



**AUSCRIPT PTY LTD
ABN 76 082 664 220**

**Level 4, 179 Queen St MELBOURNE Vic 3000
(GPO Box 1114 MELBOURNE Vic 3001)
DX 305 Melbourne Tel:(03) 9672-5608 Fax:(03) 9670-8883**

TRANSCRIPT OF PROCEEDINGS

O/N VT04651

**AUSTRALIAN COMPETITION
AND CONSUMER COMMISSION**

MR J. MARTIN, Presiding

**THE ACCC'S PUBLIC FORUM INTO
AUSTRALIA POST'S PROPOSED PRICE INCREASES**

MELBOURNE

10.05 AM, TUESDAY, 25 JUNE 2002

Continued from 21.6.02 in Perth

.aupost 25.6.02 P-103
Auscript Pty Ltd 2002

COMMISSIONER J. MARTIN: The tapes are rolling and I will introduce myself, I am John Martin. I am a Commissioner with the Australian Competition and Consumer Commission, and I would like to welcome you here today to the forum in Melbourne on Australia Post's proposed price increases. As you would be aware, Australia Post has advised the ACCC of its intention to lodge a pricing notification under the Prices Surveillance Act. Australia Post intends to increase the price of a range of postal services as well as raising the price of the basic postage stamp from 45 cents to 50 cents, and increases in other related services including pre sorted mail, greeting cards, and large letters.

The changes would take effect from 13 January next year. In addition, Australia Post proposes to introduce a new bulk mail category, Clean Mail, priced at a discount to the basic postage rate for unbarcoded bulk mail. The primary aim of today's forum is to provide an opportunity for members of the community, consumers, small business and other stakeholders to have their say on these changes. The format will be - that I am proposing is as follows. I will briefly outline the role of the ACCC in assessing Australia Post's proposal and the proposals - sorry, and the process of the ACCC is following in the course of that assessment.

Secondly, I will discuss the key features of the draft notification and the arguments that Australia Post has submitted in support of the increases and then the important bit, which will be to get views from people participating in the forum, and as an input into the processes that we are following. We are taking transcription of the discussion and I would like you all to identify yourself when you actually speak, and perhaps just for everybody's benefit, I will mention that I have got staff members, Angie Austin and Marg Arblaster here at present from the ACCC, and some other staff members. We might just, for everybody's benefit, introduce ourselves around the table. If you would like to just mention - - -

MR R. FERRY: Ron Ferry, I am just an ordinary consumer.

CMR MARTIN: Okay, well that is just what we are looking for.

MR D. DOWNIE: I am Drew Downie from Australia Post.

MR M. SPITERI: Manny Spiteri from KMA.

CMR MARTIN: KMA is?

MR SPITERI: Knowledge Management Australia.

CMR MARTIN: Thanks, Manny.

MR R. RICHARDS: Rick Richards from VANA.

MR P. COWLEY: Peter Cowley from VANA.

MR F. DEPROPERTIS: And Frank Deproperitis, also from VANA Victoria Newsagents.

CMR MARTIN: Okay. Would anyone else like to join us at the table. It is just if you have - if you are going to say something, we can pick it up easier on - are you just happy to observe?

MR G. LEE: Sorry, yes, sure, Gary Lee from Australia Post.

MR C. KOO: Chris Koo from Australia Post.

CMR MARTIN: Yes.

MR B. GARTNER: Brian Gartner, a consultant.

CMR MARTIN: Okay, Brian. If you do feel the urge to say anything, pop up and - it helps us get it on the transcript. The - in terms of the role that the ACCC is playing in this matter under the price - sorry under the Postal Corporation Act, certain postal services are reserved to Australia Post. This means that Australia Post has the exclusive right to provide these services, in particular 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 250 grams are not reserved nor are letters carried for a charge of more than four times the basic postage rate, which at 45 cents at present, means anything carried for a fee of over a \$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 45 cents, to anywhere in Australia.

The reserved postal services are declared under the Prices Surveillance Act. This means that Australia Post must notify ACCC, which has the role of assessing the proposed price increases, before it can increase the price of these services. The ACCC can object to, or agree to, the proposed price increases, or it can specify prices in between the current level of prices and the higher levels proposed. It is also important to note that many services provided by Australia Post are not regulated by the ACCC and so are not covered by the current proposal.

