Australian Postal Corporation Bill 1989

Date Introduced: 13 April 1989
House: House of Representatives
Presented by: Hon. Ralph Willis, M.P., Minister for Transport and Communications

Digest of Bill

Purpose
The Bill aims to improve the efficiency of the Australian Postal Corporation through redefining the objectives, functions and powers of the Australian Postal Corporation (Australia Post) and financial restructuring. The Bill will also reserve certain postal services to Australia Post.

Background
Australia Post is a statutory authority established by the Postal Services Act 1975. That Act established Australia Post as the national postal service provider and conferred on it responsibility for the regulation and management of the authority.

Australia Post is a Commonwealth enterprise which pays sales tax, customs duty, and State payroll taxes, and is required to finance all its operating costs plus half its capital expenditures from internal sources. Australia Post recorded an operating profit of $54.9 million in 1986–87. Revenue increased by 13.6% to $1505.1 million and expenditure by 12% to $1450.2 million. The total number of articles handled by Australia Post increased by 5.7% to 3439 million. Australia Post forecasts a profit of about $29 million in 1987–88.1

The future direction of government transport and communication bodies was outlined on 25 May this year when a Ministerial Statement, titled 'Reshaping the Transport and Communications Government Business Enterprises', was tabled in the Senate. The Statement noted the increasing competition in international markets, the rate of technological change and the pressures these and other factors exert on such bodies. With regard to Australia Post, as with other agencies, a number of specific courses of action were outlined. First, it was proposed to establish a new financial and corporate structure for Australia Post, and rename it the Australian Postal Corporation. The new corporation is to be managed by a Board of Directors and is to be established with a commercially-oriented financial structure, including obligations to pay dividends on shareholders funds while providing for future investment requirements. Planning and accountability provisions is to be altered, with more emphasis on strategic plans and agreed financial targets. In addition, the new corporation is to be exempted from general administrative and personnel policies laid down by the government, except where directed to comply, and will not require ministerial approval for contracts, individual borrowing, and the establishment of subsidiaries and joint ventures.2

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Main Provisions

The Bill will be subject to the Radiocommunications Act 1983 and the Telecommunications Bill 1989 (clause 11).

Australia Post, which existed under the Postal Services Act 1975, will continue in existence by virtue of clause 12.

The functions and powers of Australia Post are contained in clauses 14 – 19 and include: to supply philatelic and associated services, supply electronic mail services and telecommunications value added services, enter into contracts, form and participate in the formation of companies, and participate in joint ventures.

Clauses 20 – 24 provide for the establishment, constitution, and role of a Board of Directors of Australia Post and duties of the Managing Director. The Board will consist of a Chairperson, Deputy Chairperson, Managing Director, and a maximum of six other directors. The role of the Board will be to decide the objectives, strategies and policies of Australia Post, and to ensure Australia Post operates in an economical manner. The Managing Director shall manage Australia Post.

The obligations of Australia Post are contained in clauses 25 – 28 and include: to provide, a letter service at a single uniform rate for the carriage within Australia of standard letters by ordinary post; ensure the service is of a standard to satisfy the needs of the community, and perform its functions in a manner consistent with sound commercial practice, general policies of the Government, and certain Ministerial directions.

Subject to clause 30 (see below), Australia Post will have an exclusive right to carry letters and issue stamps within Australia (clause 29).

The services reserved to Australia Post will not include the carriage of a letter weighing more than 500 grams, unless the letter is a package containing several letters; the carriage of newspapers, magazines, books, catalogues and leaflets; the carriage of a letter within Australia for a fee that is at least ten times the rate of postage for carriage of a standard postal article by ordinary post; and the carriage of a letter solely by any electromagnetic or other non-physical means (clause 30).

Clause 31 provides that Australia Post may apply to the Federal Court for relief where a person has engaged in or is proposing to engage conduct that would infringe an exclusive right.

Clause 32 deals with the terms and conditions under which services are to be provided to a person. These will be as agreed between the Board and the consumer or, where there is no agreement, as determined by the Board.
The Minister may disapprove Board decisions on rates of postage for carriage within Australia of standard postal articles by ordinary post and registered publications (clause 33).

The Board shall prepare three to five-year corporate plans, beginning on 1 July 1989, which shall include Australia Post’s and its subsidiaries objectives, strategies, policies, obligations, a financial target, and estimates of costs for carrying out the community service obligations. The Minister may direct the Board to vary the strategies and policies Australia Post will follow in carrying out its community service obligations and achieving its financial target (clauses 35–38, and 40).

The Minister may notify the Board of general government policy and the Board is to ensure that those policies are carried out (clause 48).

The Minister is to give the Board directions necessary in the public interest. However, the Minister is not to give directions in relation to rates of postage or amounts to be charged for work done, or services, goods or information supplied, by Australia Post (clause 49). Clause 56 provides for costs associated with compliance.

The Minister is to set the amount of initial capital for Australia Post, and the total capital will consist of this amount, any additional capital appropriated and reserves or liabilities to the Commonwealth converted into capital. Interest will not be payable on the capital but it will be repayable to the Commonwealth as the Minister directs (clauses 51 and 52).

Each financial year, the Board is to recommend whether a dividend should be paid to the Commonwealth. The Minister may reject the recommendation and direct that a specific dividend be paid. The dividend is not to exceed net profits. Similarly, the Minister may require the Board to make a recommendation relating to the issue of an interim dividend. The Minister may either approve the recommendation or direct payment of a specified interim dividend (clauses 54).

It will be an offence for a person to refuse or fail to furnish information necessary for an audit. The maximum penalty for a breach of this provision will be a fine of $1000 and, or imprisonment for 6 months (sub–clause 59 (7)). It will also be an offence for a person to give false or misleading information to an auditor. The maximum penalty for breach of this provision will be a fine of $2000 and, or imprisonment for 12 months (sub–clause 59 (8)).

The Minister for Finance may lend money to Australia Post on such terms and conditions as the Minister determines. Australia Post may borrow money other than from the Commonwealth, including from overseas (clauses 60 and 61).

Australia Post will be liable to pay Commonwealth, State, and Territory taxes (clause 63).
The directors of Australia Post, other than the Managing Director, will be appointed by the Governor-General. The Governor-General may dismiss a director for misbehaviour or physical or mental incapacity. In addition, where the Minister is of the opinion that the performance of a director or the Board has been unsatisfactory for a significant period of time, the Governor-General is to dismiss them (clauses 73 and 79).

The Managing Director will be appointed by the Minister (clause 83).

The Governor-General may make regulations, including prescribing penalties not exceeding $1000 (clause 102).

References

For further information, if required, contact the Law and Government Group.

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Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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