

**Senate Environment and Communications References Committee
Australia Post inquiry**

Responses to questions taken on notice from 3 May 2021 hearing

| Question | Response |
|---|---|
| <p>Senator McKENZIE: And she did it within her authority as CEO under the Australia Post guidelines.</p> <p>Mr Nutt: You just have to be a little bit careful there. Internal guidelines will not override a legislative and regulatory framework. The point I'm making, respectfully—I'm trying to be helpful—is that Ms Holgate, on the watches, acted with the best of intentions. She received no personal benefit. Clearly, the four staff had done good work. I think this is common ground. If you look at it in terms of whether the form was stamped and whether she have some capacity to spend some money et cetera, yes. But that doesn't override your legislative and regulatory obligations under the PGPA act. If you look at the Maddocks report, which I think is a sensible report, does it find that she did anything improper? To be frank, did she pop down to Tiffany's at breakfast and drop half a million on some diamonds and write it off to stationery? Of course, she didn't. It was well-intentioned. It was, within the provisions and the requirements of the act, an error of judgement, but it was terribly well-intentioned.</p> <p>Senator McKENZIE: We heard evidence last week that, under the act, the only issue is that the board has a set of processes in place that it's comfortable with. There's actually not even oversight from shareholder ministers on the appropriateness of the government-owned enterprises. Maybe on notice, could you reflect on the testimony to this committee from last week to clarify if it was correct. I will leave that for you to have a look at on notice. ...</p> | <p>Regarding the question whether the watches were purchased within Ms Holgate's authority, Australia Post notes the Investigation by Shareholder Departments, with assistance from Maddocks, into the proper use of public resources at Australia Post, and the report of that investigation published on 22 January 2021 on the Department of Infrastructure, Transport, Regional Development and Communications' website at: https://www.communications.gov.au/documents/investigation-proper-use-public-resources-australia-post</p> <p>The reference to "<i>testimony to this committee last week</i>" appears to a reference to evidence provided by representatives of the Department of Finance at the Senate Inquiry hearing on 27 April 2021 (see pages 69 – 70 of the transcript). Reflection on that evidence, and any related clarification, are matters for the witnesses concerned.</p> |
| <p>Senator KITCHING: Have we got all of your board minutes?</p> <p>Mr Macdonald: No, you've got the minutes for 22 October.</p> <p>Senator KITCHING: Can we have the minutes of the meeting after that?</p> <p>Mr Macdonald: I believe we took that on notice, and the response to that is due on 7 May.</p> <p>Senator McKENZIE: But you're here now.</p> <p>Senator KITCHING: Do you think you could table them?</p> <p>Mr Macdonald: The subsequent meeting was on 23 October. That dealt with a number of matters that were part of the board's usual BAU practice.</p> <p>Senator KITCHING: Could you redact those out?</p> <p>Mr Macdonald: Yes. We could prepare a copy of the minutes with irrelevant content redacted and only the relevant content remaining.</p> <p>Senator KITCHING: So you're going to do that, and we'll get that before the seventh?</p> <p>Mr Macdonald: Yes, we will do that promptly.</p> | <p>As requested, Minutes of the Board meeting on 23 October 2020 are enclosed. In addition, Minutes of the Board meeting on 29 October 2020 are enclosed – as it was at this meeting that the Board confirmed the Minutes for the Board meeting on 22 October 2020. Redactions have been made in respect of irrelevant and privileged content.</p> |

