

AUSTRALIA POST – PROPOSED LETTER PRICE INCREASES from 1 January 2020

The proposed letter price increases for reserved mail services are slightly in excess of the CPI but are not as bad as what was implemented in 2016 – when letters went from 70 cents to \$1 and promise of slower service if you didn't pay the extra 50 cents priority.

As a Government monopoly Australia Post can apply its price increases if the Minister for Communications approves. If the ACCC doesn't object then the price increases will be a 'rubber stamp' certainty.

I would like to comment on the following aspects in the issues paper:

Q8. Are there any other specific areas where Australia Post can seek to improve its operational efficiency?

The use of local mail sorting in country areas is one area that should be investigated and (at least) trialled.

When I lived in Sydney my local suburban post office had a designated "Local mail Postcode 2161 only" letter box at the local Post Office which enabled local mail sorting without going to a major mail centre. A lot of back & forth transport was eliminated for local mail and rapid sorting and same day delivery (if posted early) was often achieved.

Since moving to Goulburn in 1997 I have been surprised local mail sorting does not exist but all mail from Goulburn is sent to the Canberra Mail Centre for national distribution – including local Goulburn mail which is then sorted and transported back to Goulburn. This is a 200km round trip and it all seems unnecessary.

The same would apply to other regional towns which did not have a regional mail sorting and distribution centre. Again there is currently a lot of unnecessary mail transport back & forth for local mail deliveries.

I would guess half the mail from local Accounting and Legal firms in Goulburn would be just local mail. Local Council mail would be closer to 100% - especially for rates notices and water bills.

Local mail sorting in regional areas is one activity that Australia Post should be pursuing (and trialling at least). Small village post offices could easily do the local mail sort manually by one person each day.

RECOMMENDATION: That Australia Post be required to trial local mail sorting in regional areas. A designated "LOCAL MAIL - POSTCODE NNNN ONLY" mailbox at each local Post Office is all that's required so the mail is already sorted (as local) by the person posting the letter/s. This local mail is simply retained at the local Post Office for immediate delivery on the next postal run or PO box and:

- will improve delivery speeds to all addresses,
- save transport fuel and costs for Australia Post,
- give Australia Post a better public image.

All other non local mail can be sent to the regional distribution centre for national distribution and delivery - as per current practice.

Other Matters in the Issues paper for Comments:

p14: Item 3.1 2nd paragraph – should “The proposed price increase in real terms up to January 2020 would therefore be approximately 0.7 per cent per year.” actually read 2.7%? I think it should. Is this a typo?

p14: Item 3.1 4th paragraph - The comment by Australia Post that letter postage increases have been less than the CPI since 1975 is very general and does not take into consideration the significant advances in technology (IT and automation) that have occurred since 1975 which have helped Australia Post in lowering costs.

p14: Item 3.1 6th paragraph – The comment by Australia Post using “increasing delivery footprint” as part of the reason for justifying price increases does not take into consideration the substantial high rise developments that have occurred in capital cities which enables letter mail to be delivered to hundreds of letterboxes within a few metres of each other. This should be a significant delivery saving, not cost increase.

Concluding Remarks:

The proposed price increases, if they go ahead, will accelerate the demise of private and business letter mail further and increase consumer and business usage of online and other telecommunication.

This happened following the last price increases in 2016. Some utilities now charge extra for letter mail billing (Southern Phone Company charges \$2.20 extra for paper bills). I am sure this will increase across other business sectors if the letter postage price increases go ahead.

I'm happy to discuss my comments if you wish.

Barry McDonald