



Issues Paper

Australia Post Corporation Ltd

Draft Pricing Notification

10 May 2002

1. Introduction

The Australian Postal Corporation (Australia Post) has advised the Australian Competition and Consumer Commission (the ACCC) of its intention to lodge a pricing notification under s22 of the *Prices Surveillance Act 1983* ('the PS Act').

Australia Post intends to increase the price of assorted postal services, including the price of the basic postage stamp, pre-sorted mail, greeting cards and large letters, effective January 2003. In addition, Australia Post proposes to introduce a new bulk mail category, 'Clean Mail', priced at a discount to the basic postage rate. The individual price changes proposed are set out in Attachment 1 to this paper.

Australia Post argues that the profitability of providing letter services is declining and will continue to decrease as a result of falling volume growth and fewer opportunities for improving efficiency.

A copy of Australia Post's full submission can be found on the ACCC's website at www.accc.gov.au.

Under the *Australian Postal Corporation Act 1989* ('the APC Act'), certain postal services are "reserved" to Australia Post. This means that Australia Post has the exclusive right to provide these services. In particular, Australia Post has an exclusive right to deliver letters within Australia and an exclusive right to issue postage stamps.

There are a number of exceptions to the reserved services. Most notably, letters weighing more than 250g are not reserved, nor are letters that are carried for a charge more than four times the basic postage rate. Since the current postage rate is 45c, this means that letters carried for a fee of over \$1.80 are not reserved.

Australia Post also has a universal service obligation. This means that it must carry and deliver standard letters at a uniform postage rate - currently 45c - to anywhere in Australia.

Reserved postal services are declared under the PS Act. This means that Australia Post must notify the ACCC - which has the role of assessing the proposed price increases - before it can increase the prices of these services. The ACCC will be closely examining the issues arising from Australia Post's proposal.

This issues paper is the first step in the ACCC's assessment process. It is structured as follows. Section 2 details the timetable for the assessment process. Section 3 explains how and when interested parties should make submissions to the ACCC. Section 4 provides more information on the legislative framework under which the ACCC operates, while section 5 discusses the general issues on which the ACCC seeks comments. These issues are separated under the headings of 'general issues' and 'technical issues'. Parties are welcome to comment on any of these, or any other issues which they consider relevant to the ACCC's assessment.

It should be noted that Australia Post's current proposal does **not** relate to **all** services provided by Australia Post. For example, services such as parcel delivery, international

mail, mail holding or mail re-direction, financial services and retail services are not included in this price notification.

2. The ACCC's assessment process

In assessing Australia Post's proposal, the ACCC expects to conduct extensive public consultation. As far as possible, it is the ACCC's intention to conduct this process in an open and transparent fashion. The provisional timetable is set out below.

Timetable for ACCC assessment of Australia Post's pricing proposal

Date	Action
30 April 2002	Australia Post draft price notification to ACCC.
10 May 2002	ACCC releases issues paper seeking comment from interested parties.
10 June 2002	Submissions on draft price notification due.
Mid to late June	Conduct public hearings around Australia
Late June/early July	Conduct a technical issues forum in Melbourne
Late July/early August 2002	Release of ACCC draft decision and calls for comments.
Late August/early September 2002	Closing date for comments on draft decision.
End September 2002	Release of final ACCC decision.

3. Submissions from interested parties

Interested parties may provide submissions. These are to be provided to the ACCC by **10 June 2002**. The ACCC intends to make copies of major submissions publicly available on the ACCC's website at www.accc.gov.au. If parties wish to supply information regarded as commercially sensitive, the specific areas of concern should be clearly identified in the submission.

Interested parties will also have the opportunity to attend the ACCC's public forums on the proposal. These are planned to be held in mid to late June, and will be held at various locations around Australia. Further details on the precise dates and locations of these forums will be made available by early June.

The ACCC's draft decision will set out the ACCC's preliminary conclusions and the reasons for reaching them. The draft decision will take into consideration the submissions provided by interested parties.

Interested parties may provide further comments on the draft decision before the release of the ACCC's final decision, expected to be around the end of September 2002. This paper will include a detailed statement of reasons.

4. Legislative Framework

Australia Post is declared under Declaration No. 75 pursuant to s21 of the PS Act. Services which are "reserved" to Australia Post under s29 of the APC Act are declared under the PS Act.

