from KGH to bank statements, • performing analytical procedures to assess the reasonableness of equity accounted earnings for the period prior to cessation of equity accounting, • reperforming management's calculation of the gain on sale, and • assessing the appropriateness of financial statement disclosures, including the reclassification to discontinued operations in the current and prior period, against the requirements of IFRS. We considered the results of the procedures above satisfactory in forming our opinion on the financial statements as a whole.
Impairment assessments of the Parcels and Fliway cash generating units As disclosed in notes 12 and 19, NZ Post has recognised goodwill of $172 million as at 30 June 2023. This goodwill has been allocated to the Parcels ($157 million) and Fliway ($15 million) Cash Generating Units (CGUs). Goodwill is required to be tested for impairment on an annual basis. NZ Post engaged a valuation expert to assist them in estimating the recoverable value of the Parcels CGU. The recoverable value of the Fliway CGU has been estimated using a model prepared by Management. Both valuations have been prepared on a fair value less cost of disposal (FVLCOD) basis.	We obtained an understanding and evaluated NZ Post's processes and controls relating to impairment assessments. With the assistance of our auditor's valuation expert, we assessed the reasonableness of the impairment assessments, including evaluating the competence, capabilities and objectivity of management's expert. To achieve this we: • tested the mathematical accuracy of the impairment assessments and assessed the reasonableness of valuation methodology adopted; • agreed forecast cash flows to Board approved budgets; • calculated the differences between historical actual and budgeted performance, including comparing forecasts to original acquisition

Description of the key audit matter	How our audit addressed the key audit matter
NZ Post has made a number of judgements in determining the valuations, including estimating: • future revenue growth rates, driven by factors including parcel volumes (Parcels CGU only) and pricing growth (compounding average growth rate) across the five-year forecast periods; • the appropriate discount rates and terminal growth rates; and • for the Parcel assessment, the expected benefits to be realised from NZ Post's Network Strategy Investment (Te Iho). NZ Post concluded that the FVLCOD of the Parcels and Fliway CGU's were higher than, and therefore supported, the carrying value of the CGUs' assets, including goodwill. We determined this matter as a key audit matter as goodwill is a material balance and we dedicated significant effort to the audit of the impairment considerations.	business case forecasts (for Fliway only), and considered the impact of differences on our assessment of forecast earnings; • assessed key forecast cash flow assumptions, including: – forecast parcel volumes and revenue growth assumptions by comparing to historical trends, and for parcel volumes (relevant to the Parcels CGU) inspecting external market evidence, including from comparable companies, on estimated parcel growth; – agreeing significant capital expenditure to Board approved business cases; – assessed the discount and terminal growth rates, by comparing them to market data, and industry growth rates and long-term inflation rates respectively. • assessed the sensitivity of the valuations to changes in key assumptions; and • assessed the appropriateness of the financial statement disclosures. The FVLCOD of the Parcels and Fliway CGU's support the carrying value of the CGU's assets. We considered the results of the procedures above satisfactory in forming our opinion on the financial statements as a whole.
Revenue recognition NZ Post's revenue of $1,136 million primarily comprises the delivery of services, as disclosed in note 4. NZ Post has deferred revenue of $38 million for obligations not yet performed as at 30 June 2023, which is reported as contract liabilities in note 15. NZ Post's revenue recognition principally relates to the delivery of services over time. Revenue recognition was considered a key audit matter due to the number of revenue streams within the Group and the significant level of effort required to audit revenue. NZ Post aggregates contracts with similar performance obligations and assesses them as a portfolio. There are seven portfolios of contracts with similar performance obligations, comprising 99% of the Group's revenue for the year ended 30 June 2023.	We obtained an understanding and evaluated NZ Post's processes and controls relating to revenue recognition, including those relating to the recognition of contract liabilities for outstanding performance obligations. We made a number of changes to our audit approach in the current year. These changes increased the reliance we placed on the systems and controls operated by NZ Post to ensure the accuracy and completeness of revenue. Due to the significant disaggregation of NZ Post's revenue streams, this 'controls based' approach was not applied to all revenue streams, and was not the only audit evidence obtained in respect to revenue. Where reliance was placed on controls, we assessed the design and operating effectiveness of the controls. This included testing relevant controls relating to information technology. In addition, our audit procedures in relation to revenue recognition included:

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Description of the key audit matter	How our audit addressed the key audit matter
	• challenging judgements made by management in applying NZ IFRS 15: Revenue from Contracts with Customers, including assessing a sample of individual contracts against the requirements of the standard, particularly the determination of performance obligations; • testing a sample of revenue transactions to assess the completion of performance obligations, accuracy of revenue recorded and portfolio classification. Where controls reliance was not obtained, a higher sample size was tested; and • assessing the disclosures made against the requirements of NZ IFRS 15: Revenue from Contracts with Customers. We considered the results of the procedures above satisfactory in forming our opinion on the financial statements as a whole.

Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from quantitative or qualitative material misstatement.

Overall group materiality: $11.2 million, which represents 1% of Total Revenue.

We chose Total Revenue as the benchmark because, in our view, revenue is a key financial metric used in assessing the performance of the Group and is less volatile than other profit or loss measures. We chose 1% based on our professional judgement, noting that it is also at the lower range of commonly accepted thresholds for entities where revenue is considered the appropriate benchmark.

Following our assessment of the risk of material misstatement, we performed:

- full scope audits for the Group's principal business units being New Zealand Post Limited and Fliway Group Limited, and
- substantive audit procedures over consolidation entries.

As reported above, we have three key audit matters, being:

- Divestment of Kiwi Group Holdings Limited;
- Impairment assessments of the Parcels and Fliway cash generating units; and
- Revenue recognition.

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We used component materiality methodologies to allocate the Group materiality level to the full scope audits of New Zealand Post Limited and Fliway Group Limited.

All audit procedures were performed by PricewaterhouseCoopers New Zealand.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Director's responsibilities arise from the State-Owned Enterprises Act 1986.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Kevin Brown
On behalf of the Auditor-General
Wellington, New Zealand
1 September 2023

PricewaterhouseCoopers

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Performance Overview

Statement of Corporate Intent Performance

The Group has set a series of targets in our Statement of Corporate Intent. This section shows how we have tracked against those targets in the 2022/23 year.

Scorecard Targets

Key Performance Targets		2023 Actuals	2023 Plan
Commercial			
Shareholder Returns			
— Total Shareholder Return	%	-16.2%	6.4%
— Dividend yield	%	51.8%	0.0%
— Return on equity[1]	%	-2.1%	4.5%
Profitability / Efficiency			
— Return on invested capital[1]	%	-1.8%	4.5%
Leverage and Solvency			
— Gearing ratio (net)	%	15.9%	28.9%
— Interest cover[3]	times	n/a	3.6
— Current ratio	times	1.6	0.7
Customer			
— Net Promoter Score (Consumer)	+	+7	+15
— Net Promoter Score (Business)	+	+20	+29
People			
— Engagement (improvement vs benchmark)	%	Bottom 25% of BM	Bottom 25% of BM
— Safety & Wellbeing – Critical Events[2]	Events	113	< FY22
Environment			
— Total emissions[5]	tCOe(k)	149.2	104.6
— Directly influenceable emissions[4]	tCOe(k)	n/a	67.3
Network			
— Standard Letter Service Performance	%	87.7%	90%

1. Upon divestment of the Group's interest in Kiwi Group Holdings Limited, amounts previously recognised in other comprehensive income have been reclassified to profit and loss. These amounts have been excluded from EBIT and NPAT used in the calculation of these ratios.
2. We recorded 74 Critical Events in the 2022 financial year.
3. The Interest cover ratio is used to measure how well a company can pay the interest due on its outstanding debt. As NZ Post is reporting a net "revenue" interest position - the calculation of this ratio is not applicable.
4. NZ Post no longer reports 'directly influenceable' emissions due to our increased ambition to target reductions across all significant emissions sources, including heavy freight and international aviation, as well as more influenceable domestic emissions from ground fuels and aviation freight.
5. The actual result includes significant changes in NZ Post's emissions profile, namely, the acquisition of Fliway Limited, improved supply chain data, and changes in emissions factors.

   In applying international carbon accounting standards, this substantive change in emissions has led to NZ Post restating its emissions for the year ended 30 June 2023 (FY2023). Given a new base year, comparisons with prior year emissions inventory totals and reduction targets are no longer applicable.

   Emissions volumes can be subject to change as data collection, climate science and emissions factors improve. It is accepted practice for emissions data to be retrospectively updated and for the base year to be restated where a significant change in total emissions has occurred.

Our performance in the community

Disclosed in accordance with Postal Services (Information Disclosure) Regulations 1998

Frequency of Delivery Services – Summary as at 30 June 2023

Service	Delivery Points	6 Day	5 Day	4 Day	3 Day	2 Day	1 Day
Residential	1,624,188	13,209	5	173	1,610,799	2	-
Business	94,195	344	6	18	93,811	16	-
Rural	279,969	-	278,246	-	1,178	397	148
Box Bag Farmers	2,000	1,815	185	-	-	-	-
Private Box/Bag, Individual and Business	102,417	95,915	6,502	-	-	-	-
Counter, Community Mailbox	38,257	25,998	11,875	96	268	20	-
Total	**2,141,026**	**137,281**	**296,819**	**287**	**1,706,056**	**435**	**148**
Percentage with data as follows:	100%	6.41%	13.86%	0.01%	79.68%	0.02%	0.01%

Percentage of points that receive 3 days or greater delivery 99.97% (required minimum = 99.88%).
Counter, Community Mailbox percentage: 1.79% (allowed maximum = 3%).

