

# **POSTAL SERVICES REGULATORY CONTRACT**

FOR THE REGULATORY PERIOD FROM  
1 JANUARY 2027 TO 31 DECEMBER 2031

**DRAFT**

## TABLE OF CONTENTS

<i>Preface</i>	4
<b>1. General</b>	<b>5</b>
1.1 Definitions	5
1.2 Principles of interpretation	6
1.3 Regulatory principles	7
1.4 Revoking or altering decisions	7
1.5 Publication of notices	7
1.6 Modification of time periods	8
1.7 Term	8
1.8 Enforcement of contractual obligations	8
1.9 Offences	8
<b>2. Process for Notification of Pricing</b>	<b>9</b>
2.1 Requirement for Submission of Proposed Price Increases	9
2.2 Submission and publication of proposed price increase	9
2.3 Assessment of proposed price increase	9
2.4 Application of price increase if no objection	9
2.5 Revision of proposed prices	10
2.6 Application of revised prices	10
2.7 Failure to submit prices	10
2.8 Exceptional circumstances	10
2.9 Appealing a decision	11
<b>3. Information Reporting</b>	<b>11</b>
3.1 Reporting requirements	11
3.2 Failure to meet reporting requirements	11
3.3 Additional information	11
3.4 Dispute Resolution Process between Post PNG and Customers	11
3.5 Confidentiality	12
<b>4. Subsequent Regulatory Contract</b>	<b>12</b>
4.1 Submission of the proposed draft Regulatory Contract	12
4.2 Review and Publication of draft Regulatory Contract	13

4.3	Issuance of Final Regulatory Contract	13
4.4	Cost of funding the subsequent Regulatory Contract	13
<b>5.</b>	<b>Termination or Amendment of Regulatory Contract</b>	<b>14</b>
5.1	Agreed amendments	14
5.2	Amendments by virtue of the operation of the <i>ICCC Act</i>	14
5.3	Agreed termination	15
5.4	Termination by virtue of the operations of the <i>ICCC Act</i>	15
	<b>Schedule 1 - Regulatory Principles</b>	<b>16</b>
	<b>Schedule 2 – Information Reporting</b>	<b>17</b>
	Price information	17
	Financial information	17
	Standards of service information	17
	<b>Schedule 3 – Pricing Formula</b>	<b>18</b>

<b>Date</b>	<b>1<sup>st</sup> January, 2027</b>
<b>Parties</b>	<ol style="list-style-type: none"> <li>1. <b>Post PNG Ltd</b> (company number 1-26888) ("<b>Post PNG</b>") as defined below.</li> <li>2. The <b>Independent Consumer and Competition Commission</b> (hereafter the '<b>Regulator</b>'), a body corporate established under the <i>Independent Consumer and Competition Commission Act 2002</i> (hereafter the '<b>ICCC Act</b>') as defined below.</li> </ol>
<b>Recitals</b>	<p>A The supply of Postal Services has been declared to be a regulated Industry pursuant to Section 19(1) of the <i>Postal Services Act 1996</i> (hereafter the '<b>Postal Act</b>'). The supply of Postal Services has been declared by the Treasurer to be a regulated service pursuant to Section 32(1) of the <i>ICCC Act</i>.</p> <p>B Post PNG Limited (hereafter '<b>Post PNG</b>') has been declared by the Treasurer to be a regulated entity pursuant to Section 32(2) of the <i>ICCC Act</i>.</p> <p>C Post PNG is the provider of reserved postal services within Papua New Guinea and between Papua New Guinea and other countries, pursuant to Section 10 of the <i>Postal Act</i>.</p> <p>D The Regulator is responsible for regulating the provision of standard letter stamps and posting of letters both domestically and internationally and the rental of post office boxes and private bags.</p> <p>E Post PNG and the Regulator entered into a binding regulatory contract pursuant to the Section 35 of the <i>ICCC Act</i> and the <i>Postal Act</i> which expires on 31<sup>st</sup> December 2026 (the "Previous Regulatory Contract").</p> <p>F Post PNG and the Regulator intend for this Regulatory Contract to replace the Previous Regulatory Contract and it shall apply retrospectively on and from the expiry of the Previous Regulatory Contract.</p>

It is agreed as follows:

## 1. General

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### 1.1 Definitions

**Agent** in this contract refers to any person or business who acts for or manages postal services for and on behalf of Post PNG.

**Business Day** means a day other than a Sunday or a day which is a public holiday in Papua New Guinea.

**Commencement Date** means 1<sup>st</sup> January 2027 notwithstanding that notice of this Regulatory Contract shall be published in the National Gazette on an earlier or later date.

