Q1.If a price increase is required for Australia Post to help meet the cost of providing the slower

ordinary letter service, should the increase be implemented in one step or over time? Is a

longer-term approach to setting Australia Post’s ordinary letter prices, such as a price path,

more appropriate?

A staggered approach is more in keeping with a pay as you go approach. Seems to be at odds over recovering in second year when a price could be struck to reflect this guestimate in the first instance to be cost neutral over 2 years..

Q2 Would a price difference between the regular and priority ordinary mail services encourage

use of the slower regular service? If so, what level of price difference would encourage

significantly greater use of the slower service?

Yes a price difference has already seen us change in behaviour to the cheaper rate. The proposed further delay in delivery will impact as some mail needs to be sent to meet regulatory requirements so further delays may mean we have to use the higher rate.

Q3 What are your views on Australia Post’s proposed method of cost allocation? Are there any

other cost allocation issues that the ACCC should be considering?

Allocation seems reasonable but the delay in delivery will  impact these assumptions.

Q4 Is Australia Post’s forecast improvement in operating efficiency over the next three years

comparable with that which would be expected in the transport / logistics sector? What rate

of improvement in Australia Post’s operating efficiency could reasonably be expected

No experience in this area.

Q5    Australia Post’s rate of decline in its letter volumes has been around 5 to 6 per cent in most

years since 2009 however it is currently forecasting that the annual rate of decline will more

than double (i.e. up to 13.9 per cent) in the coming three years. Is such an increase in the

forecast rate decline of letter volumes realistic given the trend since 2009

Would appear to be optimistic as the majority of bills are still sent via mail currently so would expect there to be a correlation with how bills are being sent.  The uptake of e-mail for billing will be the best guide.  Volumes have declined in the past as people pay online rather than at the counter or  by mail. So not sure if there is justification to further slash the total number of mail by double previous rate.  Would need to know how many people still use post to pay their bills.