

16 May 2011

17 MAY 2011



AHMED FAHOUR
Managing Director and
Chief Executive Officer

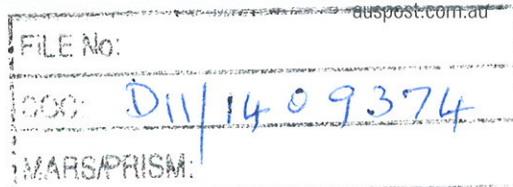
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Mr Joe Dimasi
Commissioner
Australian Competition and Consumer Commission
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MELBOURNE VIC 3001

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Dear Joe

Domestic Reserved Letter Service Price Changes

I have been reviewing customer feedback (both general and those provided in response to the ACCC Issues Paper) on the proposed changes to the PreSort letter service, including the enhancements to Off Peak PreSort (Off Peak) delivery timetable.

Customer feedback on the proposed changes to the Off Peak delivery timetable has been extremely well received and viewed as a positive move by Australia Post. Although, I have noted the comments from some customers regarding the proposed moderate increase to Off Peak and what impact that would have upon migration.

As stated in our draft notification, a key objective of the proposed changes is to encourage the use of Off Peak. While I believe the proposed changes will achieve this, to further support the objective (including migration assumptions) I propose to further increase the differential between Regular Barcode Direct Tray (BDT) and Off Peak BDT prices. This will be achieved by reducing the size of the proposed price increase for Off Peak BDT prices by more than 50% (as shown at Attachment 1) and means the average increase to Off Peak prices will now be 2.1% or 0.9c (GST Exclusive).

While this will reduce the proposed revenue increase to Australia Post, I will not seek to lessen the proposed enhanced service improvements to Off Peak detailed in the draft notification. That is a specific Off Peak delivery timetable (based on a 6pm lodgement) that provides delivery over a two day window (as opposed to the current four days – Regular plus up to three days).

I see this as a great outcome for our customers and a genuine effort on our part to encourage more businesses to migrate to Off Peak.

Yours sincerely

AHMED FAHOUR

Encl

PreSort Letters

Regular Delivery	Same State BDT			Other State BDT			Residue			Unbarcoded Residue		
	Current	Proposed Price		Current	Proposed Price		Current	Proposed Price		Current	Proposed Price	
		Amount	% Var		Amount	% Var		Amount	% Var		Amount	% Var
Small Letters												
Up to 125g	\$ 0.427	\$ 0.457	7.0%	\$ 0.438	\$ 0.473	8.0%	\$ 0.477	\$ 0.506	6.1%	\$ 0.510	\$ 0.535	4.9%
Charity Mail	\$ 0.372	\$ 0.402	8.1%	\$ 0.383	\$ 0.418	9.1%	\$ 0.422	\$ 0.451	6.9%	\$ 0.510	\$ 0.535	4.9%
Small Plus												
Up to 125g	\$ 0.550	\$ 0.578	5.1%	\$ 0.572	\$ 0.605	5.8%	\$ 0.660	\$ 0.688	4.2%	\$ 0.800	\$ 0.840	5.0%
Medium												
Up to 125g	\$ 0.693	\$ 0.732	5.6%	\$ 0.737	\$ 0.776	5.3%	\$ 0.831	\$ 0.869	4.6%	\$ 0.968	\$ 1.018	5.2%
Over 125 up to 250g	\$ 0.913	\$ 0.952	4.3%	\$ 1.001	\$ 1.040	3.9%	\$ 1.106	\$ 1.144	3.4%	\$ 1.249	\$ 1.287	3.0%
Large												
Up to 125g	\$ 0.825	\$ 0.853	3.4%	\$ 0.869	\$ 0.897	3.2%	\$ 0.990	\$ 1.018	2.8%	\$ 1.034	\$ 1.062	2.7%
Over 125 up to 250g	\$ 1.155	\$ 1.183	2.4%	\$ 1.243	\$ 1.271	2.3%	\$ 1.375	\$ 1.403	2.0%	\$ 1.485	\$ 1.513	1.9%
Over 250 up to 500g	\$ 1.595	\$ 1.623	1.8%	\$ 1.727	\$ 1.755	1.6%	\$ 1.815	\$ 1.843	1.5%	\$ 2.035	\$ 2.063	1.4%
Off Peak Delivery												
Size / Weight	Current	Proposed Price		Current	Proposed Price		Current	Proposed Price		Current	Proposed Price	
		Amount	% Var		Amount	% Var		Amount	% Var		Amount	% Var
Small Letters												
Up to 125g	\$ 0.416	\$ 0.419	0.7%	\$ 0.427	\$ 0.430	0.7%	\$ 0.465	\$ 0.506	8.8%	\$ 0.505	\$ 0.535	5.9%
Charity Mail	\$ 0.356	\$ 0.359	0.8%	\$ 0.367	\$ 0.370	0.8%	\$ 0.405	\$ 0.429	5.9%	\$ 0.505	\$ 0.535	5.9%
Small Plus												
Up to 125g	\$ 0.539	\$ 0.540	0.2%	\$ 0.561	\$ 0.562	0.2%	\$ 0.649	\$ 0.688	6.0%	\$ 0.795	\$ 0.840	5.7%
Medium												
Up to 125g	\$ 0.671	\$ 0.683	1.8%	\$ 0.704	\$ 0.716	1.7%	\$ 0.820	\$ 0.869	6.0%	\$ 0.963	\$ 1.018	5.7%
Over 125 up to 250g	\$ 0.875	\$ 0.887	1.4%	\$ 0.919	\$ 0.931	1.3%	\$ 1.084	\$ 1.144	5.5%	\$ 1.238	\$ 1.287	4.0%
Large												
Up to 125g	\$ 0.803	\$ 0.804	0.1%	\$ 0.836	\$ 0.837	0.1%	\$ 0.979	\$ 1.018	4.0%	\$ 1.029	\$ 1.062	3.2%
Over 125 up to 250g	\$ 1.089	\$ 1.090	0.1%	\$ 1.155	\$ 1.156	0.1%	\$ 1.331	\$ 1.403	5.4%	\$ 1.474	\$ 1.513	2.6%
Over 250 up to 500g	\$ 1.375	\$ 1.376	0.1%	\$ 1.463	\$ 1.464	0.1%	\$ 1.650	\$ 1.843	11.7%	\$ 1.925	\$ 2.063	7.2%

Acquisition Mail	Same State BDT			Other State BDT			Residue			Unbarcoded Residue		
	Current	Proposed Price		Current	Proposed Price		Current	Proposed Price		Current	Proposed Price	
		Amount	% Var		Amount	% Var		Amount	% Var		Amount	% Var
Off Peak Delivery												
Small - up to 125g	\$ 0.300	\$ 0.310	3.3%	\$ 0.320	\$ 0.330	3.1%	\$ 0.485	\$ 0.506	8.8%	\$ 0.505	\$ 0.535	5.9%
Small Plus - up to 125g	\$ 0.415	\$ 0.430	3.6%	\$ 0.435	\$ 0.450	3.4%	\$ 0.649	\$ 0.688	6.0%	\$ 0.795	\$ 0.840	5.7%

Other Letter Prices	Proposed Price	
	Current	Amount % Var
Clean Mail		
Small	\$ 0.510	\$ 0.535 4.9%
Small Plus	\$ 0.800	\$ 0.840 5.0%
Reply Paid		
Annual Fee	\$ 65.00	\$ 80.00 23.1%

Notes/Comments

All prices are GST inclusive, except for External Territories where they are as stated but GST free.
Non-reserved products (over 250g or more than four times the BPR) are shaded