

# Price of private post to double but ACCC to monitor two-tier system



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Australia Post predicts by 2020 it will be delivering only a quarter of the amount of mail it handled in 2008. *Photo: Glenn Hunt*

The cost of sending letters through the post will as much as double within months.

Without any fanfare, the federal government last week established the legal framework for Australia Post to implement a two-speed system for stamped post.

The price of "ordinary" mail is expected to rise from 70¢ a letter to \$1 from as early as next month, despite taking an additional two days to reach its destination.

A new class of mail – known as "priority post" – which will take the same time to deliver as today's ordinary mail – will cost about \$1.40 a stamp.

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About 70 per cent of all business mail is already sent under the slower system.

Pensioners and concession card holders will be partly insulated from the price rises to "social mail" by the continuation of access to 50 discounted stamps a year and Christmas stamps will be anchored at 65 cents for the moment.

Introduction of a split system has been overseen by Communications Minister Malcolm Turnbull, who responded to pleas by Australia Post. The company faces multibillion dollar losses in the decade ahead without sharp price rises.

Australians send a billion fewer letters than in 2008 and Australia Post faces losses of \$6.6 billion over the next decade without substantial reform.

But amid signs that the uncapped nature of the proposed priority service will be deeply unpopular with sections of the public, Mr Turnbull has made a significant last-minute concession.

A poll of 1200 people conducted by Essential Media Communications on behalf of the Communications Union found 70 per cent of people do not support a two-tiered system.

Mr Turnbull had originally promised the priority system would be a "commercial product with no ACCC [Australian Competition and Consumer Commission] or ministerial pricing oversight" but last week he agreed for partial oversight by the pricing watchdog.

The ACCC will now be required to assess any price rises in which the cost of priority post rises above 1.5 times the value of ordinary post.

The ACCC last ticked off a rise in stamp prices in March last year when stamps rose from 60¢ to 70¢.

Surveys by Australia Post have found that customers, particularly in rural and regional areas, value retaining the network of 4400 post offices over cheaper stamps.

Australia Post chief executive Ahmed Fahour – Australia's highest-paid public servant on a salary of \$4.6 million a year – has forecast that the government-approved changes will cut losses over the next decade by about \$6 billion.

Read more: <http://www.theage.com.au/federal-politics/political-news/price-of-private-post-to-double-but-accc-to-monitor-twotier-system-20150812-giy0tu#ixzz3jDCkmT5e>

*Submitted by: Ruth Edge Cardinia Shire Council*