Services reserved to Australia Post are defined by s29 of the APC Act which states:

1. Subject to section 30, Australia Post has the exclusive right to carry letters within Australia, whether the letters originated within or outside Australia.
2. The reservation of services to Australia Post under subsection 1, extends to:
 - a) The collection, within Australia, of letters for delivery within Australia; and
 - b) The delivery of letters within Australia.
3. Australia Post also has the exclusive right to issue postage stamps within Australia.

A list of exceptions can be found under s30 of the APC Act.

The ACCC has responsibility for reviewing price notifications relating to proposed increases in charges for these services. The ACCC may object to the proposed prices, not object to the proposed prices, or not object to lower prices, as specified by the ACCC.

Further detail on the ACCC's role is contained in its draft *Statement of Regulatory Approach to Price Notifications* (the 'draft statement'). This document can be found on the ACCC's website at www.accc.gov.au.

In reaching its decision, s17(3) of the PS Act requires the ACCC to have particular regard to a number of matters, including:

- the need to maintain investment and employment; and
- the need to discourage a person who is in a position to substantially influence a market from taking advantage of that power when setting prices.

The draft statement outlines the ACCC's interpretation of sections 17(3)(a) and 17(3)(b) of the PS Act. The draft statement notes that in the context of assessing price notifications the ACCC will direct its attention to:

- the efficiency of the cost base that the declared company is working from to earn a return; and
- the reasonableness of the rate of return that the declared company is seeking.

5. Issues for comment

Australia Post claims that the proposed price changes are aimed at positioning the letters business for ongoing profitability and compliance with its statutory obligations (ie. to fund Australia Post's Community Service Obligations (CSOs) and to generate to generate commercial returns). Australia Post also claims that the price changes are required because:

- there is less scope for productivity improvements than over the past decade; and
- it expects declines in volume growth rates.

The remainder of this paper highlights some specific issues on which the ACCC welcomes comment. The list should not, however, be seen as exhaustive and interested parties should feel free to comment on other aspects of Australia Post's current proposal or its impact.

The issues have been separated into two sections. Section 5.1 seeks comments on general aspects of Australia Post's current proposal, as well as its impact on various interested parties. Section 5.2 highlights some more technical issues which may be of particular interest to large mail users, such as businesses. The ACCC does, however, welcome comment from all parties on these technical matters.

5.1 General issues

Impact on users

Australia Post has estimated that the proposed price increases are expected to have very little financial impact on private households and small businesses. It expects that the increase in the basic postage rate will cost the average household \$2.70 a year, and the average small business \$34.70 per year.

Australia Post notes that the potential impact on customers of the increase in the pre-sort rate is around 2 cents per article. It further notes, however, that the customer impact will vary depending on the mix of mail they use. Australia Post estimates that the overall increase should be around 3.5% based on the mix of pre-sort (which will increase by around 2 cents), the new clean mail service (at 45 cents) and price reductions in some segments.

Australia Post notes that, with the introduction of the unbarcoded residue rates and clean mail, many business mailings will be quarantined from the increase in the base postage rate.

The ACCC invites comments on the likely impact of the proposed changes on users.

Some particular issues that could be addressed might include the following:

- the effect on demand for letter services;

- whether the price changes will result in people switching to other communications services, such as email or telephone; and
- the effect of increased postage charges on business users.

Service quality

Australia Post indicates that its performance ranks amongst the best in the world despite Australia's large size and highly dispersed population.

The ACCC is seeking comments on Australia Post's performance in providing letter services.

Impact on competition

In assessments of price increases by regulated businesses the ACCC may consider the potential impact that the price changes have on competition in related markets. For example, Australia Post's pricing proposal may affect document exchange, mail aggregation or parcel delivery providers.

The ACCC invites comments on the impact that the proposed price changes may have on competitors and potential competitors to Australia Post in the markets for non-reserved services.

Information and consultation

The ACCC invites views on:

- the appropriateness and level of detail of the information provided by Australia Post; and
- Australia Post's consultation process with stakeholders.

5.2 Technical issues

Price structure

Australia Post proposes changes to its pricing of barcoded pre-sort mail, including:

- introducing a new pre-sort medium letter category to align with Post's small letter processing capabilities;
- combining the existing 0-50g and 50-125g weight categories into a single 0-125g category for pre-sort medium and large letters; and
- removal of the '90/10' barcoding rule and its replacement with specific residue rates for letters that cannot be barcoded through the Address Matching Approval System (AMAS) process.

