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REC'D 18/9/09

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14th September, 2009

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FILE No:
DOC: 1001/105515
MARS/PRISM:

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re: Proposed Increases in Postage Prices.

I wish to comment upon Australia Post's proposed changes in postal pricing.

1. "Ownership" of Australia Post.

There is a common misconception that Australia Post is wholly government owned. In fact, a significant proportion of Australia Post has been either sold, or outsourced to private contractors.

Over 80% of Australia Post's retail outlets have been sold, over the past two decades, to the private sector. These outlets operate under a licence arrangement with Post.

In addition a significant proportion of mail is delivered by private contractors under tendered contract arrangements.

Most of Australia's rural and outer-suburban population is serviced by these private individuals/companies.

Because of that arrangement, I consider that ACCC needs to comprehensively survey these licensees and contractors in relation to a fair recompense for their service to their customers.

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2. Changes to the amount and characteristics of mail.

Over the past several years, at least in our business, there has been a significant growth in mail volumes; in the past decade, inward mail has increased by over 50%.

Outwards mail has not varied to the same extent; given that a significant proportion of a licensee's income derives from outward mail, rather than inward, mail, income has not risen in proportion to the amount of work involved.

A second trend has been the increase in number and proportion of parcels which require additional work. For many of these parcels, Australia Post now requires us to "double-enter" them. A decade ago, most parcels received were "ordinary" parcels; now a significant proportion of parcels arrive as receipted, registered, ELASS or express post items. These generally require signatures, and entry into manifest journals and the computer systems. Payment for this has not kept pace with the increase in labour/storage space needed.

3. Changes to "Bulk" corporate customers.

For the standard postage item (postage currently 55¢) licensees receive some 18% of the face value of the postage when postage stamps are sold.

However, Australia Post has targeted larger customers with corporate accounts. For this mail, licensees receive just 5.5% of the face value of the postage.

In addition, it is noted that Post commonly offers such customers significant discounts in postage rates - as low as 41¢ for "standard" 55¢ letters and 75¢ for "standard" \$1.70 letters.

Parcel contracts are also let at significant discounts.

Such discounting should be considered against issues of fairness and equity; if one customer receives a discount and another does not, is this consistent with fair and equitable competition?

Such discounting is largely at the expense of licensee income and constitutes a significant loss of income to Australia Post, generally.

4. Dividends paid to the Commonwealth Government.

Over the past several years, Post has generated a very generous ^{annual} dividend to Australia Post.

Licensees receive payments from Post for conducting a range of services.

A review of Post Annual reports of the past several years indicates the number of letterboxes which are serviced Australia-wide, the number of customers visiting Post outlets each day, and a variety of other activities. Our postal outlet is just below an "average" retail outlet based upon these parameters.

Based upon the dividend paid by Post to the Australian Government, an "average per outlet" may be calculated. That mean payment has consistently exceeded the payments made to our postal outlet (which is about average in the national scheme of things)!

5. Summary.

In short, payments to licensees (and delivery contractors) have not kept pace with costs and reasonable expectations of licensees of ROI.

There is a real need to increase the compensation to licensees and contractors.

This could be managed by :-

~~(i) an increase in the price of postage to reimburse licensees and contractors; and/or~~

(ii) a revision of Australia Post's discounting practices; and/or

(iii) a revision of bulk customer provisions; and/or

(iv) a revision of Post's dividend to the Commonwealth Government; and/or

(v) an acknowledgement by Post of the increasing work load of licensees in rural areas as a consequence of relative increases of inward volumes of mail (including parcels) due to centralisation of mail services in large population centres.

I would be pleased to expand on these issues at interview.

Yours faithfully

Richardson

Robert G. Richardson

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Co-licensee

Wendbury licensed Post office