

AUSTRALIA POST PROPOSED BASIC POSTAGE RATE INCREASE

INFORMATION FOR MEMBERS

BACKGROUND

Australia Post has advised it is seeking a price increase to the ACCC of the Basic Postage Rate (BPR) from \$1.20 to \$1.50. The planned implementation date for this increase is January 2024.

The BPR increase will impact Business Mail pricing rates at varying levels with the Volume Weighted Average (VWA) being 20.6%. *Promo Post* and *Charity Mail* are excluded from the 20.6% average, they have a proposed VWA increase of 5.2% and 3.4% respectfully.

Australia Post have communicated to the Print & Visual Communication Association (PVCA) that it recognises the pricing rate increases will have an impact its customers and industry.

RECENT FINANCIAL RESULTS

Australia Post's financial results were issued last month with significant losses outlined as follows:

- > Australia Post recorded a \$200 million pre-tax loss in its full year 2023 financial year results.
- > Letters losses increased over 50 per cent to \$384 million in FY23.
- > This financial year also saw a marked increase in the estimated cost to deliver Australia Post's Community Service Obligations to \$442 million, up 27 per cent from FY22.
- > As Letters losses continue to increase, Australia Post expects the costs to deliver its Community Service Obligations will also increase.
- > This is the second recorded loss Australia Post has recorded since becoming a self-funded Government Business Enterprise (GBE) in 1989.
- > Australia Post has stated that it expects these losses will continue unless it receives the necessary support to modernise its business.

Australia Post have advised the pricing amendments are due to, however not limited to:

- > Australia Post's financial position has declined further since it finalised the July price increases due to letter volume declines and increased costs due to inflationary pressures.
- > The domestic letter volume decline in the past quarter has continued into the new financial year.

Media commentary and information to Australia Post's financial results in August were reported widely with key factors outlined in the *Financial Review*, this article can be found [here](#).

PROPOSED PRICE INCREASE TABLE BY PRODUCT

Letter services	Range of increase across sizes/weights		
Charity Mail	1.5%	-	22.3%
Promo Post*	3.4%	-	22.3%
PreSort Letters	21.4%	-	22.7%
Metered/Imprint	25.2%	-	25.9%

Clean Mail	21.5%	-	22.3%
Reply Paid	21.4%	-	25.0%
Local Country	21.8%	-	22.4%
Print Post	14.2%	-	26.4%
Print Post Linehaul	9.8%	-	11.2%
Registered Post	8.1%	-	14.1%
Domestic letter with tracking	20.8%	-	24.7%
Prepaid envelopes	20.5%	-	25.0%

PVCA'S RECENT ACTIVITY

- > In 2023 the PVCA formed the Mail Industry Coalition for the development of the submission into the government's Consultation into the Modernisation of the Postal Service.
- > In preparation for the submission, the PVCA facilitated several Mail Industry Coalition meetings with ~30 stakeholders across the industry. The majority of the PVCA membership across the mail sector are lodging *Promo Post*, *Charity Mail* and *Unaddressed Mail* (non-regulated).
- > The second largest cohort of members of the PVCA in the mail sector is *Print Post* for small or single trade masthead publishers. The PVCA does not have any consumer publisher members in Australia.
- > The latest price increases with a VWA of 20.6% do not apply to *Promo Post* or *Charity Mail* in which the proposed price increases are averaged at 5.2% and 3.4% respectively.
- > The PVCA has supported Community Service Obligation amendments for Australia Post to update regulations imposed under the current agreement with the government. The PVCA further calls on the Minister to expedite the Consultation to implement these changes to ensure sooner, rather than later, operational efficiency gains can be realised by Australia Post to ensure the industry and our member's businesses are not bearing the brunt of these changes. The Executive Summary from the PVCA's submission to the Consultation into the Modernisation of the Postal Service can be found [here](#).
- > The PVCA has been pleased to release the Charity Mail 4.0 incentive for the fourth time to support incremental or new volumes across the charity and fundraising sectors. More information can be found [here](#).
- > The PVCA is reviewing the role of a surcharge as opposed to a permanent price increase across the inflationary cost impacts. This is in line with other industry sectors and companies.
- > The PVCA has called for the Minister and Australia Post to support an Industry Stakeholder Committee to provide strategic advisement into Australia Post and government throughout the year on how to modernise and continue improvement across essential communications.

- > The PVCA has requested investment to promote Business Mail with econometric analysis for high volume mail channels such as billing, statements, share registry and more.
- > The PVCA is calling for price increase forecasts with annual price increase only and three-year forecasting for businesses to manage financial investment into mail communications.

PVCA'S NEXT AND IMMEDIATE STEPS

- > The PVCA is gathering feedback from our members that suggest the proposed *Print Post* pricing requires revision to reflect the variation across the industry and the lower impact to higher volume publishers benefiting with private pricing agreements over small business publishers carrying the full increase. This is most notable across trade and consumer publishing sectors.
- > The PVCA is meeting with the key essential service provider CEOs to discuss the need to build econometric insights across the *PreSort* product sector. The *PreSort* product carries the highest mail volumes.
- > The PVCA has scheduled a Mail industry Coalition meeting on Tuesday 12th September 2023 to gather information and considerations to how best approach the proposed price increase.
- > The PVCA is requesting the ACCC accept a PVCA industry submission as an exception to the general survey response request issued.

There will be additional activities and we welcome all feedback and suggestions as we proceed through this process. Please contact Kellie Northwood – kellie_northwood@pvca.org.au who will oversee this review as a priority item for the Association.