For example, all the services such as parcel delivery, international mail, mail holding and redirection, financial services and retail services are not included in this price notification. In addition to the ACCC's role in assessing any proposed price rises to reserved services Australia Post also

is required to, by the Postal Corporation Act, to give the Minister for Communications, Information Technology and the Arts, written notice of any intention to vary the price of a postage stamp and the Minister then has 30 days in which to give Australia Post written notice disapproving. So there is a sequential process that is followed. We will be doing our processes, then there is Ministerial involvement as well. In terms of our assessment process, Australia Post submitted its draft notification to the ACCC on 30 April. After discussion with Australia Post, we agreed to work towards issuing a final decision around the end of September 2002, and staff have been working towards that process and we fitted the consultation process into that sort of time period as well.

The Prices Surveillance Act requires the ACCC to consider the need to maintain investment in employment and the need to discourage any business or person who is in a position to substantially influence a market from taking advantage of that power when setting prices. In practical terms, this means the ACCC will look at things, like the efficiency of Australia Post, in particular, examining whether its costs are not excessive, and the reasonableness of the rate of return that Australia Post is seeking.

In considering these issues, the ACCC will also look at the related issues of service quality. For example, if improved productivity has occurred as a result of lower quality service, then the case for a price increase could be weakened. The key milestones in our assessment process are as follows. We issued an issues paper on 10 May, calling for submissions in June. The ACCC is currently in the process of reviewing the submissions we have received. In addition to written submissions, we are undertaking the series of public forums around Australia, in order to seek wider views, particularly of those who may not have been in a position to provide written submissions.

And a further forum will be held on more technical issues that have been raised in submissions and that will be held in Melbourne early in July, and we are working then, in terms of a draft decision, by probably early August. Following the draft decision, there is a further opportunity for interested parties to make follow up submissions before we release our final decision, as I mentioned, some time in September. In terms of Australia Post's actual proposal, the key elements include a five cent increase to the basic postage rate from 45 cents to 50 cents, increases to large letter, local, seasonal greetings, and prepaid envelope rates to maintain relativities with the basic postage rate.

A variety of changes to the pricing for barcoded bulk mail, and the introduction of a new service, Clean Mail for lodgment of 300 or more machine addressed unbarcoded envelopes priced at 45 cents per standard sized envelope. As we have gone around the country, the bulk mail rates and the Clean Mail service issue probably haven't been of as much direct

interest to most of the people participating, although feel free to comment on that if it is a factor in your business.

In its draft notification, Australia Post argued that the profitability of providing letter services is declining as a result of falling volume growth, and fewer opportunities for improving efficiency. It points to the fact that its community service obligations are to provide a reasonably accessible service to all people in Australia, imposes a significant annual cost and that the introduction of the GST reduced the amount of revenue that Australia Post received from 45 cents to 40.9 cents per article. So in other words, Australia Post was required to absorb the GST when it was introduced without passing that on to users.

Australia Post also argues that there have been improvements to both its delivery performance and productivity gains in recent years. Australia Post believes that these are due, at least in part, to the target setting and accountability provided under the Australian Postal Corporation Act, that is, the incentives that are provided by the profitability targets that it has set. Australia Post argues that price increases proposed are necessary in order to secure adequate commercial returns in future, and obviously with implications for adequacy of the service that they provide.

In its draft notification, Australia Post indicated that at 50 cents, Australia Post's proposed basic postage rate would still be one of the lowest in the developed world. The comparisons in - when allowed for exchange rate adjustment, is that Canada's basic stamp cost the equivalent of 53 Australian cents, France 61 cents, Germany 76 cents, Italy 66 cents, Japan 71 cents, UK 54 cents, and US 45 cents, and New Zealand 36 cents. I would point out the source of these comparisons is internal, Australia Post documentation, and they are not ACCC figures.

We have yet to form a view on whether or not international comparisons are relevant to this matter. Just finally, point out that copies of all the relevant material, Australia Post submission, the ACCC issues paper, and submissions from interested parties, can be found on the ACCC's website at www.accc.gov.au and the transcripts that we are getting from the public forums will be available on the website in due course, so what you say here today is - we are taking it very seriously as people have been given us feedback as we have gone around the country, and that will be available in a transparent manner.