In addition, Australia Post proposes to introduce a new category of non-barcoded bulk pre-sorted mail, called 'Clean Mail'. Clean Mail will be priced at a discount to the basic postage rate.

Australia Post is also proposing other structural changes in its pricing of the product/service mix offered in the reserved services category. This means that the proposed changes may change the relative prices of its services.

The ACCC invites comments on the proposed price structure.

Efficiency of Australia Post's operations

Australia Post claims that productivity growth between 1991 and 2001 has been twice the national average, but that in future the rate of productivity growth will decline. In the assessment of Australia Post's draft price notification the ACCC is likely to take into account the scope for future productivity gains in the provision of reserved services.

The ACCC seeks comment on the potential for continued productivity gains by Australia Post.

Forecast volume growth

Australia Post has provided a 10 year letter volume forecast, using moderate and high take-up scenarios to estimate the impact on letter volumes of substitution, consolidation, and rationalisation. Australia Post has forecast that total letters volume growth rates will decline over the next five years. Australia Post's forecasts are set out in Table 1 below.

Table 1. Forecast Letters Growth Rate

	2002/03	2003/04	2004/05	2005/06	2006/07
Total Letters	0.4%	0.6%	0.4%	0.0%	-0.5%

Source: Australia Post submission, p.13.

The ACCC invites comments on the likelihood of the predicted volume changes and underlying assumptions regarding substitution, consolidation, and rationalisation.

Rate of return

Australia Post states that it is required to determine an agreed corporate financial target. Section 38 of the APC Act sets out the factors that the Board must consider in preparing that target, including:

- the need to earn a reasonable rate of return on assets;
- the expectation of the Commonwealth that Australia Post will pay a reasonable dividend;
- the need to maintain a reasonable level of reserves; and
- the costs of the Community Service Obligations (CSOs).

As already noted, a key consideration in the ACCC's assessment of price increases is the reasonableness of the rate of return the declared company is seeking. The ACCC seeks to provide investors with a commercial return on their equity investment

commensurate with the business risks involved. To establish the appropriate return on equity the ACCC has tended to rely on benchmarks indicated by the CAPM. The basis of the CAPM is the relationship between return and risk. The CAPM specifies the required rate of return on equity given the opportunity cost of investing in the market, the market's own volatility, and the systematic risk of holding equity in the particular company.

The Post Tax Revenue Model (PTRM) is a model that is applied by the ACCC in its regulation of various Australian utilities. A guide to the PTRM can be found at the ACCC's website at: http://www.accc.gov.au/gas/br_reg_iss/natgas.html

This publication discusses each topic relatively briefly. For more detail of the key issues please refer to other ACCC publications which are also available on the ACCC website:

- draft Statement of Principles for the Regulation of Transmission Revenues, May 1999 ('the DRP'); and
- various ACCC regulatory decisions.

In its proposal, Australia Post lists some examples of weighted average cost of capital (WACC) and return on equity (ROE) figures. These are set out in the following table.

Table 2. Pre-tax real WACC in regulatory decisions

Facility	Regulator	Decision Date	Post tax nominal RoE (%)	Pre-tax real WACC (%)
Victorian Gas Transmission System	ACCC	Dec-98		7.75
Victorian Gas Distribution System	ESC	Dec-98		7.75
GSE Access Arrangement	IPART	March-99		6.0-6.8
Rail Access Corporation – Hunter Valley Coal Network	IPART	April-99		5.3-8.8
Parmelia Transmission Pipeline	OffGAR	Oct-99		8.3
AGL NSW Gas Distribution System	IPART	Oct-99		7.75
Albury Gas Company Access Arrangement	IPART	Dec-99		5.8-6.8
APT – Central West Pipeline	ACCC	Jun-00	15.4	7.5
Epic Energy – Moomba-Adelaide Pipeline System	ACCC	Aug-00	13	6.7
EAPL – Moomba-Sydney Pipeline System	ACCC	Dec-00	13	6.7
Queensland Rail Coal Network	QCA	April-01	10.3	
NT Gas – Amadeus Basin to Darwin Pipeline	ACCC	May-01	12	6.0
Epic Energy – Moomba-Adelaide Pipeline System	ACCC	Sept-01	12.5	7.1
Australian Rail Track Corporation	ACCC	Nov-01	12.9	

Source: Australia Post submission, p.37.

The ACCC seeks comment on an appropriate post-tax nominal WACC for Australia Post.