| Question | Response |
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| <p>Senator KITCHING: Who does the credit card statements? Ms West: When you say 'do the credit card statements'— Senator KITCHING: Who looks after the credit card statements and makes sure they are correct and reconciles them? Ms West: That's within the finance function. As a member of the board, I'm not involved in the detail of the actual process. CHAIR: You are not going through it with a calculator and a highlighter, are you? Ms West: The approval and processing of credit card statements is part of the financial system. As to how it is delegated around, I would need to take that on notice.</p> | <p>Australia Post's 'Our Ethics' conduct of conduct, and credit card policies and procedures, assist to ensure the appropriate use of corporate credit cards. The credit card holder's manager is responsible for monitoring correct usage. The manager is required to approve (ie acquit) transactions except those automatically coded and approved. As Australia Post has noted elsewhere, CEO credit card transactions are now to be reviewed by the Chair. Chair and other Non-Executive Director's expenses are now to be reported to the Chair of the Audit & Risk Committee.</p> |
| <p>Senator KITCHING: Mr Boys told me in response to a question on notice that he was unable to answer my questions around that because of coronavirus. In the same response to questions on notice, he also confirmed that tens of thousands of dollars in flowers were still going into offices, but he couldn't answer a question about credit cards. Can I ask Mr Macdonald to give me the position description of the internal audit person. I just want to see what the internal audit person is doing. Mr Macdonald: We will take that on notice. Senator KITCHING: Do you think you can? Mr Macdonald: We will see if we can make inquiries in the background. We can certainly get the charter to you quickly. Senator KITCHING: Thank you.</p> | <p>The General Manager Internal Audit is authorised to direct a broad, comprehensive program of internal auditing within the organisation. Internal Audit staff are authorised to have full, free and unrestricted access to the Board, the Group Chief Executive Officer and Managing Director, all functions, property, personnel, records, accounts, files and other documentation to enable Internal Audit to carry out its functions and activities.</p> <p>The Internal Audit Charter is enclosed. The position description of the General Manager Internal Audit is also enclosed.</p> |
| <p>Senator HANSON: ... can you explain to me and the public what the Isaac Awards are? Mr Di Bartolomeo: I'm not fully au fait with them— Senator HANSON: Really? Mr Di Bartolomeo: but they are recognition of the good work of our post officers and the LPOs in particular. ... Senator HANSON: Anyway, it was held in cities around Australia at a cost of half a million dollars to the Australian taxpayer. Mr Macdonald: I don't know how much it cost, but we can take that question on notice. ... Senator KITCHING: Ms West, can you take on notice to give us the overall cost of the function? Ms West: That needs to go to a management issue. It will be part of the whole post office network—postal delivery and customer service function, which is a huge part of their budget. But, yes; I'm sure Mr Macdonald can assist with that. Mr Macdonald: We can take that on notice.</p> | <p>The Community and Consumer Leadership awards event – known as the 'Isaacs' after Mr Isaac Nichols, the first postmaster of the Australian postal service – recognises the work of our frontline and operational staff (ie post office, customer contact centre, and operations-focused office employees (eg marketing, digital and data), and over 90% of attendees at the event were frontline and operational staff. The event builds engagement and collaboration across a large & diverse business unit with a diverse range of stakeholders and responsibilities.</p> <p>Awards at the event recognise frontline staff who have gone above and beyond for their customers and Australian communities and/or endured hardship, as well as staff who have demonstrated exceptional commitment to our organisational values – including State and National Post Offices of the year, and individual contact centre & customer service staff.</p> <p>The event cost approximately \$360,000 excluding GST. Of that amount, approximately a quarter was for food, beverage and theming, and approximately half was for audio visual arrangements and equipment hire – including to support the event being conducted digitally across multiple locations, with reduced interstate travel.</p> |
| <p>Senator KITCHING: Did anyone at the board meeting—I presume there are people with legal qualifications—say, 'Maybe we should get this in writing'? Mr Di Bartolomeo: No, we didn't ask if we could get it in writing that afternoon, but we did follow up with a number of documents that put that premise in writing.</p> | <p>As noted in paragraph 2.1.13 of Australia Post's submission to the Inquiry dated 19 March 2021, the Chair wrote a letter to Ms Holgate, dated 24 October 2020, entitled "Your agreement to stand aside pending investigation" (Appendix 9 to the submission). The letter was sent to Ms Holgate's spouse – by email – at 9:28 AM on 25 October 2020 by Ms Sue Davies, Executive General Manager, People & Culture.</p> |

