



15 October 2015

Mr Robert Wright
General Manger – Water and Wireline Markets
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001
postalservices@acc.gov.au

Dear Mr Wright

Circular Head Council strongly objects to the draft Australia Post proposal to increase the price of ordinary letter services and to increase the delivery times from next day delivery to three business delay delivery.

The proposed 43% increase in the basic postage rate, from 70 cents to \$1.00, is significant and likely to impact council's budget. Tasmanian councils are legislatively required to advise a variety of stakeholders by an Australia Post notification. Under acts interpretation if something is served, it is considered to be served the day following postal lodgement. Australia Post's monopoly means that councils have no other options to meet such statutory obligations. It would be more appropriate for Australia Post to implement a pricing path with regular reviews and increases.

The proposed regular and priority ordinary mail services will reduce the level of customer service which council can provide. It is concerning that the ACCC is not reviewing the priority service charges, which is the postage service that councils will now be obliged to use to meet legislative time frames for a considerable portion of correspondence. Circular Head Council is located in the far north west of Tasmania and already experiences Australia Post Service delays, both with regular and priority mail. Currently local mail sent from the Smithton Post Office and addressed to a location in the town on Smithton, is trucked 411 to Hobart sorting, and then returned for delivery. The proposed 3 day metropolitan delivery is likely to further negatively impact on regular mail services in Circular Head and other regional and remote areas.

The proposed price increase is based on the need to decrease Australia Post's losses, and more consideration should be given to internal operational measures to decrease costs.

The current rapid decline in letter volumes will be exacerbated by the proposed price increases and two tier delivery structures. Council will most likely move towards email as the preferential method for correspondence not legislatively required to be sent via Australia Post.

The Circular Head Council recommends that the ACCC and Australia Post seriously consider the concerns which government, business and the general public have regarding the proposed 43% basic post rate price increase and the reduced service levels which will result from a two tier mail system.

Yours sincerely


Tony Smart
GENERAL MANAGER