So, on that note, I will stop talking, I am happy to - well, I hope that has set the scene for the way this is being conducted and we are looking for your views around the table and hopefully, given that we are getting a little bit of a cross-section, we can then discuss issues as we go through, but who would like to kick off, in terms of comments? Somebody from the newsagents?

MR DEPROPERTIS: Perhaps if I may, Frank Deproperitis from Victorian Newsagents. I guess the intention, or the reason for us being here today representing Victorian newsagencies to pick up on two specific issues. They are that with the service that with the service that is provided by Australia Post at the present, it has a duty, as you mentioned, to provide a service quality, and secondly, to be an accessible service to the consumers.

And in the changes that are proposed by Australia Post, we would like it recorded, I guess, that Victorian newsagents, I think, are currently not being recognised in the role that they play in providing that service quality or assisting that service quality to the consumer. Currently, there is no remuneration for the reselling of postage stamps to the consumer, and despite that, some 50 per cent of Victorian newsagents do sell postage stamps as a service to the consumer.

We believe that, in order to possibly increase the accessibility to the consumers, we would like the Commission to consider perhaps a situation where newsagents can be remunerated for the sale of postage stamps, which would encourage newsagents to stock them more widely, and as such increase the service quality of the Australia Post component, and make it more accessible to newsagents, and to consumers. I guess it is - our intention is therefore to ask that we be permitted to submit a written submission early July when you are taking them, to reinforce those points. Thank you.

CMR MARTIN: If you could just identify yourself to - - -

MR SPITERI: Manny Spiteri from KMA. Also, one of the original users group of the AMAS. My company, in Tasmania, is the only Australian company that has software for barcoding. But I am here, first of all, to congratulate Australia Post on what they are doing, with barcoding, because it has cleaned the industry up from the - I believe from the supplier of services through to the data bases, and the original intention I think has been achieved. But on another point, and that is a \$2.8 billion industry, 15 per cent of Australia Post, and that is charities.

With reference to charities, if you look at the increases, the largest increase is, if you look at it, with regards to charity mail, and I congratulate Australia Post again for having charity mail, but if you look at a charity organisation, the charity organisations run a lot either on donations and their main communication is with their donors, is by mail. Now, on the community service obligation's point of view it does note that - it says: Letter service is to be reasonably accessible.

And I can speak from experience, and that is in the development and the design of AMAS is that its accessibility to the charities is difficult. We are

not talking a small segment of the market, we are talking 15 per cent of Australia Post's market here, but if you look at small organisations, and a lot of the charity mails are small organisations, some 168, I think, different organisations, in Victoria alone, this is going to have an impact. Now, I have been talking to a fair few of them and they are sort of saying, "It is too hard, it is too hard, we will just wear it, we will just wear it".

And then we look at their budgets and you look at the GST component, and you look at everything else that has happened to charities, I think this is another impost which is going to affect the way they are going to deliver services. Now, I think it says that:

Small businesses of 733 full rate letters per annum is \$34.70.

I don't believe that the impact here is just going to be \$34.70. Also in - under 8.2.2: Increase to pre-sort rates around two cents per article.

The introduction of customer barcoding, October 1999, provided customers with further price reductions, although it did require customers to incur cost and effort in barcoding their mail. I know this because I have been consulting, I have also supplied software. And if you - I suppose the point which I would like to make and a whole lot of other silent voices there, the one and two person operators who may not have the speaker, the MMUA and the larger organisations, is that I would like Australia Post in the unbarcoded residue area, which is a 26.4 per cent increase from 35.6 to 45.6, for them to consider what they did with the blind and that they supply any letters for the blind for free.

Now I am not asking Australia Post to provide services to the charities for free. What I am asking Australia Post and the ACCC is to consider those small voices, those small charities, in their application of this so that - and not general business mail because in that area I think they have done an excellent job and the AMAS, and the barcoding has achieved its purpose. But I believe that they should reconsider the increase for those small charities, for the Carmelites who have got one person who are sending out a lot of mail, to the paraquads, to the - you know, to the plethora of organisations. And that is really, Commissioner, what it is all about.

