

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Question: aet 73

Topic: ACCC – Supermarket Sector

Hansard Page: Written

Senator BUSHBY asked:

1. Which sector or industry would the ACCC consider to be the least competitive in the Australian economy?
2. Which sector or industry would the ACCC consider to be the most competitive in the Australian economy?
3. Do you believe the current grocery prices inquiry will lead to lower prices? How might this be achieved?
4. How competitive is Australia's supermarket sector, are there any barriers to entry?
5. What studies have you done recently on factors which affect grocery prices?
6. How many complaints of anti-competitive conduct in grocery retailing have you received in the past year? Are you able to say which retailers these complaints relate to? In how many cases has any form of action been taken?
7. What is your opinion of unit pricing?
8. Should it be compulsory?
9. Wouldn't unit pricing force retailers to reduce costs?
10. What are your thoughts on imposing a uniform approach to unit pricing on supermarkets?
11. The Assistant Treasurer, Mr Bowen, announced the ACCC Inquiry into Grocery Prices on 22 January 2008. The Minister listed a number of matters which would be considered by the inquiry, but did not restrict consideration of other matters.
12. As the Minister has acknowledged, "Australia does have arguably a more concentrated grocery industry than you would find elsewhere in the world" and he said the intention of the inquiry was "to get to the bottom of what actually has caused Australian food and grocery prices to rise more than it has elsewhere in the world."
13. It has been well documented that the immense concentration of market power in the hands of the two major supermarket chains has been developing since the mid-1970s - in fact market concentration seems to have intensified significantly since the introduction of the *Trade Practices Act 1974*.
14. Yet the Commission, in its *Issues Paper*, has proposed restricting consideration to the past five to 10 years.
15. Why is the ACCC proposing to make the grocery inquiry more restricted than the Minister has indicated? Why would the Commission not want to examine the entire period since the introduction of the *Trade Practices Act* and the acceleration of market concentration which followed?
16. Last year the Commission approved a Woolworths purchase of an independent supermarket in Jindabyne, NSW, despite the fact that Woolworths owned both supermarkets in the neighbouring town of Cooma. The purchase took their regional market share from 70-plus per cent to 90-plus per cent.
17. How many creeping acquisitions has the ACCC authorized in the past ten years? Twenty years? Thirty five years?
18. What are the differences in approach by the ACCC to single acquisitions by the supermarket chains versus single purchases involving larger numbers, such as the purchase of stores by Woolworths and Coles after the Franklins and Foodland Association Limited stores were sold?
19. Does the ACCC have in place any internal or external mechanism for critiquing or reviewing its approach to competition law - not in terms of taking cases, but in terms of its policy approach? [If not, to whom is the ACCC answerable for day to day policy implementation?]

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

20. The current (1999) merger guidelines under which the ACCC operates, suggest that the Commission 'will want to give the merger further consideration' if the merged firm will supply 40 per cent of the market or more and further suggests that 'Below these thresholds the Commission is unlikely to take any further interest in a merger'?
21. Does the ACCC not recognise that two players with 40 percent of the market constitute a virtual duopoly – a situation that regulators internationally try to avoid?
22. Some states have called for federal intervention in the past in relation to petrol prices...what is your viewpoint on this?
23. To what extent do increases in petrol prices correlate with price rises in crude oil?
24. Does the ACCC have any information on the market share that Woolworth's and Coles hold in the petrol retailing industry?
25. Do you believe dominance in market share by these two retailers has an effect on pricing?
26. I understand the ACCC is assessing a proposal by Australia Post to increase the price of stamps? Could you detail the proposal please?
27. What criteria will you be looking at to determine whether an increase is approved?
28. Does the public have a chance to contribute to your finding?
29. Given that Australia Post posted a net profit of \$400.6 million in the 2007 financial year, and that Australian's are undoubtedly feeling the pinch of the increasing price of petrol and groceries, do you think a price rise is justified?

Answer:

1. The Australian Competition and Consumer Commission (ACCC) does not conduct ongoing widespread assessments as to the competitiveness of all industries in Australia or affecting Australians and as such is unable to provide a ranking as to which may be the least competitive.
2. The ACCC does not conduct ongoing widespread assessments as to the competitiveness of all industries in Australia or affecting Australians and as such is unable to provide a ranking as to which may be the most competitive.
3. The ACCC is yet to complete the ACCC Inquiry into the Competitiveness of Retail Prices for Standard Groceries (the Inquiry) and so has not formulated its recommendations. Only after the Inquiry is complete and consideration is given to any recommendations, would it be possible to assess the likelihood of price changes.
4. The ACCC is assessing the competitiveness of Australia's supermarket sector as part of the Inquiry. The extent of any barriers to entry will be considered as part of the Inquiry.
5. Inquiries undertaken in the last 3 years are listed below.
 - Fruit and vegetables price review – July 2007: In July 2007 the ACCC received a request from the previous Treasurer for it to monitor fruit and vegetable prices to assess whether in the context of severe drought conditions in the Murray-Darling Basin retailers were taking the opportunity to increase fruit and vegetable prices for non-drought related reasons.
The ACCC has completed three fruit and vegetable monitoring reports. The first report covering price movements in July 2007 was provided to

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

the then Treasurer on 20 September 2007. The most recent report, covering price movements in October 2007 was sent to the Assistant Treasurer on 11 December 2007.

