

Level 19, 111 Bourke Street Melbourne VIC 3000

GPO Box 1777 Melbourne VIC 3001

auspost.com.au

Telephone +61 3 9106 6894 Facsimile +61 3 9206 4119

3 June 2011

Mr Graeme Samuel

Chairman

Australian Competition and Consumer Commission

GPO Box 520

MELBOURNE VIC 3001

Dear Graeme

Notification of changes to Australia Post's domestic reserved letter service

its Preliminary View of 27 May 2011. (price and product design) within Australia Post's domestic reserved letter service effective 4 July 2011. correspondence is to formally notify the Australian Competition and Consumer Commission (ACCC), of changes Consistent with our obligations under the Competition and Consumer Act, 2010, the purpose of this The changes that are the subject of this notification are the same as those to which the ACCC did not object to in

The major elements of the changes are

- an average increase to PreSort letter prices as follows:
- Regular letter prices increasing by an average of 2.8 cents (GST exclusive); and
- 0 Off Peak letter prices increasing by an average of 0.9 cents (GST exclusive).
- price changes to Other letter services:
- an average increase to Clean Mail prices of 2.3 cents (GST exclusive); and an increase to the Reply Paid annual fee (from \$65 to \$80).
- 0
- (as opposed to the current four days) and thereby providing our customers with a more certain delivery introduction of a specific Off Peak delivery timetable that that provides delivery over a two day window

the letters business to be self-sustaining. part of this review we also considered our strategic objectives and identified a key corporate strategy of restoring that letters can become a sustainable business that can continue to meet its Community Service Obligations. As As noted in previous correspondence we have undertaken a fundamental review of our business model to ensure

Changes that are the subject of this notification support this strategy as:

- the product design changes will allow us to provide a service that will enable greater flexibility over
- the price changes will reduce the loss generated from the domestic reserved letter service

is not a satisfactory long term position we believe the pricing reflects current market realities. recover the sum of the efficient costs of providing the domestic reserved letter service plus an appropriate rate of return and as such the domestic reserved letter service will incur a loss of around \$112m in 2011/12. While this As discussed with the ACCC, we have made some downward revision to the prices we originally proposed to take account of customer feedback. We are very conscious of the fact that the proposed prices do not fully

is at Attachment 2. Australia Post's formal notification is provided at Attachment 1. Supporting information to the formal notification

contact Mark Pollock, Manager Regulatory Affairs, on 9106 7578 if you have any questions. any issues that may arise during the course of those considerations. Accordingly, please do not hesitate to Australia Post wishes to assist the ACCC in its consideration of this notification and toward prompt resolution of

Yours sincerely

Jim Marshall

Acting Managing Director and Chief Executive Officer

NOTIFICATION AND DETAILS OF CHANGES PROPOSED BY THE AUSTRALIAN POSTAL CORPORATION FOR ITS DOMESTIC RESERVED LETTER SERVICE