CMR MARTIN: Yes. Manny, just for our benefit, just on some of these slightly technical areas, working backwards, the unbarcoded residue, is that just a charity section, or - - -

MR SPITERI: No. There are - the unbarcoded residue is that - - -

CMR MARTIN: So you - - -

MR SPITERI: It is technical and I won't take you into it - - -

CMR MARTIN: No.

MR SPITERI: - - - but if you look at the price increase, it is at 26.4, it goes from 35 to 45.

CMR MARTIN: Yes. 35 to 45.

MR SPITERI: Yes. And what I am - - -

CMR MARTIN: But who is that group?

MR SPITERI: Well, that is the way the mail is sorted and the mail is prepared. And the technical nature of barcoding is that once you have got an article that is barcoded it falls into this category. But across the board the charities - - -

CMR MARTIN: But previously there used to be - like there was if you had 90 per cent barcoded you got the same rate.

MR SPITERI: Correct. But, that is correct. But, it is not - that is just one aspect.

CMR MARTIN: Yes.

MR SPITERI: It is just for the Commission to look at charities with regard to this increase. And their ability because of their funding arrangements and how and where they get their funding, their main means of communication is unique to the industry - it is mail - it is the only way that - and that sending receipts, see the receipting for example, it can't be barcoded. So you get the Salvation Army, who would probably fall in the MMUA category, they collect \$12 million out of direct mail. Now the receipting of all this isn't barcode, doesn't come to the barcoding area, they have got to be done within 48 hours. So this is going to have an - - -

CMR MARTIN: So give me an example. What happens with a receipt?

MR SPITERI: Well that just goes out, that would be going out at full rate, in most instances.

CMR MARTIN: Yes. It goes out in an envelope.

MR SPITERI: In an envelope.

CMR MARTIN: Why can't it be barcoded?

MR SPITERI: Well, because of the aggregation, it needs a minimum of 300. Okay, for the Salvation Army, it may fall into that category. But for the smaller organisations, it won't.

CMR MARTIN: Yes. Well what happens at present?

MR SPITERI: It just - 45 cents and they fill out the receipt, sign it - - -

CMR MARTIN: Sorry, so at present it is 45 cents.

MR SPITERI: Yes. And in the future it is going to 50 cents.

CMR MARTIN: Okay.

MR SPITERI: It is going to increase. It is going to take more out of that tape that they ask - - -

CMR MARTIN: Then what you are proposing is a restructuring of how Australia Post treats these, not specifically related to - if the price was staying at 45 cents you would be arguing that - - -

MR SPITERI: Well, that is the status quo. But, you know, this change is going to create an impost to the charities - - -

CMR MARTIN: Of 5 cents.

MR SPITERI: Of 5 cents to the charities. Now, the charities - the way Australia Post has organised charity mail, again I will give them full commendation because, unless they have got some form of tax exemption from the Tax Office, so they are going to have a number so they can regulate how they are going to help the industry in this regard.

CMR MARTIN: So the Clean Mail doesn't help them?

MR SPITERI: Well, it depends on how big you are, because you have still got a restriction of 300 odd articles. And for the Carmelites or for the paraquads and for those other small organisations, and for the CFAs of this world - - -

CMR MARTIN: Well why did you say that things should go out within 2 days, I mean wouldn't they just save up to the end of the week - - -

MR SPITERI: Well, the norm - - -

CMR MARTIN: - - - and then get to the 300?

MR SPITERI: The industry standard is 48 hours and you get a receipt. And that is industry, that is what everyone aims for. A telemarketing campaign or a mail out and you send money - and people, their expectations are, organisations 48 hours to get the mail out. And this is really, other than that I think what Australia Post has done should be commended.

CMR MARTIN: Well you made the comment also about the average small business cost at \$34.70, you thought it was a bit of a - a bit low.

