

Parcel growth and modernisation reforms deliver a modest profit as competitive pressures mount

29-08-2025

Performance for the full year to 30 June 2025:

- Group revenue \$9.45 billion, up 3.6% from FY24 (\$9.13 billion)
- Group profit before tax \$18.8 million, improved from FY24 loss (\$88.5 million)
- Parcels and Services revenue \$7.64 billion, up 2.9% on last year (\$7.42 billion)
- Losses in the Letters service of \$230.4 million
- Business efficiencies of \$158.8 million realised in FY25
- Invested \$371.9 million into the business, up 21.5% on FY24
- Estimated cost of Community Service Obligations: \$391.0 million

Australia Post today announced a modest pre-tax profit of \$18.8 million for the 2025 financial year driven by a record Christmas Peak period with 102.8 million parcels delivered, continued business simplification through the Post26 Strategy and modernisation reforms.

Despite an improved year-on-year performance, the business continues to face intensifying structural headwinds as letter volumes and Post Office foot traffic continue

to decline, and multinational delivery companies and eCommerce platforms ramp up their presence in Australia.

There remains a significant disparity between the performance of the Letters service and Parcels business. Despite recent increases to the Basic Postage Rate (BPR), the Letters service continues to weigh heavily on Australia Post's financial performance and incurred substantial losses of \$230.4 million in FY25.

The Parcels business achieved solid growth of 4.3% during the year, despite an influx of new competitors and further penetration of the Australian market by global eCommerce platforms. Over-the-counter transactions in the Post Office network continue to decline and the majority of visits are now parcels-related.

Prudent cost management and productivity improvements, along with the sale or closure of non-core businesses resulted in efficiencies of \$158.8 million for the year. Australia Post has continued to invest in its operations, with \$371.9 million invested in new facilities, fleet and technology in FY25, bringing the total investment over the past

four years to almost \$1.5 billion, building a more sustainable, efficient and future-focused business.

Parcels business

Continued expansion of the Australian eCommerce market saw domestic Parcel volumes grow 2.6% in FY25. Last mile delivery is becoming fiercely competitive. Australia Post is vying for market share against global marketplace retailers, who are injecting billions of dollars into their Australian operations with fast-paced expansion plans. At the other end of the spectrum, a number of smaller start-up logistics providers, with low barriers to entry and limited focus on supporting rural and remote customers, are entering the market.

In response, Australia Post has invested significantly across its network to meet evolving customer needs and support business growth. Faster international parcel clearance through the newly opened Sky Road International facility at Melbourne Airport and increased operational efficiency with the Blacktown Parcel Delivery Centre are just some of the infrastructure investments made in FY25.

Australia Post continues to expand its commitment to regional Australia, announcing several new major infrastructure investments to support parcel volume growth and improve services across rural

and regional communities. While the majority of these new sites are due to open in FY26, a new parcels and letters facility opened in Narrandera, NSW in FY25.

Australia Post has also achieved its 2025 target of sourcing 100% renewable electricity across all operational sites, marking a major milestone in its decarbonisation strategy. A continued focus on data and technology has seen greater efficiency and faster delivery speeds with enhanced tracking and updates via the AusPost app.

Letters service

Letter volumes continue to decline, dropping a further 5.4% to 1.66 billion in FY25. This decline would have been significantly steeper if not for the federal, state and local elections. Excluding these election activities, letter volumes saw an 11.7% decline compared to FY24 on a like-for-like basis.

The \$0.30 BPR increase, which came into effect in April 2024, combined with the successful implementation of the New Delivery Model across 162 delivery facilities nationally, led to an improvement in Letters losses to \$230.4 million, compared with \$361.8 million in FY24.

Further BPR rises, including the \$0.20 increase that came into effect on 17 July 2025, are required to help address the rising



cost of delivering letters. Given the continued decline in usage of this service, Australia Post does not expect its Letters service will ever return to profit.

Retail and Post Office Network

Australia Post made Licensee payments of \$604.2 million in FY25, an increase of 3.8% from the year prior. In FY25, Australia Post reached new in-principle Bank@Post agreements with Australia's largest banks. These new agreements will help reduce growing Bank@Post losses and ensure Australia Post can offer banking customers continued access to essential bank services.

As it builds a network with greater accessibility and convenience, Australia Post grew its Parcel Locker network by 18.9% in FY25 to 919 locker banks and is looking to further expand this next year, particularly in high-density metro and suburban areas. This is part of Australia Post's broader vision to create a smarter, more agile Post Office network ready to serve the evolving needs of customers and communities across the country.

Outlook

Group Chief Executive Officer and Managing Director Paul Graham said that while the business earned record revenue in FY25, the structural headwinds experienced over the past few years have continued to intensify

and any future profitability is likely to be temporary.

"I'm pleased Australia Post has delivered a modest profit this financial year and I want to recognise and thank the 64,000 team members across our extended workforce who continue to work hard to transform our business. This return to profit would not have been possible without the support of the Government and our union partners, as we successfully began execution of our modernisation reforms.

"However, we cannot be complacent. Postal operators in the United States, Canada, France, Spain and the United Kingdom have faced the same challenges and have required billion-dollar government-funded bailouts, which Australia has so far avoided.

"Australia Post wants to remain an essential, relevant, self-funded and financially sustainable business, but as our communities and way of life transforms, so too must Australia Post. As letters continue to decline, customers want and need a world-class, reliable parcels business and retail network that services all Australians.

"Australia Post is a beacon in rural and remote towns across Australia. The support provided to many communities extends beyond just letters and parcels, and is a lifeline during floods, fires and other natural disasters. I'm proud of the funding we

provide through our Community Grants program to grassroots organisations that help enhance mental wellbeing, foster connection and build resilience in their local communities, and our distribution of another five million Beyond Blue Postcards to connect Australians and provide mental health support.

“Australia Post has an opportunity to take a different path from other international

postal operators. We need to build a modern, contemporary parcels business that will support Australia’s growing eCommerce sector while delivering world-class service for our customers and the Australian communities who rely on us for a range of important services especially in regional and remote Australia,” Mr Graham said.

Source: [Australia Post](#)

