

# Leadership

## Chairman's message



This financial year marked a significant turning point for Australia Post. We made important progress in managing the decline of letters, while developing the customer-centric attributes and culture that are required to succeed in the eCommerce market.

### Reforming our letters service

The biggest challenge that Australia Post faced this year was, again, the accelerating decline in the use of letters, as Australians continued to switch to digital alternatives. The 7.3 per cent decline in addressed letters this year brings the cumulative volume decline to 30.6 per cent since our mail peak in 2007/08.

Consistent with our forecasts, this was the year where the financial losses we incurred in the letters service actually overwhelmed the profits we earned from parcels, and retail and agency services.

Given the accelerating rate of volume declines and mounting financial losses in letters, we worked closely with the Government on developing a regulatory response to the structural decline of this valued community service. The Federal Government announced that it would support the regulatory reform of the letters service

in March 2015. At the time of writing, those reforms are before the Parliament.

This is a crucial reform because it will enable us to reduce the size of our losses in letters, and remain a self-funding corporation with the capacity to invest in contemporary services for the benefit of all Australians.

The reform also preserves those aspects of our service that the community values most highly – including five-day-a-week delivery and the maintenance of 4,000-plus post offices.

That's vitally important for Australia, because our physical network underpins commercial activity, enables universal access to services, and promotes social inclusion – especially in rural and remote communities.

### Delivering eCommerce

Our future is clearly linked to enabling and supporting the growth of eCommerce – through our nationwide networks, as well as our growing range of trusted identity and payments services.

However, given the trend towards borderless commerce, the logistics market is becoming intensely competitive and increasingly global. This year there was a noticeable trend of overseas operators entering our domestic market.

In response, we have maintained our strategic focus on creating more customer-centric services, capabilities

and cultural attributes to cement our leading role in the delivery of online shopping for all Australians.

We are very mindful that customer behaviour continues to shift, rapidly, as customers, everywhere, seek greater value and convenience in this era of mobile connectivity.

I am confident that Australia Post now has the right team, culture and strategy to leverage our nationwide infrastructure – and meet the rising expectations of our customers.

### Thank you

I want to sincerely thank my fellow directors, our Managing Director & Group CEO Ahmed Fahour, the management team, our employees, licensees, contractors and agents – for all of your hard work and commitment throughout this tough transition year.

Our many achievements this year will stand us in good stead to return to a sustainable and profitable position in the years ahead.

A handwritten signature in black ink, appearing to read 'John Stanhope'. The signature is fluid and cursive, written over a white background.

**John Stanhope**  
Chairman



## Managing Director & Group CEO's message

While we recorded a financial loss overall, we also made important headway with the reform of letters and our strategy to deliver eCommerce for all Australians – everywhere, every day.

### Our 2014/15 performance

As we expected, this was a challenging year for Australia Post.

Across the Australia Post Group, we incurred a full-year loss, as letter volume declines accelerated (down 7.3 per cent on last year) leading to a record loss in our letters business. Total revenue for the year was \$6.4 billion (down 0.1 per cent), and our after-tax loss was \$221.7 million (down from last year's profit of \$116.2 million).

In terms of community service, we again met all of our performance standards, including delivering 94.8 per cent of letters on time or early (well ahead of our 94 per cent target) and maintaining 4,406 post offices (against a target of 4,000 access points).

The other encouraging aspect of this year's results is the ongoing reduction in workplace injuries. Our Lost Time Injury Frequency Rate (LTIFR) was 7.0 this year (down from 8.0 in 2013/14). Our sustained focus on improving our safety culture has resulted in a 39 per cent reduction in our LTIFR over the past three years.

### Regulatory reform

We welcomed the Federal Government's announcement this year that it will reform the regulations that apply to our letters service. This is the first change to the regulations since they were drafted in the pre-digital era.

These reforms will enable us to introduce a two-speed letters service for consumer mail, as well as increase stamp prices, so that they reflect the true cost that we incur in delivering the mail. In framing the reformed letters service, we will continue to offer discounted postage to the most disadvantaged Australians and senior citizens.

### Building in eCommerce

Over the past five years, we have been building the infrastructure and digital assets that will enable us to support the growth of Australian eCommerce.

The reform of the letters service means we will have the capital and the resources that we need to manage the ongoing transition of our core business, as we seek to become the trusted partner that supports eCommerce delivery and services – for all Australians.

This year, our expanded Sydney and Melbourne parcels facilities became operational, effectively doubling our processing capacity at both sites. And we also made great progress with the development of our personalised, digital offering, under the MyPost

brand. By year's end, over two million Australians had registered on MyPost.

### Our people and partners

As we manage this change in our core business, we are supporting our existing employees and our business partners to make the transition with us.

Under our successful Post People 1st program, 59.9 per cent of all available roles at Australia Post were filled by internal candidates in 2014/15. We also demonstrated our commitment to sustaining the post office network this year, by boosting payments to post office licensees and community agents.

### Thank you

I firmly believe that our future success begins with looking after our own people. If we have happy staff, they will delight our customers and help to build healthy, functioning communities – and that will please our shareholder. Thank you, once again, to everyone working across our broad, nationwide team.

It is a great privilege to work with you, every day.