**Customer** means a person who acquires or wishes to acquire Regulated Services from Post PNG.

**Force Majeure Event** means:

- (i) a cyclone, storm, flood, earthquake, tidal wave or landslide;
- (ii) an act of public enemy, war (declared or undeclared), sabotage, blockade, revolution, riot, insurrection, civil commotion or any violent or threatening actions; or
- (iii) any other event which the Regulator and Post agree in writing to be a Force Majeure Event for the purposes of this Contract;

which results or is likely to result in an increase in the costs incurred by Post PNG in providing Regulated Services to Customers or in complying with the provisions of any legislation, or of any codes or guidelines made or published by the Regulator under the *ICCC Act*.

**ICCC Act** refers to the Independent Consumer and Competition Commission Act 2002.

**KCH** refers to Kumul Consolidated Holdings Ltd its successor in Corporation.

**Regulated Entity** has the same meaning as the term is defined in the *ICCC Act*.

**Regulator** means the Independent Consumer and Competition Commission established under the *ICCC Act* or its successors under law.

**Regulatory Contract** means this Postal Services Regulatory Contract.

**Regulated Services** means such services as so defined in the *ICCC Act and Postal Act*. It includes the supply of:

- (i) a standard 50 gram or less, letter service for delivery in Papua New Guinea;
- (ii) a standard letter 50 gram or less letter service for delivery from Papua New Guinea to other countries; and
- (iii) rental of private letter boxes and private bags

**Regulatory Principles** means the principles set out in Schedule 1 of this contract.

**Regulatory Year** means a period of 12 months commencing 1<sup>st</sup> January of a calendar year to 31<sup>st</sup> December of a calendar year.

**Working Days** means days of the week from Monday to Friday

## 1.2 Principles of interpretation

- (a) Unless the contrary intention appears, the following principles of interpretation apply to this Regulatory Contract:
- (i) this Regulatory Contract is to be read and interpreted together with, and is subject to the objectives of Section 5 of the *ICCC Act*;
  - (ii) all words, expressions and obligations are to be interpreted within the meaning of the *ICCC Act*, the *Postal Act* and the Review of Postal Services Regulatory Contract - Final Report dated 30<sup>th</sup> November, 2026 (hereafter 'Final Postal Services Report'), and marked as "ANNEXURE A" all of which are collectively referred to as the 'linked documents', and includes generally accepted regulatory principles and regulatory practice in relation to those words, expressions and obligations;
  - (iii) the linked documents form an integral part of this Contract; are inextricably linked with it and are not severable from it;
  - (iv) the parties are bound by the objectives, submissions, statements, principles and intentions expressed in the linked documents which shall be used in interpreting this Regulatory Contract;
  - (v) words denoting persons include corporations, unincorporated associations, firms, governments and governmental agencies;
  - (vi) a reference to a person includes a person's Agents, successors and permitted assigns, persons who have control over any assets of a person and receivers, managers, trustees, administrators and liquidators and similar persons appointed over:
    - (A) a person; or
    - (B) any assets of a person;
  - (vii) headings are only included for convenience and do not affect the interpretation of this Regulatory Contract;
  - (viii) a reference to a clause or Schedule is to a clause of, or Schedule to, this Regulatory Contract;
  - (ix) a reference to an agreement, document or regulatory instrument (including this Regulatory Contract) is a reference to that agreement, document or regulatory instrument as varied, amended or replaced from time to time (whether or not the parties thereto remain the same);
  - (x) a reference to legislation is a reference to legislation in force in Papua New Guinea; and
  - (xi) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

### **1.3 Regulatory principles**

- (a) This Regulatory Contract shall be read in accordance with the Regulatory Principles as provided under Schedule 1 of this Regulatory Contract.

### **1.4 Revoking or altering decisions**

- (a) Where the Regulator has made a decision under this Regulatory Contract and later concludes that the decision was made on the basis of information provided to the Regulator that was false or misleading in a material particular, then, subject to clause 1.4(b), the Regulator may revoke the decision and make a new decision in substitution for the revoked decision.
- (b) Before the Regulator revokes and substitutes a decision pursuant to clause 1.4(a), the Regulator agrees that it will first:
  - (i) notify Post PNG of the proposed revocation and of the proposed new decision (including the proposed date of effect of the revocation and new decision), and allow Post PNG a reasonable opportunity to make submissions to the Regulator regarding the proposed revocation and the proposed new decision (including submissions as to whether the original decision was based on information that was false or misleading in a material particular); and
  - (ii) take into account any matters contained in a submission made by Post PNG pursuant to clause 1.4(b)0.
- (c) A new decision made under clause 1.4(a) applies:
  - (i) if notice of the new decision is required to be published under clause 1.5(a)(ii), the later of the date on which that notice is published and any date specified by the Regulator in that notice as the date from which the new decision is to apply; and
  - (ii) if notice of the new decision is not required to be published under clause 1.5(a)(ii), the later of the date the new decision is made and any date specified by the Regulator in making that new decision as the date from which the new decision is to apply.
- (d) A new decision made under clause 1.4(a) must only differ from the revoked decision to the extent necessary to correct for:
  - (i) the false or misleading information on which the revoked decision was based; and
  - (ii) the application of the revoked decision during the period in respect of which that decision was in effect.