Notes:

1. 3896 points in the Counter, Community Mailbox category are excluded from the calculation of the percentage of delivery points as these are where people have elected to take this service over another that is available, as per clause 5 of the Deed. The number of people using temporary counter services (for up to 3 months) is excluded from the category.
2. The number of Counter and Community Mailbox users has been established by a survey and may differ slightly from practice.
3. Community mailboxes/counter services include instances where people are provided with a free PO Box or Private Bag by NZ Post rather than a Community Mailbox.

   PostShop Stores (Corporate and Agency) – 238
   PostCentre Outlets – 582
   Total retail outlets – 820
   Personal Assistance Service Points** – 504 (our commitment* 240)
   Total service points*** – 898 (our commitment* 880)

* Commitment as specified in 2013 Deed of Understanding (Deed).

** "Personal Assistance Service Points" means Service Points where personal assistance is available to consumers for the purchase of local, national and international parcel and packet services excluding bulk mail and courier services. Since our 2015 Annual Report we have changed the basis of reporting to take a more conservative approach to identifying Personal Assistance Service Points in alignment with the Deed's intent.

*** "Service Points" means service points at which consumers can purchase basic postal services, including but not limited to the acceptance of Basic Postal Items, excluding bulk mail. "Basic Postal Items" means a postal item that does not exceed 260mm height, 385mm length, 20mm thickness and/or 1kg weight, excluding parcel, priority, courier or express services. Service Points may include retail outlets owned by New Zealand Post, service points hosted in other businesses, electronic kiosks and NZ Post resellers with a street receiver or alternative lodgement point within a 50 metre radius of the reseller. For the 2023 Annual Report we have included certain resellers that meet the Deed's policy intent for the provision of basic postal services to consumers.

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To: The Directors, New Zealand Post Limited

Kantar has conducted a measure of New Zealand Post's letter delivery performance measuring performance against the following criteria according to the Postal Users Guide:

For Bulk Mail – Delivery within three delivery days for letters between major towns and cities within New Zealand

For Standard Post: – Delivery within three delivery days for letters between major towns and cities within New Zealand

To measure the extent to which New Zealand Post is meeting these publicly stated objectives, we prepared for posting Standard Post and Business letters, which were sent to a representative sample of New Zealand Post's total customer base. Based on information supplied by New Zealand Post, we assess our sample to be representative of over 80% of all letter traffic within New Zealand.

We measured transit time by counting the number of business days from the day of posting of the letter to the day the letter was received by the addressee, adjusted for the delivery schedule for different regions.

The annual result was calculated using the data collected from a single wave of testing in March 2023. In our opinion this report fairly represents the service performance achieved by New Zealand Post Limited during the time of measurement.

The results of this test are summarised in the table below.

	Weighted results*
Total within specification	87.7%
Total within three days of specification	96.9%
More than three days later than specified	3.1%

**Weighted to replicate the proportion of Bulk Mail and Standard Post mail flows in New Zealand based on unaudited ratios supplied by New Zealand Post*

Yours sincerely

DThomas

David Thomas

Chief Commercial Officer
Insights Division, Kantar New Zealand

Environment

Greenhouse Gas (GHG) Emissions

New Zealand Post Limited meets the requirements of TOITU® Carbon Reduce certification having measured its greenhouse gas emissions in accordance with ISO 14064-1: 2018 and committed to managing and reducing its emissions in respect to the operational emissions of its organisation within New Zealand.

The operational control consolidation approach has been used to account for operational emissions with reference to the methodology described in the GHG Protocol and ISO 14064-1: 2018 standards.

Figure 1: FY2023 GHG emissions by source

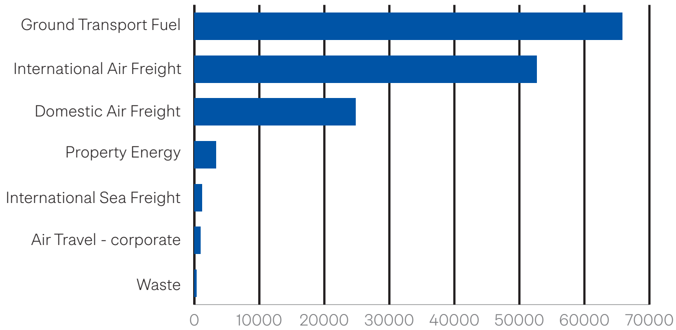

Figure 2: GHG emissions data summary – tCO_2e

	FY2023*
Scope 1 (Category 1)	3,175
Scope 2 (Category 2)	3,027
Scope 3 (Category 3 to 6)	142,958
Total	**149,160**

This statement is a summary of the verified information considered for TOITU® Carbon Reduce certification. The full disclosure statement can be found at **www.toitu.co.nz**

Figure 3: GHG emissions per item (grams CO_2e per item)

Grams CO_2 per item – rolling 12 month average of domestic and international delivery	FY2023*
Letters	124.41
Parcels	1,269.04

* Significant changes in NZ Post's emissions profile are the result of the acquisition of Fliway Limited, improved supply chain data, and changes in emissions factors. In applying international carbon accounting standards, this substantive change in emissions has led to NZ Post restating its emissions for the year ended 30 June 2023 (FY2023). Given a new base year, comparisons with prior year emissions inventory totals and reduction targets are no longer applicable. Emissions volumes can be subject to change as data collection, climate science and emissions factors improve. It is accepted practice for emissions data to be retrospectively updated and for the base year to be restated where a significant change in total emissions has occurred.

