

Tabled by Mr Faham
18/10/11

Senate Estimates – Draft Opening Statement

18 October 2011

Thank you Senator. It is a pleasure to be here and I look forward to answering your questions.

It's especially easier to work in October in Melbourne with the Collingwood Football Club losing to the Geelong Football Club.

Unfortunately I was not able to attend the last round of hearings because I was overseas for a board meeting of the International Postal Corporation.

Meeting with my overseas counterparts reinforced for me how well positioned we are in Australia. Overseas, postal organisations are in precarious financial positions and are having to resort to significant service cuts.

We are proud that while we have achieved a solid profit result, as our Act calls for, it has been achieved while exceeding our Community Service Obligations.

For example, we had four more post offices at the end of the financial year than at the beginning, and a further 8 in the last three months. I don't think there are many other postal services that achieved this retail service enhancement.

These results are the product of extraordinarily hard work by everyone at Australia Post. They are also a tribute to the collaborative approach of Australia Post's many important stakeholders, such as POAAL and the CEPU. They have worked hard to support and enhance the Australia Post brand and service.

What these results also emphasise is that Australia Post is now a two-speed business. Our parcel business is booming while our letters volume will continue to decline. Our letters business is now -29% of profit and 38% of revenue, while 129 percent of our profit and 62% of our revenue comes from outside our monopoly business where we compete against large multinational companies.

We can no longer be thought of as a monopoly, Australia Post must compete in the commercial world to survive and to support its Community Service Obligation.

Our monopoly business, letters under 250g, is now competing with email, sms and social media. In Australia 5 billion mail items are sent each year compared to 400 billion emails.

Our whole strategy is about getting our talent, resources and capital into our growth areas, like retail, parcels and digital services.

Parcels are the new core of our business representing 1.4 billion dollars in revenue with approximately 70 per cent of our parcel revenues generated by the click of a mouse.

That's why we announced last week that we are introducing new delivery options such as the ability for customers to collect parcels from an initial 100 locations with extended-hours across Australia and access to parcel lockers 24 hours a day, 7 days a week, with customers receiving email and SMS notifications when their parcel arrives.

Furthermore we are expanding our flagship GPOs into superstores which will feature new products and services like our world-first parcel and Billpay self-service terminals which will also be available 24/7.

Our most recent results show that we are moving in step with society and our most recent announcements show we are adapting to the needs of the community to ensure the ongoing sustainability of postal services for all Australians.

That concludes my opening remarks and I am happy to answer any questions the committee may have.