| Question | Response |
|---|--|
| <p>Senator KITCHING: Mr Macdonald, was Mr Di Bartolomeo almost relying on a postal acceptance rule? You sent documents. Did they say, 'You are standing aside'? What did the documents say?</p> <p>Mr Macdonald: I think we've previously given evidence that on 23 October the board requested some advice on documenting that arrangement in correspondence with Ms Holgate and that that correspondence was sent on 25 October and referred to the standing aside and the other practical arrangements that would operate during that time. There were also the other contemporaneous documents, the statement that was issued and the two emails that have been referred to earlier: 23 October in the morning and 25 October on—</p> <p>Senator KITCHING: How did you communicate? Did you express post these documents? Did you email them? Did you know that she was expecting to be monitoring her email in order to receive the documents? How did you ensure that she saw the documents?</p> <p>Mr Macdonald: If we deal with the various documents, there was the letter that I mentioned—the correspondence recording the standing aside and those arrangements. That was sent by Sue Davies to Christine Holgate. I'm not sure of the exact method. We can take this on notice.</p> | <p>In sending the correspondence, Ms Davies, expressed regard for Ms Holgate's wellbeing at the time, offered to arrange psychological support for Ms Holgate, and communicated her willingness to support Ms Holgate without limitation with whatever she needed.</p> <p>Ms Holgate has acknowledged receipt of the correspondence on 25 October 2020. In her submission dated 19 March 2021 (at page 45), Ms Holgate notes that on that day "<i>Sue Davies sent me the letter from Australia Post</i>". She also notes that in a text message to the Chair at 1:10pm on that day, she said "<i>I am aware Sue has sent the letter. I will read it.</i>"</p> |
| <p>Senator KIM CARR: Thank you very much. Given the time, I would ask the board to take this on notice. There have been a number of statements, and repeated today by the chairman, that the board at no time discussed privatisation. I would like you to reconcile that statement with the position that was put by the Boston Consulting Group at the meeting on the 20th. Mr Chairman, I add this point: you have said previously that there were no recommendations. Page 10, of the Boston Consulting Group, contains the recommendations on several points. I'd ask you to reconcile your evidence with the [inaudible] on page 10 and, in addition, the statements where it says, 'if the government decides to further investigate potential full or partial divestiture of parcel business to undertake a detailed scoping study'. Further, and the same page, 'take a range of steps to optimise Australia capital structure, including exploring potential divestitures of specific subsidiaries including StarTrack, Road Express and SecurePay'. If the board did not discuss those matters what were you doing during that 1½ hour presentation by the Boston Consulting Group? Furthermore, in the report that was presented by the Boston Consulting Group in their overhead slides, which indicated on the [inaudible] statement, the specific reference one again was, 'explore the potential for the divestiture of parcels', which included, 'would leave a loss—making core business without meaningful reforms to letters'. I'd ask the chairman of the board if he could reconcile [inaudible] evidence with the documentary evidence that has been presented to us? Thank you very much, Madam Chair.</p> | <p>Australia Post reiterates the position that has been repeated on a number of occasions during inquiry proceedings – the Australia Post Board has at no time discussed privatisation.</p> <p>Australia Post acknowledges that, during a presentation from BCG on 20 February 2020 at which Shareholder Department representatives were also present, BCG presented to the Board a summary of the considerations and findings of its review. That presentation involved BCG informing the Board of its work but did not involve a Board discussion relating to privatisation – either in full or partial – and the Board has not had any such discussion since.</p> |
| <p>Senator McKENZIE: On the back of the fabulous ABC story about your decision, as an organisation, to cancel perishable goods postage, Mr Boys gave some really interesting evidence about food safety regulation. There are seven different versions</p> | <p>As Australia Post has noted elsewhere, the decision at the time to discontinue the carriage of perishable foods was made in connection with exploratory work into cold chain logistics. That exploratory work involved a number of tasks over time, including:</p> |

| Question | Response |
|--|--|
| <p>across this great Federation. His evidence to us was that it's really complex. I went through it. He said that, prior to getting a report, which apparently was a KPMG report, you actually did not know that there were seven different food safety regulatory environments that you had to post across. Is that correct?</p> <p>Mr Di Bartolomeo: I'm not aware of that.</p> <p>Senator McKENZIE: Is anyone aware of this? Was the decision to stop delivering perishable goods a decision of the board?</p> <p>Mr Di Bartolomeo: No. It did not come to the board.</p> <p>Senator McKENZIE: The board didn't commission the KPMG report, which Mr Boys referred to?</p> <p>Mr Di Bartolomeo: I'm not aware.</p> <p>Mr Ronaldson: Neither am I.</p> <p>Senator McKENZIE: On notice then, I would like the terms of reference of this KPMG report. I would like you to table the report. I want to know when it was commissioned, I want to know how much it cost, and I want to understand the recommendations that see Australia cancelling the postage of perishable goods and then, obviously, backflipping within a matter of weeks.</p> | <ul style="list-style-type: none"> - KPMG being engaged in June 2019 to prepare a report identifying key licence and regulatory approvals required to launch a delivery service for food and produce. (Services being considered involved the carriage of home meal kit and similar items.) This included a review to identify federal, state and local licences, certifications or regulatory approvals required to undertake food delivery, with a report provided in August 2019; - as Australia Post has noted elsewhere, initial, informal consultation on cold chain logistics and perishable food transport being undertaken with regulatory authorities in all States and Territories in late 2019 and early 2020, including authorities in the health, meat, dairy and primary industries; - KPMG being engaged in August 2019 to consider Australia Post's current exposure to potential liability under food safety laws/regulations in light of the foods being transported through Australia Post's network, with a report provided in November 2019; - KPMG being then engaged in September 2019 to assist with engaging regulators and developing a pilot program to support the development of temperature-controlled transport of fresh food and produce. <p>As Australia Post has noted elsewhere, the exploratory work into cold chain logistics has since been discontinued.</p> <p>The cost of KPMG's work between June 2019 and early 2020 was \$309,210 excluding GST, comprising \$51,050 in legal service and \$258,160 in consulting services.</p> <p>The reports referred to contain a significant amount of commercially sensitive information. Australia Post would prefer the reports not be tabled unless the Committee considers doing so necessary for the purposes of the inquiry. In those circumstances, Australia Post would propose that information that is commercially sensitive and/or privileged be redacted.</p> |