- Petrol prices and Australian consumers – Report of the ACCC inquiry into the price of unleaded petrol – December 2004: The ACCC's inquiry into the price of unleaded petrol, while primarily focused on petrol prices, also considered the impact of shopper dockets on grocery prices. The report is available on the ACCC website.
- Examination of the prices paid to farmers for livestock and the prices paid by Australian consumers for red meat – February 2007: On 28 November 2006 the then Minister for Agriculture, Fisheries and Forestry, requested that the ACCC to 'examine the prices paid to farmers for livestock and the prices that Australian consumers are paying for red meat.' The Minister was concerned that farmers were receiving minimal returns for livestock while consumers were paying record high retail prices for red meat. The ACCC submitted a report to the Minister on 6 February 2007 and it was publicly released on 15 February 2007. The report is available on the ACCC website.

6. From 1 January 2007 to 31 December 2007, there were 76 competition related complaints regarding the retail grocery sector. This is based on a search of the ACCC's database using the ANZSIC codes for Supermarket & Grocery Stores, Fresh Meat & Poultry Retailing, Fruit & Vegetable Retailing, Liquor Retailing & Specialised Food Retailing.

The ACCC does not, as a general rule, publish information about individual complaints and/or companies complained about. No court based action arose as a result of the 76 complaints.

7. The issue of unit pricing will be considered in the Inquiry.
8. Whether unit pricing should be compulsory will be considered as part of the Inquiry.
9. Unit pricing may assist consumers in choosing the most economical product, but there may also be costs involved in implementing unit pricing, particularly for smaller retailers.
10. Whether a uniform approach to unit pricing should be imposed on supermarkets will be considered in the Inquiry.
11. No answer required.
12. No answer required.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

13. No answer required.
14. No answer required.
15. In addition to the questions raised in the ACCC's Issues paper, interested parties are invited to make submissions on "any other issues that they consider relevant to the inquiry". The Issues paper has specifically asked interested parties to provide information going back 5 to 10 years with regards to the structure of grocery retailing and wholesaling to address the terms of reference – more specifically, matters related to the current structure of the grocery industry. The Issues paper is available on the ACCC website.
16. No answer required.
17. A creeping acquisition is an acquisition which on its own does not breach the merger provision (section 50 of the *Trade Practices Act 1974* (the Act)), but may do so, if it could be aggregated together with a series of other acquisitions by the same party in the same or similar markets.

Section 50 of the Trade Practices Act as currently worded, does not allow the ACCC to take into account the competitive effects of previous mergers where they are not relevant to the assessment of a merger before it. As such, the ACCC has not made any assessment of how many of the merger it has considered in recent years could be classified as "creeping acquisitions"

18. The same test is applied in all instances, namely whether the transaction is likely to result in a substantial lessening of competition in any market in breach of section 50 of the *Trade Practices Act 1974*.

However, the impact of the acquisition may differ depending on the relevant market. With single acquisitions of supermarkets, the market which is effected by competition in the most acute manner are local markets for the retail supply of groceries. An acquisition of a large number of supermarkets in a single transaction may have no greater effect in any local market than an acquisition of a single supermarket, but this acquisition may have a more significant effect in various markets for the supply of particular products to supermarket wholesalers, or in a market for the wholesale supply of products to supermarkets.

Importantly, the acquisition of a larger number of supermarkets will mean a greater transfer of market share at the wholesale level. For example, the sale of an independent supermarket results in only a relatively small transfer of wholesale volume from the previous wholesale supplier to the new supplier, whereas the acquisition of a larger number of stores will result in a correspondingly larger transfer of volume. The ACCC examines whether this transfer is likely to lessen competition, for example, by raising the *average* costs

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

of the previous wholesaler due to its reduced volumes, which may in theory lead to it charging higher prices to the stores it continues to supply, in turn weakening their ability to compete.

19. The ACCC's approach to competition law is informed by many years of practical and transparent application of the law, with its decisions to take enforcement action or oppose mergers subject to the scrutiny of, and review by, the Federal Court of Australia (FCA) or the Australian Competition Tribunal (ACT).

