

EXPLANATORY STATEMENT

Australian Postal Corporation (Performance Standards) Amendment

(2024 Measures No. 1) Regulations 2024

Approved by the Hon Michelle Rowland MP, Minister for Communications

Legislative authority

Section 102 of the *Australian Postal Corporation Act 1989* (the Act) provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

Section 28C of the Act provides for the making of regulations that prescribe performance standards to be met by Australia Post. The performance standards must relate to the:

- frequency, speed or accuracy of mail delivery, or
- availability or accessibility of post-boxes or other mail lodgement points, or offices of Australia Post or other places from which Australia Post products or services may be purchased.

The *Australian Postal Corporation (Performance Standards) Amendment (2024 Measures No. 1) Regulations 2024* (the amending Regulations) are made under the authority of the Act.

Subsection 33(3) of the *Acts Interpretation Act 1901* provides, in part, that the power to amend regulations is conferred by the same power to make those regulations.

Purpose and operation of the instrument

Overview of the *Australian Postal Corporation (Performance Standards) Regulations 2019*

For the purposes of section 28C of the Act:

- Part 2 of the *Australian Postal Corporation (Performance Standards) Regulations 2019* (the Regulations) prescribes performance standards to be met by Australia Post regarding the frequency, speed and accuracy of mail delivery, and
- Part 3 of the Regulations prescribes performance standards to be met by Australia Post regarding the availability and accessibility of:
 - post-boxes and other mail lodgement points, and
 - offices of Australia Post (retail outlets) from which Australia Post products or services may be purchased.

Operation of the amending Regulations

The amending Regulations make amendments relating to the performance standards to be met by Australia Post regarding the:

- frequency, speed and accuracy of mail delivery (Part 2 of the Regulations), and
- availability and accessibility of offices of Australia Post (retail outlets) from which Australia Post products or services may be purchased (Part 3 of the Regulations).

The amending Regulations are compatible with human rights and freedoms recognised or declared under section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A full statement of compatibility is set out at [Attachment A](#).

A section-by-section explanation of the amending Regulations is at [Attachment B](#), which provides further details on the operation of the amending Regulations.

Purpose of the amending Regulations

The purpose of the amending Regulations is to implement the Government's decision to make reforms to the Regulations that will enable Australia Post to boost productivity, increase its focus on parcels, and improve long-term financial sustainability, by:

- changing the performance standards to be met by Australia Post regarding the frequency, speed and accuracy of mail delivery, and
- updating the geographic classification used in the performance standards for retail outlets.

Amendments relating to performance standards to be met by Australia Post regarding the frequency, speed and accuracy of mail delivery

The purpose of the amendments relating to the performance standards to be met by Australia Post regarding the frequency, speed and accuracy of mail delivery is to:

- reduce the performance standards to be met by Australia Post regarding the frequency of delivery to 98 per cent of all delivery points from every business day to every second business day, and
- relax the performance standards regarding speed of delivery for regular letters by one business day, and
- remove the performance standards regarding speed and accuracy of delivery for priority letters.

Letter volumes have reduced by two thirds since their peak in 2008, while parcel volumes have boomed. In light of these challenges, Australia Post has trialed a new model for mail delivery. The trials, reducing the frequency of letter delivery, expanded delivery points by more than 10 per cent per round and enabled Australia Post to carry up to 20 per cent more parcels, achieving real productivity improvements.

Priority mail now accounts for around 8 per cent of addressed letters, and is expected to decline in line with declining letter volumes.

Section 27 of the Act provides for Australia Post's community service obligations. Those obligations require Australia Post to supply a letter service. Those obligations also require Australia Post to ensure that, in view of the social importance of this service, it is reasonably accessible to all people in Australia, whether they reside or carry on business, and that the performance standards (including delivery times) for the service reasonably meet the social, industrial and commercial needs of the Australian community.

The changes to Australia Post's mail delivery performance standards, which apply to this service, support more efficient mail delivery. They enable Australia Post to expand the new delivery model.

The changes to these standards relating to priority letters also enable Australia Post to change the way it manages priority mail so it can deliver these services at a more commercial rate and work with customers to set appropriate terms and conditions.

Amendments relating to performance standards to be met by Australia Post for retail outlets

The purpose of the amendments relating to the performance standards for retail outlets is to update the geographic classification applicable to these standards so that they reflect urban geographies in the Australian Statistical Geography Standard (ASGS). The amendments do not impact the types of outlets that must be provided or the services provided at outlets which have been reclassified.

