International Post Corporation

Australia Post delivers underlying loss as property sales fund strategic business investments

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Performance for the full year to 30 June 2026: Group revenue $9.83 billion, up 4.0% from FY25 Group profit before tax of $31.8 million, improved from last year (FY25: $18.8 million) Underlying loss of $107.6 million, excludes profit from property divestments of $139.4 million Parcels and Services revenue of $8.01 billion, up 4.8% on last year (FY25: $7.64 billion) Letter volumes declined 14.7% YoY, with Letters loss of $63.2 million Business efficiencies of $188.3 million realised in FY26 Invested $413.3 million to transform the business, up 11.1% on year prior Community Service Obligations cost of $346.7 million

Australia Post today announced a modest pre-tax profit of $31.8 million for the 2026 financial year, bolstered by $139.4 million in profit from targeted property sales that supported continued investment in the business. Excluding the one-off gains from property sales, Australia Post recorded a loss before tax of $107.6 million, reflecting the ongoing decline of the Letters service, rising delivery costs and ongoing competitive pressures in the parcels market.

Prudent cost management and productivity reforms, including the New Delivery Model, generated year-on-year cost savings of $188.3 million. Operating costs were up 3.9%, driven by wages growth, increased Licensee commissions and contractor rates, and higher parcel volume-related costs. At the same time, $413.3 million was invested across fleet, technology, facilities and regional network expansion, partially funded by $173.2 million in cash proceeds from property sales.

Parcels business

Australia Post achieved strong parcel volume growth of 5.3% in FY26, reflecting the sustained eCommerce growth, with 9.3 million Australian households choosing to shop online in the last quarter alone.

Competition in the parcels market remains intense, with global marketplaces, private equity and international delivery providers continuing to expand their Australian operations. While volume growth remains stable, pricing pressures and the need to keep investing in network capacity, technology and customer experience have contributed to higher operating costs, driving lower margins to remain competitive.

Investment across the Parcels business included growing Australia Post's regional footprint. The announcement of several new facilities in regional Australia helped support local jobs, building a more modern network, improving efficiency and enhancing services for Australian businesses and customers.

As more Australians buy, sell and transact online, Australia Post invested in data and technology upgrades to its network to provide faster delivery, improved tracking and more convenient collection options. This included expanding the parcel locker network by 64.3% in FY26 to 1,510 locker banks nationally and more parcel-focused locations in areas where customers want and use them.

Australia Post accelerated innovation in its Parcels business during the year through the acquisition of delivery technology platform Rendr, helping to expand delivery options for customers, and also secured a partnership with Vinted when it entered the Australia market, to support the growing re-commerce market.

A one-off $40.5 million investment from the Federal Government announced in FY26 will help accelerate fleet electrification and reduce reliance on diesel.

Letters service

The Letters service recorded a loss of $63.2 million, which was partially offset by the $0.20 Basic Postage Rate (BPR) increase that came into effect on 17 July 2025. Letter volumes declined in FY26, falling a further 14.7% to 1.42 billion as Australians increasingly communicate and transact via digital channels.

The Letters service continues to weigh heavily on Australia Post's financial performance. The cost of maintaining a nationwide delivery network increases every year even as usage declines. Without the BPR increases over the past four years, the Letters loss would have been over $500 million worse, and last month the ACCC did not oppose a further $0.15 increase in the BPR, effective 1 September, which will take the BPR to $1.85.

Australia Post remains focused on driving efficiencies across the Letters service. However, given the ongoing decline in volumes and increasing delivery costs, further price increases and efficiencies will be required to ensure essential services can be provided sustainably, particularly for regional, remote and vulnerable communities.

Retail outlets

Australia Post evolved its retail network throughout FY26, to ensure changing customer patterns are catered to, particularly as the majority of visits are now parcel related. Importantly, Australia Post remains committed to maintaining 4,000 retail outlets with 2,500 of those in regional, rural and remote locations.

New Post Parcels outlets continue to be rolled out across the network, providing customers with more convenient options to send, collect and return parcels. Australia Post is expanding access to its 24/7 postal services and parcel lockers, giving customers more choice, convenience and flexibility.

Australia Post supported the sustainability of its Licensed Post Office (LPO) network during FY26, including through increased commissions to licensees of $635.1 million and exploring opportunities to provide additional services where there is customer demand.

In regional and remote Australia, the local post office remains an essential connection point for communities, particularly for maintaining access to banking services through Bank@Post. Recent agreements with all four major banks are now driving 30% higher payments to LPOs for providing these services.

Outlook

Group Chief Executive Officer and Managing Director Paul Graham said Australia Post is delivering on its strategy and taking actions within its control to address its challenges, but further work is needed to protect the long-term sustainability of the business.

"Australia Post has never stood still. For more than 200 years, we have adapted to serve the changing needs of Australians; from horseback to rail, telegraph to air, and now from letters to a digital-first parcels network.

"We have a long history of supporting social impact through partnerships and investment in local initiatives, and in FY26 provided funding for 88 not-for-profit organisations through the Community Grants program.

"We are upgrading what we do and how we do it because the way Australians work, shop and connect has changed. Australians are sending fewer letters than ever before, while buying, selling and transacting online at record levels.

"I want to thank our team members, Licensees and delivery partners who have all worked incredibly hard to deliver on Post26 and lay the foundations for our new Post30 strategy. We continue to do everything in our power to create a sustainable business, including simplifying operations, improving productivity, driving business efficiencies and investing in the services customers need and expect now and in the future. We have taken decisive action to transform and strengthen Australia Post, while continuing to serve communities right across the country.

"Australia Post is essential national infrastructure. We connect communities, support businesses and help Australia's economy grow. This is particularly critical in regional and remote Australia, where local post offices remain a vital connection point and where communities rely on us for access to important services. We also play a critical role in supporting small to medium online businesses who compete against global platform players in an extremely competitive market.

“Australia Post is taking a different path. We want to keep building a modern Australia Post for a modern Australia, one that provides even faster delivery, more convenient parcel collection and continued access to essential services for all Australians. However, we cannot do it alone and we will require all of our stakeholders, customers, communities, licensees and shareholders to work together.

“As Australia changes, Australia Post is evolving, but what will not change is our commitment to connecting Australians, supporting communities and helping businesses grow,” Mr Graham said.

Source: Australia Post