

## Senate Estimates Opening Statement – Ahmed Fahour

Tuesday, 18 October 2016

Thank you Chair.

As Senators may be aware ... last week, in this Parliament, we tabled the Australia Post Annual Report for the 2015/16 financial year.

I am delighted to report that we earned a profit of \$41 million, before tax, which is a major turnaround from the \$352 million loss in the prior year.

Based on this result ... we have recommended a dividend payment of \$20 million to the Commonwealth, which will be paid at the end of this month.

The year-on-year financial turnaround was really built on two key factors.

**First** ... the reform of the letters service significantly reduced the size of the loss that we incurred in the delivery of letters, nationwide.

As we had forecast, the volume of letters fell by a further 10% this year – as Australians continued to switch to alternate, digital forms of communication.

But, despite this ... we were able to reduce the size of our losses in the Postal business – courtesy of the letters reform changes that we introduced in January this year, with the support of this Parliament.

The **second** big factor contributing to this year's improvement was the performance of our Parcels business, where we had EBIT growth of 8%.

That's a really strong result in an intensely competitive market.

We had 3% growth in domestic parcel volumes this year ...

And our Parcels team did some tremendous work on becoming more efficient; while improving the final delivery experience for our customers.

In terms of our other obligation under the Act – Community Service – I'm pleased to say that we exceeded all of our community targets ... for the 16<sup>th</sup> year in a row.

As at 30 June ... we had 4,392 Post Offices scattered around the nation.

And, over the course of the year, we delivered 96.2% of letters on time – well ahead of our 94% target.

Of course, we still have big challenges ahead ... but we have some tremendous opportunities, too.

We're now in a rhythm of making **continual** change – to our operations, our services and our culture – as we manage the transition, **from** being a Letters business ... **to** an eCommerce and Trusted Services business.

At Australia Post ... our change effort starts by offering proper support to our workforce, so that they can make this transition with us.

For our employees ... that means giving them priority for redeployment to new roles ... as well as comprehensive re-training to deal with the operational changes that we are implementing.

For our Post Office Licensees ... it means a significant boost in payments that enables them to sustain our brand in communities throughout Australia.

Our future growth in eCommerce and Trusted Services will be underpinned by innovation and customer service.

We recently appointed our first ever Chief Customer Officer – Christine Corbett, who is here beside me today.

Christine now has responsibility for creating the experiences that will **delight** our customers – now, and into the future.

We have also just recently established an eCommerce alliance with the global logistics giant, Aramex.

This is significant because it enables us to offer more reliable delivery services for consumers who are looking for value on websites, globally.

AND it broadens our offering for Australian businesses who are sourcing or selling product overseas – especially in the growth markets of Asia.

Finally, our Innovation program is now incubating a number of new commercial opportunities and developing service improvements ... across our key growth areas of eCommerce and trusted digital services.

I'm genuinely excited by these opportunities – because they will cement our role as the company that delivers eCommerce to everyone, everywhere and every day – throughout Australia.

Thank you Senators.

We welcome your questions.