



## Australian Postal Corporation Statement of Expectations

### Preface

The Australian Postal Corporation (**'Australia Post'**) continues in existence under the *Australian Postal Corporation Act 1989 (APC Act)*. It has two ministers responsible for governance, namely the Minister for Finance and the Minister for Communications (**'Shareholder Ministers'**).

This Statement of Expectations (**'Statement'**) is issued by the Shareholder Ministers to Australia Post and outlines the Australian Government's expectations for Australia Post.

The Statement is made under paragraph 1.11 of the *Commonwealth Government Business Enterprises – Governance and Oversight Guidelines ('GBE Guidelines')*. The Statement applies from 1 July 2024 and replaces previous statements issued in respect of Australia Post. The Statement may be updated by Shareholder Ministers, in consultation with Australia Post's Board, from time to time to reflect changes in the future.

The Government expects that Australia Post consider this Statement in preparing its annual Corporate Plan and Statement of Corporate Intent.

### Roles and Responsibilities of Australia Post and the Board

Australia Post is a corporate Commonwealth entity (**'CCE'**) for the purposes of the *Public Governance, Performance and Accountability Act 2013 (Cth) ('PGPA Act')*.

The entity operates at arm's length from the Government. Australia Post has flexibility and discretion in the management of its business as a CCE and Government Business Enterprise (**'GBE'**), consistent with the PGPA Act and related rules (**'PGPA Requirements'**), the APC Act and related regulations, other legislation applying to Australia Post, and this Statement of Expectations.

The Board of Australia Post has ultimate responsibility as the accountable authority under the PGPA Act for the performance of the entity and is accountable to the Shareholder Ministers in accordance with the PGPA Requirements and the APC Act. This responsibility includes operational decisions on how best to meet its commercial, community service and general governmental obligations under the APC Act.

Subject to the roles and responsibilities noted above, the Government expects Australia Post to observe relevant principles set out in the GBE Guidelines where practicable and not inconsistent with its statutory responsibilities.

### Objectives

The Government's objectives in relation to Australia Post and a modernised postal service are to:

1. Retain Australia Post in full public ownership and maintain an equitable letter service that meets the contemporary needs of the Australian people and Australian businesses.
2. Provide postal services that support Australia's economy, particularly as a critical enabler of the growing eCommerce market.
3. Maintain retail outlets throughout Australia, in accordance with the current prescribed performance standards, in particular in regional, rural and remote areas of Australia.
4. Support a financially sustainable Australia Post and investment in its networks and services to support improved national productivity and supply chain resilience, and meet changing business and consumer expectations.

## Modernisation Reforms

In recognition of changing consumer needs, continued digitisation and ongoing declines in letter volumes, the Government has committed to a package of regulatory reforms that supports Australia Post's financial sustainability, allowing it to invest in products and services for the future, and boost the productivity of its workforce by freeing its delivery and processing resources to support parcel delivery.

### Pricing

The Government will work with Australia Post to settle a future pricing oversight mechanism that will give Australia Post and its customers more certainty over a longer-term price path for basic postage.

In the interim, the Government expects Australia Post to continue to engage constructively with the Australian Competition and Consumer Commission ('ACCC') on the recommendations for improvements, including regarding the cost allocation model, outlined in its decision on Australia Post's February 2024 price notification, to support a transparent and consultative price notification process.

### Implementation of reforms

It is the Government's expectation that Australia Post commit the necessary resources to implement agreed regulatory reforms as soon as practicable and keep Shareholder Ministers and their Departments informed of progress to implement operational changes across the business, and on emerging material issues and impacts to its delivery network.

Ongoing reporting is important to allow the Government to monitor Australia Post's performance and evaluate the reforms against Government objectives. The Government expects Australia Post to provide timely information on operational impacts, including specific metrics agreed with Shareholder Departments. The Government is committed to continuing to work closely with Australia Post to identify further opportunities that build on these reforms and modernise operations.

### Service Expectations

Australia Post provides essential postal services to Australians and businesses, particularly in regional, rural and remote communities. It also enables eCommerce through online transactions, as well as a range of important financial, identity and government services.

