



# POAAL POST OFFICE AGENTS ASSOCIATION LIMITED

A.C.N. 006 382 314

Ref: 043/9/02/C2177

AUST. COMPETITION &  
CONSUMER COMMISSION  
MELBOURNE

25 SEP 2002

23 September 2002

Australian Competition and Consumer Commission  
GPO Box 520J  
MELBOURNE VIC 3001

FILE No:
DOC: D02/51851
MARS/PRISM:

Attention: Ms Margaret Arblaster  
General Manager – Transport & Prices Oversight

**RE: AUSTRALIA POST APPLICATION FOR AN INCREASE IN POSTAGE –  
RESPONSE TO THE ACCC'S PRELIMINARY VIEW**

The Post Office Agents Association Limited (POAAL) has only a few comments on the Preliminary View of the ACCC on the above, which view is supported by our organisation.

### **Period to Apply to the Price Increase**

Caution needs to be used to raising the expectations of the community that Australia Post should maintain its new price for basic postage for periods up to ten years.

Many inputs to the cost base of Australia Post are not within its ability to control and may well be subject to unknown domestic or international developments. Oil pricing is a current example.

### **Community Service Obligations**

A number of submissions, particularly from Newsagents' Associations, claimed that Australia Post was imposing its CSOs on retailers that sold stamps without a sales commission. Reference was also made to this issue in the Commission's recent Press Release.

As noted by the Commission, newsagents are not obliged to sell stamps and their choice to do so reflects their own commercial judgement for the benefit of their business. As testament to that, tens of thousands of retailers are currently registered as licensed stamp vendors by Australia Post.

Wholesale changes to the current method of stamp distribution as suggested by Newsagents would have a major adverse impact on the financial investment and livelihood of nearly 3,000 Licensees. These are the small business owners of Licensed Post Offices (including many newsagents) that operate almost 80% of the existing Australia Post retail network. Contrary to the submissions by Newsagents, most of these businesses operate at weekends and in periods of late night trading.

Allowing a significant number of additional vendors to sell stamps at a discount will materially increase the cost of stamp distribution and adversely affect the cost of CSOs and profit margins for Australia Post and its Licensees.

In the absence of community concerns for the present access regime this is potentially a material additional cost for a marginal additional value.

Contrary to the implications in the various Newsagent Associations submissions, Australia Post has one of the most disciplined and extensive retail networks in Australia. In many rural and remote locations they are one of only a few businesses to offer a retail presence. Sometimes they are the sole business.

In addition, Newsagents have strong buying power and promotion programs through their Associations. They operate within state or national co-operatives rather than the "micro businesses" suggested in their submissions. This enables them to be supported by regional and national promotions and to compete strongly on price and range.

While we note that this issue is not the subject of the present review by the Commission, POAAL wanted to take the opportunity to provide some balance to the comments presented for the Commissions consideration.

Thank you for the opportunity to be involved in these deliberations. Should you have any queries, please do not hesitate to contact us.

Yours sincerely,



Marie McGrath-Kerr  
Chairman