NZ Post remains committed to its ambition to reduce carbon emissions and is seeking verification of a Net Zero Standard from the Science Based Target Initiative for an increased emissions reduction ambition, which will be ready for publication in FY2024.

NZ Post was one of the first New Zealand organisations to verify its emissions reductions using a Science Based Target in 2018. We stand by the practice of using the most up to date science to ensure our emissions reduction targets and efforts have a meaningful impact.

TOITŪ CARBON REDUCE | 10 YEARS

This is to certify that

New Zealand Post Limited

(excluding Kiwi Group Holdings Limited, Supply Chain Solutions (NZ) Limited, Fliway Group Limited and Post Shop franchises in fuel stations, supermarkets, dairies and other outlets)

is Toitū carbonreduce organisation certified.

Toitū carbonreduce certified means measuring emissions to ISO 14064-1:2018 and Toitū requirements; and managing and reducing against Toitū requirements.

S Groes-Petrie

Sonia GroesPetrie— Certifier

TOITŪ ENVIROCARE

Date issued: 11 August 2022 | Valid until: 11 August 2025 | Certificate Number: 2022195J | Certification Status: Certified Organisation
Company Address: New Zealand Post House, 7 Waterloo Quay, Wellington, 6011, New Zealand | Certification Year Level of Assurance: Reasonable

Please refer to the disclosure page on www.toitu.co.nz for further details.
Toitū carbonreduce is an annual certification programme and this certificate only remains valid with an annual surveillance audit.

JAS-ANZ

WWW.JAS-ANZ.ORG/REGISTER
Certified by Enviro-Mark Solutions Limited (trading as Toitū Envirocare)

Statutory Information

Consolidated earnings statement – information disclosure

For the year ended 30 June 2023

	Letter Deliveries[1] $m	Other Services $m	Total $m
Operating revenue	223	913	1,136
Other revenue	26	12	38
Operating expenses[2]	(288)	(945)	(1,233)
Operating profit / (loss)	(39)	(20)	(59)

1. Letters for delivery in New Zealand
2. Letter deliveries operating expenses includes $37 million of Mail change provision

Accounting Policies

The Consolidated Earnings Statement has been prepared to meet the requirements of the Postal Services (Information Disclosure) Regulations 1998.

The policies applied to allocate revenue and expenses to Letter Deliveries and Other Services are described below.

Revenue

Revenue has been calculated using the Group's product contribution model which has calculated the revenue for letter deliveries using actual financial data for the 2022/23 year. The costing model identifies the relevant letter products and the revenue earned by them.

Expenses

Expenses have been calculated using the Group's product contribution model which has calculated the expenditure for letter deliveries using actual financial data for the 2022/23 year. The production contribution model identifies the cost of activities within the Group and assigns to letter products through drivers or allocations. Key drivers in the model are operational time that is recorded for activities performed, plus operational volumes. Overhead expenses such as sales & marketing and various corporate functions, are by their nature inherently difficult to allocate between different products. These expenses have been allocated between Letter Deliveries and Other Services based on management judgement as to the percentage of costs attributable to each category. Assumptions are also made about average weight and volume where operational data is unavailable. Any exchange gains or losses have not been included in this calculation. Expenses include Depreciation and Amortisation.

Definition of Letters

Letters are defined as any form of written communication, document or article that is addressed to a specific person or address, is conveyed or delivered other than by electronic means or courier service, falls within certain size and weight criteria and for which a charge is made. This includes letter deliveries of inbound products from other countries that are under 2kgs in weight, which is above the amount set out in the legislation of 1kg.

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Independent auditor's review report

To the readers of New Zealand Post Limited's Consolidated Earnings Statement - Information Disclosure for the year ended 30 June 2023

The Auditor-General is the auditor of New Zealand Post Limited and its subsidiaries (the "Group"). The Auditor-General has appointed me, Kevin Brown, using the staff and resources of PricewaterhouseCoopers, to carry out the review of the consolidated financial statements of the Group on his behalf.

Report on the Consolidated Earnings Statement - Information Disclosure

Our conclusion
We have reviewed the Consolidated Earnings Statement - Information Disclosure (the "Consolidated Earnings Statement") of New Zealand Post Limited (the "Company") and its controlled entities (together the "Group") for the year ended 30 June 2023.