**AUSTRALIA POST
BOARD MEETING**

Friday 23 October 2020 at 11:00am

By videoconference:

- Sydney: Room 3.03, Level 3, 219-241 Cleveland Street, Strawberry Hills

- other locations for individual directors

MINUTES

Present: Lucio Di Bartolomeo (Chair), Rodney Boys (except items 1 and 5.3.3), Andrea Staines, Mario D’Orazio, Bruce McIver, Tony Nutt, Michael Ronaldson, Jan West, Deidre Willmott

Visitors: Nick Macdonald (all items, except item 1), Sue Davies (items 2.1 and 4.1), Rod Maule (item 4.1), Chris Bresnahan (item 4.3), Silvio Giorgio (item 4.3), John Cox (item 4.9), Ingo Bohlken (item 4.10), Ben Franzi (item 4.10), Cindy Goodwin (item 4.10), Gary Starr (item 4.10), Claire Bourke (item 4.10), Andrew Brickwood (item 4.10)

Secretariat: Nick Macdonald

1. PRIVATE SESSION

1.1 At the commencement of the meeting, the Board considered matters in private in the absence of the Acting Group Chief Executive Officer and Managing Director (Acting GCEO&MD).

1.2 **ACTIONS:**

- arrange for the Chair to approve transactions on corporate credit cards issued to the Acting GCEO&MD and the Office of the CEO;
- undertake a review of policies that apply to expenditure on corporate credit cards, including the Credit Card Policy, Delegations Policy, Gifts, Benefits and Hospitality Policy, Our Ethics Policy, and Travel and Entertainment Policy;
- pending the completion of that review, limit reward, recognition and gifts to employees to what is available under the terms of Australia Post’s established reward and recognition programs;
- obtain independent legal advice regarding ongoing correspondence with the GCEO&MD, in light of the sensitivity of the situation and request the preparation of a letter to the GCEO&MD confirming her agreement to stand aside, arrangements for access to systems and information, and ongoing communication channels;

- establish a team and commence preparation to cooperate with the Shareholder Departments' investigation (announced on 22 October 2020), with appropriate arrangements in place regarding staff communications and the compilation, review, analysis and submission of information to the investigation; and

- [REDACTED]

2. MEETING OPENING

2.1 Safety Moment

2.1.1 The Board **noted** a safety reflection presented by Sue Davies.

2.2 Apologies

2.2.1 There were no apologies.

2.3 Directors' Interests Register

2.3.1 The Board **noted** the Directors' Interest Register.

2.3.2 Further to matters arising during the course of Budget Estimates hearing on 22 October 2020, for the Senate Environment and Communications Legislation Committee (Senate Committee):

- [REDACTED]

- [REDACTED]

- the Board **noted** the Corporate Secretary's reminder regarding directors' duty to disclose interests, under the *Public Governance, Performance and Accountability Act 2013*, and the corresponding requirements of Australia Post's *Conflicts of Interest Policy*.

2.3.3 [REDACTED]

2.4 Minutes

2.4.1 The Board **confirmed** the minutes of the meetings held on 20 August, 2 September, 15 September and 21 September 2020, and agreed they be signed as correct records.

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

3. COMMITTEE REPORTS

3.1 Safety Committee – 16 October 2020

3.1.1 The Board **noted** the verbal report from the Chair of the Safety Committee on the meeting held on 16 October 2020.

