

Adelaide Public Forum

20 June 2002

Attendees:

- Christopher Rankin, Executive Officer, Newsagency Association of South Australia (NASA)
 - June Carter, Glenside Newsagency
 - Tom Carter, Chairman, Newsagency Association of South Australia (NASA)
 - John Brownsea, State Retailers Association
 - Franca Wigg, consumer
 - John Stephens, Australia Post
 - Bill Adams, Australia Post
 - Commissioner John Martin, Australian Competition and Consumer Commission (ACCC)
 - Ambre Morris, ACCC
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Commissioner Martin opened proceedings by introducing the forum, and the reasons for which it was being held. A summary of Australia Post's proposed price increases was given. Comments from the floor were then invited.

A number of issues were raised at the public forum. These are listed below, in no particular order.

1. Cross subsidisation

A number of attendees expressed concern about possible cross-subsidisation of non-reserved items by reserved items. The suggestion was made that Australia Post may be engaging in predatory pricing, proposing an increase in reserved prices in order to fund the sale of low margin unprofitable items. Chris Rankin from NASA suggested that there should be a more transparent break down of Australia Post's costs in order to assess if any cross-subsidisation exists.

2. Quality of Service

The issue of Australia Post's service quality was raised by a number of participants. In particular, NASA representatives were concerned that small businesses, notably newsagents, provide similar retail facilities to Australia Post, but for extended working hours. June Carter of NASA suggested that newsagents are open, on average, up to 31.5 hours more per week than Australia Post outlets.

Chris Rankin, of NASA, suggested that, to the extent that Australia Post's proposed increases were to fund the CSO, that Australia Post should have to operate commercial hours rather than increase the price of the stamp.

The suggestion was made that Australia Post should have to compete with other retailers on a "level playing field", operating the same hours, with the same prices and products.

3. Sale of Stamps

NASA representatives were concerned that the bulk of newsagents that sell stamps do so for zero margin. That is, they purchase the stamps at the face value, and sell them at face value. The ACCC was told that Australia Post outlets sell stamps at a 12% margin. NASA representatives commented that they did not sell any other items at zero margin, but continued to sell stamps as the public demanded this service. It was suggested that Australia Post queues can be long, and that people may get quicker service at a newsagents instead.

4. Other Comments

Other comments made to the ACCC related to:

- demand for postal services;
- alternatives to traditional stamps;
- whether a 5 cent increase had been proposed because no 1 or 2 cent coins remain in circulation;
- commercial agreements between Australia Post and Licensed Post Offices (LPOs) – suggestion that LPOs may prefer to deal with newsagents instead of Australia Post due to Australia Post's wholesale prices;
- Australia Post's promotion of alternative forms of communication, at the possible expense of letter mail.