MR SPITERI: Well, yes because - - -

CMR MARTIN: But are you taking, I mean are you thinking of the average, like because it means that it has to pick up the small businesses that don't do much mailing as well as the - - -

MR SPITERI: Commissioner, there is lies, there are damn lies, and then there are statistics. 744 is dependent on how you work that figure out, I am not privy to that information. But I have been in the industry for 25 years and when you look at average databases, if you are looking average database, and I am - now even going to Tasmania where I hail from, from around about 1500, you start moving into the larger capitals, 2500 and I am currently the - working for Care Australia, my new role as of Monday, with a database of 25,000, or World Vision of 700,000, Oxfam 700,000, I would - that average is - I would like to see the figures for it. But, again if I could be specific and talk about charities, that figure, I believe, may be a little bit out. But then again it depends on what you have included as a business and how you have averaged that figure out, but if it can - - -

CMR MARTIN: There are 1.4 million small businesses in this county, so - - -

MR SPITERI: Right. But if I can come back to my specific reason for being here is charity - - -

CMR MARTIN: Yes.

MR SPITERI: - - - is charity mail. 2.8 billion dollar industry. 15 per cent of Australia Post's, I suppose, mail in their discounted area. I think a consideration should be given, and again I am not privy to all - I am a member of the Fundraising Institute of Australia, I have spoken to, and unfortunately I tried to get a submission from the FIA but when you talk about the number of people in each organisation, everyone is busy because this is their busiest time of year with the tax mailings and tax receipting

and thus I am surprised because I got an email just two days ago and that is why I am here.

So, Commissioner, that is really all I, and I think it is important for charities to be considered in this next move because, with all respects to the Government, they are not making life easier for charities. GST hasn't given everything that was promised, and for services which these people now, and they are having to pay GST.

CMR MARTIN: Can I ask in terms of the technology, is receipting now also becoming electronic? Like do people have the option to put their internet email address?

MR SPITERI: It is slow. It is the - the only technology that is working at the moment is in Canada, which is working well, but receipting is mainly done by hand.

CMR MARTIN: Manually.

MR SPITERI: And, but if I can then labour on the point of - where they have actually admitted, 8.2.2:

The introduction of customer barcoding in October -

they have admitted, it is cost. But how much is cost as compared to the \$34 saving per year, because if you look at the average, the smallest piece of software is \$200-odd and it needs to be updated, and it needs to be upgraded. Now for charities this is, again, it is normally that it is too hard, the technology for it, you know, whether it be Access, Excel or whatever you put your spreadsheet through, the software isn't exactly what I would call "user friendly" in most instances, because larger organisations.

And I come back to the reasonable access of organisations to the service. And if you know the industry, and I have been doing mail for charities for a long time, although I have recently, for about 8 months have been working with fundraisers, is that they are having difficulty because of the size of their fundraising area to grapple with this. And if I may say so, and I think Gary will agree with me, that the targeting has been to larger organisations for barcoding because we have had a few robust discussions on the fact that the smaller organisations haven't been targeted as well as I believe they should be.

CMR MARTIN: But do the small organisations, do they do the barcoding themselves or does someone like an intermediary do the barcoding? I thought that was the - - -

MR SPITERI: Well, again - again it is, and I will blame the small organisations for this because it is always left to the death knot, all it is is barcoding and the amount of information available to them - yes, you can go to the internet, but small organisations have got, or small businesses have got a lot more to do than floating around the internet about their, you know, their 60 or 70 or 100 or \$120 postage bill every, and it will be interesting to see what the reaction will be after the drop dead date that at this particular - now I have had discussions with Greg Romanis, the convenor of the FIA, with regards the mail, and he actually believes that there is not going to be any change in this 5 cents as of January 13. When I confirmed it, he said "No, I have got it, it is not going to change". And there is confusion out their about this 5 cents as well.

CMR MARTIN: Sorry, that the price won't go to 50 cents?

MR SPITERI: That charities - I would suggest that probably 60 per cent of the charities do not believe that they are going to be hit with an increase as of January 13.

CMR MARTIN: But maybe they think they are going to use Clean Mail.

MR SPITERI: I think they are confused about AMAS in general.

CMR MARTIN: Okay. Well, we will certainly take that on board. Just remind me what FIA stands for.

MR SPITERI: Fundraising Institute of Australia. Chapter 1 is Melbourne.

CMR MARTIN: With the newsagents I didn't get a chance to come back to you on that issue that you have raised on no commission for retailing. Is there any other form of selling you do where you don't get a commission?

MR DEPROPERTIS: No. We, for example, act as agents for Metcard, we act as agents for telephoning products and lots of other goods and services available to the public, even to the point that we distribute ATO forms, Australian Tax Office forms, and on all the products, with that exception, there is some sort of remuneration to the newsagent.