4. MATTERS FOR ACTION OR DISCUSSION

4.1 Safety & Wellbeing Update

4.1.1 The Board **received** a paper providing an update on safety and wellbeing.

4.1.2 [Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

4.1.3 [Redacted]

4.2 Group CEO Report

4.2.1 [Redacted]

4.2.2 [Redacted]

4.3 [Redacted]

4.3.1 [Redacted]

4.3.2 [Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

4.4 Group CFO Report

4.4.1 [Redacted]

4.4.2 [Redacted]

- [Redacted]
- [Redacted]
- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

4.4.3

[Redacted]

4.5

[Redacted]

4.5.1

[Redacted]

4.5.2

[Redacted]

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4.5.3

[Redacted]

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4.6.1

[Redacted]

4.6.2

[Redacted]

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4.6.3

[Redacted]

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- [Redacted]

4.6.4

[Redacted]

4.7

[Redacted]

4.7.1

[Redacted]

4.7.2

[Redacted]

4.8

[Redacted]

4.8.1

[Redacted]

4.8.2

[Redacted]

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- [Redacted]

4.8.3

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4.8.4

[Redacted]

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4.8.5

[Redacted]

4.9

[Redacted]

4.9.1

[Redacted]

4.9.2

[Redacted]

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- [Redacted]

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4.9.3

[Redacted]

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- [Redacted]

- [Redacted]

4.9.4

[Redacted]

- [Redacted]

- [Redacted]

4.10

[Redacted]

4.10.1

[Redacted]

4.10.2

[Redacted]

- [Redacted]

- [REDACTED]
- [REDACTED]

4.10.3 [REDACTED]

4.11 [REDACTED]

4.11.1 [REDACTED]

4.11.2 [REDACTED]

5. MATTERS FOR NOTING

5.1 Major Correspondence

5.1.1 The Board **noted** items of major correspondence.

5.2 Meeting Dates and Agenda Plan

5.2.1 The Board **noted** the forward-looking meeting dates and agenda plan.

5.3 Other Business

5.3.1 [REDACTED]

5.3.1.1 [REDACTED]

5.3.2 Further information regarding the purchase of watches

5.3.2.1 The Board **noted** a verbal update from the Acting GCEO&MD providing further information regarding the purchase of the watches referred to at the Budget Estimates hearing on 22 October 2020.

5.3.2.2 The Board **approved** correspondence to the Senate Committee and the issue of a public statement by the Chair, in the following terms:

“On 22 October 2020 Australia Post representatives appeared before the Senate Environment and Communications Legislation Committee in relation to Budget Estimates 2020-21. During that appearance, Australia Post’s Group Chief Executive Officer & Managing Director provided answers to questions relating to the purchase of four gifts for four Australia Post employees.

Since the appearance, I have become aware of further details of the purchase and wish, as a matter of urgency, to clarify that the purchase was of four items costing \$7,000, \$4,750, \$4,400 and \$3,800 totalling \$19,950 (including GST), and was made in November 2018.

Australia Post will continue to participate transparently in Budget Estimates 2020-21 processes, including to review the proof Hansard transcript of evidence when it is made available and to respond to questions on notice, and will – as reflected in my public statement yesterday – also fully cooperate with the recently announced investigation to be conducted by shareholder departments.”

5.3.3 Public statement

5.3.3.1 At the Board’s request, during the course of the meeting, the Corporate Secretariat function:

- undertook a review of meeting minutes of, and key sections of papers presented by the GCEO&MD to the Board at, Australia Post Board meetings between August 2018 and February 2019; and
- found no reference to a gift, reward or award being undertaken or contemplated for Australia Post employees involved in the Bank@Post contract renegotiations that had been occurring around that time, nor to the purchase of the items referred to during Australia Post’s appearance before the Senate Committee during Budget Estimates hearings on 22 October 2020.

5.3.3.2 The Board **approved** the issue of a public statement by the Chair, in the following terms:

“The Australia Post Board is meeting today and on behalf of the Board I advise as follows:

The Board is acutely aware of community and shareholder feedback over the last 24 hours.

The Board noted media commentary regarding the then Board’s involvement in the purchase of Cartier watches. The Board was advised at today’s meeting that a check of Board papers and minutes from this period show the then Board was not asked to approve or note the purchase of those Cartier watches. The Board was further advised today that these papers and minutes do not record any subsequent reference to the purchase.

Australia Post is one of our country’s most trusted brands and its reputation has been built over 210 years. The Board will ensure this legacy is preserved and as part of this the Board and management have this morning recommitted to full co-operation with the Government initiated Inquiry.

Finally, at yesterday’s Senate Estimates hearing Christine Holgate and other senior executives outlined the detailed plans that are in place to prepare for this year’s Christmas peak. In light of the expected more than 50% growth in parcel delivery it will be the most challenging period in the history of the organisation. This morning the Board tasked Acting CEO and CFO Rodney Boys with ensuring those plans are implemented in full.