~	-
0	כ
- 2	=
_	_
-	=
-	ď
c	7
-	٠,
~	٠,
_	7
- 2	=
C	0
-	₹
-	_
	_
C	_
	_
-	-
	_
	3
-	11
7	ν
-	◂
	=
Œ	2
-	-
	v
C	n
-	
7	٦
_	_
2	_
=	₹
-	'n
-	.,
- 5	_
7	5
7	J
-	7
-	ವ
	+
-	7
c	כ
10.	_
	^
·	v
С	D
-	=
(,
	+
-	_
c	כ
-	=
_	J
r	$\overline{}$
- 7	=
C	•
-	
'_	
Ċ	0
9	2
9	2
	2++
	2++
	2+ +6
י טונוס	of the
. 01	of the
י טו נוופ כ	of the
- טו נווס כי	of the l'
- טו נוופ טט	of the lin
- טו נוופ טטו	of the lor
- טו נוופ סטוו	nt the line
- טו נוופ סטווו	mo and to
- טו נוופ טטוווף	of the linms
- סו נוופ סטוווסי	of the linmin
- or the compe	of the l'omne
- or rue compet	ot the Compat
- or rise compan	ot the Compati
- or the competit	of the Compatit
- or are competitive	of the Competition
- סו תופ בטוווספתנוס	of the Competition
- סו תום בטוווספתרוסו	of the Competition
- טו תום בטוווספתנוטוו	of the l'omnetition
- סו נוופ בטווואפנונוטוו נ	of the Competition
- סו תום בטווואפנונוסוו מ	of the Competition a
- סו תופ בייוווי ביורוטוו מו	of the Competition or
- or rue compension an	of the Compatition and
- סו תופ בטוווספתנוטוו מוזכ	of the Compatition and
- or the competition and	of the Compatition and
י טי נוופ בטווואפנוניטוו מווח נ	of the Compatition and I
- סו נוופ בטווואפנונוטוו מווח כ	of the Compatition and C
י טי נויפ בטווואפנונוטוו מווח כר	of the Compatition and Co
- or the competition and cor	of the Competition and Col
י חי תופ במווומפתרומוו מוות במוו	no' had compatition and con
- סו תופ בטוווספתנוסוו מוות בטווב	of the Competition and Conc
י טו תופ בסוווףפתנוסוו מווח בסוופי	of the Compatition and Const
י טו תופ בטווואפתרוטוו מווח בטוופת	of the Competition and Consu
- טו נוופ בטווואפנונוסוו מווח בסוופתו	of the Competition and Concile
י סו נוופ בסווואפוונוסוו מווח בסוופחוו	of the Competition and Concile
י סו נוופ בטווואפנונוטוו מווח בטוופנווו	of the Compatition and Concum
י סו נוופ בסוווספוונוסוו מווח בסוופחווום	of the Competition and Conclime
- or the combention and consumer	of the Competition and Concume
- or the combention and consumer	of the longitude and longituder
- or the combenium and consumer	of the Compatition and Consumer
י סו תופ בסוווףפתרוסוו מווח בסוופתוופו ל-	of the Compatition and Consumer A
- or the combenition and consumer W	of the Competition and Consumer A
- or the competition and consumer Ac	of the (notited and to adt to
י סו נוופ בסוווףפנונוסוו מוות בסוופתוופו עבר	the (name and the name of the
י טו תופ כטווואפתנוטוו מוות כטוופתווופו עכר,	of the ("nemptition and familiano") and to
- טו תום כטוווףפתנוטוו מווע כטוואמווופו אכר,	of the Compatition and Consumer Act
- טו נוופ כטוווףפנונוטוו מוום כטוופנווופו אכר, 2	of the ("ometition and ("one limber of the
י חי נוופ בסווושפנונוסוו מווע בסוופעווופו אבר, לר	of the Compatition and Consumer Act 7
- טו נוופ כטווושפנונוטוו מווע כטוושמווופו אכר, בט	of the ("ompatition and forming of the formation and the formation
י חי נוופ בטווושפנונוטוו מווע בטוושעווופו אבר, בט	of the ("Omnatition and ("One limer Act "))"
- טו נוופ כטווושפנונוטוו מווע כטוושמווופו אכר, בטו	of the Compatition and Consumer Act 701
י טו תופ לטוווףפתנוטוו מוום לטוופתווופו אכר, בטור	of the Competition and Consumer Act 2011
- טו נוופ בטווושפנונוטוו מווע בטווטעווופו אבר, בטוס	of the Competition and Consumer Act (2011)
י חי חים בחוווים בחיוחוו מווח בחווחווים! עבר, לחוח	11 1/2; to A semilano, I had notited and to AAA notited and separate to notited the notited to notited the continuous of the semilano.
מינוויבמניסוו סי ביומוישכים במינוים מכניוסוו ששב סי נוופ ביסווים ביווים ומינוים הבני, בסווס	of the Competition and Consumer Act (2011)

whose address is:	Name of Declared Person: A
111 Bourke Street, MELBOURNE VIC 3000	Australian Postal Corporation (Australia Post)

