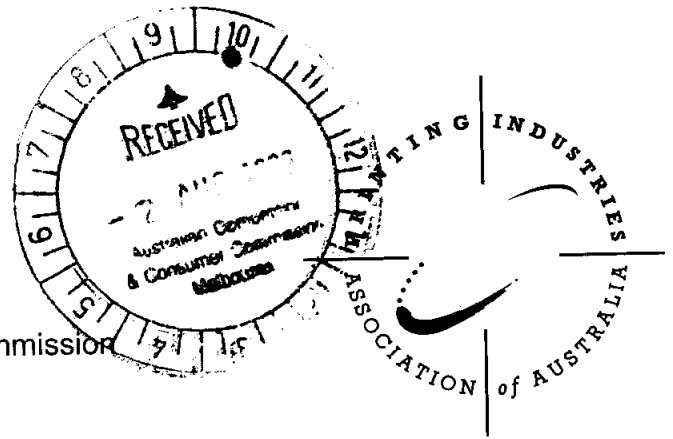


30 July 2002,

Commissioner John Martin
Australian Competition and Consumer Commission
GPO Box 520J
Melbourne VIC 3001



Dear Commissioner Martin,

The Printing Industries Association of Australia (*Printing Industries*) believes that Australia Post's response to public submissions made on its proposals for postage price increases fails to adequately address the concerns and issues raised by sections of the business community like the printing and mailing sectors that will adversely be affected if Australia Post's application to increase postage rates is approved by the ACCC.

Printing Industries would like to bring to your attention the following comments which reflect industry concerns.

Under Item 6.6 of its response to public submissions, Australia Post inadequately attempts to address the issue of offshore printing and mailing options. Industry is concerned that postage price increases will contribute to printing and mail processing moving offshore. Industry is also concerned that the current limitations placed by Australia Post on shapes and sizes of posted material will contribute to major international companies choosing to produce campaigns offshore and then mail from overseas.

Australia Post fails to grasp the message that mail users are trying in vain to convey, and that is, price increases and on-going restrictions on what can and cannot be mailed will ultimately impact on mail volumes and may force businesses to undertake such activities offshore where such restrictions do not apply.

With regards to postage price increases, Australia Post must understand commercial realities. Marketing budgets do not automatically get additional dollars allocated to them to pay for the additional revenue that Australia Post is seeking to raise for what amounts to the same service which by international standards is fast becoming sub-standard.

On page 52 of its response to public submissions Australia Post makes the following statement "Australia Post does not believe that, in their own right, the changes proposed in the current submission will have any significant impact in the use of mail as an advertising medium". The printing and mailing operations represented by *Printing Industries* disagree with Australia Post, since the proposed changes are expected to have a major impact on the use of mail as an advertising medium given the existence of mail substitutes such as the ability to advertise by emails and the internet.

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Printing Industries also believes that Australia Post has failed to answer industry concerns related to envelope restrictions and restrictive formats. We again re-iterate the argument made in our submission to the ACCC that if Australia Post is not prepared to allow different formats to be mailed at small and medium sizes it should not have a government monopoly to cover this type of mailing.

Clearly the current system cannot continue, Australia Post which is a public monopolist should not dictate to marketers what they can mail, the formats they must use, and how it should be printed. The Australian printing and mailing industries will be placed in a competitive disadvantage and will fail to fully benefit from the emerging opportunities flowing from new printing technologies which have the potential to ensure that paper based marketing continues to be relevant in the digital age.

As stated previously we again would like to emphasise the following points.

While mail users do accept reasonable price rises in general the additional price rises that Australia Post are now seeking combined with the elimination of AdPost and the introduction of barcodes will have a very serious and detrimental effect upon the volume of potential business that will be available for both printers and mailing houses in the market place.

Based on industry feedback, *Printing Industries* states that major mail users have a perception that Australia Post seems to be doing everything that it can with in its power to force higher prices into the market as well as take away discounts that it was giving to marketers based on their volumes of mail.

Given the anticipated negative impact that the proposed postage price increases by Australia Post are likely to have on printing and mailing operations, *Printing Industries* opposes the proposed notification of price changes submitted by Australia Post to the ACCC, and urges the ACCC to heed the concerns expressed by the industry and major mail users.

Yours sincerely,



Hagop Tchamkertenian
Manager
Industry & Commercial Policy