



**Australian
Competition &
Consumer
Commission**

Our Ref: M2007/663
Contact Officer: Mark McLeish
Contact Phone: 03 9290 1834

GPO Box 520
Melbourne Vic 3001
Level 35, The Tower
360 Elizabeth Street
Melbourne Vic 3000
tel: (03) 9290 1800
fax: (03) 9663 3699
www.accc.gov.au

31 July 2008

Mr Allan Robinson
Group Manager, Letters
Australia Post
GPO Box 1777
Melbourne VIC 3001

Dear Mr Robinson

**Price Notification: Australia Post Pricing Proposal
Notice Pursuant to Paragraph 95Z(6)(b) of the Trade Practices Act 1974**

I am writing in response to the price notification (locality notice) given to the Australian Competition and Consumer Commission (ACCC) on 18 July 2008 by Australia Post pursuant to subsection 95Z(5) of the *Trade Practices Act 1974* (the Act).

On 30 July 2008, the ACCC decided that it had no objection to Australia Post supplying letter services reserved to Australia Post at the prices set out in that locality notice. A schedule of prices consistent with those specified in the locality notice is included as an attachment to this letter. The ACCC notes that the price changes will take effect from 15 September 2008.

The reasons for the ACCC's decision will be published on the ACCC's website and included in the public register kept under section 95ZC of the Act. Further to our letter to you of 22 July 2008, the public versions of these documents do not contain information over which you have claimed confidentiality.

As outlined in the decision, while the ACCC did not object to the price increases in the price notification, it did consider that the duration of the proposal was too short, and specified that future price notifications will need to be supported by:

- a forward-looking disaggregated financial model covering at least a three year period;
- information on how prices for reserved services will change over this period; and
- information on the revenues and costs of those non-reserved services that share the same costs as reserved services over this period.

The ACCC also looks forward to working closely with Australia Post to resolve the issues identified with Australia Post's cost allocation methodology.

If you would like to discuss this further, please do not hesitate to contact either myself on 03 9290 1804, or Mark McLeish on 03 9290 1834.

Yours sincerely



Anthony Wing
A/g General Manager
Prices Oversight and Monitoring

Attachment – Australia Post's proposed prices

Proposed Price Structure

Note: all prices are GST Inclusive, except for External Territories where they are as stated but GST free.

Ordinary Letters

	Current	Proposed Prices	
		Amount	% Change
Small Letters			
Ordinary - General (eg. Stamp)	\$ 0.50	\$ 0.55	10.0%
Ordinary - Imprint/Metered (new)	\$ 0.50	\$ 0.54	8.0%
Clean Mail	\$ 0.45	\$ 0.48	6.7%
Seasonal Greeting	\$ 0.45	\$ 0.50	11.1%
Barcoded and Metered	\$ 0.48	\$ 0.54	12.5%
Large Letters			
Seasonal Greeting Cards			
Up to 125g	\$ 0.90	\$ 1.00	11.1%
Ordinary Letters - General			
Up to 125g	\$ 1.00	\$ 1.10	10.0%
Over 125 up to 250g	\$ 1.45	\$ 1.65	13.6%
Ordinary Large - Imprint/Metered (new)			
Up to 125g	\$ 1.00	\$ 1.08	8.0%
Over 125 up to 250g	\$ 1.45	\$ 1.62	11.7%
Ordinary Letters Barcoded and Metered			
Up to 125g	\$ 0.95	\$ 1.06	13.7%
Over 125 up to 250g	\$ 1.40	\$ 1.62	15.7%
Clean Mail			
Small Plus Size			
Up to 125g	\$ 0.70	\$ 0.75	7.1%

Notes/Comments: Ordinary Letters

Small, 50 to 55; Large rounded to multiples of 55c

Introduction of new price category for items that are paid for by a charge account or postage meter. Large

