Postal Services Amendment Bill 1988

Date Introduced: 28 September 1988
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 Commission (Australia Post) through the establishment of a new corporate structure and the removal of day-to-day controls.

Background
Australia Post is a statutory authority established by the Postal Services Act 1975 (the Principal Act). The Principal 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, State payroll taxes, and is required to finance all its operating costs plus half of 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, i.e., the need for Ministerial approval or to use government agencies for certain transactions. In regard to Australia Post, as with other agencies, a number of specific courses of action were outlined. First, it is proposed to establish a new financial and corporate structure for Australia Post. Australia Post will be renamed the Australian Postal Corporation. The new corporation will be managed by a Board of Directors and will 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 are to be altered, with more emphasis on strategic plans and agreed financial targets. In addition, Australia Post will 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 borrowings, and the establishment of subsidiaries and joint ventures.2

Main Provisions

The powers of Australia Post will be expanded by clause 6. Australia Post will have the power to form and participate in the formation of companies; buy and hold shares, debentures, and similar instruments; participate in joint ventures; enter into contracts; deal with futures contracts; act as trustee of money and other property vested in it by trust; and do anything incidental to any of its powers.

Clause 8 will insert new sections 10B and 10C into the Principal Act, which will require Australia Post to manage its land and buildings in accordance with sound commercial practice. Australia Post, or a subsidiary, will be required to give written notice to the Minister of significant new business activities.

A new Part IV will be inserted into the Principal Act by clause 10 which provides for the establishment, constitution, and terms and conditions of employment of the Board of Directors of Australia Post.

The Minister may give the Board such directions, other than postage rates, as appears necessary in the public interest (proposed section 26).

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 shall dismiss them (proposed section 36D).

The Managing Director will be appointed by the Minister (proposed section 36H).

Current staff will be retained, but on terms and conditions to be determined by Australia Post (clauses 12 and 28).

References


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

22 December 1988

Bills Digest Service
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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