### **1.5 Publication of notices**

- (a) The Regulator must ensure that a notice of each decision made by the Regulator under this Regulatory Contract together with a copy of its reasons for that decision is:
  - (i) sent to the Minister responsible for the *Postal Act* and the *ICCC Act*;
  - (ii) made available for inspection and purchase by members of the public and on its website;

- (iii) published in the National Gazette and a newspaper circulating nationally; and
- (iv) sent to Post PNG.

## **1.6 Modification of time periods**

- (a) The Regulator or Post PNG may, after written request by either parties, agree to extend, by written notice to each other, consider:
  - (i) the time by which a thing required to be done by Post PNG or the Regulator under this Regulatory Contract must be done; or
  - (ii) the period within which a thing required to be done by Post PNG or the Regulator under this Regulatory Contract must be done.

## **1.7 Term**

- (a) The term of this Contract commences retrospectively on the 1<sup>st</sup> January 2027 and ends on 31<sup>st</sup> December 2031 (both dates inclusive).

## **1.8 Enforcement of contractual obligations**

- (a) Where the Regulator or Post PNG form the opinion on the balance of probabilities, that one or the other is contravening or is likely to contravene the provisions of this Regulatory Contract and the contravention is of a material nature, then the provisions of the *ICCC Act* will be followed and complied with in dealing with the subject of the contravention or the likely contravention by either party to this Regulatory Contract.

## **1.9 Offences**

- (a) Post PNG undertakes to notify the Regulator where it suspects or is aware of a criminal act or an act that is likely to be considered criminal in nature is about to be committed or which has been committed whether by the personnel of Post PNG or any other person in relation to a matter concerning any previous Regulatory Contract, this Regulatory Contract or a subsequent Regulatory Contract.
- (b) Post PNG undertakes to inform KCH, the Minister for Public Enterprise and the Regulator, where a criminal act or an act that is likely to be considered criminal in nature concerning any previous Regulatory Contract, this Regulatory Contract or a subsequent Regulatory Contract is being investigated and prosecuted by the relevant law enforcement agency.
- (c) The Regulator is empowered to notify KCH and/or the Minister for Public Enterprise, the Minister for Treasury and/or any other Minister of the Government or other relevant authorities where it has received a notice under paragraph 1.9(a) above or otherwise has reason to suspect or is aware of a criminal act or an act that is likely to be considered criminal in nature has been committed or about to be committed whether by the personnel of Post PNG or any other person in relation to a matter concerning any previous Regulatory Contract, this Regulatory Contract or a subsequent Regulatory Contract.

## **2. Process for Notification of Pricing**

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### **2.1 Requirement for Submission of Proposed Price Increases**

- (a) Post PNG may increase prices of the regulated postal services if it satisfies all the following requirements:
  - i. It has notified the Regulator that it proposes to increase the price of a regulated postal services in accordance with 2.2(a).
  - ii. either the 31<sup>st</sup> October in relation to the proposed price increase has elapsed, or the Regulator has considered that it does not object to the proposed price in accordance with 2.3 and 2.4.

### **2.2 Submission and publication of proposed price increase**

- (a) Each year, Post PNG shall submit to the Regulator on or before 30<sup>th</sup> September its proposed prices for providing Regulated Services for the subsequent regulatory year. Post PNG shall also publish on or before 30<sup>th</sup> September its proposed prices on its website.
- (b) Post PNG may include justification of its proposed prices in its submission to the Regulator.
- (c) Post PNG shall include in its submission of proposed prices the information reporting requirements, as per Schedule 2.
- (d) When considering adjustments to the Post PNG's prices for the subsequent regulatory year, Post PNG may consider the Consumer Price Index Formula set out in Schedule 3.