CMR MARTIN: What happens with ATO forms?

MR DEPROPERTIS: With ATO forms there is an arrangement in place whereby the newsagents agree to stock the forms and make them available free of charge to the public and there is a rebate paid by the Australian Tax

Office back to newsagents for that, which is an annual fee to newsagents. So I think the postage stamps are probably the only item at the moment that we are stocking as a service to the customers, to the consumer, but getting no commission for.

CMR MARTIN: And, well why don't you see it therefore as something you just stop stocking?

MR DEPROPERTIS: I guess there is a temptation to do that but I think we are probably pleased to report that the majority of newsagents are resisting the temptation to do that as a service to their customers. They see it as a necessity for their customers. Obviously newsagents are open longer hours, earlier in the morning until later in the evenings. A lot of consumers are not able to access the Post Office during the hours that the Post Office is open and I think the newsagent plays a very significant role there in extending the Post Office operation.

And I think, without fail, those newsagents who stock the postage stamps, and as I say, there has got to be a minimum of 50 per cent of them that do it, do it as a service to their customers even though they make no money on it. So we think that newsagents have been enhancing the service of Australia Post to the consumer, although I believe it has gone unnoticed and unrewarded to date. So I think we would like to probably go out there and significantly encourage newsagents to expand the practice to make it more available to consumers and obviously a way of doing that would be to remunerate them for it in some sort of capacity.

CMR MARTIN: And in terms of when Australia Post shops are open, they just operate over a much shorter hour period, do they?

MR DEPROPERTIS: Yes. Pretty much Australia Post as we know them, Australia Post shops, as we know them in Victoria, operate 9 till 5. I think some of them open on a Saturday morning, limited hours of maybe 9 till 12, I am not sure about that. But newsagents generally are opening, you know, 3.30-4 am in the morning. They are closing 7-7.30 pm, sometimes 9 pm, depending on the location, and certainly newsagents are open 7 days of the week, for example on a Saturday it would be open from 3.30 am until 7.00 pm-7.30 pm. On a Sunday morning, again, 3.30 am until approximately, you know, some shops close at 12, some close at 5 pm. So there is a varied closing hours on a Sunday. But without doubt, the newsagency without exception would be open far greater hours than any Australia Post shop that we are aware of.

CMR MARTIN: One issue that, or another issue, I don't know if you were going to raise it, but it certainly has been raised with us as we have gone round, has been the, a sort of a suggestion that there is a bit of cross subsidisation from Australia Post reserve services to the commercial part of the Australia Post operations. Do you have a view on that in Victoria?

MR COWLEY: Yes, I do have a view. I think definitely there is - - -

CMR MARTIN: Sorry, if you could - - -

MR COWLEY: Sorry, Peter Cowley of VANA. I think there is a cross subsidisation, especially with some of the commercial stationery type products, whereby when newsagents look at the purchase price that we pay for some stationery products, sometimes it is above the selling price or the retail price that the Post Offices have paid. There is no way that the - and I am talking about newsagents that have large buying power in groups, so this, Australia Post are either buying very, very well because of their size, or there is a cross-subsidy somewhere along the line.

CMR MARTIN: And how would you perceive that occurring? I mean they do accounting separation and that is required of Australia Post.

MR COWLEY: Well, I am not sure how their accounting systems work. But surely if there is a buying group and eventually one bottom line from Australia Post, and - - -

CMR MARTIN: They would have very significant purchasing power, presumably.

MR COWLEY: Yes, they would have very significant purchasing power, but so do Australian newsagents. One good example I think I could put would be photocopy Reflex type paper. We have looked at purchasing that in bulk in many, many different ways and from, direct from the supplier and a lot of times it, the rate that the newsagents can get through major suppliers is more than what it is being sold at the current rate through a Post Office.

MR DEPROPERTIS: I guess the suggestion is that Australia Post may actually be selling some of those products at a reduced price point or reduced margin, which it can afford to do because of its cross-subsidisation ability, which newsagents don't have the ability.

CMR MARTIN: So you are suggesting they are selling below cost, or that it could be below cost.