(Postal address: GPO Box 1777, MELBOURNE VIC 3001)

conditions indicated, effective from 4 July 2011. hereby gives notice that it proposes to supply the goods or services described below at the prices and terms and

Description Locality, Proposed Prices, Terms and Conditions

The services, which are the subject of this notification, provide for the carriage by post, within Australia, of PreSort Letters (including Charity Mail and Acquisition Mail) and Clean Mail, and the Reply Paid Annual fee at prices as detailed in <u>Schedule 1</u> of this Attachment.

Reasons for the changes:

the domestic reserved letter service is a substantial part) while continuing to meet its Community Service worldwide) presents a long term challenge for Australia Post in providing a sustainable letter service (of which delivery points and likely increases in input costs. This environment (which is similar for postal operators Obligations. The domestic reserved letter service operates in an environment of ongoing volume decline, continued growth in

restore the letters business to self-sustaining. included a review of Australia Post's strategic objectives and identified three key strategies, one of which is to In July 2010 Australia Post launched Future Ready; a corporate wide transformation program. Future Ready

generate a reasonable rate of return is inherently inefficient for Australia Post. The need to restore the business to self-sustaining is essential as indefinitely continuing a service that does not

simultaneously. For PreSort: The changes (price and product design) that are the subject of this notification will address revenue and cost

- costs of providing the domestic reserved letter service plus an appropriate rate of return; and customers who choose to remain with Regular will provide more revenue towards covering the efficient
- alternatives or variations to the current network (which is largely built around the need to perform to the customers who migrate to Off Peak will provide Australia Post with the opportunity to explore Ordinary letter delivery standard).

Consideration having regard to section 95G(7) of the Competition and Consumer Act, 2010

efficient costs and a reasonable rate of return and are consistent with the requirements of section 95G(7) of the Competition and Consumer Act, 2010. Australia Post asserts that the proposed price changes do not result in revenues in excess of revenues based on