Based on our review, nothing has come to our attention that causes us to believe that the Consolidated Earnings Statement of the Group does not present fairly, in all material respects, in accordance with the Accounting Policies.

Basis for conclusion
We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial statements* section of our report.

Emphasis of matter - basis of preparation
We draw attention to the Accounting Policies of the Consolidated Earnings Statement, which describes the basis of preparation. The Consolidated Earnings Statement is prepared for the Directors to meet the requirements of the Postal Services (Information Disclosure) Regulations 1998. The Consolidated Earnings Statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the form of a custody control engagement and other services in the area of providing Group employees access to generic technical training courses and a report summarising the results of a survey of New Zealand executive rewards. The provision of these other services has not impaired our independence.

Directors' responsibility
The Directors are responsible on behalf of the Group, in terms of Clause 3(1)(e) of the Postal Services (Information Disclosure) Regulations 1998, for the preparation and fair presentation of separate profit and loss statements for the following service categories:

- Letter deliveries within New Zealand; and
- Other services provided.

The Consolidated Earnings Statement is intended to meet this responsibility. As required by Clause:

- 3(2)(a), the accounting policies adopted in the preparation of the Consolidated Earnings Statement has to be stated; and

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- 3(2)(b), the manner in which charges for the use of assets have been attributed to each service category, has to be explained.

The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of the Consolidated Earnings Statement that is free from material misstatement, including omissions.

Auditor's responsibilities for the review of the Consolidated Earnings Statement
Our responsibility is to express a conclusion on the Consolidated Earnings Statement based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Consolidated Earnings Statement, taken as a whole, is not prepared in all material respects, in accordance with the Accounting Policies.

A review of the Consolidated Earnings Statement in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these Consolidated Earnings Statement.

PricewaterhouseCoopers

Kevin Brown
On behalf of the Auditor-General
Wellington
1 September 2023

PricewaterhouseCoopers

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Disclosures – Companies Act 1993 and Voluntary

The following disclosures are for New Zealand Post Limited and its subsidiaries ("NZ Post" or "the Group").

Note: For disclosures relating to Kiwi Group Holdings Limited and its subsidiaries ("KGH Group") for the period from 1 July 2022 to 30 November 2022 (when New Zealand Post Limited ceased to hold an ownership interest in the KGH Group), please refer to the Kiwi Group Capital Limited FY2023 Annual Report which will be published on the Kiwibank website.

Report of the New Zealand Post Board's People and Culture Committee on Remuneration

The People and Culture Committee of the New Zealand Post Board comprises not less than three Directors from the Board. The primary purpose of the People and Culture Committee is to assist the Board in fulfilling its oversight of 'good employer' and people governance responsibilities relating to NZ Post.

The People and Culture Committee also has specific responsibilities in respect of remuneration for NZ Post's Chief Executive and Executive Leadership Team, and for remuneration policy applicable to NZ Post's Managers and Specialists.

NZ Post's management remuneration structures are designed to attract, reward and motivate executive talent while remaining mindful of affordability. In setting remuneration for NZ Post Managers and Specialists, market information from similarly sized positions within a broad range of New Zealand businesses is assessed.

Remuneration packages for the Chief Executive and Executive Leadership Team are composed of fixed remuneration (i.e. base salary plus benefits) and a short-term incentive opportunity as follows.

Short Term Incentive (STI)

An STI was introduced in FY2022, designed to reward the Chief Executive and Executive Leadership Team for their contribution to NZ Post's success through the achievement of critical enterprise-wide results. Payments are subject to measures and targets being met at the discretion of the Board. The plan is reviewed annually by the Board and it will determine whether or not a plan will be offered for the subsequent year.

For the FY2022 STI Plan the Board, in August 2022, determined in its discretion that no payment would be made under the Plan.

For FY2023, the Board approved the following STI structure:

— An enterprise component (weighted at 60%) with a health and safety gateway which needs to be met before payment can be made for achievement against the following measures:
  - Commercial – NZ Post's FY2023 Net Profit Before Tax (NPBT).
  - Customer – NZ Post's FY2023 Enterprise Net Promoter Score (NPS), averaged across Business and Consumer customers.
  - People – the People Engagement survey result and Total Recordable Injury Frequency Rate (TRIFR).

— An Individual Performance component (weighted at 40%) consisting of up to three measures that related to key strategic outcomes relating to each participant's portfolio responsibility.

The maximum payment for any measure is 120% of the target incentive value.

Any payments under the FY2023 plan are made after determination by the Board of NZ Post in August 2023 so will be reported in the FY2024 Annual Report.

NZ Post Chief Executive's Remuneration

The Chief Executive's total remuneration consists of fixed remuneration, i.e. base salary and benefits, plus a short-term incentive opportunity.

