

HEADQUARTERS

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Ms Michele Bullock
Chief Manager – Payments Policy
Reserve Bank of Australia
65 Martin Place
SYDNEY NSW 2000

12th October 2001

Dear Ms Bullock

As you are probably aware Australia Post was a party to the Australian Retailers Association (ARA) Submission to the Reserve Bank of Australia on the Credit Card Schemes/ Interchange Fees. We along with several large retailers helped fund this submission and contributed to its analysis and content.

Australia Post also independently lodged a submission which was more specific to our situation and presented our desired outcomes from the review.

Australia Post endorses the ARA submission and is looking forward to a positive outcome from the RBA. A reduction in Interchange Fees would in our case benefit not only Australia Post (through improved competitiveness) but currently 150 major billing companies on whose behalf we accept bill payments via our telephone and internet based POSTbillpay services.

In our case, our main revenue stream in the bill payment market is transaction revenue and we pass the Merchant Fees (so influenced by the level of Interchange Fees) back to the billing company at cost. So, any benefit we gain from reduced Merchant Fees at the end of the process will benefit many large billing companies and presumably through them, thousands of consumers of services such as gas, electricity, water, telecommunications, insurance and local government.

From our perspective a reduction in Merchant Fees (and transparency) will enhance our competitive position in the bill payment business and reduce some of the competitive disadvantages we are currently operating under compared to the banks bill payment services.

The arguments in the ARA submission support entirely the arguments in our original submission and we commend the ARA document to you.

Yours sincerely



Terry Stephens
Group Manager
FINANCIAL SERVICES