The ASGS is a geography standard developed by the Australian Bureau of Statistics (ABS) for the publication and analysis of official statistics and other data. It is a social geography reflecting the location of people and communities, and consists of several geographies including urban geographies (ABS Structures that approximate urban areas).

Utilising the most current geographic classifications of urban and non-urban extents, based on ABS statistical information, ensures that the retail outlet performance standards to be met by Australia Post are updated to reflect changes in Australia's population distribution. The amendments will have the effect of reclassifying a number of retail outlets currently located in metropolitan areas so that they are located in non-metropolitan areas, and reclassifying outlets currently located in non-metropolitan areas so that they are located in metropolitan areas. The amendments do not change any other requirements prescribed in the retail outlets standards, such as the minimum number of retail outlets that Australia Post must maintain (including in non-metropolitan areas). Also, the amendments to the retail outlets performance standards do not impact the performance standards regarding the frequency, speed and accuracy of mail delivery.

Consultation

The decision to amend the Regulations followed extensive consultation undertaken by Government on the modernisation of postal services.

Specifically, a broad public consultation process was undertaken in 2023 to obtain the views of the Australian community about the postal services it wanted and needed now and in the future. A variety of views were put forward in submissions and comments to that process, demonstrating overwhelming support for reforms that would:

- continue to support the delivery of traditional postal services
- support growth in services, and
- underpin the long-term financial sustainability of Australia Post.

Further targeted consultation was undertaken with key stakeholders to inform specific options for policy reforms. Stakeholders included major letter senders, logistics organisations, eCommerce platforms, business groups, community groups, licensee representative groups, Government departments and agencies, and postal workers unions.

The views obtained through consultation on the modernisation of postal services informed Government's decisions on specific policy reforms.

Public and targeted consultation was undertaken on a draft of the amending Regulations in February 2024 to ensure they were fit for purpose to deliver the specific policy reforms.

Similar to the earlier consultation on postal modernisation, this consultation presented a variety of views. The consultation supported the view that the amending Regulations were fit for purpose to deliver the specific policy reforms.

Documents incorporated by reference

Paragraph 15J(2)(c) of the *Legislation Act 2003* provides that if any documents are incorporated in a legislative instrument (such as the amending Regulations) by reference, the Explanatory Statement for that instrument must contain a description of the incorporated documents and indicate how they may be obtained. The following information is for the purposes of paragraph 15J(2)(c).

The amending Regulations incorporate Edition 3 of the ASGS, as existing at the time the amending Regulations commence. As noted above, the ASGS is published by the ABS. It classifies Australia into a hierarchy of statistical areas. The ASGS is a social geography developed to reflect the location of people and communities. It consists of several geographies, including urban geographies (ABS Structures that approximate urban areas). The ASGS is freely available to the public on the website of the ABS (<https://www.abs.gov.au>).

Impact Assessment

An Impact Assessment (IA) was prepared in relation to policy reform options to modernise postal services, including the reforms given effect to by the amending Regulations. This IA is attached to this Explanatory Statement as Attachment C. The reference number of the Office of Impact Analysis for this IA is OBPR22-02555.

Other details

The Act specifies no conditions that need to be satisfied before the power to make the amending Regulations may be exercised.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

***Australian Postal Corporation (Performance Standards) Amendment
(2024 Measures No. 1) Regulations 2024***

This Disallowable Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Disallowable Legislative Instrument

The *Australian Postal Corporation (Performance Standards) Amendment (2024 Measures No. 1) Regulations 2024* (the amending Regulations) amend the *Australian Postal Corporation (Performance Standards) Regulations 2019* (the Regulations). The amending Regulations are made under section 102 of the *Australian Postal Corporation Act 1989* (the Act).

The amending Regulations make amendments to the performance standards to be met by Australia Post regarding the:

- frequency, speed and accuracy of mail delivery (Part 2 of the Regulations), and
- availability and accessibility of offices of Australia Post (retail outlets) (Part 3 of the Regulations).

Purpose of the amending Regulations

The purpose of the amending Regulations is to implement the Government's decision to reform the Regulations by:

- changing the performance standards to be met by Australia Post regarding the frequency, speed and accuracy of mail delivery, and
- updating the geographic classification used in the performance standards for retail outlets.

These changes are expected to boost Australia Post's productivity, and improve long-term financial sustainability.