	Salary $	Benefits[1] $	STI Paid[2] $	Total Remuneration[3] $
FY2023	948,993	37,925	0	1,086,918
FY2022	913,801	33,205		947,006
FY2021[4]	841,401	30,456		871,857
FY2020[4]	875,508	31,124		906,632
FY2019	883,358	31,074		914,432

1. Benefits include KiwiSaver and medical insurance
2. The STI was first introduced in FY2022. The nil payment for FY2023 relates to the FY2022 STI result as the payment decision was made in August of FY2023. Any STI paid in relation to the FY2023 STI will be advised in the FY2024 Annual Report as the Board decision about any payment will be made in August of FY2024
3. In August 2022 a one-off discretionary payment of $100,000 was approved in recognition of the significant achievements in challenging business conditions in FY2022 (this is included in the FY2023 Total Remuneration specified)
4. Salary reduced by 20% for six months from 1 May 2020 to 31 October 2020 in response to Covid-19 pandemic

KiwiSaver FY2023

The Chief Executive is a member of KiwiSaver. As a member of this scheme, the Chief Executive is eligible to contribute and receive a matching company contribution of 3% of gross taxable earnings. For FY2023, the company's contribution was $31,470.

FY2024 Chief Executive's Remuneration Structure

The Board has elected, in the interests of transparency, to disclose in advance the structure and package that will apply for FY2024.

	Annual Salary $	Annual Benefits[5] $	Fixed Remuneration $	STI Target Value[6] $	Annual Total Remuneration (Fixed rem plus STI value) $
FY2024 – From 1 July 2023	972,814	36,068	1,008,882	303,000	1,311,882

5. Benefits include KiwiSaver and medical insurance
6. Maximum of 120% of STI target value available for exceptional performance

Executive Remuneration (other than the Chief Executive)

Executive total remuneration consists of fixed remuneration, i.e. base salary and benefits, and a short-term incentive opportunity. Executive remuneration is reviewed annually and adjusted as appropriate taking account of factors such as:

— The market for necessary skills and NZ Post's ability to attract and retain critical talent;
— The performance of individuals against agreed key performance outcomes and recognition of development and growth;
— The impact of changes to the size, expectations or accountabilities of executive roles.

The STI target value for most Executives is 20% of fixed remuneration (unless the Board approves otherwise for special circumstances), with the maximum that can be earned capped at 120% of the target value (for exceptional performance). Any payments under the FY2023 plan will be reported in the FY2024 Annual Report. The aggregate remuneration for this group for FY2023 is set out in the table below.

Executive Remuneration (excluding CEO)

	Salary $	Benefits[7] $	STI Paid[8] $	Total Remuneration[9] $
FY2023	3,048,093	240,412	0	3,538,505

Roles covered are: Chief Operating Officer, Chief Customer Officer, Chief Governance and Sustainability Officer, Chief People Officer, Chief Finance Officer, Chief International, Data & Technology Officer[10], Acting Chief Data & Technology Officer.

7. Benefits include KiwiSaver/superannuation, medical insurance and any vehicle related benefits
8. The STI nil payment relates to the FY2022 STI as the payment decision was made in August of FY2023. Any STI paid in relation to the FY2023 STI will be advised in the FY2024 Annual Report as the Board decision about any payment will be made in August of FY2024
9. In FY2023 a one-off discretionary payment was made in recognition of the significant achievements in challenging business conditions in FY2022 (this payment is included in the Total Remuneration specified)
10. Chief International, Data & Technology Officer for the one day period 1 July 2022 to 1 July 2022

Employee Numbers and Cost of Remuneration

Employee numbers and the cost of remuneration as at 30 June 2023 totalled:

— 4,809 people (4,290 FTE) with a total cost of remuneration for employees during the year of $356 million.

Remuneration Bands

Remuneration includes base salary, incentive payments and other benefits, termination payments, and superannuation payments made to employees and former employees between 1 July 2022 and 30 June 2023 for NZ Post.

Included are termination payments (i.e. redundancy compensation) to former employees.

Band	Total in band for FY2023
$100,000 – $109,999	152
$110,000 – $119,999	105
$120,000 – $129,999	99
$130,000 – $139,999	70
$140,000 – $149,999	49
$150,000 – $159,999	43
$160,000 – $169,999	25
$170,000 – $179,999	28
$180,000 – $189,999	22
$190,000 – $199,999	20
$200,000 – $209,999	9
$210,000 – $219,999	10
$220,000 – $229,999	9
$230,000 – $239,999	4
$240,000 – $249,999	7
$250,000 – $259,999	2
$260,000 – $269,999	1
$270,000 – $279,999	1

Band	Total in band for FY2023
$280,000 – $289,999	2
$290,000 – $299,999	3
$300,000 – $309,999	5
$310,000 – $319,999	3
$320,000 – $329,999	2
$330,000 – $339,999	4
$340,000 – $349,999	1
$360,000 – $369,999	1
$380,000 – $389,999	2
$390,000 – $399,999	1
$400,000 – $409,999	1
$470,000 – $479,999	1
$540,000 – $549,999	1
$620,000 – $629,999	2
$630,000 – $639,999	1
$640,000 – $649,999	1
$1,080,000 – $1,089,999	1
	688

Donations

During the year, New Zealand Post Limited made donations of $19,391. No donations were made to political parties.