MR DEPROPERTIS: Yes. Below real cost, yes. And newsagents don't have the ability to compete back on the same level. Obviously we don't have any monopoly items in our shops. We don't have any other products that we can realistically sell at below cost or at a loss to compete back.

CMR MARTIN: I thought you had a bit of a monopoly on the newspapers, but that is breaking down - - -

MR DEPROPERTIS: Even that is gone now, that is readily available to the supermarkets and convenience stores and everyone else now.

CMR MARTIN: Yes, who all get a commission.

MR DEPROPERTIS: Absolutely, yes.

CMR MARTIN: Manny.

MR SPITERI: Commissioner, I - Manny Spiteri here and I must leave, I have got another appointment. But one last point is that Australia Post has got, I want you - it has got an excellent service. It can deliver back at Yuendumu or Giles for the same price, but it is a monopoly and charity has got nowhere else to go. And I am in no way knocking the service because I think it is brilliant what they do, I again will commend what Australia Post has done with AMAS and the barcoding, but I would like the Commission to consider charities with their funding, how they are being funded and how they use the mail and what this impost is going to do to their funds and how they get them. And I will have to leave and I will apologise for the - - -

CMR MARTIN: Thanks for your comments. Are there any other comments about this issue of service levels? Did you want to make any comments about the level of satisfaction with Australia Post?

MR FERRY: Ron Ferry. My experience is that the service in the Post Office shops is greatly improved over the last 12 to 18 months and the range of products are readily available and easily accessible. The delivery service of mail to the suburban household is greatly improved and is more reliable in terms of timing of when you can expect mail. One of my other interests - - -

CMR MARTIN: Is it once a day, once a day delivery, or?

MR FERRY: Once a day delivery, yes.

CMR MARTIN: Yes. Yes, but reliable, yes.

MR FERRY: Yes. Five days a week. My other interest in coming was the charity situation, how that is going to - the increase in postage is going to impact and I think that has been well covered up until now. Thank you.

CMR MARTIN: Any comments from your side in terms of quality of service? One of the things based on what Ron just said about improved service in the shops has been we have had some suggestion the queues have been growing in Australia Post shops and newsagents is one group that is getting a lot of feedback on that issue and therefore people say "I don't

want to stand in a queue to buy a stamp, I will come to my newsagent or somebody else to buy".

MR DEPROPERTIS: Look, absolutely, I think that is very true. I think that the sort of comments that we are getting in newsagent stores is exactly that when people are out on their half hour lunch break, or whatever time they have available, it is not uncommon that they encounter a queue at the Post Office with the bill paying facilities that they have and other facilities that the Post Office offers. It is not uncommon that we are getting customers spending 10-15 minutes of their lunchtime to buy some basic things like postage stamps. And that certainly is a comment that we are getting regularly at newsagents counters and it reinforces the reasons, if you like, for newsagents stocking them to encourage customers to come into their shops, which provides a service, which is better retailing. So yes, very much so, that is very definitely a comment that we are hearing very loudly in newsagencies.

CMR MARTIN: Well I think we have heard here as well that a customer saying that they have been improving but obviously this is something that the, from other retailers points of view, would have some issue, impact upon the availability of stamps being more widely available than just the Post shops. Was there anything else that anyone wanted to say about the issues that have been raised? If not, I would like to thank you for your attendance. The comments have been very helpful. As I mentioned, we will have a transcript of the discussion which will go up on the website in due course. So, thank you very much for attending and if there is nothing else, no, to raise? Thanks very much and we will close the consultation.

FORUM CLOSED

[10.47am]

INDEX

LIST OF WITNESSES	Page
--------------------------	-------------

EXHIBITS/MFIs	Page
----------------------	-------------

KEY WORDS	Page
------------------	-------------

ACCC's role.....	105
Australian Postal Corporation Act	107
bulk mail.....	104, 106
Clean Mail.....	104, 106, 111, 114
community service obligation.....	108
Community Service Obligations	107
cost.....	107, 109, 112, 113, 116
costs.....	106
greeting cards	104
large letters.....	104
postage stamp	104, 106
Postal Corporation Act.....	105-107
pre-sorted mail.....	104
Prices Surveillance Act.....	104-106
profitability.....	107
service quality.....	106, 108
volume.....	107