We understand that the impacts of COVID on our ability to deliver in a timely manner have tested the patience of our customers, old and new. We thank them for their ongoing support and understanding. We also thank our staff for their ongoing commitment to the organisation.”

5.3.4 There were no other matters of other business noted.

6. MEETING FINALISATION

6.1 Next Meeting

6.1.1 The next meeting was scheduled to be held on 23 November 2020.

6.1.2

[REDACTED]

6.2 Meeting Close

6.2.1 The meeting closed at 5:30pm.

Chair

February 2021

(Minutes confirmed at Board meeting on 14 December 2020)

**AUSTRALIA POST
BOARD MEETING**

Thursday 29 October 2020 at 9:30am
By teleconference

MINUTES

Present: Lucio Di Bartolomeo (Chair), Rodney Boys (except items 1 and 3.2), Andrea Staines, Mario D’Orazio, Bruce McIver, Tony Nutt, Michael Ronaldson, Jan West, Deidre Willmott

Visitors: Nick Macdonald (except items 1 and 3.2)

Secretariat: Nick Macdonald

1 PRIVATE SESSION

1.1 At the end of the meeting, the Board considered matters in private in the absence of the Acting Group Chief Executive Officer and Managing Director (Acting GCEO &MD).

1.2

[REDACTED]

2 MEETING OPENING

2.1 Apologies

2.1.1 There were no apologies.

2.1.2

[REDACTED]

2.2 Minutes

2.2.1 The Board confirmed the minutes of the meetings held on 22 October 2020 and agreed they be signed as a correct record.

3. MATTERS FOR ACTION OR DISCUSSION

3.1 Group Chief Executive Officer & Managing Director – Correspondence

3.1.1 The Board **received** and **discussed** correspondence pertaining to the Group Chief Executive Officer & Managing Director (GCEO&MD), Christine Holgate:

- letter from the Chair to the GCEO&MD, dated 24 October 2020;
- letter from Kingston Reid (the GCEO&MD’s legal adviser) to the Chair, dated 27 October 2020; and

- [REDACTED]

3.1.2 The Board **endorsed** either the Chair or Allens Linklaters writing to Kingston Reid, in the terms of the draft letter prepared by Allens Linklaters, with the sender to be determined by the Chair on advice from Allens Linklaters.

3.1.3 The Board **noted**:

- the need to carefully coordinate ongoing communications between Australia Post and the GCEO&MD, and respective legal advisers;
- a preference for future correspondence on legal matters to be conveyed through the parties’ legal advisers, with transition to that approach to be managed through and with the advice of Allens Linklaters;
- that the EGM People & Culture would continue to be the primary point of contact for the GCEO&MD on employment related matters and to ensure that the GCEO&MD is properly supported by Australia Post;
- that the EGM Transformation & Enablement would be the primary point of contact for any information related to the Investigation or other queries that the GCEO&MD may have; and

- [REDACTED]

3.1.4 [REDACTED]

3.2 [REDACTED]

3.2.1 [REDACTED]

3.2.2

[REDACTED]

- [REDACTED]
- [REDACTED]

3.3

Update – Investigation Co-ordination Group

3.3.1

The Board **received** and **discussed** a paper providing an update on the status of activities underway to gather and analyse information that may be required to respond to information requests and otherwise support the Shareholder Departments' Investigation.

3.3.2

The Board **noted**:

- that the investigation coordination group has been established and has met (by teleconference) twice since the Board meeting on 26 October 2020;
- that the investigation working group met on 29 October 2020 prior to the Board meeting to discuss priorities and protocols around confidentiality and legal professional privilege; and
- that resources in the investigation working group have been increased, adding three more people from Finance and Security.

3.3.3

The Board **noted** a verbal update from the Acting GCEO&MD that steps had been taken, as requested at the Board meeting on 23 October 2020, to:

- commence a review of policies that apply to expenditure on corporate credit cards, including the Credit Card Policy, Delegations Policy, Gifts, Benefits and Hospitality Policy, Our Ethics Policy, and Travel and Entertainment Policy; and
- pending the completion of that review, limit reward, recognition and gifts to employees to what is available under the terms of Australia Post's established reward and recognition programs (a note was issued to the Extended Leadership team on 27 October 2020).

3.4

[REDACTED]

3.4.1

[REDACTED]

3.4.2

[REDACTED]

- [REDACTED]
- [REDACTED]

3.4.3

[REDACTED]

- [REDACTED]
- [REDACTED]

4.