### **2.3 Assessment of proposed price increase**

- (a) The Regulator shall assess whether the proposed prices are in accordance with the Regulatory Principles.
- (b) The Regulator shall submit to Post PNG on or before 31<sup>st</sup> October of each regulatory year any objections to the proposed prices that arise as a result of its assessment. The Regulator shall also publish on or before 31<sup>st</sup> October any objections on its website.
- (c) Any objections made by the Regulator shall include a statement of reasoning.
- (d) Members of the public may make submissions to the Regulator on Post PNG's proposed prices in accordance with clause 2.2 (a) by the 14<sup>th</sup> October of each regulatory year. The Regulator shall consider the submissions as part of its assessment in accordance with clause 2.3(a) above.

### **2.4 Application of price increase if no objection**

- (a) If the Regulator does not object to the proposed prices on or before 31<sup>st</sup> October, Post PNG shall apply the proposed prices from 1<sup>st</sup> January of the subsequent regulatory year.
- (b) Post PNG shall also publish on its website on or before 31<sup>st</sup> October, the proposed prices it shall apply from 1<sup>st</sup> January of the subsequent regulatory year.

## **2.5 Revision of proposed prices**

- (a) If the Regulator does submit an objection in accordance with 2.33(b), Post PNG shall submit to the Regulator on or before 30<sup>th</sup> November of that regulatory year its revised proposed prices that address the Regulator's objections. Post PNG shall also publish on or before 30<sup>th</sup> November its revised proposed prices on its website.
- (b) Members of the public may make submissions to the Regulator on Post PNG's revised proposed prices by the 14<sup>th</sup> November of each regulatory year.
- (c) The Regulator shall assess whether the revised proposed prices are in accordance with the Regulatory Principles and submissions made in clause 2.5(b) and submit on or before 31<sup>st</sup> December the subsequent regulatory year any objections to the revised proposed prices that arise as a result of its assessment, including a statement of reasoning. The Regulator shall also publish on or before 31<sup>st</sup> December any objections on its website.

## **2.6 Application of revised prices**

- (a) If the Regulator does not object to the revised proposed prices on or before 31<sup>st</sup> December of each regulatory year, Post PNG shall apply the revised prices from 1<sup>st</sup> January of the subsequent regulatory year.
- (b) If the Regulator does object to the revised proposed prices, Post PNG shall continue to apply the current regulatory year's prices to continue to the end of the next regulatory year.

## **2.7 Failure to submit prices**

- (a) If Post PNG fails to submit either proposed prices or revised proposed prices prior to the deadlines described in clauses 2.12(a) and 2.55(a), then Post PNG shall continue to apply the current year's prices until the end of the next regulatory year.

## **2.8 Exceptional circumstances**

- (a) Post PNG may submit to the Regulator proposed prices and a statement of reasoning at any time if it deems that Exceptional Circumstances apply, provided it is not within three months of the commencement of a new regulatory year.
- (b) For the purpose of this Regulatory Contract, Exceptional Circumstances are defined as:
  - (i) Force Majeure Events; or
  - (ii) Any other event that meets the following criteria:
    - (A) threatens the long-term financial sustainability of Post PNG;
    - (B) was largely outside of Post PNG's control;
    - (C) will have a material impact on Post PNG's financial position prior to the start of the next calendar year; and
    - (D) the likely benefits of adjusting prices prior to the next calendar year demonstrably outweighs the costs of carrying out an additional price notification process.

- (c) The Regulator shall assess whether it considers that Exceptional Circumstances apply and shall submit its response to Post PNG within 14 business days of receiving Post PNG's submission.
- (d) The process for reviewing Post PNG's proposed prices in Exceptional Circumstances shall be the same as described elsewhere in Section 2. More specifically, the same duration of time between steps in the process shall apply, but the process shall begin from the date at which Post PNG submitted its proposed prices rather than from 30<sup>th</sup> September.

## **2.9 Appealing a decision**

- (a) Post PNG may appeal any decision by the Regulator as per the *ICCC Act*.

# **3. Information Reporting**

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## **3.1 Reporting requirements**

- (a) Where the Regulator reasonably believes the information held by Post PNG will assist in the performance of the Regulator, the Regulator may request Post PNG to submit to the Regulator in accordance with this clause, within a reasonable period as determined by the Regulator, all of the information specified in Schedule 2.
- (b) The Regulator shall use the information submitted to inform its assessment of whether the proposed prices are in accordance with the Regulatory Principles.

## **3.2 Failure to meet reporting requirements**

- (a) Where Post PNG is unable to submit all of the information specified in Schedule 2, it shall submit a written explanation to the Regulator of why the information is unavailable and the steps it will take to ensure it can meet all of the reporting requirements in the subsequent regulatory year.
- (b) The Regulator has the right to use other information, or other sources of information, as a substitute for the missing data to allow it to assess the remaining information provided by Post PNG under Schedule 2.

