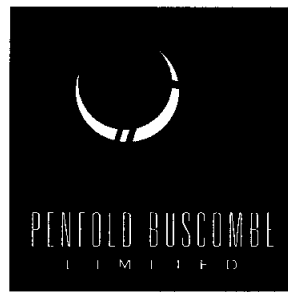


14th May, 2002



FILE No.
ENTITY
D MAN D02 / 2 6563

Ms. Margaret Arblaster
General Manager – Transport & Prices Oversight
Australian Competition & Consumer Commission
G.P.O. Box 520J
MELBOURNE VIC 3001

Dear Ms. Arblaster,

Ref: Australia Post – Change in letter pricing

This company is a major supplier of printed advertising mail for Australian Companies. The group currently has 5 manufacturing plants employing 560 people. The printing industry is highly competitive where clients have a large choice of suppliers. When it comes to distribution of printed material our clients are limited by government regulation to having to use Australia Post services, for personalized mailings. Therefore changes to cost and regulations by Australia Post have an impact on the viability of Australian printing industry.

In response to the issues paper we would like to make the following comments

Our clients currently using Adpost services are going to be seriously affected by this proposed increase as they have had an increase of 10% in postage costs at 1st July 2002, with a further increase of 10% at 1st January 2003. This latest increase will effectively mean for these clients an increase of approximately 26% within a 6 month period. These increases have the potential to impact dramatically on the printing industry. All indications are that clients will either reduce the quantities being mailed or cancel mailings totally.

It's ironic that Australia Post's submission highlights downturns in the usage of advertising mail and their decision to withdraw Adpost pricing and now further increase mailing costs will only escalate the reduction in the use of printed material by Australian companies. Most companies when they are faced with increased competition reduce prices and costs to compete, Australia Post put their prices up!

We further believe that multi-national companies that have the ability to mail printed material from overseas may well choose to do so rather than produce and mail in Australia to the detriment of Australian print companies and mail houses.

Australia Post has always been restrictive in the mailing formats they will accept this has actually become even more difficult since the installation of equipment to barcode sort. The reduction in the size of medium letter and removal of plastic wrap products from small and medium size pre-sort pricing are decisions by Australia Post due to the capabilities of the sorting equipment they have installed. This has created further problems for users of the mail system especially for those producing advertising mail.

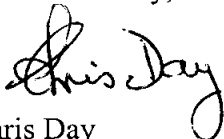
We are of the opinion that Australia Post should reconsider their original decision to discontinue Adpost. Their submission shows that Australia Post are acknowledging a downturn in their market with no real plan to tackle the issues that could assist in revising this trend.

We would suggest that Australia Post need to reconsider a number of issues and take the following action

1. Cancel 2nd stage of Adpost removal at 1st January,2003.
2. Definition of qualifications for Adpost to be reviewed to take into account if mail piece has a mail response mechanism, and volume (ADMA Postal Issues Committee had previously recommended to Australia Post this course of action and that the minimum quantity be raised)
3. Australia Post review their current restrictions on formats they will allow. This includes sizes, shapes and construction of mail piece. The biggest growth in advertising mail overseas are with products that Australia Post will not accept even though overseas postal services accept them in large volume. Possibly Australia Post should consider another mail category that these products could be mailed under. Alternatively for the Australian Print industry we would contend that Australia Post's monopoly to deliver these types of products should be reviewed, as Australia Posts current attitude is adversely affecting our industries ability to offer our clients innovative mailing products

We oppose Australia Post increasing the cost of presort letter services while the increase flows onto advertising mail.

Yours sincerely,



Chris Day
National Sales Manager
Direct Marketing Products