Auditors

The auditor for the Group is Kevin Brown assisted by PricewaterhouseCoopers, on behalf of the Auditor-General. The amount payable by the Group to PricewaterhouseCoopers for audit fees in respect of the year is $1,040,000. The amount incurred in respect of the year for other services provided by PricewaterhouseCoopers is $16,000.

Credit Rating

New Zealand Post has a long-term credit rating of "A" and a short-term credit rating of "A-1" from S&P Global Ratings.

Directors' and employees' indemnity and insurance

New Zealand Post has insured the Directors and employees of the Group against costs or liabilities of the type referred to in s162(5) of the Companies Act 1993. New Zealand Post has also agreed to indemnify Directors of the Group and New Zealand Post Directors and employees appointed as Directors of associate companies against any costs or liabilities of the type referred to in s162(4) of the Companies Act 1993 that are incurred in any proceedings of the type referred to in s162(3) of the Companies Act 1993.

Directors' Fees & Benefits*

The total fees paid to members of the New Zealand Post Limited Board during the 2022/23 financial year were $436,911.78. The total Board fees are within the amount authorised by shareholding Ministers.

Carol Campbell (Chair)	$104,097.66
Jignasha Patel (until 30 April 2023)	$55,445.80
Simon Clarke	$52,279.16
Paul Cochrane	$52,279.16
Nagaja Sanatkumar	$57,112.52
Richie Smith	$53,445.82
John Sproat (until 31 May 2023)	$47,917.91
Bruce Wattie (from 5 April 2023)	$14,333.75

* These fees exclude GST (if any) and relate to the New Zealand Post Limited Board only (including fees for Board committees)

Number of Board meetings attended

During the 2022/23 financial year the Board held 10 regular, and 1 out-of-cycle, meetings.

Directors' attendance at Board meetings was as follows:

Carol Campbell (Chair)	10
Jignasha Patel (Deputy Chair)	7
Simon Clarke	8
Paul Cochrane	8
Nagaja Sanatkumar	8
Richie Smith	10
John Sproat	8
Bruce Wattie	3

Directors' Disclosures

No specific disclosures were given by Directors pursuant to s140(1) of the Companies Act 1993. General disclosures of interest made by the Directors of New Zealand Post Limited and New Zealand Post Limited subsidiaries pursuant to s140(2) of the Companies Act 1993 as at 30 June 2023 are:

New Zealand Post Limited

Director	Interest
Carol Campbell Chair	Director, Hick Bros Holdings Limited and Subsidiaries Director, T&G Global Limited Director, alphaXRT Limited Director, Kingfish Limited Director, Marlin Global Limited Director, Barramundi Limited Director, Asset Plus Limited Director, NZME Limited Director, Nica Consulting Limited Director, Chubb Insurance New Zealand Limited Director, Woodford Properties 2018 Limited Director, Kiwibank Limited (until 30 June 2023)
Simon Clarke	Director, Shareholder, Matua Governance Limited Chair, Director, Bay Venues Limited Chair, Director, Priority One Incorporated Society Director, Aurora Energy Limited Director, New Zealand Post Trustees Limited
Paul Cochrane	Director, BTLi (NZ) Limited Director, AsureQuality Limited Member, Federation de Football Internationale (FIFA) – Governance and Audit Committee
Jignasha Patel	Trustee, Comet Auckland Executive, Auckland War Memorial Museum Director, New Zealand Post Trustees Limited (until 30 April 2023)
Nagaja Sanatkumar	Director, Imagen8 Limited (Registered Charity) Chartered Member, Institute of Directors (New Zealand) Inc Shareholder, Amazon Director, Shareholder, Nova Digital Consulting Limited Director, Shareholder, Meridian Energy Limited Director, Cawthron Institute Board of Directors Director, Tuatahi First Fibre Limited Director, MediaWorks Investments Limited (until 31 October 2022) Director, Foodstuffs North Island Limited Advisor, NZTE Beachheads Director, Groov Limited