Amendments relating to performance standards to be met by Australia Post regarding the frequency, speed and accuracy of mail delivery

The purpose of the amendments relating to the performance standards to be met by Australia Post regarding the frequency, speed and accuracy of mail delivery is to:

- reduce the performance standards to be met by Australia Post regarding the frequency of delivery to 98 per cent of all delivery points from every business day to every second business day,
- relax the performance standards regarding speed of delivery for regular letters by one business day, and

- remove the performance standards regarding speed and accuracy of delivery for priority letters.

Letter volumes have reduced by two thirds since their peak in 2008, while parcel volumes have boomed. In light of these challenges, Australia Post has trialled a new model for mail delivery that it intends to rollout nationally. The trials, reducing the frequency of letter delivery, expanded delivery points by more than 10 per cent per round and enabled Australia Post to carry up to 20 per cent more parcels, achieving real productivity improvements.

Priority mail now accounts for around 8 per cent of addressed letters, and is expected to decline in line with declining letter volumes.

The changes to Australia Post's mail delivery performance standards support more efficient mail delivery. They enable Australia Post to expand the new delivery model.

The changes to these standards also enable Australia Post to change the way it manages priority mail so it can deliver these services at a more commercial rate and work with customers to set appropriate terms and conditions.

Amendments relating to performance standards to be met by Australia Post for retail outlets

The purpose of the amendments relating to performance standards to be met by Australia Post for retail outlets is to update the geographic classification for these standards so that they reflect urban geographies in the Australian Statistical Geography Standard (ASGS), a geography standard developed by the Australian Bureau of Statistics (ABS) for the publication and analysis of official statistics and other data.

Utilising the most current geographic classifications of urban and non-urban extents, based on ABS statistical information, ensures that the retail outlet performance standards to be met by Australia Post are updated to reflect changes in Australia's population distribution. The amendments will have the effect of reclassifying a number of retail outlets currently located in metropolitan areas so that they are located in non-metropolitan areas, and reclassifying outlets currently located in non-metropolitan areas so that they are located in metropolitan areas. The amendments do not impact the types of outlets that must be provided or the services provided at outlets which have been reclassified.

Human rights implications

This Disallowable Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Disallowable Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

**The Hon Michelle Rowland MP
Minister for Communications**

Detailed explanation

Section 1: Name

1. Section 1 provides that the name of the instrument is the *Australian Postal Corporation (Performance Standards) Amendment (2024 Measures No. 1) Regulations 2024* (the amending Regulations).

Section 2: Commencement

2. Subsection 2(1) provides that each provision of the instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. The whole of this instrument commences on the day after it is registered on the Federal Register of Legislation.
3. The note following the table provides that the table relates only to the provisions of this instrument as originally made.
4. Subsection 2(2) provides that any information in column 3 of the table is not part of the instrument.

Section 3: Authority

5. Section 3 provides that the instrument is made under the *Australian Postal Corporation Act 1989* (the Act).
6. Section 102 of the Act provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.
7. Subsection 33(3) of the *Acts Interpretation Act 1901* provides, in part, that the power to amend regulations is conferred by the same power to make those regulations.

Section 4: Schedules

8. Section 4 provides that each instrument that is specified in a Schedule is amended or repealed as set out in the applicable items in the Schedule. Any other item in a Schedule has effect according to its terms. There is one Schedule to the amending Regulations.

Schedule 1—Amendments

Australian Postal Corporation (Performance Standards) Regulations 2019

Item 1—Section 5 (definition of *areas classification*)

9. This item repeals the definition of ‘areas classification’ in section 5 of the *Australian Postal Corporation (Performance Standards) Regulations 2019* (the Regulations). This is necessary as the amendments made to section 11 of the Regulations by items 7, 9 and 10 of the amending Regulations mean that this phrase is no longer used in the Regulations.

Item 2—Section 5

10. Section 11 of the Regulations prescribes performance standards to be met by Australia Post regarding retail outlets. The retail outlets performance standards prescribed by subsection 11(2)

of the Regulations (as amended by item 7) relate to the minimum number of retail outlets that are not “in major cities”. The retail outlets performance standards prescribed by paragraph 11(3)(a) (as amended by item 9) relate to a particular percentage of residences “in major cities”, and paragraph 11(3)(b) (as amended by item 10) prescribes performance standards relating to a particular percentage of residences not “in major cities”.

