

Rodney Boys
Acting Group Chief Executive Office & Managing Director
Australia Post

Opening Statement

23 March 2021

Check against delivery

Thank you Chair and Senators –

Rodney Boys, Acting Group Chief Executive Officer & Managing Director, Australia Post

As we sit here today our thoughts are with those in New South Wales and Queensland that, not long ago, were facing bushfires and are now dealing with devastating floods. It's also difficult to contemplate that it has now been a year since Australia and the world entered into this period of considerable uncertainty, with the WHO declaring a pandemic, State borders, shops, offices and schools being closed, Qantas standing down two thirds of their staff and almost all their planes.

The challenges that followed through 2020 were significant: unpredictable COVID19 outbreaks, ever-changing government restrictions affecting our operations and significantly reduced flights that would have carried tonnes of mail – coupled with structural changes accelerating parcel growth and reducing letter volumes.

Despite all that, Australia Post achieved very strong outcomes – keeping our people safe, delivering on our social responsibility and our dual legislated community service and commercial obligations.

To keep delivering for all Australians, we opened 60 new or re-purposed facilities, added 3,000 vehicles, put on additional dedicated planes and recruited an extra 5,000 people. Our Post Office network again played an essential role supporting local communities during COVID outbreaks and restrictions.

These results are testament to the hard work, focus, and commitment of our incredible team and our Licensed Post Office and delivery contractor partners working tirelessly, under difficult circumstances to deliver for the community.

We acknowledge that 2020 had its challenges, that the changes implemented to deal with the crisis were done quickly, and the consultation and timeframes that would normally be expected were condensed given the uncertain future at the time.

We do not underestimate the impact these changes coupled with the growth in parcel volumes had on our people.

However, I am pleased to say that during my recent facility visits I have witnessed considerable collaboration and positive progress being made.

November and December were the biggest months in our history – more than 86 million domestic parcels delivered, an increase of almost 30 per cent and, at the same time, we improved our service levels.

We would not have been able to deliver these volumes without the changes made. We would not have met the needs of the community that created a surge in parcel volumes without the temporary regulatory relief that was provided or without the support of our dedicated posties, including the more than 2,000 who underwent training and transitioned to deliver parcels from vans.

Further, with the reduction of motorcycles across our network we have witnessed a 40 per cent reduction in serious motorcycle injuries since July 2020.

Senators, last month we released our half year results for FY2021.

Parcels and services revenue in the first half rose 25.9 per cent to \$3.4 billion, at the same time our letters revenue fell to \$0.9 billion, with volumes down 13.6 per cent.

It is pleasing that, after a credit rating downgrade in November 2019, our first half profit before tax this year grew to \$166.6 million, although this is still well below the profit levels before the credit downgrade.

Cash generated enabled investment to increase by \$40.3 million to \$189.4 million for the first half, with continued investment to increase the capacity in our parcels network, including the new Sunshine West Parcel Facility which opened pre-Christmas, and now employs over 750 Australia Post people.

While in Australia the immediate crisis feels like it is behind us, the spectre of COVID-19 remains, and with it too the structural changes accelerated by COVID.

Online shopping has become a way of life, with over 70 per cent of Australian households regularly shopping online – including an additional 2.1 million households that shopped online in December 2020 that did not shop the previous December. In contrast, after years of letter volumes steadily declining at around 10 per cent, volumes for the eleven full months post-COVID have fallen 17.4 per cent – that is 314 million fewer letters than for same 11 months pre-COVID.

We know that to continue delivering on our community and commercial obligations more changes may be required and we recognise the need for proper consultation, and we are committed to exactly that going forward.

Senators, we have emerged from 2020 with an enhanced awareness of what Australians expect of us having recently made changes to ensure the more efficient, effective, economical and ethical use of public resources.

The challenges of 2020 have also created significant opportunities.

Australia Post helped businesses small and large pivot online, which protected thousands of jobs, provided access to new markets and we play a critical role in the digital economy and the growth of eCommerce which is vital to support Australia's economic recovery post-COVID-19.

I am incredibly proud of our people and their ability to adapt during these unprecedented and challenging times - ensuring many businesses across the country were able to remain trading, and customers received their vital products with our delivery operations continuing throughout 2020 and our Post Offices stayed open so communities could access important services.

This remains the case even today with so many areas in New South Wales and Queensland flood affected. Our thoughts are with the communities and with our people in those areas. Our Post Offices remain open and we continue delivering, where it is safe to do so. Through bushfires, floods and even a pandemic, Australia Post can be counted on to serve the community. It's a role we take incredibly seriously.

Chair – Thank you, we now stand by to answer your questions.