

**Senate Estimates Opening Statement – Ahmed Fahour
20 October 2015**

Thank you Chair. I would like to congratulate you on your appointment as Chair of this committee. Thank you also for permitting me to make a short Statement.

I would like to express my sincere thanks to Members of this Parliament for your support of the regulatory reform of our letters service.

I am also grateful for the support of our many stakeholders and their commitment to open and ongoing dialogue. In early October, we participated in a meeting of the postal industry working forum, independently chaired by Helen Kroger, and including representatives from the Licensed Post Office Group, Australia Post Licensee Advisory Council, Communication Workers' Union / CEPU, Transport Workers' Union, ADMA, Printing Industries Association of Australia, Pitney Bowes Australian Paper, Australia Post's Stakeholder Council and representation from the Fundraising Association – which is important for the not-for-profit sector. While we have our differences, we are united in the desire for a sustainable postal industry.

With reform being passed through this Parliament in September, we are now preparing to introduce the two-speed letters service for Australian consumers – starting in January.

As Senators may be aware ... last week we tabled our Annual Report, for the 2014-15 financial year.

As we expected ... this was the year where our losses in Letters overwhelmed the profits we earn from Parcels and Retail Trusted Services.

For the full-year, we incurred a loss – before-tax – of \$352 million, which includes a provision of \$190m to support letters reform.

It's the first time that we have NOT been profitable ... for over 30 years. That said, we have not received any government subsidy and with reform passing hope to remain self-funding and dividend paying into the future.

As I have forewarned, previously ... the major factor causing this loss was the on-going decline in the Australian community's use of letters.

In the financial year just completed – the amount of addressed letters sent in Australia was down 7.3% on the previous year.

In terms of “ordinary” stamped letters ... the year-on-year decline was even steeper – down 10.3% on last year.

Since Australia’s peak-mail year in 2008 ... the amount of letters we deliver – per letterbox – has now fallen 36%.

Despite this decline ... I am proud to say that we again either met – or exceeded – every one of the performance standards that underpin our Community Service Obligations.

- We delivered 94.8% of letters on-time or early.
- We delivered mail 5-days-a-week ... to 98.8% of all addresses.
- And we maintained 4,406 Post Offices.

Importantly, we also continued to reduce the incidence of workplace accidents this year, with our Lost Time Injury Frequency Rate down 31% since 2010... as well as cutting our carbon emissions, which are down 18% since 2010.

This year’s financial loss reinforces the critical importance of reforming the letters service in order to ensure that our broader business remains a sustainable service provider – for ALL Australians. Through implementing reform, we will be able to maintain Post as a self-funding business ... that delivers for Australians 5-days-a-week ... and with over 4,000 Post Offices.

So, we will continue to play a role in just about every community – right across the country.

Most importantly, reform of our letters service gives us the ability to keep managing the transformation of Australia Post.

It gives us time to carefully manage the transition of our people and processes ... from the letters to eCommerce.

And it means we can continue to invest in our major growth opportunity – powering online shopping – and encouraging the growth of innovative Australian eCommerce businesses.

In this digitally-connected economy ... we know that if we simply continue to do what we have done in the past, then we will cease to be a community service provider in the future.

Therefore, we’re changing today ... so that we can be Part of Tomorrow.

Thank you, Senators.

We welcome your questions.