## **3.3 Additional information**

- (a) Where the Regulator considers it necessary or desirable, it may give written notice requiring Post PNG to provide additional information regarding any aspect of this Regulatory Contract.

## **3.4 Dispute Resolution Process between Post PNG and Customers**

- a) The Dispute Resolution Process between Post PNG and Customers shall be as follows:
  - (i) In the event of a dispute (Dispute) between Post PNG and a Customer or other postal services user, relating to the provision, or proposed provision, of Regulated Services provided by Post PNG, each party shall use its best endeavours to resolve the Dispute in accordance with the dispute resolution process set out in Schedule 4.
  - (ii) A party to the Dispute may give the other party a notice in writing (Dispute Notice) specifying the nature of the Dispute and requiring the Dispute to be dealt with in the manner set out in Schedule 4.

- (iii) The parties to the Dispute must use reasonable endeavours acting in good faith to settle the Dispute as soon as is practicable.
- b) Schedule 4 may be varied from time to time in accordance with the following process:
  - (i) Post PNG may make a proposal to the Regulator to vary the approved Dispute Resolution process. The Regulator may also notify Post PNG of its intention to vary the Dispute Resolution process.
  - (ii) Any proposal from either Post PNG or the Regulator must set out the nature of the proposed changes and the reasons for the changes.
  - (iii) The Regulator will decide whether to approve the proposed variation to the approved Dispute Resolution process.
  - (iv) If the Regulator proposes to make a decision on the proposed variation, it must consult with Post PNG prior to making its final decision.
  - (v) If the Regulator fails to make a decision within two (2) months on whether to approve Post PNG's proposed variation to the approved Dispute Resolution process, then the proposed Dispute Resolution will be deemed to be approved.

### **3.5 Confidentiality**

- (a) The Regulator may make available for public inspection any of the information submitted by Post PNG to the Regulator, except where it is designated "confidential" by Post PNG.
- (b) The Regulator shall only make available for public inspection information designated as "confidential" by Post PNG if the Regulator determines that the disclosure is in the public interest, consistent with Section 131 of the *ICCC Act*.

## **4. Subsequent Regulatory Contract**

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### **4.1 Submission of the proposed draft Regulatory Contract**

- (a) Post PNG shall submit to the Regulator a proposed draft Regulatory Contract which Post PNG considers should bind Post PNG and the Regulator commencing with effect on and from **1<sup>st</sup> January 2032 to 31<sup>st</sup> December 2036**, or another period proposed by Post PNG, and determined by the Regulator following consideration of written submission during the consultation process for the subsequent Regulatory Contract under the process defined in this clause 4.
- (b) Post PNG shall also make other written submissions to the Regulator relating to regulation of postal services as it considers appropriate.
- (c) Post PNG shall provide the proposed draft Regulatory Contract and submissions required under clauses 4.1(a) and 4.1(b) by **31<sup>st</sup> January 2031**.
- (d) For avoidance of doubt, where Post PNG does not submit a draft Regulatory Contract by the date consistent with clause 4.1(c) above, the Regulator may commence the public consultation process to determine a new Regulatory Contract for the subsequent regulatory period in accordance with clause 4.2.

## **4.2 Review and Publication of draft Regulatory Contract**

- (a) The Regulator shall assess whether the proposed draft Regulatory Contract and any submission(s) made by Post PNG under clause 4.1 is(are) in accordance with the Regulatory Principles, the *ICCC Act* and the *Postal Act* to formulate an Issues Paper.
- (b) The Regulator shall publish the Issues Paper with the proposed draft Regulatory Contract and any submissions made by Post PNG under clause 4.1 by **28<sup>th</sup> February 2031**.
- (c) The Issues Paper published under clause 4.2(b) should set out the Regulator's preliminary views on matters that the Regulator considers appropriate and/or are associated with the submissions made under clause 4.1.
- (d) Post PNG (and other any person) may provide submissions to the Regulator as it thinks appropriate in relation to the form and the content of the Issues Paper and proposed draft Regulatory Contract published by the Regulator under clause 4.2(b).
- (e) Submissions referred to in clause 4.2(d) must be received by the Regulator by the **30<sup>th</sup> April, 2031**.
- (f) The Regulator shall, after considering any submissions received from Post PNG and any person(s), on submissions made under clause 4.2(d), publish a draft Regulatory Contract by **30<sup>th</sup> June 2031**. This draft Regulatory Contract shall be consistent with the Regulatory Principles, *ICCC Act* and *Postal Act*, and bind on Post PNG and the Regulator for a period of five years commencing on and from **1<sup>st</sup> January 2032 to 31<sup>st</sup> December 2036**, or another period proposed by Post PNG, and determined by the Regulator following consideration of written submissions during the consultation process for the subsequent Regulatory Contract under the process defined in this clause 4.
- (g) Post PNG (and other any person) may provide submissions on the published draft Regulatory Contract under clause 4.2(f) to the Regulator by **31<sup>st</sup> July 2031**.
- (h) If the submissions made by Post PNG under 4.2(g) has a material effect on draft determinations made in the draft Regulatory Contract published under 4.2(f), the Regulator will seek through a written notice for additional information in accordance with Section 128 of the *ICCC Act*.
- (i) The written notice under clause 4.3(b) shall specify detail information required by the Regulator and the required due date of submissions by Post PNG.
- (j) The Regulator will assess the additional submission provided under clause 4.2(i) and will publish a Proposed Final Regulatory Contract by **30<sup>th</sup> September 2031**.