11. This item inserts a new definition of the phrase “in major cities” into section 5 of the Regulations. This is necessary as this new phrase is used in subsection 11(2), paragraph 11(3)(a) and paragraph 11(3)(b) of the Regulations as amended by item 7, 9 and 10 of the amending Regulations, respectively.
12. The phrase “in major cities” means located in a Statistical Area Level 1 (SA1) that is, under Edition 3 of the Australian Statistical Geography Standard (ASGS), published by the Australian Bureau of Statistics (ABS), as existing at the time the definition commences:
 - categorised as RA0 (Major Cities of Australia); or
 - in the Urban Centre and Locality of Hobart; or
 - in the Urban Centre and Locality of Darwin.
13. An SA1 is a particular geographic area defined in the ASGS.
14. The ASGS is the geography standard developed by the ABS for the publication and analysis of official statistics and other data and, as a social geography, it reflects the location of people and communities and consists of several geographies including urban geographies (ABS Structures that approximate urban areas).
15. Utilising the most current geographic classifications of urban and non-urban extents based on ABS statistical information, by incorporating the current Edition 3 of the ASGS into the Regulations, ensures that the retail outlets performance to be met by Australia Post are updated to reflect changes in Australia’s population distribution. The geographic classification used previously was the publication titled “Rural, Remote and Metropolitan Areas Classification 1991 Census Edition” (the RRMA), prepared by the (then) Department of Primary Industries and Energy and the Department of Human Services and Health in 1994. The RRMA does not reflect significant population and geographic changes that have occurred over the last 30 years.
16. The first type of SA1 listed in the definition of “in major cities” is an SA1 that is included in RA0 (Major Cities of Australia), in the Remoteness Structure in Edition 3 of the ASGS. The Remoteness Structure defines Remoteness Areas, dividing Australia into the following five classes of remoteness on the basis of a measure of relative access to services: RA0 (Major Cities of Australia), RA1 (Inner Regional Australia), RA2 (Outer Regional Australia), RA3 (Remote Australia), and RA4 (Very Remote Australia).
17. Capital cities other than Hobart and Darwin are covered by the Remoteness Structure category RA0 (Major Cities of Australia).
18. Additional SA1s listed in the definition of “in major cities” are SA1s that are in the Urban Centre and Locality (UCL) of Hobart, or UCL of Darwin. A UCL is an urban geography in Edition 3 of the ASGS that represents an area of concentrated urban development.
19. Including SA1s that are in the UCLs of Hobart or Darwin in the definition of “in major cities” inserted by this item will ensure that Hobart and Darwin are treated consistently with the other capital cities for the purposes of the retail outlets performance standards, as was the case previously when those standards incorporated the RRMA geographic classification.

20. The note following the new definition inserted into section 5 explains that the ASGS could be viewed in 2024 on the ABS website.

Item 3—Section 5 (definitions of *priority letter* and *regular letter*)

21. This item repeals the definitions of “priority letter” and “regular letter” in section 5 of the Regulations. This is necessary as the new table in subsection 8(6) of the Regulations, substituted by item 6 of the amending Regulations, means that the phrases “priority letter” and “regular letter” are no longer used in the Regulations.

Item 4—Paragraph 7(1)(a)

22. This item omits the words “daily (except on” from paragraph 7(1)(a) of the Regulations, and substitutes the words “at least every second day (disregarding”. Section 7 of the Regulations prescribes performance standards to be met by Australia Post regarding the frequency of mail delivery. The effect of this amendment is that the performance standards regarding frequency of delivery to 98 per cent of all delivery points is reduced from every business day to every second business day.
23. The existing performance standards regarding frequency of delivery in paragraph 7(1)(b) of the Regulations relate to delivery points that include points in more remote areas. The amendment made to this item does not change this standard: it remains 99.7 per cent of all delivery points at least two days each week.

Item 5—After paragraph 8(2)(c)

24. This item inserts a new paragraph into subsection 8(2) of the Regulations. Section 8 prescribes performance standards to be met by Australia Post relating to the speed and accuracy of mail delivery. Subsection 8(1) provides that section 8 applies to the delivery of reserved services letters covered by subsection 29(2) of the Act (that is, services that are reserved services of Australia Post). Subsection 8(1) is subject to subsection 8(2). Subsection 8(2) provides that section 8 does not apply to the delivery of certain letters listed in the paragraphs of the subsection.
25. The new paragraph 8(2)(ca) of the Regulations, inserted by item 5, refers to “a letter for which an additional fee is paid for priority delivery”. This is necessary to ensure that the performance standards prescribed by section 8 no longer apply to the delivery of priority letters that are letters covered by subsection 29(2) of the Act.