The FCA and the ACT, being the ultimate arbiters of decisions made by the ACCC, are the key external mechanism via which the ACCC's implementation of competition law is reviewed. These bodies provide a critical source of guidance that feed into the ACCC's administration of the Act.

The ACCC is also answerable to Parliament for the way in which it is utilising its resources and the outcomes it is achieving

- 20 & 21 The ACCC's focus when assessing mergers is on the likely competitive effects of the merger. While market share can be an indicator of market power, it is not determinative and the competitive dynamics of the individual market concerned will be more influential in determining whether a merger raises competition concerns. Factors such as barriers to entry, the presence of substitutes and the effectiveness of other competitors in the market will all be important in this regard. As such, a merger resulting in the merged entity having a 40 percent market share may be problematic in a market where there are high barriers to entry, limited substitutes and few effective competitors, but may not raise competition concerns where barriers are low, substitutes are many and competitors are effective.

22. Questions regarding the federal intervention in relation to petrol prices should be directed to the Australian Government.
23. The ACCC petrol report noted that domestic petrol prices broadly follow movements in the Singapore benchmark price – the spot price of Singapore Mogas 95 Unleaded – which is the price of refined petrol, rather than crude oil. However, crude oil is the major input into petrol refining.

Movements in international refined petrol prices are generally in line with movements in world crude oil prices. However, demand and supply factors – such as increased demand for petrol in particular countries and refinery shutdowns – may cause these prices to diverge in the short term.

The ACCC found that over the period 2003-04 to 2006-07 the key factor influencing petrol prices in Australia was changes (predominantly increases) in the price of crude oil.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

24. Yes. During the petrol inquiry, the ACCC received data from the refiner-marketers, the supermarkets and the major independent chains on sales volumes of unleaded petrol at branded retail sites in 2006–07. The ACCC used this data to compile retail market shares. However, as the market share data compiled by the ACCC did not include information from the smaller independents in the retail market, the total market will be marginally understated and, as a consequence, the share of the total market of Coles Express and Woolworths/Caltex will be slightly overstated. The data indicated that in 2006-07 Coles Express and Woolworths/Caltex each had 22 per cent shares of retail sales by brand nationally.
25. The impact of the supermarket retailers on petrol retailing was extensively considered by the ACCC in the petrol inquiry. The ACCC concluded to date, the general emergence of supermarket shopper docket arrangements has not had an anti-competitive effect but has delivered discounts to the benefit of consumers and promoted competition from other retailers. However, the ACCC will continue to consider developments as they arise, including any changes in the extent of the impact of shopper docket arrangements on competition.
26. On 5 February 2008 Australia Post provided the ACCC with a draft price notification which proposed a number of changes to prices for its reserved services:
- an increase of 5 cents to the basic postal rate (BPR)
 - an increase to other Ordinary Letter prices (eg. Large letters, Seasonal greeting cards, etc)
 - an increase to PreSort letters by an average of 2.5 cents (GST exclusive)
 - Small PreSort by an average of 2.4 cents (GST exclusive)
 - Large PreSort by an average of 3.2 cents (GST exclusive).

A complete list of Australia Post's proposed price changes is at **Attachment A**.

27. The ACCC's role in assessing proposed increases in the prices of Australia Post's reserved services falls within the scope of Part VIIA of the Act. The ACCC must review these price notifications and take such action, in accordance with Part VIIA, as it considers appropriate.

In doing so, ss. 95G(7) states that the ACCC must have particular regard to the following matters:

- (a) the need to maintain investment and employment, including the influence of profitability on investment and employment
- (b) the need to discourage a person who is in a position to substantially influence a market for goods and services from taking advantage of that power in setting prices
- (c) the need to discourage cost increases arising from increases in wages and changes in the conditions of employment inconsistent with principles established by relevant industrial tribunals.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Consideration of the above criteria is subject to any direction issued by the Minister under s. 95ZH of the Act. Relevant to the assessment of Australia Post's proposed increase in the price of reserved (notified) services is Direction 11.

Amongst other things, Direction 11 specifies that where a price notification concerns a standard postal article, the ACCC, in having regard to the criteria under ss. 95ZG(7), must give special consideration to:

- Australia Post's obligation to pursue a financial policy in accordance with its corporate plans as set out in s. 31–41 of the Australian Postal Corporation Act and in particular the pricing targets contained in Australia Post's corporate plan

the functions and obligations of Australia Post as set out in s. 14–16 and 25–28 of the Australian Postal Corporation Act as to such directions or notifications given to Australia Post by the Minister under Act.

