

15 October 2015

tsc@tweed.nsw.gov.au
www.tweed.nsw.gov.au

Fax (02) 6670 2429
PO Box 816
Murwillumbah NSW 2484

Please address all communications
to the General Manager

ABN: 90 178 732 496

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

Email: postalservices@accc.gov.au

Dear Mr Wright

Submission: Australia Post draft prices notification issues paper

For the 2014/15 financial year, Tweed Shire Council incurred a total postage cost of \$405,513. Accordingly, the one step price increase in monopoly letter services (delivered at a new regular slower timetable) proposed by Australia Post to take effect from 4 January, 2016 will have a significant detrimental effect on Council's budget and ability to maintain services to our community.

NSW Local Government rate income is constrained by rate-pegging limits that are set each year by the Independent Pricing and Regulatory Tribunal (IPART). On top of this, the Federal Government has frozen its Financial Assistance Grants provided to Local Government. As a result, any significant unplanned increases in operating costs (such as the proposed 43% Australia Post postage price increase) will generally result in a requirement to reduce levels of service to our communities.

Council has very little opportunity or ability to reduce its use of Australia Post's monopoly letter services as in most cases it is required by legislation to distribute notices, etc. via normal post (eg. rate notices).

By lowering their delivery standards to a longer period, Australia Post should be able to achieve efficiency savings that will help to address the current under-recovery in these services.

If a price increase is considered necessary for Australia Post to help meet the cost of providing the slower service, then the increase should at the very least, be implemented over time in order to allow users of the service to be able to better plan and budget for these changes, ie., a longer-term approach to setting prices, such as a price path is much more appropriate.

This approach would also enable IPART to factor these planned increases into its rate-pegging calculations to enable councils to adequately fund the increases.

Should you require any further information in relation to this submission, please do not hesitate to contact Council's Manager Corporate Governance and Public Officer, Neil Baldwin on 02 6670 2421 or by email nbaldwin@tweed.nsw.gov.au

Yours faithfully

Troy Green
GENERAL MANAGER