**Ahmed Fahour**  
Managing Director & Group CEO

## Board and leadership team



From left:

Peter Carne, Brendan Fleiter, John Stanhope, Ahmed Fahour, Tala Yassine OAM, Dominique Fisher, Michael D'Ascenzo AO, Susan Bitter  
(Pictured at Australia Post's Corporate Headquarters, 111 Bourke Street, Melbourne)

### John Stanhope

**BCom (Economics and Accounting),  
FCPA, FCA, FAICD, FAIM, FAHRI  
Chairman (non-executive)**

John Stanhope was appointed chairman of Australia Post in November 2012 (current term expires in November 2016), and has extensive experience in finance, treasury, risk management and assurance, investor relations and corporate security and investigations. Mr Stanhope is currently chairman of the Melbourne International Jazz Festival, a director of AGL Energy Limited, the Bionics Institute and Our Neighbourhood Trust and Chancellor elect (from 1 January 2016) of Deakin University. He was previously chief financial officer and group managing director, finance of Telstra and an executive director of Telstra.

### Ahmed Fahour

**BEcon (Hons), MBA, FAICD  
Managing Director & Group Chief Executive Officer**

Ahmed Fahour was appointed managing director and group chief executive officer of Australia Post in February 2010. He has held a number of senior executive positions within the finance and banking industries in Australia and overseas and was previously CEO of Citigroup (Australia and New Zealand) and National Australia Bank (Australia) and is the former chairman of Rip Curl Group. Mr Fahour is currently a director of Our Neighbourhood Trust, Carlton Football Club and chairman of Pro-Pac Packaging.

### Brendan Fleiter

**LLB, B.Juris. MAICD  
Deputy Chairman (non-executive)**

Brendan Fleiter has been a member of the Australia Post Board since October 2011, and was appointed deputy chairman in May 2013 (current term expires May 2017). Mr Fleiter is a former CEO of Crazy John's Group and is a qualified lawyer with extensive retail and telecommunications business experience. Mr Fleiter is currently the deputy chair of Methodist Ladies' College and chair of its Foundation and is a director of Volleyball Victoria, Our Neighbourhood Trust, The Australian Food Allergy Foundation, Kennards Hire, Godfreys Group and Walnut Melbourne.

### Peter Carne

**BA, LLB, FAICD, FAIM  
Director (non-executive)**

Peter Carne was appointed to the Australia Post Board in December 2009 (current term expires December 2015). Mr Carne has served in both the public and private sectors and has formerly held the position of Public Trustee of Queensland. He is also a former CEO of the Queensland Law Society and a former director of Lexon Insurance Pte Limited and Tarong Energy Corporation.

### Michael D'Ascenzo AO

**BEc, LLB, CA, FAICD, Hon. Life Member of CPA, Hon. FATMA  
Director (non-executive)**

Michael D'Ascenzo was appointed to the Australia Post Board in May 2013 (current term expires in May 2016), and is recognised internationally for his leadership, expertise and innovation in administration, risk management and governance, as well as his technical design skills in tax law and superannuation. Mr D'Ascenzo is currently a member of the Clean Energy Regulator and the Foreign Investment Review Board. He was previously Commissioner of Taxation and a member of a range of public sector boards.



## Dominique Fisher

**BA (Hons), MAICD**  
**Director (non-executive)**

Dominique Fisher was appointed to the Australia Post Board in November 2014 (current term expires in November 2017), and has extensive business experience in the corporate area, including the commercialisation of new technologies. Ms Fisher is principal of EC Strategies, executive chair of CareerLounge Pty Ltd and chair of Circadian Technologies Ltd. Her past appointments have included a director of Pacific Brands, Insurance Australia Group, NRMA, Opera House Trust and Prostate Cancer Foundation, as well as chair of Sky Technologies.

## Retirements

### Susan Bitter

**BEC (Hons), Dip App Fin&Inv, FICA, MAICD**  
**Director (non-executive)**

Susan Bitter was appointed to the Australia Post Board in August 2012, and has extensive commercial experience, including in the areas of finance, corporate governance and risk management. Ms Bitter is currently a director of The Industry Superannuation Property Trust. Formerly she was a director of Worksafe Victoria and is the former chief operating officer of Corrs Chambers Westgarth, chief executive of Slater & Gordon and partner of Arthur Andersen. Ms Bitter retired from the Board of Australia Post in August 2015.

## Talal Yassine OAM

**BA, LLB, LLM, MBA, Hon. Professorial**  
**Fellow (ANU), Adjunct Professor (UWS)**  
**Director (non-executive)**

Talal Yassine was appointed to the Australia Post Board in August 2012. Mr Yassine is currently the managing director of Crescent Wealth and also serves on the Board of the Whitlam Institute, the Australia Malaysia Institute, Medina Capital and is the chairman of the Department of Foreign Affairs, Council of Australian-Arab Relations. He has previously served on the Board of Macquarie University, Sydney Ports Corporation and as the deputy chairman of a government regulator. Mr Yassine retired from the Board of Australia Post in August 2015.

## Resignations

### Paul O'Sullivan

**Director (non-executive)**

Paul O'Sullivan was appointed to the Australia Post Board in November 2014 and subsequently resigned in December 2014.

### The Hon. Trish White

**BE, BA, FAICD, FIEAust**  
**Director (non-executive)**

Trish White was appointed to the Australia Post Board in July 2010 and resigned in August 2014.

# Our Executive Committee



From left:

**Bob Black**  
 Executive General Manager  
 Parcel Services

**Janelle Hopkins**  
 Group Chief Financial Officer

**Catherine Walsh**  
 General Manager  
 Human Resources

**Ahmed Fahour**  
 Managing Director & Group CEO

**Chris Blake**  
 Executive General Manager  
 Corporate Affairs and People

**Christine Corbett**  
 Executive General Manager  
 Postal Services

**Ewen Stafford**  
 Group Chief Operating Officer

**Paul Burke**  
 Corporate Secretary & General  
 Manager Government Affairs