



Tabled
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HEADQUARTERS

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Dear Marie

I refer again to previous correspondence on the introduction of franchised PostShops and I am delighted that you have agreed to discussions on the topic, as I genuinely believe your organisation can make a significant contribution.

Prior to our meeting, perhaps it may be helpful if I explain Post's position in relation to some of the issues raised in your letter of 28 February

I am sure you appreciate the nature of the postal industry and the need for Post to maintain a competitive advantage. In this regard better definition of standards and enhancement of management support have been identified as needs to strengthen those outlets that service significant customer bases.

Best practice in business format franchising has been combined with the best elements of the Licensed Post Office method of operation and PostShop standards to create the franchised PostShop concept. In addition management support will be strengthened and enhanced to support the needs of these outlets.

One of the options for the introduction of the franchised PostShop is the voluntary buy-out of some larger Licensed Post Offices in metropolitan areas. This will occur where Licensees volunteer to sell back the license to Post and redevelopment of the outlet is feasible (i.e. suitable premises are available and the re-branded outlet will be financially viable to both Post and the Franchisee).

This option has been chosen, not because larger outlets in metropolitan areas are the most profitable but because the customer bases at such locations are significant and the appropriate retail format is a full PostShop. The accommodation and fit-out provided at these should be appropriate to meet the reasonable needs of customers and to provide a consistent service offer and service standards

Post is committed to supporting all outlets in its Retail network, and licensed outlets will always be an important component of that network. The enhanced standards and support for franchised PostShops will in no way diminish the support provided to the remainder of the network.

Franchising PostShops present attractive opportunities for some licensees, both through voluntarily selling back licenses to Post and for them potentially to become franchisees. Special presentations will be made to these Licensees.

The fact that Licensed Post Offices range across a broad spectrum has created difficulties in providing across the board support on a "one-fits-all" basis. We are keen to address this by identifying the needs of specific groups of outlets and tailoring support to meet the particular needs.

The enhanced standards and strengthened management support for franchised PostShops should be seen as the start of an across the board process that will be addressed by the recently formed LPO Network Working Party, whose aim is to ensure the appropriate level of ongoing support is provided to licensees.

Advertising for expressions of interest was originally scheduled to appear in Sydney media on 3 March; this was postponed so that POAAL could be briefed. Post has an arrangement with a service provider to assist with the selection process. This organisation agreed to postpone the commencement of this process for a short period without penalty, but this cannot be delayed unreasonably. Also, Post has an obligation to the franchise pilot operators to regularise existing arrangements.

I look forward to meeting with you on Wednesday.

Yours sincerely,



National Group Manager Retail