Asset base

In examining proposed price increases the ACCC examines the rate of return with a view to the asset base of the regulated business. The ACCC often makes an assessment of the asset base on the basis of depreciated optimised replacement cost (DORC). The DRP outlines the advantages of the DORC approach from the view-point of economic efficiency. The DRP also comments on the use of valuations based on historical cost for regulatory purposes. It states that:

While historic cost, if available offers (or appears to offer) a firmer base than DORC, there are many aspects which make it unsuitable as a method of establishing a cost base consistent between different network owners.¹

Information on the book value of Australia Post's asset base is contained in its annual report.

The ACCC seeks views on the appropriateness of Australia Post's approach to asset valuation, and its relationship to the pricing of letter services.

Community Service Obligations

Section 27 of the APC Act requires Australia Post to provide a letter service and, in addition to meeting performance standards which meet the needs of the Australian community, to ensure that:

- standard postal articles that are carried by ordinary post within Australia are subject to a single uniform rate; and
- the letter service is to be reasonably accessible to all Australia on an equitable basis wherever they reside or carry on business.

Australia Post states that it has continued to meet and outperform the required performance standards associated with those obligations. Australia Post states that this has constrained its financial performance.

The ACCC is seeking comment on the relationship between Australia Post's Community Service Obligations and the pricing of letter services.

Contact details

Please forward submissions to the following address by **10 June 2002**:

**Ms Margaret Arblaster
General Manager – Transport and Prices Oversight
Australian Competition and Consumer Commission
GPO Box 520J, Melbourne, Victoria, 3001**

¹ ACCC, *Draft Statement of Principles for the Regulation of Transmission Revenues*, May 1999, p41.

Alternatively, submissions can be emailed to:

richard.home@acc.gov.au.

If you have any questions about this paper please call Richard Home on (03) 9290 1855.

10 May 2002

Attachment 1 - Details of Proposed Prices, Current Price Comparison

Proposed Price Structure - January 2003

Note: all prices are GST Inclusive, except for External Territories where they are GST free.

Ordinary Letters

	Current	Proposed	% Change
Small Letters			
Ordinary	\$ 0.45	\$ 0.50	11.1%
Clean Mail	\$ 0.45	\$ 0.45	0.0%
Seasonal Greeting	\$ 0.40	\$ 0.45	12.5%
Barcoded and Metered	\$ 0.43	\$ 0.48	11.6%
Large Letters			
Seasonal Greeting Cards			
Up to 125g	\$ 0.98	\$ 0.90	-8.2%
Ordinary Letters			
Up to 125g	\$ 0.98	\$ 1.00	2.0%
Over 125 up to 250g	\$ 1.47	\$ 1.50	2.0%
Over 250 up to 500g	\$ 2.45	\$ 2.50	2.0%
Ordinary Letters Barcoded and Metered			
Up to 125g	\$ 0.94	\$ 0.96	2.1%
Over 125 up to 250g	\$ 1.41	\$ 1.44	2.1%
Over 250 up to 500g	\$ 2.36	\$ 2.41	2.1%
Clean Mail			
Medium Size - 5mm max thick			
Up to 125g	\$ 0.98	\$ 0.70	-28.6%
Large Size			
Up to 125g	\$ 0.98	\$ 0.98	0.0%
Over 125 up to 250g	\$ 1.47	\$ 1.43	-2.7%
Over 250 up to 500g	\$ 2.45	\$ 1.98	-19.2%

Local Delivery (only available in specified postcodes)

	Current	Proposed	% Change
Small Letters			
Up to 125g	\$ 0.41	\$ 0.46	12.2%
Medium Letters *			
Up to 50g	\$ 0.54	\$ 0.60	11.1%
Over 50 up to 125g	\$ 0.65	\$ 0.60	-7.7%
Over 125 up to 250g	\$ 0.87	\$ 0.90	3.4%
Large Letters			
Up to 50g	\$ 0.76	\$ 0.85	11.8%
Over 50 up to 125g	\$ 0.93	\$ 0.85	-8.6%
Over 125 up to 250g	\$ 1.20	\$ 1.20	0.0%
Over 250 up to 500g	\$ 1.31	\$ 1.35	3.1%

Notes/Comments - Local Delivery

Small price increased to remain 4c lower than full rate (50c) 0 to 50g and 50 to 125g prices combined into a 0 to 125g price.
 * Medium Letter stays at up to 20mm thickness and 250g in weight.
 For External Territories; the Current GST free price that applies to Local Delivery is the current price shown above, less 9%. Under the proposed prices, the GST free price will be the same as the GST Inclusive price shown above.

