

Paul Graham
Group Chief Executive Officer and Managing Director
Australia Post

Opening Statement
Monday, 7 November 2022

*****Check against delivery*****

Thank you Chair and Senators.

My name is Paul Graham, Group Chief Executive Officer and Managing Director, Australia Post and I am joined by Tanny Mangos, Executive General Manager Community, Sustainability and Stakeholder Engagement and Nick Macdonald, our Group General Counsel and Corporate Secretary.

I would like to start my remarks by acknowledging the traditional custodians of the Canberra area, the Ngunawal and Ngamberi peoples, and by paying my respects to their elders past and present.

I thank the Committee for the opportunity to provide this opening statement.

I appear before you at a critical juncture in Australia Post's 213-year history.

COVID-19 accelerated changes in the way Australians live, work and shop, including driving significant growth in eCommerce and the use of online services.

Letter volumes are rapidly declining – as they have been for some 15 years now. Demand for parcel deliveries is increasing, and more and more customers now choose to access our services online.

Addressed letter volumes have decreased 66 per cent since their peak in 2008 while the number of delivery points has increased from 10.5 million 2008 to 12.6 million in the last financial year - with about 200,000 more added each financial year. Every year it costs us more to deliver less.

Domestic letters now contribute less than 20 per cent of Australia Post's overall revenue, compared to more than 55 per cent in 2008.

These challenges are not unique to Australia, with global letter volumes down 30 per cent since 2008 and expected to rapidly decline further over the next 5 years due to digital adoption.

The decline of our Letters business is affecting Australia Post's ability to deliver a financial return to the Government and the Australian taxpayer.

The letters downturn is in contrast to the rapid COVID driven growth in demand for parcels, with the revenue of our parcels business up by 65 per cent over the past three years.

As we emerge from the pandemic, we're seeing parcel volumes stabilise, but competition intensifying. This has been especially evident with the emergence of a number of internationally-owned competitors and privately funded local players.

Additionally, rapidly changing consumer preferences towards digital and cashless services, means the number of customers accessing our Post Offices is also declining. Last financial year our Post Offices conducted 7 million fewer transactions than the year before, and 20 million fewer than in 2017.

We must respond to these headwinds so we can deliver on what customers and communities increasingly expect of us in today's highly competitive marketplace – and thrive in the long-term.

And we have responded. Australia Post spent \$348.5 million last financial year in meeting our Community Service Obligations and invested a further \$427 million in new parcel facilities, fleet and technology.

We opened 8 new facilities nationally – over half of which are located in regional Australia.

This brings the total amount invested by Australia Post over the last three years to more than \$1 billion – to better delight our customers and communities.

Australia Post paid over \$536 million to the Licensed Post Office Network in FY22, supporting the important role our licensees play and the revenue they also generate as part of the community and a partner of Australia Post.

We continue to invest in our teams through the introduction of *Our AP Way*, a cultural transformation program and prioritising our team's physical and mental wellbeing.

We have developed and are implementing our Post26 new enterprise-wide strategy, designed to set us up for long-term success as a modern, eCommerce, digital, retail and mail business.

Australia Post needs to continue to invest in our people, network, facilities and services so we can delight our customers and communities, now and into the future.

As a Government Business Enterprise, we recognise the important role we play in supporting customers and communities across the country. Australia Post has been a central part of communities for the past 213 years, and I am especially proud of the support we provide to those unable to access digital services or requiring a physical helping hand to pay a bill.

In the past three years over 6 million Australian letterboxes have received information on mental health through our partnership with Beyond Blue. Australia Post has raised \$1.7 million on behalf of Australian Red Cross to help communities following natural disasters and is offering customers affected by the current floods in New South Wales, Victoria and Tasmania 12-months free mail redirection.

As part of our commitment to literacy, we delivered over 280,000 books to children living in remote First Nations communities in conjunction with the Indigenous Literacy Foundation.

In September of this year, we launched our 2025 Sustainability Roadmap, targeting Net Zero by 2050 – the first Commonwealth GBE to do so. Additionally, Australia Post has the largest number of electric delivery vehicles nationally, with a fleet of 4,635.

Australia Post is and always will be an essential part of our community, and this is especially true in regional and rural Australia.

We are proud to serve the Australian community and can only do so through the dedication of our 65,000 team members – and the support of our loyal customers.

As a self-funded Government Enterprise, we remain focused on strengthening the business so that we can continue delivering for the community, and this means adapting to meet the challenges facing us. We look forward to continuing to serve and help deliver a better tomorrow.

Thank you.