**ACCC postage stamp price rise consultation**

The proposed changes are too numerous and too abrupt. In order to ascertain the impact of the changes, one change should occur at a time. Either change the frequency of delivery or the price, but do not change both at once. After one change it can be evaluated as to the impact with that one variable in isolation. Then another change can be made and that impact determined. The concern is that these changes will accelerate the decline in usage which will only make the service less affordable to offer into the future.

The price rise of 43% is excessive and the impact of the price going to $1 will be result in a significant decline in postage volume. Psychological pricing using odd prices have been shown that the use of x.99 makes the price seem much more affordable than to increase it by one more cent to make it x+1. This will result in greater demand while still achieving most of the cost increase.

Market research should be undertaken in order to project what impact these changes are likely to have on usage. The elasticity of usage may prove to be similar to that of electricity where the full utilisation only occurs at peak times while the full service is permanently offered leading to shortfalls in cost recovery. The same could occur with the postage service if a similar price path is followed.

An alternative slower price rise path should be implemented where the $1 mark is reached over a period of time, thus reducing the shock to the users.

The proposed increase in the time of delivery is also significant, particularly for regional users. Smaller changes would reduce the shock and allow users to adjust their expectations over time.

I would suggest that similar to electricity prices, the regulator evaluates a forward projected 5 year cost of operation (by the monopoly infrastructure suppliers) and approves the price path based upon this information. This provides price certainty to the public. It still allows for annual adjustments if required.

The proposal suggests that the concession (and Christmas) rate will be frozen for one year, what will occur after this time? What will be the rate of change for these services after one year? A 5 year forward projection should be outlined so that the public can determine whether or not this proposed price path is acceptable.

I also do not like the volume cap on the concession rated stamps. This seems a bit overly restrictive.