## **4.3 Issuance of Final Regulatory Contract**

- (a) The Regulator shall, after considering any submissions by Post PNG and any other person(s) made under clause 4.2(g) and/or clause 4.2 publish a Final Regulatory Contract by **30<sup>th</sup> November 2031**.

## **4.4 Cost of funding the subsequent Regulatory Contract**

- (a) The Regulator will seek funding from the Government of Papua New Guinea to fund the cost of the review of the subsequent Regulatory Contract.

- (b) Where the Regulator finds that the Government of Papua New Guinea will not fund, or make available the funds, for the review of the Regulatory Contract towards the end of 2030:
  - (i) The reasonable costs of engaging any consultant to assist the Regulator to undertake the review of the Regulatory Contract shall be borne by Post PNG; and
  - (ii) By 31<sup>st</sup> January 2031, Post PNG shall pay to the Regulator what is deemed to be the reasonable cost by the Regulator to fund the review of the Regulatory Contract.
- (c) The subsequent Regulatory Contract shall allow Post PNG to recover any such costs incurred by Post PNG related to the review of the Regulatory Contract.

## **5. Termination or Amendment of Regulatory Contract**

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### **5.1 Agreed amendments**

- (a) This Regulatory Contract may be varied from time to time by written agreement between the Regulator and Post PNG. Any such variation must not be inconsistent with the Regulatory Principles or the requirements of the *ICCC Act* and neither party shall unreasonably withhold consent to amendment at the reasonable request of the other party
- (b) No variation may be made to this Regulatory Contract unless:
  - (i) at least 40 Business Days prior to any such variation taking effect:
    - (A) the Regulator has published a notice describing the proposed variation in both the National Gazette and a daily newspaper circulating nationally and inviting the making of submissions in relation to the proposed variation not less than 20 Business Days 5.1((b)(i)(C) after the date of publication of that notice;
    - (B) the Regulator has provided a notice to the Minister responsible for the *Postal Act*, or any Act which replaces this Act, describing the proposed variation; and
    - (C) the Regulator has made available, for inspection or purchase by the public, copies of the precise form of the proposed variation; and
  - (ii) the Regulator has considered such submissions in relation to the proposed variation it receives under clause 5.1(a).

### **5.2 Amendments by virtue of the operation of the *ICCC Act***

- (a) If, with the consent of Post PNG, any Postal Service ceases to be a regulated service (as that term is defined in the *ICCC Act*), this Regulatory Contract will be varied, in accordance with the operation of Section 33(4) of the *ICCC Act*, by deleting any reference in this Regulatory Contract to such of those services as have ceased to be regulated services.

### **5.3 Agreed termination**

- (a) This Contract may be terminated at any time by written agreement and in accordance with the *ICCC Act* between the Regulator and Post PNG.

### **5.4 Termination by virtue of the operations of the *ICCC Act***

- (a) This Contract will terminate automatically when Post PNG or anybody corporate that is "successor in title" to it effectively ceases to be a regulated entity as defined under Section 1 of the *ICCC Act*.