Letter prices are also multiples of the 54c price

Prices for Barcoded AND Metered have been aligned with the new category

PrePaid Envelopes

	Current Prices			Proposed Prices			% Change		
	Single	1-4 Packs of 10	5+ Packs of 10	Single	1-4 Packs of 10	5+ Packs of 10	Single	1-4 Packs of 10	5+ Packs of 10
Plain Envelopes									
Small (DL and C6)	\$ 0.60	\$ 5.85	\$ 5.70	\$ 0.65	\$ 6.34	\$ 6.18	8.3%	8.3%	8.3%
C6 Size	\$ 1.20	\$ 11.70	\$ 11.40	\$ 1.30	\$ 12.68	\$ 12.35	8.3%	8.3%	8.3%
C4 Size	\$ 2.35	\$ 22.91	\$ 22.33	\$ 2.50	\$ 24.38	\$ 23.75	6.4%	6.4%	6.4%
B4 Size	\$ 2.70	\$ 26.33	\$ 25.65	\$ 2.90	\$ 28.28	\$ 27.55	7.4%	7.4%	7.4%
One Rate to the World Postcard									
	\$ 1.20	NA	NA	\$ 1.50	NA	NA	25.0%	NA	NA
Window Faced									
Small (DL and C6)									
	NA	Pk of 50 \$ 29.70	Bx of 500 \$ 286.00	NA	Pk of 50 \$ 32.20	Bx of 500 \$ 309.50	NA	Pk of 50 8.4%	Bx of 500 8.2%

Notes/Comments - PrePaid Envelopes

Small Letter prices increased in line with BPR and to reflect increased stationery costs

Large Letter prices increased slightly, to reflect change to Ordinary prices, with rounding to five cent multiples.

One Rate to the World Postcard price reflects first increase since circa 2000

Local Delivery (only available in specified postcodes)

	Current	Proposed Prices	
		Amount	% Change
Small Letters			
Up to 125g	\$ 0.46	\$ 0.51	10.5%
Medium Letters			
Up to 125 grams	\$ 0.60	\$ 0.70	16.7%
Over 125 up to 250g	\$ 0.85	\$ 0.95	11.8%
Large Letters			
Up to 125 grams	\$ 0.85	\$ 0.90	5.5%
Over 125 up to 250g	\$ 1.20	\$ 1.30	8.3%

Notes: Local Delivery

Local Delivery postcodes to be reviewed

Reply Paid

	Current	Proposed Prices	
		Amount	% Change
Small			
Barcoded	\$ 0.40	\$ 0.42	5.0%
Unbarcoded	\$ 0.60	\$ 0.63	5.0%
Annual Fee	\$ 60.00	\$ 65.00	8.3%
Large			
Up to 125g	\$ 1.10	\$ 1.20	9.1%
Over 125 up to 250g	\$ 1.55	\$ 1.75	12.9%

Notes: Reply Paid

Per item prices for Large are based on Ordinary Large Letter prices plus a 10c administration fee

Barcodes PreSort Letters

Note: all prices are GST Inclusive, except for External Territories where they are as stated but GST free.

