



CORPORATE SECRETARY &
GENERAL MANAGER
GOVERNMENT AFFAIRS

GPO Box 1777
MELBOURNE VIC 3001
111 BOURKE STREET
MELBOURNE VICTORIA 3000
Telephone +61 3 9106 7115
Facsimile +61 3 9206 4139
www.auspost.com.au

29 August 2014

Costs of Doing Business: Retail Trade Industry Study
Productivity Commission
GPO Box 1428
CANBERRA ACT 2601

Dear Sir/Madam

Australia Post notes that rises in transport and courier costs are cited in submissions to your study into the costs of doing business in the Australian retail trade industry. I write to address the price rises implemented by Australia Post in our parcels business in recent years.

Australia Post operates its parcel delivery service in a highly competitive market. It is committed to striking a balance between an affordable price for its customers that not only covers the costs incurred in providing the service, but also remains competitive in the open market.

Australia Post offers customers the most extensive lodgement and delivery network of any parcel operator nationally. It is continuing to invest in the rapidly growing parcels business to improve its product range and services to meet the changing needs of online sellers and while it believes these services offer value for money, they do come at some increased cost.

While some costs can be contained through productivity improvements, as Australia's population increases and new residential and business addresses are established, Australia Post is required to deliver to this expanding network with unavoidable increases to transportation and labour costs. Against this background, it will continue to adjust pricing to accommodate these factors.

While some of the larger overseas postal administrations such as Royal Mail (UK) and USPS (US) have both incurred significant losses in recent years and commenced substantial cuts to their postal services, Australia Post is expanding to provide new products and services at its retail outlets, 24/7 parcel pick-up lockers and facilities, providing greater choice and convenience for its customers.

Since November 2011, Australia Post has also rolled out a new national network of Business Hubs, designed to provide customer service, delivery and transport operations and sales together in one location, dedicated to servicing small to medium business customers.

Australia Post offers its business customers a unique range of services that are not available to consumers, such as eParcel, which carry separately negotiated pricing structures and offer a variety of add-on services. By assessing which options are required for their specific lodging needs, business customers avoid paying for components of postage that they don't use and can therefore pass savings on to their customers. Australia Post's Customer Sales and Service Centre offers a dedicated Business customer line (13 11 18), and representatives are available to assist business customers in identifying ways in which they may be able to reduce their postage costs.

Australia Post is able to remain competitive in the consumer market by offering a competitive range of features to its products, while offering tailored responses to businesses' needs. While we have implemented price increases in response to changing factors, our parcel products are offered in a fully contestable market. Australia Post believes its prices are fair and that we continue to represent excellent value for the service provided.

Regards

Paul Burke