

Fact Sheet

What are the changes?

The Federal Government's decision allows Australia Post to introduce an additional speed of service for senders of mail.

- A new **Regular** service will provide the cheapest option for consumers to send non-urgent mail and will be delivered two days slower than the current timetable. The regulated performance standards for letter delivery will now be aligned to this timetable.
- Customers wanting to send mail at the current schedule will pay more for a **Priority** service.

This brings regular mail in line with service changes introduced last year for business mail and widely embraced by customers. About 70 per cent of business mail is already sent via the slower **Regular** service.

- **Express Post** will continue to be available as a guaranteed next day delivery service, when sending and delivery is within the Express Post network.

Australia Post is not seeking, or expecting, to make profits from these changes to the letters service.



What is staying the same?

- Posties will continue to deliver mail five days a week.
- We remain committed to maintaining our national network of 4400 Post Offices, including in regional and rural communities.
- Australia's 5.7 million concession cardholders will still be able to purchase a stamp at 60 cents with the MyPost Concession Account. This price remains frozen.
- The price of sending a Seasonal Greeting card, or Christmas card, has also been frozen, at 65 cents.

Together, Concession and Seasonal Greeting mail accounts for almost half of all letters sent by consumers. This mail will be sent at the new Regular speed.

- Community Service Obligations dictating the need to maintain at least 4,000 post offices (including 2,500 outlets in rural and regional areas) and at least 10,000 street posting boxes remain in place.
- There is no change to delivery frequency, including rural and regional areas.

What will the new prices be?

The Basic Postage Rate (BPR) will still be overseen by the Australian Competition and Consumer Commission (ACCC). Under the changes, the BPR will be tied to the new **Regular** service.

Australia Post has confirmed that subject to ACCC review, it will seek to increase the current BPR of 70c to \$1. The price of the **Priority** Service will be set after the benchmark BPR rate is established.

The BPR has only increased four times in the past 23 years and is currently the lowest in the developed world.

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What is driving the changes?

The rise of digital communications has resulted in the number of letters delivered per household to fall by one-third since volumes peaked in 2008. That means our posties are delivering 1.2 billion fewer letters than they did seven years ago.

The decline in letter volumes reached 8.2% in the first half of this financial year.

Australia Post's current forecast for FY2015 is for a company-wide loss – driven by a loss of about \$350m in the mail service. It will be Australia Post's first full-year lost in over 30 years.

Cumulatively, losses in Australia Post's letters business are approaching \$1 billion. It is currently forecasting an enterprise-wide loss in FY 2015, the first in more than 30 years, as the losses in the mail service overwhelm the profit from parcels.

An independent report commissioned by the government found that, without reform, the losses in the letters business would soon grow to \$1 billion a year and lead to overall losses at Australia Post of \$6.5b over a decade.

Australia Post is a fully self-funded business and receives no taxpayer funding.

The decision will allow Australia Post to better manage the losses and sustain Australia's mail service while it grows the services the community wants, such as in parcels and trusted services.

When are the changes effective?

Not before September 2015 at the earliest. Australia Post will commence a nationwide consultation process, engaging our communities, employees, customers and government on the implementation of these changes.

