

02 August, 2019

Mr Rod Sims
Chairman
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Sims,

Draft Notification of Changes to Australia Post's Reserved Ordinary Letter Service

Please find attached Australia Post's draft notification which supports proposed changes to the Ordinary Letter Service, including a 10-cent increase to the Basic Postage Rate (to \$1.10), effective January 2020.

The proposed prices are modelled over the 2018/19 to 2021/22 financial years and Australia Post believes that the proposed prices will result in revenue below the maximum allowable revenue calculated under the ACCC's Post Tax Revenue Model.

Australia Post remains very conscious of our responsibility to maintain an accessible and affordable letters service for all Australians.

For households that are eligible for, and have taken up, Australia Post's concession stamp offer, there will be no increased cost-of-living impact flowing from these price changes, as we are holding the Concession stamp rate at just \$3.00 for a booklet of five stamps (or 60 cents per stamp).

For the Australian household that is ineligible for the Concession stamp offer, the average cost impact of the 10-cent price increase will be between \$1 and \$2 per annum (assuming that most Australian households send between 10 and 20 letters per year).

However, as we are also proposing to hold the seasonal greeting card rate at just 65 cents, and we estimate that around 30% of the 10 to 20 letters sent per year are seasonal greeting cards, the impact reduces to between \$0.70 and \$1.40, per household.

Separate to this confidential version, we will also provide your staff with a public version and other supporting information, including external reports.

We remain committed to working closely with the ACCC to clarify and resolve any issues your team may have as they assess the draft notification. As such, I encourage your team to contact Mark Pollock on (03) 9106 7578 if you have any questions regarding this draft notification.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'CHolgate'.

Christine Holgate
Group Chief Executive Officer & Managing Director