Notes/Comments: Ordinary Letters

Small, 45 to 50; Large rounded to multiples of 50c
 Introduction of "clean" mail price for unbarcoded letters - minimum 300 per lodgement subject to compliance with Clean Mail service conditions.
 Introduction of "Large" seasonal greeting card rate
 For External Territories: the current GST free prices that apply to Ordinary Large Letters are 90c, \$1.35 and \$2.25. Under the proposed prices, the GST free price for External Territories will be the same as the GST Inclusive price shown above.

PrePaid Envelopes

	Current Prices			Proposed Prices			% Change		
	Single	1-4 Packs of 10	5+ Packs of 10	Single	1-4 Packs of 10	5+ Packs of 10	Single	1-4 Packs of 10	5+ Packs of 10
Plain Envelopes									
Small (DL and C6)	\$ 0.54	\$ 5.13	\$ 4.86	\$ 0.60	\$ 5.85	\$ 5.70	11.1%	14.0%	17.3%
C5 Size	\$ 1.19	\$ 11.31	\$ 10.71	\$ 1.20	\$ 11.70	\$ 11.40	0.8%	3.5%	6.4%
C4 Size	\$ 2.37	\$ 22.52	\$ 21.33	\$ 2.40	\$ 23.40	\$ 22.80	1.3%	3.9%	6.9%
B4 Size	\$ 2.70	\$ 25.65	\$ 24.30	\$ 2.80	\$ 27.30	\$ 26.60	3.7%	6.4%	9.5%
Window Faced									
Small (DL and C6)		Pk of 50	Bx of 500		Pk of 50	Bx of 500		Pk of 50	Bx of 500
		\$ 25.55	\$ 244.50		\$ 29.70	\$ 286.00		16.2%	17.0%

Notes/Comments - PrePaid Envelopes

Small Letter prices increased in line with BPR and to reflect increased stationary costs
 Large Letter prices increased slightly, to reflect change to Ordinary prices, with rounding to five cent multiples.
 Per pack discounts reduced from 5% for one to four packs and 10% for five or more packs, to 2.5% and 5% respectively

Barcode PreSort Letters

Regular Delivery Size / Weight	Same State BDT			Other State BDT			Barcode Residue			Unbarcoded Residue #		
	Current	Proposed	% Var	Current	Proposed	% Var	Current	Proposed	% Var	Current*	Proposed	% Var
Small Letters												
Up to 125g	\$ 0.374	\$ 0.396	5.9%	\$ 0.385	\$ 0.407	5.7%	\$ 0.424	\$ 0.440	3.8%	\$ 0.424	\$ 0.450	6.1%
Charity Mail	\$ 0.312	\$ 0.334	7.1%	\$ 0.323	\$ 0.345	6.8%	\$ 0.356	\$ 0.380	6.7%	\$ 0.356	\$ 0.450	26.4%
Medium Letters -5mm Maximum thickness												
Up to 50g	\$ 0.461	\$ 0.484	5.0%	\$ 0.478	\$ 0.506	5.9%	\$ 0.614	\$ 0.572	-6.8%	\$ 0.614	\$ 0.700	14.0%
Over 50 up to 125g	\$ 0.565		-14.3%	\$ 0.598		-15.4%	\$ 0.724		-21.0%	\$ 0.724		-3.3%
Medium Letters -20mm Maximum thickness												
Up to 50g	\$ 0.461	\$ 0.572	24.1%	\$ 0.478	\$ 0.594	24.3%	\$ 0.614	\$ 0.671	9.3%	\$ 0.614	\$ 0.803	30.8%
Over 50 up to 125g	\$ 0.565		1.2%	\$ 0.598		-0.7%	\$ 0.724		-7.3%	\$ 0.724		10.9%
Over 125 up to 250g	\$ 0.724	\$ 0.759	4.8%	\$ 0.779	\$ 0.792	1.7%	\$ 0.889	\$ 0.902	1.5%	\$ 0.889	\$ 1.034	16.3%
Large Letters												
Up to 50g	\$ 0.735		4.8%	\$ 0.790		4.4%	\$ 0.900		3.9%	\$ 0.900		8.9%
Over 50 up to 125g	\$ 0.790	\$ 0.770	-2.5%	\$ 0.845	\$ 0.825	-2.4%	\$ 0.933	\$ 0.935	0.2%	\$ 0.933	\$ 0.980	5.0%
Over 125 up to 250g	\$ 1.119	\$ 1.144	2.2%	\$ 1.229	\$ 1.254	2.0%	\$ 1.338	\$ 1.364	1.9%	\$ 1.338	\$ 1.430	6.9%
Over 250 up to 500g	\$ 1.591	\$ 1.595	0.3%	\$ 1.700	\$ 1.705	0.3%	\$ 1.810	\$ 1.815	0.3%	\$ 1.810	\$ 1.980	9.4%