Director	Interest
Richie Smith	Director, Shareholder, Hilton Haulage Limited (until 28 February 2023) Director, Shareholder, Richie Smith Limited Director, Shareholder, Lands and Survey Group Limited Director, Shareholder, Lands and Survey (Auckland) Limited Director, Shareholder, Lands and Survey Holdings Limited Director, Shareholder, Lands and Survey (Whangarei) Limited Director, Shareholder, Lands and Survey Engineering Limited Director, Shareholder, Lake Tekapo Village Motel Limited Director, Puketeraki Limited Chair, United Fire Brigades Associations of New Zealand (until 31 December 2022) Director, Rimutai Karitane Limited Director, Taramea Fragrance Limited Director, Shareholder, Maniatoto Holdings Limited Director, Waka Capital Limited (until 28 February 2023) Director, Polyfabrics Australia NZ GP 2018 Limited Director, Empak NZ 2019 GP Limited Director, Plasback NZ 2019 GP Limited Director, Shareholder, Black Beech Trust Holdings Limited Director, Shareholder, Walk on Limited Director, Shareholder, Woolaid Limited Director, Ministry of Merino Limited Director, Shareholder, Waitutu Holding Company Limited Chair, Supply Chain Solutions (NZ) (2021) Limited Director, Kiwi Group Holdings Limited (until 30 November 2022) Director, Fliway Group Limited Director, Fliway Holdings Limited Director, Fliway International Limited Director, Fliway Logistics Limited Director, Fliway Transport Limited Chair, Tasman Tanning Limited
John Sproat	Director, Shareholder, Rakau Properties Limited Director, Shareholder, Rakau Properties (No. 2) Limited Director, Shareholder, Kaiwaho Limited Member of Investment Committee, Tupu Angitu Limited (Lake Taupo Forest Trust) Chair of Investment Committee, Opepe Farm Trust Director, Hawke's Bay Rugby Union Director, Kiwibank Limited (until 30 November 2022)
Bruce Wattie	Director, Chair Risk, Assurance and Audit Committee, KiwiRail Holdings Limited Director, Chair Audit Committee, New Zealand Institute of Economic Research Sole Director and Shareholder, Two Two Eight Limited

NZ Post Subsidiary Directors' Disclosures
As at 30 June 2023

Fliway Group Limited and its subsidiaries

Director	Interest
Richie Smith (Chair)	See disclosures above
David Walsh	Director, New Zealand Post Holdings Limited Director, Datam Limited Director, New Zealand Post Australia Holdings Pty Limited Director, Supply Chain Solutions (NZ) (2021) Limited Director, The Tatua Co-Operative Dairy Company Limited

New Zealand Post Trustees Limited

Director	Interest
Carol Campbell (Chair)	See disclosures above
Simon Clarke	See disclosures above
Jignasha Patel (until 30 April 2023)	See disclosures above
Monica Ayers	Executive, Chief People Officer, New Zealand Post Limited
Joe Gallagher	National Industry Organiser, E tū Board Member, MinEx
Sarah Graydon	Director, SIFCO Retirement Trustee Limited Licensed Independent Trustee, SIFCO Superannuation Scheme Director, PSS Trustees Limited Licensed Independent Trustee, Unisaver Limited Director, Covenant Trustee Services Limited Director, New Zealand Guardian Trust Company Limited
Anna Kenny	Principal Employment Relations Specialist, Kainga Ora - Homes and Communities Independent Trustee, Zenith Family Trust
Rhonda Richardson	Trustee, Wellington Homeless Women's Trust Trustee, Wellington Girls College (until 30 September 2022) Director, Tutere Limited Director, Shareholder, Richardson Investments 2020 Limited Executive, Chief Financial Officer, New Zealand Post Limited

NZ Post Subsidiary Directors' Fees

Director	Subsidiary	Total Fees and Benefits
Carol Campbell	New Zealand Post Trustees Limited	$2,500.00
Simon Clarke	New Zealand Post Trustees Limited	$7,500.00
Jignasha Patel	New Zealand Post Trustees Limited	$12,500.00
Richie Smith	Fliway Group Limited	$30,000.00
Sarah Graydon	New Zealand Post Trustees Limited	$15,000.00
Anna Kenny	New Zealand Post Trustees Limited	$15,000.00

Directory

Board Chair
Carol Campbell (from 1 November 2022)

Members
Bruce Wattie (from 5 April 2023)
Jignasha Patel (until 30 April 2023)
John Sproat (until 31 May 2023)
Nagaja Sanatkumar
Paul Cochrane
Richie Smith
Simon Clarke

Executive Leadership Team (as at 30 June 2023)

Chief Executive Officer	David Walsh
Chief People Officer	Monica Ayers
Chief Customer Officer	Bryan Dobson
Chief Operating Officer	Brendon Main
Chief Financial Officer	Rhonda Richardson
Acting Chief Data and Technology Officer	Andrew Russell
Chief Governance and Sustainability Officer	Malcolm Shaw

Bankers
Bank of New Zealand Limited
Commonwealth Bank of Australia

Auditors
Kevin Brown assisted by PricewaterhouseCoopers on behalf of the Auditor-General

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Telephone: 0800 501 501
Email: help@nzpost.co.nz
Website: www.nzpost.co.nz

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This document is the New Zealand Post Group's Annual Report for FY2023. The Integrated Report for New Zealand Post Limited can be seen online at: **https://www.nzpost.co.nz/about-us/investor-centre/reports-presentations**

For more information on the New Zealand Group, visit nzpost.co.nz

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