MATTERS FOR NOTING

4.1

Other Business

There were no matters of other business noted.

5.

MEETING FINALISATION

5.1

Next Meeting

5.1.1

The next meeting was scheduled to be held on 23 November 2020.

5.2

Meeting Close

5.2.1

The meeting closed at 10:45am.

[REDACTED]

Chair

February 2021

Internal Audit Charter

Internal Audit
Effective 20 August 2020

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1. Objective

- 1.1 This Charter provides a framework for the conduct of Internal Audit in the Australia Post Group (Group) and is approved by the Australia Post Board.

2. Role

- 2.1 Internal Audit is an independent, objective assurance and consulting function designed to add value and improve the organisation's operations including the internal control environment. It assists the organisation to accomplish its objectives by bringing a systematic, disciplined, third line of defence to the evaluation of internal processes and controls, and improve the adequacy, effectiveness and efficiency of the risk, control and governance processes.

3. Authority

- 3.1 The General Manager Internal Audit is authorised to direct a broad, comprehensive program of internal auditing within the organisation. Internal Audit staff are authorised to have full, free and unrestricted access to the Board, the Group Chief Executive Officer and Managing Director, all functions, property, personnel, records, accounts, files and other documentation to enable Internal Audit to carry out its functions and activities.
- 3.2 The General Manager Internal Audit has the authority to initiate audit reviews and investigations based upon their professional judgement, beyond the immediate scope of the approved Internal Audit program.
- 3.3 Internal Audit may conduct audits of joint ventures to the extent permitted under the terms of the relevant shareholder agreement or to the extent that the joint venture company consents to the audit.
- 3.4 Information accessed in the course of internal audit work is used strictly for Internal Audit purposes. The General Manager Internal Audit and staff are responsible for the confidentiality of the information they receive.

4. Independence & Objectivity

- 4.1 Internal Audit is independent to line management. It has no direct authority over the activities it reviews – this independence from operating management is essential for Internal Audit staff to be objective in the conduct of reviews. The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective attitude.
- 4.2 Internal Audit does not design, develop or implement procedures or systems and does not prepare records or engage in front line processing functions.
- 4.3 From an administrative perspective, Internal Audit is part of the Finance and Commercial Services business unit. From a functional perspective, Internal Audit reports to the Audit & Risk Committee (Committee). This is to ensure a broad range of audit coverage and adequate consideration of audit reports and management action on audit recommendations. Private session meetings will be held between the General Manager Internal Audit and the Committee without management present.
- 4.4 A review by Internal Audit does not in any way relieve Group officers of their individual responsibilities for implementing and maintaining effective systems to manage risk, and monitor and control organisation activities and practices.
- 4.5 Protocols will be in place, and approved by the Committee annually, to oversee the independence and objectivity of the co-source partner, or any other third-party provider to the internal audit function.

5. Responsibility

- 5.1 Internal Audit provides assurance over the effectiveness and efficiency of the control environment, using a risk-based auditing methodology focussing on material risk mitigation, organisational processes, programs/projects and strategic initiatives.
- 5.2 Internal Audit will play an active role in helping the Group:

- maintain a culture of accountability, integrity and adherence to the Group's ethical standards; and
- promote the integration of risk management into the business as usual activities, processes and programs.

5.3 The Committee's endorsement is required for the Internal Audit Charter, while the Committee's approval is required for the risk-based Internal Audit annual plan.

6. Standards

6.1 All audit activities are conducted in accordance with Group values, policies, and procedures including:

- International Professional Practice Framework (IPPF) of Internal Auditing issued by the Institute of Internal Auditors;
- statement on Information Systems Auditing Standards issued by the Information System Audit and Control Association (ISACA); and
- Audit Practice statements as appropriate to internal auditing of CPA Australia and the Institute of Chartered Accountants in Australia.

6.2 Internal Auditors are required to:

- comply with professional standards of conduct;
- possess the knowledge, skills, and technical proficiency essential to the performance of internal audits;
- be skilled in dealing with people and in communicating issues effectively; and
- maintain their technical competence through a program of continuing education, and exercise due professional care.

7. Audit Plan

7.1 An Internal Audit Plan (Plan) for the Group will be prepared for approval by the Committee at its the June meeting. The Plan will be prepared in consultation with the Executive Team to ensure alignment of the Plan against material risks, strategic objectives and key processes of the business. The Plan will include some flexibility to ensure the Internal Audit team can absorb ad hoc requests or re-prioritisation.