Subject to the roles and responsibilities noted above, in implementing modernisation reforms, the Government expects that:

- **Delivery Network:** Australia Post will continue to work with its workforce, postal worker unions and licensee representatives on implementing a new delivery model with a greater focus on parcel deliveries, in accordance with the updated Performance Standards Regulations. It will continue to service Post Office Boxes every business day where this currently operates.
- **Letters:** The price of concession stamps and Seasonal Greetings' card stamps is expected to be maintained until 30 June 2026. Shareholder Ministers should be informed of any planned increases to the Basic Postage Rate ('BPR') through the Corporate Plan process or notification under section 19 of the PGPA Act in advance of any formal steps being taken to increase the BPR.
- **Election mail:** Consistent with its community service obligations, Australia Post will provide support (through the letter service) to the Australian Electoral Commission (as it facilitates the democratic process in Australia).
- **Priority service:** Australia Post will maintain a priority letter delivery service on a commercial basis (features, delivery times and pricing) and consult customers before making significant changes to service terms and conditions.
- **Retail Network:** The retail network plays a vital role in enabling access to postal and other services, particularly in regional, rural and remote Australia. The Government expects that Australia Post will:
  - maintain an appropriate mix of Corporate Post Offices and Licensed Post Offices ('LPOs'), having regard to the views of workforce and licensee representatives;

- pay particular attention to the needs of regional, rural and remote communities in managing the network, in particular avoiding planned closures in communities where the Post Office is the only remaining provider of face-to-face postal and financial services; and
- where there is a planned retail outlet closure in its network, Australia Post will engage the affected community as soon as possible and provide a notification period of at least 60 days where practicable.
- **Innovation:** Noting the importance of innovation in improving service delivery at an affordable cost and maintaining high levels of customer service, Australia Post will continue to provide customers with:
  - more choice, flexibility and convenience, including increasing accessibility of out-of-home parcel delivery options (such as parcel lockers and other self-service options); and
  - enhanced cyber safety and security, through investment in its AusPost app and digital technologies.
- **Other Services:** Australia Post may continue to provide a range of other important non-postal services to communities, including financial, identity and government services. Australia Post should continue to offer services where they are commercially viable, having regard to the needs of communities and Australia Post's financial sustainability.

### **Commercial Operations**

As provided under the APC Act, Australia Post shall, as far as practicable, perform its functions in a manner consistent with sound commercial practice. It has flexibility and discretion in its operational and commercial decisions within the bounds of the legislative framework.

Subject to the roles and responsibilities noted above, the Government expects that Australia Post will:

- Conduct its operations efficiently within its capital constraints and proactively manage costs.
- Within its legal and policy parameters, target an optimal capital structure with a focus on maintaining a standalone investment grade credit rating and working towards earning a reasonable rate of return on its assets.
- Maintain investment in its delivery and retail networks, to meet end user needs including in regional, rural and remote Australia.
- Utilise available funds to add to shareholder value, targeting ongoing improvements in the entity's return on investment.

### **Supporting Government Priorities**

As one of Australia's most trusted national institutions, Australia Post has a key role in supporting Government priorities and commitments. Subject to the roles and responsibilities noted above, the Government expects that Australia Post will:

- Implement initiatives to reduce greenhouse gas emissions consistent with the Government's commitment to Net Zero emissions by 2050.
- Support the National Agreement on Closing the Gap, where possible, and continue to support and provide employment opportunities for Aboriginal and Torres Strait Islander people and deliver on its Reconciliation Action Plan.
- Continue to be a diverse and inclusive organisation that reflects the diversity of the communities it serves.
- Provide services which are reasonably accessible to customers and communities, including people living with a disability.
- Continue social initiatives, including support for communities impacted by natural disasters and people experiencing domestic and family violence, such as providing free mail redirections.
- Contribute to the achievement of the Australian Government's foreign policy objectives where appropriate, including through continuing its role in the Universal Postal Union and in supporting Pacific postal operators.

## **Licensees and CPAs**

LPOs and Community Postal Agents ('CPAs') represent a significant part of Australia Post's retail network. The Government expects that Australia Post will continue to work in consultation with Licensees and CPAs, with the aim of securing a more sustainable future operating model for Australia Post, Licensees and CPAs. Australia Post should keep Shareholder Ministers informed of material changes in its overarching LPO and CPA agreements and provide advice on engagement with LPO representative groups prior to these changes coming into effect.

