

April 22nd 2010

Mr. Anthony Wing

General Manager – Transport and General Prices Oversight

Australian Competition and Consumer Commission

GPO Box 520

MELBOURNE, VIC 3001

Dear Mr. Wing,

Re: Objection to Australia Post's proposed postal rate increase

First Direct Solutions are a direct marketing list provider and division of Australia Post. Remington Direct is direct marketing list brokerage and member of the Australian Direct Marketing Association. My business provides clients with advice on the most suitable direct marketing lists for their requirements.

Since commencing my business in 2004, First Direct Solutions is the only list provider in the world to have refused to recognise Remington Direct as a list broker. If Australia Post requires this postal increase, how on earth can they be rejecting business worth \$50,000 to \$100,000 annually?

Obviously this amount of lost revenue is miniscule compared to the \$4.9b Australia Post generated in 2009 but it is the principal of the matter.

The majority of my clients who use direct mail attribute the largest component of their expenditure to postage. Coming so soon after the 2008 increase, there is no doubt direct mail will become too expensive for many companies who will move to other marketing channels or scale back.

Most companies who undertake direct mail campaigns are working to a strict budget. They can generally expect to pay 25c to 40c per unit for the list, 45c to 55c for postage and 20c to 40c for printing and mail processing.

If postage becomes 5c per unit more expensive, companies will need to scale back on the other elements which will reduce income for those suppliers, reduce that company's pool of potential new clients and also reduce the quantity of letters they are sending.

Over the past 12 months the business community has been hit hard by the global financial crisis. In addition to this, the past decade has seen government intervention make it harder for companies to acquire new clients via email (as a result of the SPAM Act) and the phone (as a result of the Do Not Call Register Act).

The Federal Government is currently looking to expand the Do Not Call Register so that businesses can register their phone and fax numbers which once again hurts the ability of companies to acquire new clients.

Throw in a postal increase into the mix and the business community at large will surely be less active in the pursuit of new clients over the next decade. This cannot be good for competition with incumbents finding it much easier to retain clients/customers.

Should the ACCC allow this increase it will mean companies who use direct mail and the general public will have seen a 20% increase in postage rates since September 2008. Such an increase hurts all Australian mail users and mail volumes too.

Kind regards,

Simon Remington

Simon Remington

