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To the Householder
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Dear Australia Post customer,

For more than 200 years, Australia Post has continually adapted and evolved its services to suit the changing needs of the Australian community. Today, that means investing in our nationwide parcels network, our Post Office services and our digital capabilities, so that we're offering the convenience, accessibility and choice that you expect and need.

At the same time, Australians are becoming less reliant on letters as a form of communication. Business and government now account for 97% of all letters sent in Australia. The amount of mail that we are delivering to your letterbox is already down one-third in the past six years – and Australia Post has accumulated around \$1.5 billion in losses in its regulated mail business over that period. Furthermore, an independent study commissioned by the Commonwealth Government estimated that, without change, Australia Post would require \$6.6 billion of taxpayer funding to cover its losses over the next decade. For this reason, we need to make some important changes to sustain the letters service.

As we start planning the implementation of these changes, we are absolutely intent on preserving the services that Australians cherish. We will maintain over 4,000 Post Offices (including 2,500 Post Offices in rural and regional areas), and our posties will continue to deliver five days a week. So Australia Post will remain at the heart of communities – helping everyone, everywhere.

Multiple letter delivery speeds

We are planning to introduce a new non-urgent 'Regular' letters service that will take two days longer to deliver than the current delivery timetable for letters. However, you will still be able to send mail at the current speed. This option will be called the 'Priority' service, and it will be available at a higher price than the Regular service. Both of these services will still be delivered five days a week. Our highly successful Express Post service, which has guaranteed next business day delivery within the Express Post network, will continue to be offered six days a week all year round.

Stamp price review to support Post Offices and postie delivery

Australia has the cheapest basic stamp price in the developed world. In order to maintain our services – including our Post Offices and nationwide postie delivery – we need the senders of mail to pay the true cost of this service. For this reason, we will be seeking to increase the price of stamps.

We are not seeking to make a profit from these price increases. We only want to be able to recover our costs, so we can fund our Post Offices and delivery network.

We are committed to you – and serving communities everywhere

You can rest assured that, as we make these changes to the letters service, we are committed to maintaining the aspects of our service that are most important to you.

While business and government are the main senders of letters, we recognise that we have to look after those citizens who continue to rely on mail. For this reason, eligible Federal Government concession card-holders can join MyPost for free and purchase stamps at 60 cents (with our concession stamp price frozen at 2010 levels). There is a brochure included with this letter that details how to apply for your MyPost Concession account. We are also pleased to announce that the price of Australian Christmas card stamps will also be frozen at 65 cents.

In addition, Australia Post has always ensured that it looks after its staff. Our Post People 1st program, for example, is already successfully supporting staff in transitioning to our growing Parcels business.

Before we introduce the new Regular or Priority service to the public, or change the stamp price, we want to hear from you. Please join our national conversation at: www.auspost.com.au/conversation.

We look forward to keeping you informed.

Yours sincerely,



John Stanhope
Chairman



Ahmed Fahour
Managing Director & Group CEO