28. On 29 February 2008 the ACCC released a paper identifying a number of issues on which the ACCC is seeking comment from interested parties on Australia Post's proposed price increases. Interested parties are invited to make submissions to the ACCC in relation to the issues identified in this paper, or on any other issues they consider relevant to the ACCC's assessment of the price increases proposed by Australia Post.

Aligned with the release of this paper was the establishment of a separate section on the ACCC's website which contains details of Australia Post's proposal, copies of documentation provided by Australia Post in support of its proposal (such as consultancy reports relating to Australia Post's mail volumes, productivity and the financial model used), and information on how submissions can be made to the ACCC on Australia Post's proposal.

Following consideration of submissions on the issues paper the ACCC will release a preliminary view and seek comment from the public and stakeholders on that view.

All submissions and the preliminary view will be made publicly available on the ACCC's website.

These consultation processes give the public the opportunity to contribute to the ACCC's finding in relation to Australia Post's proposed price increases.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

29. At this stage, the deadline for submissions in response to the issues paper has not yet passed and as such the ACCC has not received any submissions from interested parties on the proposed price increases. The ACCC is currently in the process of assessing Australia Post's proposal and is not yet in a position to express a view on whether the proposed price increases are justified.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Attachment A

Australia Post's current and proposed prices

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 125g up to 250g	\$ 1.45	\$ 1.65	13.8%
Over 250g up to 500g	\$ 2.45	\$ 2.75	12.2%
Ordinary large – Imprint/Metered (new)			
Up to 125g	\$ 1.00	\$ 1.08	8.0%
Over 125g up to 250g	\$ 1.45	\$ 1.62	11.7%
Over 250g up to 500g	\$ 2.45	\$ 2.70	10.2%
Ordinary letters barcoded and metered			
Up to 125g	\$ 0.95	\$ 1.08	13.7%
Over 125g up to 250g	\$ 1.40	\$ 1.62	15.7%
Over 250g up to 500g	\$ 2.35	\$ 2.70	14.9%
Clean mail			
Small plus size			
Up to 125g	\$ 0.70	\$ 0.75	7.1%

Local Delivery (only available in specified postcodes)	Current	Proposed Prices	
		Amount	% Change
Small letters			
Up to 125g	\$ 0.46	\$ 0.51	10.9%
Medium letters			
Up to 125g	\$ 0.60	\$ 0.70	16.7%
Over 125g up to 250g	\$ 0.85	\$ 0.95	11.8%
Large letters			
Up to 125 g	\$ 0.85	\$ 0.90	5.9%
Over 125g up to 250g	\$ 1.20	\$ 1.30	8.3%
Over 250g up to 500g	\$ 1.30	\$ 1.45	11.5%

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 125g up to 250g	\$ 1.55	\$ 1.75	12.9%
Over 250g up to 500g	\$ 2.55	\$ 2.85	11.8%

Notes/Comments: Ordinary letters

Small, 50c to 55c, 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

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Note: all prices are GST inclusive, except for external territories where they are stated but GST free.

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 size)	\$ 0.60	\$ 5.85	\$ 5.70	\$ 0.65	\$ 6.34	\$ 6.18	8.3%	8.3%	8.3%
C5 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		Pack of 50	Box of 500		Pack of 50	Box of 500		Pack of 50	Box of 500
Small (DL and C6 size)	N/A	\$ 29.70	\$ 286.00	N/A	\$ 32.20	\$ 309.50	N/A	8.4%	8.2%

Notes/Comments – PrePaid envelopes

Small letter prices increased in line with basic postal rate and to reflect increased stationary 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.

Barcode PreSort letters – Regular Delivery

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
Size/Weight												
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 125g 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 125g 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%
Over 250g up to 500g	\$ 1.584	\$ 1.543	-2.6%	\$ 1.694	\$ 1.675	-1.1%	\$ 1.804	\$ 1.763	-2.3%	\$ 1.980	\$ 1.983	0.2%

Barcode PreSort letters – Off Peak Delivery

Off peak 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
Size/Weight												
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 125g 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 125g 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%
Over 250g up to 500g	\$ 1.298	\$ 1.301	0.2%	\$ 1.364	\$ 1.389	1.8%	\$ 1.551	\$ 1.521	-1.9%	\$ 1.815	\$ 1.741	-4.1%

Barcode PreSort letters cont.

Acquisition mail (new product)	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	

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

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%

Notes/Comments – PreSort letters

Small PreSort

Charity mail prices for barcoded items set at a specific cent reduction from ‘non-charity’ small Presort (Regular 5.5 cents and Off peak 6 cents)

Acquisition mail

New product barcode residue and unbarcoded residue are per the Off peak price structure.