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28 April 2010

Mr. Anthony Wing
General Manager – Transport and
General Prices Oversight
Australian Competition & Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

Dear Mr. Wing,

OBJECTION - AUSTRALIA POST'S 2010 PRICE NOTIFICATION INCREASE.

As a retired member of the community I feel compelled to comment on these draconian proposals, as well as other misleading statements by Australia Post.

Purpose – Reserved Services.

Australia Post has failed to mention one of the primary aims of “Reserves Services” in that it is to help members of the public communicate with each other. Of course there are business transactions and I even found at times I am a recipient of letters from all levels of Government! That is not the point! The importance of this public communication facility *at a reasonable rate* cannot be underestimated as many do not simply have access to Computers, email etc. This particularly applies to those under privileged and certain other members of society e.g. seniors.

Australia Post Business Plan.

It is understood that Australia Post is required to meet certain criteria however the underlying consideration is that, for certain articles, they have a National monopoly! Bearing this in mind it beggar's belief that the Management cannot balance the budget without resorting to the unconscionable act of trying to lift prices, especially two years in a row as happened in 2008/2009. Fortunately you discovered the inaccuracies of their submission and rejected the latter increase.

The other issue of course is costs and the loss of 756 (FTE's) in the 2009/2010 year. I have been unable to ascertain the level of increases and bonuses paid to the Executive and Board Members in that period however if that occurred then those payments were simply outrageous and inappropriately awarded.

A new Business Plan has just been released but has not even been evaluated before asking for major cost increases to Business and the Public. This is contrary to the basic tenets of successful business planning.

Income and Expenditure.

I strongly object to the contention that by increasing costs the loss of revenue by any decline in volume will be adequately addressed. This is a furphy! Cost increases will immediately trigger a negative consumer reaction with a subsequent reduction in revenue. The problem has not only not been addressed, but in effect compounded!

National Income & Employment Effects.

There will be a decrease in Government Revenue because the increases will directly affect the volume of mail posted with a reduction in money earned. Small business cannot afford another impost and this proposal will detrimentally affect the ability of these firms to retain/employ more staff.

Summary.

The personal hardship too many members of the community, especially the disadvantaged, cannot be underestimated if you allow these increases. A 20% increase since September 2008 is totally unacceptable.

Recommendation.

Australia Post has dramatically failed to make the business case for this proposed increase.

In view of this failure I recommend the increases be denied for the following reasons:-

Australia Post's submission fails to justify the proposed increases.

Catastrophic effect on disadvantaged and senior members of the community.

Detrimental effect on small business ability to retain/employ staff.

Management has refused to accept the necessary to reduce expenditure commencing with Executive salaries.

New Business Plan has not even been implemented, yet alone evaluated, as must happen.

In conclusion I thank you for the opportunity to comment on the proposals. I shall write separately to Mr. Fahour advising him of my concerns.

Yours faithfully,



Merv Hazell