Regular Delivery	Same State BDT			Other State BDT			Residue			Unbarcoded Residue		
	Current	Proposed Price		Current	Proposed Price		Current	Proposed Price		Current	Proposed Price	
		Amount	% Var		Amount	% Var		Amount	% Var		Amount	% Var
Small Letters												
Up to 125g	\$ 0.374	\$ 0.399	6.7%	\$ 0.385	\$ 0.410	6.5%	\$ 0.424	\$ 0.449	5.9%	\$ 0.450	\$ 0.480	6.7%
Charity Mail	\$ 0.312	\$ 0.344	10.3%	\$ 0.323	\$ 0.355	9.9%	\$ 0.356	\$ 0.394	10.7%	\$ 0.450	\$ 0.480	6.7%
Small Plus												
Up to 125g	\$ 0.473	\$ 0.509	7.6%	\$ 0.495	\$ 0.531	7.3%	\$ 0.572	\$ 0.619	8.2%	\$ 0.700	\$ 0.750	7.1%
Medium												
Up to 125g	\$ 0.561	\$ 0.630	12.3%	\$ 0.594	\$ 0.674	13.5%	\$ 0.671	\$ 0.768	14.5%	\$ 0.803	\$ 0.905	12.7%
Over 125 up to 250g	\$ 0.724	\$ 0.823	13.7%	\$ 0.779	\$ 0.911	16.9%	\$ 0.889	\$ 1.015	14.2%	\$ 1.034	\$ 1.158	12.0%
Large												
Up to 125g	\$ 0.770	\$ 0.773	0.4%	\$ 0.825	\$ 0.817	-1.0%	\$ 0.935	\$ 0.938	0.3%	\$ 0.980	\$ 0.982	0.2%
Over 125 up to 250g	\$ 1.111	\$ 1.103	-0.7%	\$ 1.221	\$ 1.191	-2.5%	\$ 1.331	\$ 1.323	-0.6%	\$ 1.430	\$ 1.433	0.2%
Off Peak Delivery												
Small Letters												
Up to 125g	\$ 0.363	\$ 0.388	6.9%	\$ 0.374	\$ 0.399	6.7%	\$ 0.402	\$ 0.432	7.5%	\$ 0.435	\$ 0.465	6.9%
Charity Mail	\$ 0.296	\$ 0.328	10.8%	\$ 0.301	\$ 0.339	12.6%	\$ 0.340	\$ 0.372	9.4%	\$ 0.435	\$ 0.465	6.9%
Small Plus												
Up to 125g	\$ 0.451	\$ 0.498	10.4%	\$ 0.473	\$ 0.520	9.9%	\$ 0.550	\$ 0.608	10.5%	\$ 0.671	\$ 0.720	7.3%
Medium												
Up to 125g	\$ 0.528	\$ 0.597	13.1%	\$ 0.534	\$ 0.630	18.0%	\$ 0.638	\$ 0.729	14.3%	\$ 0.759	\$ 0.850	12.0%
Over 125 up to 250g	\$ 0.653	\$ 0.757	15.9%	\$ 0.669	\$ 0.801	19.7%	\$ 0.818	\$ 0.949	16.0%	\$ 0.946	\$ 1.059	11.9%
Large												
Up to 125g	\$ 0.748	\$ 0.751	0.4%	\$ 0.792	\$ 0.784	-1.0%	\$ 0.902	\$ 0.905	0.3%	\$ 0.957	\$ 0.960	0.3%
Over 125 up to 250g	\$ 1.045	\$ 1.026	-1.8%	\$ 1.111	\$ 1.092	-1.7%	\$ 1.254	\$ 1.235	-1.5%	\$ 1.353	\$ 1.334	-1.4%

Impact Mail	Postcode Direct Tray			Area Tray			Residue		
	Current	Proposed Price		Current	Proposed Price		Current	Proposed Price	
		Amount	% Var		Amount	% Var		Amount	% Var
Small - up to 125g									
Same State	\$ 0.550	\$ 0.600	9.1%	\$ 0.590	\$ 0.640	8.5%	\$ 0.660	\$ 0.700	6.1%
Other State	\$ 0.560	\$ 0.610	8.9%	\$ 0.600	\$ 0.650	8.3%	\$ 0.670	\$ 0.710	6.0%
Small Plus - up to 125g									
Same State	\$ 0.800	\$ 0.850	6.3%	\$ 0.850	\$ 0.900	5.9%	\$ 0.950	\$ 1.000	5.3%
Other State	\$ 0.810	\$ 0.860	6.2%	\$ 0.860	\$ 0.910	5.8%	\$ 0.960	\$ 1.010	5.2%

Acquisition Mail	Same State BDT			Other State BDT			Residue			Unbarcoded Residue		
	Current	Proposed Price		Current	Proposed Price		Current	Proposed Price		Current	Proposed Price	
		Amount	% Var		Amount	% Var		Amount	% Var		Amount	% Var
Off Peak Delivery												
Small - Up to 125g		\$ 0.280			\$ 0.300			\$ 0.432			\$ 0.465	
Small Plus - up to 125g		\$ 0.390			\$ 0.410			\$ 0.608			\$ 0.720	

Notes/Comments - PreSort Letters

Small PreSort

Charity Mail prices for Barcoded items set at a specific cent reduction from 'non-charity' small PreSort (Regular 5.5c and Off Peak 6c)

Acquisition Mail

New category: Barcode Residue and Unbarcoded Residue are per the Off Peak price structure