Item 6—Subsection 8(6) (table)

26. Subsection 8(4) and (6) of the Regulations prescribe performance standards to be met by Australia Post regarding the speed of mail delivery. Subsection 8(4) relevantly provides that Australia Post must deliver at least 94 per cent of all reserved services letters lodged with Australia Post at a mail lodgement point in accordance with subsection 8(6). Subsection 8(6) provides that Australia Post must deliver a reserved services letter within the delivery time for the letter set out in the table at subsection 8(6).
27. This item repeals the table in subsection 8(6) of the Regulations, and substitutes a new table. The new table sets out speed of delivery performance standards for reserved services letters to which section 8 applies. The table had previously set speed of delivery performance standards for both regular and priority letters.
28. The delivery time for a reserved services letter (column 3 of the table) is prescribed by reference to the mail lodgement point at which the letter is lodged (column 1 of the table), and

the address to which Australia Post must deliver the letter under subsection 8(5) of the Regulations (column 2 of the table).

29. In addition to prescribing speed of delivery performance standards for reserved services letters to which section 8 applies, this item also adjusts the performance standards regarding speed of delivery for these letters by relaxing these standards by one business day for all specified lodgement points and delivery addresses. This adjustment has been made as a consequence of the change made by item 4 to the performance standards regarding frequency of delivery in paragraph 7(1)(a) of the Regulations (a reduction from every business day to every second business day).
30. For example, according to item 1 of the new table in subsection 8(6) of the Regulations, a reserved services letter for delivery within the same capital city of a State is to be delivered by the fourth business day after posting. In this example, a letter posted on Monday is to be delivered by Friday.
31. The delivery time for a reserved services letter in column 3 of the new table in subsection 8(6) of the Regulations is based on the day of posting of the letter. The “day of posting” is defined in subsection 8(7) and is unchanged by the amending Regulations.

Item 7—Subsection 11(2)

32. Section 11 of the Regulations prescribes performance standards to be met by Australia Post regarding the availability and accessibility of offices of Australia Post (“retail outlets”), from which Australia Post products or services may be purchased.
33. Subsection 11(1) of the Regulations, which remains unchanged by the amending Regulations, provides that Australia Post must maintain, in Australia, at least 4,000 offices (“retail outlets”) at which persons can purchase Australia Post products and services. The amending Regulations do not alter the meaning of “office”, which is specified in the Act.
34. This item repeals subsection 11(2) of the Regulations, and substitutes a new subsection 11(2). This new subsection provides that, at any time:
 - there must be at least 2,500 retail outlets that are not in major cities, and
 - the retail outlets that are not in major cities must be at least 50 per cent of all the retail outlets.
35. The purpose of this amendment is to update the geographic classification used in the retail outlets performance standards prescribed in subsection 11(2).
36. Specifically, these retail outlets performance standards now incorporate Edition 3 of the ASGS, to ensure they reflect changes in Australia’s population distribution. Edition 3 of the ASGS is incorporated through the definition of “in major cities” (see section 5 of the Regulations as amended by item 2).

Item 8—Subsection 11(3)

Item 9—Paragraph 11(3)(a)

Item 10—Paragraph 11(3)(b)

37. Item 8 omits the phrase “A retail outlet” from the beginning of subsection 11(3) of the Regulations, and substitutes the phrase “Retail outlets”. The purpose of this amendment is to

clarify that subsection 11(3) prescribes performance standards about the location of retail outlets, rather than each individual retail outlet.

38. Item 9 omits the words “a metropolitan area (within the meaning of the areas classification)” from paragraph 11(3)(a) of the Regulations, and substitutes the phrase “major cities”. Paragraph 11(3)(a) as amended provides that retail outlets must be located so that at least 90 per cent of residences in major cities are located within 2.5 kilometres of a retail outlet.
39. The performance standards prescribed in the amended paragraph 11(3)(a) of the Regulations incorporate Edition 3 of the ASGS through use of the phrase “in major cities” (as defined separately in section 5 of the Regulations – refer item 2). The purpose of this amendment is to update the geographic classification used in these performance standards.
40. Item 10 omits the words “in the area comprising the non-metropolitan zones (within the meaning of the areas classification)”, and substitutes the phrase “not in major cities”. Paragraph 11(3)(b) as amended provides that retail outlets must be located so that at least 85 per cent of residences not in major cities are located within 7.5 kilometres of a retail outlet.
41. The performance standards prescribed in the amended paragraph 11(3)(b) of the Regulations incorporate Edition 3 of the ASGS through use of the phrase “in major cities” (which is defined separately in section 5 of the Regulations – refer item 2). The purpose of this amendment is to update the geographic classification used in these performance standards.