



Hunter Water Corporation

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15 October 2015

Mr Robert Wright  
General Manager – Water and Wireline Markets  
Australian Competition and Consumer Commission  
GPO Box 520  
MELBOURNE VIC 3001

Via email: [postalservices@acc.gov.au](mailto:postalservices@acc.gov.au)

Dear Mr Wright

**Hunter Water submission on Australia Post’s proposal to increase prices**

Hunter Water is a NSW State Owned Corporation (SOC) responsible for providing drinking water, wastewater, recycled water and some stormwater services to a population of 575,000 people across the Lower Hunter Region of New South Wales. Much like Australia Post, Hunter Water’s pricing is regulated by an independent body, being the NSW Independent Pricing and Regulatory Tribunal (IPART). Hunter Water currently has the lowest operating costs for water and sewage of all major water utilities in Australia, and our customers enjoy the cheapest water bills in the country.

Hunter Water is a major user of the Australia Post’s services, with the most significant usage being the distribution of triannual accounts to 230,000 properties.

Australia Post’s proposal to increase the price of postage by 43% from 4 January, alongside changes which will delay mail delivery, will have a significant impact on our business, and on our continued usage of Australia Post to distribute accounts. The proposed increase will represent an immediate additional cost of \$300,000 per year in postage which will be passed directly onto our customers.

The proposed changes have added significant weight to Hunter Water seeking opportunities to reduce reliance on the postal network. As a direct result of the proposal, Hunter Water has bought forward its project to introduce e-billing. The introduction of e-billing requires significant software upgrades, and we anticipate to commence e-billing of accounts for our customers in 2017. The aim of this system will be to reduce reliance on Australia Post’s network, which we appreciate will come at a cost to Australia Post’s operations.

Hunter Water acknowledges the rapid changes in the business model of postal networks bought about by modern technology, however an increase in prices of 43% overnight, alongside a significant reduction in service through changes to delivery timeframes, does not encourage continued use of the postal system. Hunter Water advocates for a more gradual increase to soften the impact on large organisations, such as ours, that send in excess of 750,000 letters annually.

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**Manager, Billing Operations**