Date: 3 June 2011

Signature: Jim Marshall

Acting Managing Director and Chief Executive Officer

PreSort Letters

	1		L			1		15	ומסטור דמונמוס	,11010	1		ı			1		l		
Regular Delivery	Т	S	ame	Same State BUT		T		Ē	Other State BDT		Τ] _B	Residue		Г	Unb	arco	Unbarcoded Residue	Ф
		,	Т	Proposed Price	d Price		8	Т	Proposed Price	d Price			Γ	Proposed Price	Price			Г	Proposed Price	Price
Size / Weight	t	Current	Ţ	Amount	% Var	-	Current	t	Amount	% Var		Current	D	Amount	% Var		Current	_	Amount	% Var
Small Letters																				
Up to 125g	69	0.427	69	0.457	7.0%	69	0.438	69	0.473	8.0%	69	0.477	60	0.506	6.1%	60	0.510	69	0.535	4.9%
Charity Mail	69	0.372	69	0.402	8.1%	69	0.383	69	0.418	9.1%	69	0.422	69	0.451	6.9%	60	0.510	69	0.535	4.9%
Small Plus																				
Up to 125g	69	0.550	69	0.578	5.1%	S	0.572	69	0.605	5.8%	69	0.660	69	0.688	4.2%	69	0.800	69	0.840	5.0%
Medium			•										ě .			5				
Up to 125g	6	0.693	4	0./32	5.6%	61	0.737	64	0.776	3%	69	0.831	69	0.869	4.6%	69	0.968	69	1.018	5.2%
Over 125 up to 250g	69	0.913	69	0.952	4.3%	69	1.001	69	1.040	3.9%	69	1.106	40	1.144	3.4%	69	1.249	69	1.287	3.0%
Large)		i i					9					le .				
Over 125 up to 2505	9 6	1 155	0	1 183	3.4%	9 64	1 243	9 6	1 271	3.2%	9 64	0.990	0	1.018	2.8%	69	1.034	9 64	1.062	2.7%
Over 250 up to 500g	n ·	1 595	n	1 623	1 20%	n .	1 727	n.	1 755	1 60/	n 1	1 2 1 1	0	1 843	1 50	9 (2 025	A 1	2062	1 100
											- 1		1			1		97.55		
UTT Peak Delivery		S.	ame	Proposed Price	Price		c	ther	Other State BUI Proposed Price	Price			- R	Residue Proposed Price	Price		Unba	arco	Unbarcoded Residue	Price
Size / Weight		Current	7	Amount	% Var		Current	_	Amount	% Var		Current	D	Amount	% Var		Current	D	Amount	% Var
Small Letters Up to 125g	69	0.416	69	0.419	0.7%	69	0.427	69	0.430	0.7%	69	0.465	S	0.506	8.8%	S	0.505	69	0.535	5.9%
Charity Mail	69	0.356	69	0.359	0.8%	69	0.367	69	0.370	0.8%	69	0.405	69	0.429	5.9%	69	0.505	69	0.535	5.9%
Small Plus	•		9			•	1	,		2	•		•			,		•) }	
Up to 125g	69	0.539	69	0.540	0.2%	69	0.561	69	0.562	0.2%	69	0.649	69	0.688	6.0%	69	0.795	69	0.840	5.7%
Up to 125g	69	0.671	69	0.683	1.8%	60	0.704	69	0.716	1.7%	69	0.820	69	0.869	6.0%	69	0.963	69	1.018	5.7%
Over 125 up to 250g	69	0.875	69	0.887	1.4%	S	0.919	69	0.931	1.3%	69	1.084	S	1.144	5.5%	69	1.238	69	1.287	4.0%
Large	•	3	9		2	•		9	2		•		•			,		•		
Up to 125g	64	0.803	6	0.804	0.1%	69	0.836	64	0.83/	0.1%	69	0.979	60	1.018	4.0%	69	1.029	69	1.062	3.2%
Over 125 up to 250g	69	1.089	• 69	1.090	0.1%	69	1.155	69	1.156	0.1%	69	1.331	00	1.403	5.4%	69	1.474	63	1.513	2.6%
Over 250 up to 500g	60	1.375	60	1.376	0.1%	69	1.463	60	1.464	0.1%	69	1.650	69	1.843	11.7%	69	1.925	69	2.063	7.2%
	Γ		I	l		Γ		Γ			Γ		Γ	l	L	Γ	L	l		

Acquisition Mail		Sa	me S	Same State BDT			0	ther :	Other State BDT				Re	Residue			Unba	arco	Unbarcoded Residu	Ф
				Proposed Price	Price				Proposed Price	Price				Proposed Price	Price				Proposed Price	Price
	C	Current	Aı	Amount	t % Var Current	C		Α	Amount	% Var	0	Current	Α	Amount	% Var	C	Current	A	Amount	% Var
Off Peak Delivery																				
Small - up to 125g	69	0.300	69	0.310	3.3%	69	\$ 0.320 \$	69	0.330	3.1%	69	0.465	69	0.506	8.8%	60	0.505	69	0.535	5.9%
Small Plus - up to 125g \$ 0.415 \$ 0.430	69	0.415	69	0.430	3.6% \$ 0.435 \$ 0.450	69	0.435	69	0.450	0 3.4% \$ 0.649 \$ 0.688	69	0.649	69	0.688	6.0% \$	60	0.795	69	0.840	5.7%
								1												

Other Letter Prices			Pro	Proposed Price	Се
	Current	rent	Αm	Amount	% Var
Clean Mail					
Small	69	0.510	69	0.535	4.9%
Small Plus	69	0.800	69	0.840	5.0%
Reply Paid					
Annual Fee	69	65.00	Э	80.00	\$ 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