



The Rural City of
**MURRAY
BRIDGE**

Bridge to Opportunity

Local Government Centre

In response please quote MS:md 751998

9 October 2015

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

postalservices@accc.gov.au

Dear Mr Wright

RE: ACCC CALL FOR SUBMISSIONS - PROPOSED AUSTRALIA POST PRICE INCREASES

I write in response to the call for submissions to assist the Commission assess the appropriateness of the proposed 43 percent price increase by Australia Post for its ordinary letter services delivered under a new timetable to take effect from 4 January 2016. The proposal by Australia Post includes 43 percent price increases for the delivery of large letters.

As a regional council in South Australia, the Rural City of Murray Bridge will be one of a declining number of consumers utilising the standard postal services into the future. The council and its constituents will be adversely impacted by this proposal and strongly objects to the size of the increase and the reduced service levels (longer delivery times) within the proposed timeframe.

Council sends a high volume of letters to its ratepayers and constituents through the course of the year to meet its obligations under the *Local Government Act, 1999*. Council does not have the option of communicating via other means and requests the Commission to ensure the burden of addressing the mail services financial losses are offset by internal efficiencies and price increases implemented over a longer timeframe.

Table 1 shows the annual expenditure on standard and larger letters dispatched in the normal course of business by the Rural City of Murray Bridge over the last five years.

Table 1: Annual expenditure 2011 -2015 on standard and larger letters

Year	Total expenditure on standard & larger letters
2011	\$23,289.00
2012	\$29,256.60
2013	\$30,249.70
2014	\$33,650.80
9 months to end Sept 2015	\$21,957.20 (YTD) \$29, 276.00 (projected)

Lerwin Nursing Home
67 Joyce Street
Murray Bridge
T 08 8539 1185

Murray Bridge Public Library
Cnr South and East Terrace
Murray Bridge
T 08 8539 1175

Regional Gallery and Town Hall
27 Sixth Street
Murray Bridge
T 08 8539 1420

Visitor Information Centre
3 South Terrace
Murray Bridge
T 08 8539 1142

The Station
3 - 5 Railway Terrace
Murray Bridge
T 08 8539 1157

Unlike the general trends experienced by Australia Post, Council's volume of letters has not reduced at a rate of 5-6 percent over the last three years and it is certainly not expected that the volume of letters will decrease as opposed to the 13.9 percent reduction in standard letter volumes projected by Australia Post in the forecast period.

Table 1 reveals that the trend in total expenditure by the Rural City of Murray Bridge over the last 5 years has been generally increasing or remaining stable year on year. To impose a 43 percent increase in pricing within a six month period will have a disproportionate impact on Council's budget, where revenue has generally been increasing at less than 3 percent and is projected to increase by only 2-3 percent over the same forecast period.

While Council accepts the inevitability of a price increase to cover increased costs and the loss in volume of standard mail, it is grossly unfair to allow this to occur over such a short timeframe as it provides no opportunity for Council to adjust its expenditure levels in other areas. The result will be a loss of services or a directly negative impact on the Council's budget bottom line.

The changes that have already taken place with the introduction of a price differential between priority and normal mail services has forced Council to accept the longer postage times by adopting a position to send mail as non-priority wherever possible. This has resulted in an inevitable loss of service for our constituents. If the proposed timetable changes are accepted by the ACCC, Council will unfortunately have to review this position to not further adversely impact on its constituents.

Australia Post should be required to adjust the timeframe over which the price rises are introduced. Given that Australia Post made a substantial profit in 2014, it should be required to find further efficiencies across the whole business rather than simply pass on unjustified price increases to a decreasing number of consumers.

There can be no justification for a 43 percent increase in prices when the service levels (in term of delivery times) are being reduced. The proposal submitted by Australia Post must be rejected.

I look forward to hearing the outcome for the Commission's deliberations.

Yours faithfully



MICHAEL SEDGMAN
CHIEF EXECUTIVE OFFICER