## Schedule 1 - Regulatory Principles

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In applying this Regulatory Contract, the Regulator shall endeavour to ensure that:

1. Post PNG's long-term financial sustainability is protected, in particular with respect to providing Regulated Services.
2. Post PNG has competitive incentives to improve efficiency of providing Regulated Services, and demonstrates continued improvement under these competitive incentives
3. Post PNG continues to face pressures that closely approximate workable or effective competition for Regulated Services.
4. Post PNG delivers Regulated Services to the reasonable service standards as required by Government policy.
5. Implementation of any Government policy concerning Regulated Services is supported, except where it conflicts with any provision of the *ICCC Act*, or the approved Regulatory Contract.
6. The requirements and objectives specified in the *ICCC Act*, particularly Section 5 of the *ICCC Act*, are met.
7. New circumstances that are significant and relevant to Post PNG and emerge during the regulatory period are taken into consideration, including, but not limited to, the making of new Government Policy or amendment of existing policy, and proposed amendments to an existing Regulatory Contract which the Regulator considers to be necessary or desirable to achieve the objectives of the *ICCC Act* and Post PNG will not unreasonably withhold its consent to such proposed amendments.

## Schedule 2 – Information Reporting

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### Price information

Post PNG shall endeavour to make the following information available to the Regulator for the current Regulatory Year and the subsequent Regulatory Year (proposed) where appropriate:

1. The prices of:
  - (i) the standard domestic mail service for letters weighing less than 50 grams;
  - (ii) the international mail service for letters weighing less than 50 grams for each pricing zone;
  - (iii) the monthly rental fee for a standard private mail box; and
  - (iv) the monthly rental fee for a standard private mail bag.
2. The historical revenues generated from each of the services listed in Schedule 2, clause 1 (i) through (iv), for both the previous Regulatory Year and 9 month period to 31<sup>st</sup> August of the year in which the Post PNG is required to provide its pricing submission, or another date agreed with the Regulator.
3. The forecast revenues generated from each of the services listed in Schedule 2, clause 1 (i) through (iv), for both the subsequent Regulatory Year for which the Post PNG is required to provide its pricing submission.

### Financial information

Post PNG shall endeavour to make the following information available to the Regulator for the previous year, the current year, and the subsequent year, using estimates and making forecasts where appropriate:

1. Statutory accounts, including profit and loss statement, balance sheet statement, and cash flow statement.

### Standards of service information

Post PNG shall endeavour to make the following information available to the Regulator for the previous Regulatory Year and the transpired period for the current Regulatory Year, or as otherwise agreed in writing with the Regulator, using estimates and making forecasts where appropriate:

1. A list of post offices, explaining the reasons for any likely closures.
2. The total number of private letter boxes and bags currently in use/rental, and their location.
3. The total number of letters (standard 50 gram or less) delivered in Papua New Guinea in the previous Regulatory Year and 9 months to 31<sup>st</sup> August in the current Regulatory Year.
4. The total number of letters (standard 50 gram or less) for delivery from Papua New Guinea to other countries in the previous Regulatory Year and 9 months to 31<sup>st</sup> August in the current Regulatory Year.
5. The average frequency of collection from and delivery to private letter boxes and bags in the previous Regulatory Year and 9 months to 31<sup>st</sup> August in the current Regulatory Year.
6. Average transit time for letters (standard 50 gram or less) delivered in Papua New Guinea in the previous Regulatory Year and 9 months to 31<sup>st</sup> August in the current Regulatory Year.

## Schedule 3 – Pricing Formula

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Post PNG may use the following pricing formula as a guide to set the prices of its regulated postal services.

The Consumer Price Index Formula below provides a guide for Post PNG to adjust the prices of Regulated Services which will commence from 1<sup>st</sup> January 2027.

### New Price Adjustment Formula

$$NP_t = CP_{t-1} * (1 + CPI)$$

Where

$NP_t$  = the maximum new price for a Subsequent Regulatory Year t for the Regulated Services

$CP_{t-1}$  = the maximum current prices for the Regulatory Year t-1 for the Regulated Services.

### Consumer Price Index (CPI)

(a)  $CPI_t$  for the 12 month period ending on 30 June in Regulatory Year t is calculated as follows:

$$CPI_{(t)} = \frac{CPI_{March(t-1)} + CPI_{June(t-1)} + CPI_{Sept(t-2)} + CPI_{Dec(t-2)}}{CPI_{March(t-2)} + CPI_{June(t-2)} + CPI_{Sept(t-3)} + CPI_{Dec(t-3)}} - 1$$

(b) If the CPI for the June quarter of the previous regulatory year is not available when the calculation of  $CPI_t$  needs to be made, that calculation in paragraph (a) shall be made using instead the most recent eight quarterly CPI figures then publicly available,

Where:

CPI means the Adjusted Consumer Price Index published by the National Statistics Office (excluding the effects of betelnut, alcohol and cigarettes).

Year t is the year for which tariffs are being set

Year t – 1 is the previous regulatory year

Year t – 2 is regulatory year two years previous

Year t – 3 is regulatory year three years previous

Dec is December and Sept is September.

