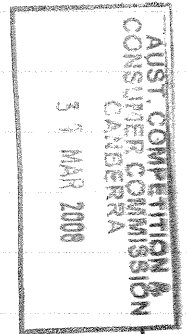


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March 27, 2008

Regional Director
Aust. Competition & Consumer Comm.
G.P.O. Box 3131
Canberra, ACT 2601



re: Australia Post & Stamp Rate.

Almost 85% of Australia Post retail outlets (post offices) have been privatised; they now operate under a licence agreement with Australia Post. Many have operated as Licensed Post offices (L.P.O.'s) since the early 1990's.

L.P.O.'s. derive their income from a variety of sources; the principal source is from Australia Post for services rendered to their local communities.

Australia Post payments include discounts on stamps purchased from Australia Post and "outward mail processing fees" (OMPF) which are closely related to stamp sales. In round terms, L.P.O.'s. receive income from stamp sales of about 20% of the gross sales value of stamps sold (O.M.P.F. + discount).

Apart from a rise in the price of the domestic letter stamp price in 2002 (from 45¢ to 50¢), there has not been a rise in stamp prices since 1992, when the price rose from 43¢ to 45¢. The 2002 price rise was, effectively all GST; hitherto, postage had not attracted tax.

In effect, L.P.O. income from stamp sales has not risen since 1992 - 16 years! Who else in Australian society has experienced an income/wages freeze for that amount of time?

In our case, income from postage sales constitutes 20 to 25% of net annual income.

However, some other Australia Post payments are linked

to the price of the domestic stamp. Hence, that proportion of L.P.O. income has also been "frozen".

Two other trends have also occurred in recent years, which have impacted significantly upon L.P.O. incomes, particularly those L.P.O.'s situated in rural Australia.

The first trend is that of a centralisation of mailing services by larger regional institutions/enterprises. For example, Meander Valley Council is just 3 doors from our L.P.O. in the rural township of Westbury. However, Council has chosen to have rates demands, dog licence renewals, water rate accounts, etc. prepared and lodged for mailing in Hobart.

It is Hobart, therefore, which collects the discount / 0.4 P.F. - whilst we do the work of distribution, etc.

The second trend is for large institutions based in capital cities, to increasingly use reply-paid services. Return mail from rural L.P.O.'s has the postage collected in the capital city.

Both these trends act to reduce L.P.O. income of (rural) L.P.O.'s, whilst the workload of the L.P.O. is not proportionately diminished.

In recent years, Australia Post has also "targetted" larger customers in our area, offering them, in many cases, discounted postage rates and/or alternative methods of payment of postal accounts. We see these as our customers. We also do not have similar rights to negotiate with these customers.

Even though L.P.O.'s continue to process the mail from these customers, and provide a local facility for them to refer, the effect is to reduce L.P.O.'s income from postal sales - significantly.

Australia Post has apparently proposed "imprint/metaled" postage and "Acquisition Mail". L.P.O.'s can only trust that this is not a proposal which further acts upon L.P.O. income.

In deliberations with respect to postage increases, it is hoped that the ACCC may consider some of these issues.

There certainly is a case to be made for postal price increases to recompense L.P.O.'s fairly for their work (and investment), particularly in rural Australia.

Yours faithfully,

Robert G. Richardson

Robert G. Richardson, B.Sc., Grad. Dip. Bus. Admin.

Director

ABDAS Pty. Ltd.