

18 November 2022

Ms Gina Cass-Gottlieb
Chair
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

Dear Ms Cass-Gottlieb,

Notification of changes to Australia Post's reserved ordinary letter service

I am writing to formally notify the Australian Competition and Consumer Commission (ACCC) of proposed price changes within Australia Post's reserved ordinary letter service effective 3 January 2023.

The key change is a 10-cent increase to the ordinary small letter rate (the basic postage rate or BPR) from \$1.10 to \$1.20. Large letter prices will continue to be set relative to the BPR (i.e. they are expressed in multiples of the BPR) to ensure the pricing structure remains consistent and simple to understand.

Australia Post has a responsibility to maintain an accessible letters service for all Australians. For households that are eligible for, and have opened, a free MyPost Concession account, there will be little to no cost-of-living impact from these proposed price changes, as the concession stamp rate will remain at \$3.00 for a booklet of five stamps (the equivalent of 60 cents per stamp). In addition to this, the seasonal greeting card rate will continue to be offered at 65 cents for a small letter.

For households that are ineligible for the concession stamp offer and regularly send letters, the average cost impact of the 10-cent price increase will be around \$1.50 per annum.

Our formal notification is provided at [Attachment 1](#). Supporting information to our formal notification is provided at [Attachment 2](#).

Separate to this confidential version, we will provide your staff with a public version of the supporting information.

Address:
219-241 Cleveland Street
STRAWBERRY HILLS NSW 2012

Contact:
T 13 76 78
E info@auspost.com.au



Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as employees, and recognise their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.

We remain committed to working closely with the ACCC in its consideration of this notification and addressing any issues that may arise. Accordingly, I encourage your team to contact Sandra Mills on 0409 029 024 if they have any questions.

Yours sincerely,



Paul Graham
Group Chief Executive Officer & Managing Director

NOTIFICATION AND DETAILS OF CHANGES PROPOSED BY THE AUSTRALIAN POSTAL CORPORATION FOR ITS RESERVED ORDINARY LETTER SERVICE

Notification of changes pursuant to section 95Z of the *Competition and Consumer Act 2010*

Name of Declared Person: Australian Postal Corporation (Australia Post)
Whose address is: 111 Bourke Street, MELBOURNE VIC 3000
(Postal address: GPO Box 1777, MELBOURNE VIC 3001)

Hereby gives notice that it proposes to supply the goods or services described below at the prices and terms and conditions indicated, effective from 3 January 2023.

Description: Locality, Proposed Prices, Terms and Conditions

The services, which are the subject of this notification, are detailed in Schedule 1 of this Attachment.

Context

The proposed 3 January 2023 increases are the first change to ordinary letter service prices since January 2020.

From January 2020 to June 2022, the number of new delivery addresses serviced by Australia Post has increased by around 400,000, yet the volume of letters that Australia Post is delivering has declined by around 280 million in the two financial years up to and including 30 June 2022.

Australia Post believes the proposed prices are appropriate, justified and necessary to allow Australia Post to generate sufficient revenue to align more closely with the efficient forward-looking economic costs of its notified service (the reserved ordinary letter service).

As part of the proposed 3 January 2023 price increases, Australia Post will maintain the existing price of:

- concession stamps (at \$3.00 for a booklet of five (equivalent to 60 cents per stamp)); and
- seasonal greeting card stamps (at 65 cents for a small letter).

Even with the 3 January 2023 price changes, under the post-tax revenue model used by the Australian Competition and Consumer Commission in Australia Post's previous price notifications, by financial year 2023/24 Australia Post's:

- reserved ordinary letter service is forecast to under recover by \$138 million; and
- domestic letter service is forecast to under recover by \$813 million.

Consideration having regard to section 95G(7) of the *Competition and Consumer Act 2010*

Australia Post asserts that the proposed price changes do not result in revenues in excess of revenues based on efficient costs and a reasonable rate of return and are consistent with the requirements of section 95G(7) of the *Competition and Consumer Act 2010*.

Schedule 1

Product	Current Price	Proposed Price
Ordinary Small Letter	\$1.10	\$1.20
Ordinary Large Letters		
Up to 125 grams	\$2.20	\$2.40
Over 125 grams up to 250 grams	\$3.30	\$3.60