

13th October 2015



Mr Robert Wright
General Manager - Water and Wireline Markets
ACCC
GPO Box 520
MELBOURNE VIC 3001.

Via email: postalservices@accc.gov.au.

Dear Mr Wright,

RE: Australia Post draft price notification.

The Fundraising Institute Australia would like to make this submission regarding the price notification that will not address the specific questions within the discussion paper, rather, we would like to make some general comments regarding the Charity Mail segment.

About Fundraising Institute Australia (FIA)

Established in 1968, FIA's purpose is to make the world a better place by advancing professional fundraising through promotion of standards, professional development pathways and measurable credentials so that our members achieve best practice. The FIA has developed the Principles & Standards of Fundraising Practice as the professional fundraiser's guide to ethical, accountable and transparent fundraising. The Principles & Standards are vital to how the fundraising profession is viewed by donors, government, the community and fundraisers.

In order to achieve its mission, FIA conducts the following activities:

- Promotes and enhances education, training and professional development of fundraisers.
- Provides a resource of fundraising information.
- Advocates for fundraising practice to Government, industry and the community.
- Supports and promotes certification of fundraisers.
- Develops standards and codes of practice.
- Promotes, undertakes and encourages research into fundraising and philanthropic giving.

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General Comments

Direct Mail is by far the most effective fundraising channel for the charitable sector, which for the most part reflects the current demographic of the largest cohort of donors.

FIA maintains a Mail Working Group that is representative of the membership to advise Australia Post on matters that effect the sector.

Overview of the Fundraising Sector and Mail.

According to the 2014 Pareto Benchmarking study on 90 leading Charities;

- 70% of all cash donations are made by mail
- 74% of all new donors are acquired by mail
- 2+ million donors give by mail each year with an average gift of \$77.

The Future of Mail.

- FIA acknowledges the difficulty of maintaining a viable postal service in an environment where volumes are decreasing, delivery points increasing and the trend is likely to accelerate.
- Price increases alone are a blunt instrument when used to return to profitability.
- Overheads must be reduced, in that respect, the current Prescribed Performance Standards place an unreasonable burden on Australia Post and do not necessarily reflect community nor business expectations.
- FIA is aware that labour costs comprise 80% of overheads.

Current Situation.

- The draft notification now before the ACCC in respect the BPR and business mail and charity mail has been tabled and discussed by the FIA working group
- The proposed two speed mail service has not met with opposition from that group.
- FIA values the fact that Australia Post via the Charity Mail product, recognises the importance of the mail channel as an essential means of raising funds that in the end provide vital services to many in the community.
- FIA notes that while any price impost is a burden for charities to absorb, the rate of increase proposed for charity mail of around 14% compares most favourably with that proposed for other mail categories, of say, Pre-Sort 36% and Promotion Post 25%.
- FIA appreciates this consideration in the current market conditions.

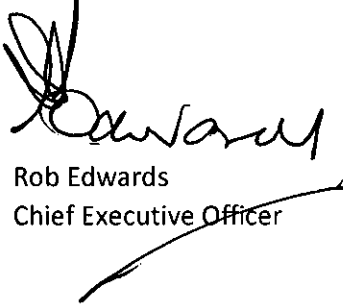
Finally.

It is clear that there is no single answer that will satisfy all stakeholders in the future of mail service of Australia Post.

For the time being and foreseeable future the charitable sector will be largely dependent upon a reliable and viable postal service, and FIA acknowledges that there may need to be structural changes in order to achieve this outcome.

While not objecting to the current price notification, we would like to point out that there is some price sensitivity as there is limited ability for channel switching by Charities that may not apply in other sectors given the efficacious nature of mail. Our support on this occasion is therefore conditional upon Australia Post willingness to recognise and give consideration to the value of Charity mail in the future mix of their mail product

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Edwards', with a long horizontal flourish extending to the right.

Rob Edwards
Chief Executive Officer