## **Australia Post's workforce**

In negotiating enterprise agreements and other workplace arrangements, the Government expects that Australia Post should seek to:

- Maximise quality, secure and meaningful employment opportunities for Australians, whilst enabling a sustainable, high performing frontline workplace that affords it the operational flexibility to facilitate delivery of essential postal services to the community.
- Apply relevant principles of the Government's Public Sector Workplace Relations Policy (Non-APS Policy) to the extent practicable, commensurate with its commercial and competitive circumstances.
- Continue to consult with the workforce and the Communication Workers Union Division (CWU) of the Communications Electrical Plumbing Union on the future delivery model and any significant changes to that model.

It is the Government's expectation that there will be no forced redundancies of frontline team members directly impacted by changes to Australia Post's delivery model and retail network as it modernises services. Any team member impacted by operational changes is to be offered to be redeployed into other areas of the business or participate in retraining programs.

## **Working with Stakeholders**

The Government expects that Australia Post will engage productively and collaboratively with its stakeholders, including through:

- Maintaining productive relationships with key stakeholders who have an interest in Australia Post and the postal network, including: its workforce, postal worker union representatives, Licensees, and CPAs.
- Working closely with business and government mail customers to understand their current and future postal service needs.
- Engaging constructively with Commonwealth, State, Territory and Local government entities, the Postal Industry Ombudsman, regulators, and communities.

If Australia Post makes decisions that it anticipates will materially impact the community or its customers, the Government expects that Australia Post will notify affected parties in a timely manner and, where practical, to undertake meaningful engagement or consultation.

## **Transparency, Governance and Accountability**

The Government expects Australia Post's Board to meet the highest standards of transparency, governance and accountability for corporate and government-owned entities. Australia Post should adopt, as far as practicable, and having regard to its obligations under the APC Act and PGPA Requirements, the prevailing version of the '*ASX Corporate Governance Principles and Recommendations*'.

Australia Post's Board is accountable for:

- The performance of Australia Post, including promoting:
  - the proper use and management of public resources for which the Board is responsible;
  - the achievement of purposes of the entity; and
  - the financial sustainability of the entity.

- **Internal governance of Australia Post**, including establishing and maintaining:
  - an appropriate system of risk oversight and management including cyber security risks; and
  - an appropriate system of internal controls.

Subject to the roles and responsibilities noted above, the Government expects Australia Post's Board to also be responsible for:

- Setting strategic direction, organisational leadership and establishing and maintaining a culture that meets the high standards expected by the public in relation to:
  - efficient, effective, economical and ethical expenditure of money;
  - proactive and open disclosure of information that is reasonably in the public interest;
  - following best practice principles and guidelines that go beyond strict legal obligations (e.g. probity and value for money); and
  - creating an engaged results-orientated team culture that encourages the highest standards of respect, diversity and inclusion and which minimises unplanned turnover.
- Setting a transparent remuneration structure that:
  - ensures executive remuneration is appropriately aligned to key performance indicators, with fit for purpose targets that incentivise high performance beyond business as usual outcomes but are restrained and justifiable to the Parliament and the Australian public;
  - is not inconsistent with relevant industry benchmarks; and
  - is consistent with the relevant principles of the Performance Bonus Guidance issued by the Australian Public Service Commission.
- Monitoring ongoing compliance with external governance frameworks, including:
  - the APC Act, Performance Standards, and Australian Postal Corporation Regulations 2021;
  - relevant principles set out in the GBE Guidelines and any other applicable governance documents; and
  - PGPA Requirements.
- **Timely, accurate and transparent provision of information**, consistent with the obligation under section 19 of the PGPA Act to keep Shareholder Ministers informed.

The Government expects that management will provide Shareholder Departments with advance notice of significant public statements and media releases.

The Government expects that Australia Post representatives appearing before the Parliament have a detailed understanding of their duties (as set out in the *Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters*).

Where Australia Post engages a third-party (e.g. a contractor), it should take into account the risks associated with that approach in relation to the proper use or management of public resources for which the Board is responsible and be mindful of, but for the avoidance of doubt not bound by, relevant good practices and contractual requirements in the Commonwealth Procurement Rules.

Where Australia Post's Board, the Managing Director or an employee of Australia Post (authorised by the Board for the purposes of s 93 of the APC Act) delegates its power (or authorises an employee or third-party to exercise its power) it must be clearly documented and recorded.

The Board should have access to a corporate secretary, who reports to the Board (through the Chair) and is independent of management, and with whom members of the Board can raise matters confidentially and seek advice from as a governance expert.

**Senator the Hon Katy Gallagher**

**The Hon Michelle Rowland MP**

**Minister for Finance**

**Minister for Communications**