



POAAL

Post Office Agents Association Limited
ACN 006 382 314

Ref: 043/6/11/N1505

13 June 2011

Mr Anthony Wing
General Manager—Transport and General Prices Oversight
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

By email: postalservices@accc.gov.au

Dear Mr Wing,

AUSTRALIA POST'S DRAFT PRICE NOTIFICATION MAY 2011

Thank you for the opportunity to comment on Australia Post's revised price notification proposal.

The reduced increase now proposed by Australia Post for its bulk letter services is supported. POAAL also endorses of the Australian Competition and Consumer Commission's (ACCC) preliminary view not to object to the increase.

Australia Post's revised proposal addresses a number of earlier concerns expressed by POAAL in its submission to the ACCC in February 2011, in particular that the original pricing proposals would not be of sufficient incentive to achieve the objectives of changing customer behaviour, especially over the time frame forecast by Australia Post. The Commission and a number of other organisations made similar comments.

In addition to price incentives, there are other features of the proposed service that need to be addressed. These include commitments around service quality, lodgement schedules and branding. Australia Post is obviously serious about addressing these in consultation with its major client groups.

Australia Post's commitment to make more transparent the challenging issues around demand forecasts is to be applauded. There has been considerable and commendable effort around the transparency and the robust testing of other key elements of its price change proposals. This includes the WACC and the allocation of costs to various products and services in particular.

We believe that there is also room for more transparency around progress with the cost reduction initiatives that Australia Post has identified as being key elements of its future productivity strategy.

These comments, however, need to be considered in the context that Australia Post is universally seen as being amongst the best postal organisations in the world with sustained and material improvements in its productivity and performance over a long period. It continues to face significant challenges and comparisons with other high performance service industries may be more useful in future.

Should the Commission wish to clarify any of our comments or to seek further information that may assist its deliberations, POAAL is available for that purpose.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Ian Kerr', with a stylized flourish extending to the right.

Ian Kerr
CEO