

## **Australian Postal Corporation**

### **Government Statement of Expectations**

This Statement of Expectations (“Statement”) applies to the Australian Postal Corporation (“Australia Post” or “the Corporation”).

This Statement outlines the Government’s expectations of Australia Post in implementing and reporting on the postal regulatory reforms to introduce a two-speed letter service announced on 3 March 2015, and Australia Post’s subsequent public commitments relating to the reforms announcement. These commitments involve no involuntary redundancies as a result of the reforms, the freezing of the price of Concession and Seasonal Greeting stamps and future consultations with key stakeholders.

Australia Post has flexibility and discretion in its operational and commercial decisions within the parameters of the *Australian Postal Corporation Act 1989* (the APC Act), associated subordinate legislation, the *Commonwealth Government Business Enterprise Governance and Oversight Guidelines* (GBE Guidelines) and the Government’s policy objectives. The Government’s expectation is that Australia Post continues the day-to-day running of the organisation and performance of its functions in a manner consistent with this regulatory framework.

This Statement will be updated in consultation with Australia Post, as required, to reflect future government decisions, significant market developments and any other key changes in the postal sector.

#### **Postal Regulatory Reform and Reporting:**

Australia Post’s two-speed letter service, introduced on 4 January 2016, will see regular letters delivered on average two days slower than the Priority service, which will continue to meet the previous delivery timetable. Australia Post will continue to deliver mail five days a week. The Regular service will be subject to a community service obligation (CSO).

As part of the CSO, Australia Post must deliver 94% of letters within the delivery times specified in the performance standards. The Government expects Australia Post to meet (or exceed) this standard for the Regular and Priority letter services and to report on its achievement as part of its Quarterly Progress Reporting (in accordance with the GBE Guidelines and protocols to the Shareholder Ministers (and their respective Departments)).

As part of its Quarterly Progress Reports, required to be submitted to Shareholder Ministers under the GBE Guidelines, Australia Post will provide advice on the implementation of the postal reforms. Specifically, the Quarterly Progress Report will include:

- progress in implementing the postal reforms;
- the impact of the postal reforms on Australia Post’s overall financial position, its letters business, service performance standards, its employees and its retail network;
- the reaction of key stakeholders to the implementation of the postal reforms;
- key postal market developments and emerging trends as well as the Corporation’s initial views and assessment of the potential application of those developments and trends to its operations and services; and
- achievement to date of the stakeholder engagement plan and strategy.

The Government expects Australia Post to respond to any questions and requests for additional information on the progress of the postal reforms made by any of the Shareholder Ministers or their respective Departments.

This reporting will be a key aspect of Australia Post's Quarterly Progress Reporting to Shareholder Ministers from and including March 2016. Australia Post's Corporate Plan (including any subsequent revisions) will incorporate the Government's expectations as set out in this and any future updates of this Statement.

Should there be any significant developments affecting postal reform implementation and outcomes outside of the quarterly reporting cycle, the Government expects early engagement by Australia Post with Shareholder Ministers and their Departments on these matters. Shareholder Ministers and their Departments also expect Australia Post to respond in a timely manner to any other reasonable request for information on the implementation of the reforms.

### **Concession and Seasonal Greeting stamp prices:**

While price increases for mail services are necessary for Australia Post's future sustainability and to ensure that all Australians continue to have access to high quality postal services, the Government is mindful of the impact of any price increases on vulnerable Australians.

In March 2015, Australia Post announced that Australia's 5.7 million concession card holders will continue to have access to stamps priced at \$0.60 and that the price of Seasonal Greeting card stamps will be maintained at \$0.65 for all Australians. In view of the continued importance of letters to some of the most disadvantaged in the community, the Government expects the prices for those stamps will be maintained at these prices. Any future proposals to increase the price of the stamps for concession card holders by Australia Post must be presented to the Shareholder Ministers for their review.

### **No Involuntary Redundancies Arising from Postal Reforms:**

The Government acknowledges that the ongoing decline in letter volumes will reduce the number of jobs in Australia Post's letters business. It notes the Reform Consultation Agreement (the Accord) between Australia Post and the Communications, Electrical and Plumbing Union of Australia (CEPU) (Communications Division) which includes Australia Post's commitment to no forced redundancies for the life of the reform for award-level employees impacted by the postal reforms who are actively seeking employment.

### **Community and Industry Consultation:**

The Government considers that the successful implementation of the postal reforms and identification of future critical issues affecting the postal sector and Australia Post's other business operations is dependent on Australia Post undertaking open, regular and productive consultations with key industry stakeholders and the community. The Government welcomes the advice that Australia Post has established a new industry working group to support the implementation of the postal reforms and to consider strategic issues affecting the postal sector. This working group comprises representatives from the printing industry, mail houses, Licensed Post Office network and relevant unions. The Government expects Australia Post to undertake ongoing, open and collaborative consultations with this group as well as more broadly with the community and key stakeholders.