## **SCHEDULE 4 – Dispute Resolution Process**

### **Negotiation**

1. Within ten (10) Business Days of a party giving the other party a Dispute Notice, senior representatives from each party must meet and use reasonable endeavours acting in good faith to resolve the Dispute by joint discussions.

### **Mediation by managing director or chief executive officer**

2. If the Dispute is not resolved under paragraph 1, above, within fifteen (15) Business Days after the giving of the Dispute Notice then:

- if the parties agree, they will attempt to resolve the Dispute by mediation pursuant to paragraphs 3, 4 and 5 below; or
- if the parties do not agree to resolve the Dispute by mediation pursuant to paragraphs 3,4 and 5 below, either party may by notice in writing to the other and the arbitrator, refer the Dispute to be determined by arbitration under paragraphs 6 and 7 below.

3. If the parties to the Dispute agree to attempt to resolve the Dispute by mediation, the Dispute will be referred to the managing director or chief executive officers of both parties who will attempt to resolve the Dispute, including by informal mediation.

### **Independent mediation**

4. If the Dispute is not resolved within ten (10) Business Days after being referred to the managing director(s) or chief executive officer(s) under paragraph 6, the Dispute will be referred to a single independent mediator accredited under the ADR Rules of the National Court appointed by agreement of the parties or if they fail to agree on a mediator within ten (10) Business Days, an independent mediator accredited under the ADR Rules of the National Court appointed by the PNG Law Society acting on the request of either party.

5. Unless the parties agree otherwise:

- (a) each party may appoint a person, including a legally qualified person, to represent it or assist it in the mediation;
- (b) each party will bear its own costs relating to the preparation for and attendance at the mediation; and
- (c) the costs of the mediator will be borne equally by the parties.

### **Arbitration**

6. If the Dispute is not resolved under paragraph 1, or by mediation under paragraph 3, either party may by notice in writing to the other terminate the mediation proceedings and notify the Regulator of a Dispute to be determined by arbitration under paragraph 7.

7. Where a Dispute is referred to the Regulator for arbitration, and unless the parties agree otherwise, the following will apply:

- (a) The arbitrator will be the Regulator or any such other party as appointed by the Regulator for the purposes of arbitrating the dispute. For the purposes of a particular arbitration, the arbitrator is to be constituted by two (2) or more members of the Regulator nominated in writing by the chairperson of the Regulator.
- (b) The Regulator may at any time terminate an arbitration (without making a determination) if it thinks that the notification of the Dispute is vexatious, trivial or lacking in substance; or the party who notified the Dispute has not engaged in negotiations in good faith.
- (c) The arbitrator may require evidence or argument to be presented in writing, and may elect to hear oral evidence or argument. Oral proceedings will be held in private, unless both parties agree otherwise.
- (d) In deciding a Dispute, the arbitrator will take into account:
  - (i) the principles, methodologies and provisions set out in this Contract;

- (ii) the Regulator's objectives under the *ICCC Act* ;
  - (iii) Post PNG's legitimate business interests;
  - (iv) the interests of postal services users; and
  - (v) the operational requirements necessary for the safe and reliable operation of the Post PNG's assets.
- (e) The arbitrator may set its own procedure for the determination of the dispute by arbitration.
- (f) The arbitrator will publish its determination in writing which includes the reasons for making the determination within 30 business days of receipt of the Dispute.
- (g) The determination of the arbitrator will be final and binding subject to any rights of review by a court of law.
- (h) The costs of the arbitrator will be borne equally by the parties.
- (i) Each party may appoint a person, including a legally qualified person to represent it or assist it in the arbitration.
- (k) Each party will bear their own costs relating to the preparation for and the attendance at the arbitration.

Executed by and under the Common Seal of )  
the Post PNG Limited

Witnessed by

\_\_\_\_\_  
(Chief Executive Officer's Signature )

\_\_\_\_\_  
Company Legal Officer's Signature

\_\_\_\_\_  
Print Name )

\_\_\_\_\_  
Print Name )

Executed by and under the Commission Seal of )  
the **Independent Consumer and Competition**  
**Commission**

Witnessed by

\_\_\_\_\_  
Commissioner & Chief Executive Officer's  
Signature )

\_\_\_\_\_  
Corporate Secretary's  
Signature

\_\_\_\_\_  
Print Name )

\_\_\_\_\_  
Print Name )

For and on behalf of the **Independent Consumer and Competition Commission** pursuant to  
Section 35 of the *Independent Consumer and Competition Commission Act 2002*