Off Peak Delivery Size / Weight	Same State BDT			Other State BDT			Residue			Unbarcoded Residue #		
	Current	Proposed	% Var	Current	Proposed	% Var	Current	Proposed	% Var	Current*	Proposed	% Var
Small Letters												
Up to 125g	\$ 0.363	\$ 0.385	6.1%	\$ 0.374	\$ 0.396	5.9%	\$ 0.402	\$ 0.424	5.5%	\$ 0.402	\$ 0.435	8.2%
Charity Mail	\$ 0.296	\$ 0.319	7.8%	\$ 0.301	\$ 0.325	8.0%	\$ 0.340	\$ 0.363	6.8%	\$ 0.340	\$ 0.435	27.9%
Medium Letters -5mm Maximum thickness												
Up to 50g	\$ 0.434	\$ 0.462	6.5%	\$ 0.445	\$ 0.484	8.8%	\$ 0.587	\$ 0.550	-6.3%	\$ 0.587	\$ 0.671	14.3%
Over 50 up to 125g	\$ 0.516		-10.5%	\$ 0.533		-9.2%	\$ 0.675		-18.5%	\$ 0.675		-0.6%
Medium Letters -20mm Maximum thickness												
Up to 50g	\$ 0.434	\$ 0.528	21.7%	\$ 0.445	\$ 0.545	22.5%	\$ 0.587	\$ 0.638	8.7%	\$ 0.587	\$ 0.759	29.3%
Over 50 up to 125g	\$ 0.516		2.3%	\$ 0.533		2.3%	\$ 0.675		-5.5%	\$ 0.675		12.4%
Over 125 up to 250g	\$ 0.653	\$ 0.682	4.4%	\$ 0.669	\$ 0.704	5.2%	\$ 0.818	\$ 0.830	1.5%	\$ 0.818	\$ 0.946	15.6%
Large Letters												
Up to 50g	\$ 0.713		6.5%	\$ 0.757		6.1%	\$ 0.878		4.0%	\$ 0.878		9.0%
Over 50 up to 125g	\$ 0.768	\$ 0.759	-1.2%	\$ 0.823	\$ 0.803	-2.4%	\$ 0.911	\$ 0.913	0.2%	\$ 0.911	\$ 0.957	5.0%
Over 125 up to 250g	\$ 1.048	\$ 1.067	1.8%	\$ 1.119	\$ 1.144	2.2%	\$ 1.268	\$ 1.280	0.9%	\$ 1.268	\$ 1.353	6.7%
Over 250 up to 500g	\$ 1.300	\$ 1.320	1.5%	\$ 1.372	\$ 1.397	1.8%	\$ 1.569	\$ 1.650	5.2%	\$ 1.569	\$ 1.815	15.7%

Notes/Comments - PreSort Letters

Unbarcoded component to be eligible for an Unbarcoded Residue Price. Price consistent with clean mail, but enveloping and addressing requirements to be as per Barcode PreSort

* Current price shown for Unbarcoded Residue is the Barcode Residue price, eligible under the 90/10 rule. The Proposed price will apply to all Unbarcoded items in a barcoded lodgement.

Small PreSort

Prices increased by around 2c (GST exclusive) across the board

Medium PreSort

Redefined into two segments.

First segment to be one weight step (up to 125g) and 5mm in thickness to align with MLOCR and BCS processing capabilities (current max dimensions; 250g and 20mm thick). The 0 to 125g price is set just above the old 0-50g price plus an additional 2c.

Second Segment to be two weight steps, with the current 0-50g and 50-125g merged into a single up to 125g step. The new 0 to 125g price is set marginally above the previous 50 to 125g price.

Large PreSort

0-50g and 50-125g merged to a 0 to 125g, price set in middle, plus add 2c

For External Territories; the Current GST free price that applies to PreSort Letters is the current price shown above, less 9%. Under the proposed prices, the GST free price will be the same as the GST Inclusive price shown above.