7.2 Internal Audit will continually assess the Plan ensuring that any changes to, or emerging significant risks (arising from external and internal factors such as changes in regulation, processes, systems and new products, mergers and restructures) are evaluated and factored into the Plan as considered appropriate. Internal Audit may perform special tasks or ad hoc reviews, whether assurance or consulting based, as requested by the Committee and the Executive Team.

7.3 The Committee will regularly review the Plan against actual audit performance. Any necessary amendments to the Plan will be submitted to Committee for consideration and approval.

7.4 Internal Audit will establish and maintain an open relationship with the external auditor and any other assurance providers. Internal Audit will consider the work of other assurance providers and activities to provide an integrated annual Plan that minimises duplication of assurance effort.

7.5 External auditors have full and free access to all Internal Audit plans and reports.

8. Audit Scope

8.1 The scope of Internal Audit encompasses the examination and evaluation of the adequacy, effectiveness and efficiency of the systems of internal control within the Group, and the risk-assessed ability to achieve the organisation's stated goals and objectives

8.2 Activities are designed to evaluate:

- material risks have been appropriately identified, assessed and managed;
- governance processes are operating effectively;
- significant information, whether financial, managerial or operating, is accurate, reliable and timely;

- resources are used effectively and efficiently and are adequately protected;
 - activities are in compliance with Group policies and procedures which are designed to comply with industry standards, legislation and regulations.
- 8.3 Internal Audit reviews cover all activities of the Group together with controlled entities and their commercial activities. It involves the review of all operations (financial and non-financial), either manual or computerised.
- 8.4 The scope of audit engagements is aligned to the key financial, operational, compliance and strategic risks of the Group.
- 8.5 Whilst maintaining independence, Internal Audit may undertake management requests (formal and informal) including reviews subject to scope and deliverables as well as participation on standing committees, projects, ad hoc meetings and information exchange. Internal Audit can conduct or assist in the investigation of suspected fraudulent activities within the Group.

9. Reporting

- 9.1 At the conclusion of a review, a report will be issued. The report will present the objectives and scope, the outcome(s) and a timetable for addressing observations and actioning recommendations arising from the review. Reporting will be escalated to a level consistent with the internal audit assessment of risk and controls.
- 9.2 The General Manager Internal Audit will submit a report to the Committee summarising all review activities undertaken during the quarter and will include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board. This report will include:
- reviews completed or in progress;
 - outcomes of each review undertaken and significant actions to be taken;
 - the status of previously raised medium or higher rated actions;
 - remedial action taken; and
 - any changes to the Plan.

10. Quality Assurance

- 10.1 The General Manager Internal Audit will establish and maintain a quality assurance program to evaluate the operations of the Internal Audit services. The purpose is to provide assurance that all review work conforms to relevant auditing standards, the Internal Audit Charter, and is cost effective and efficient.
- 10.2 The quality assurance program will incorporate benchmarking against other internal audit functions across industry including a periodic external 'peer' review of the Internal Audit function.

11. People

- 11.1 The appointment, dismissal or replacement of the General Manager Internal Audit is the responsibility of the Group Chief Executive Officer and Managing Director in consultation with the Committee.
- 11.2 Selection, promotion, performance assessment and professional development of Internal Audit staff are the responsibilities of the General Manager Internal Audit in consultation with the Group Chief Financial Officer.
- 11.3 The General Manager Internal Audit in conjunction with the Committee Chair, will ensure that the Internal Audit function is resourced appropriately to execute the approved Plan.

12. Other

- 12.1 This Charter will be reviewed annually in alignment with the Audit and Risk Committee Charter to ensure a 'fit for purpose' level of cost effective, value-added internal audit service is provided to the corporation. Any proposed changes to the Charter will be presented to the Committee for endorsement prior to Board approval.

- 12.2 The Internal Audit team maintains a budget to ensure extra capacity or capability can be sourced as required to execute the Plan.
- 12.3 Internal Audit has a co-source partner. Where necessary, Internal Audit may broker the services of independent external providers when niche or specific industry knowledge is required to conduct a review where that expertise is not held within the Internal Audit team or its co-sourced partner (or where the co-sourced partner has a conflict of interest), to ensure the review is effective.



Position Description – Internal Audit– Finance and Commercial Services

| Position Detail | |
|--|---|
| Position Title: General Manager, Internal Audit | Position Reports to: Chief Financial Officer |
| Business Unit: F&CS | Sub Unit: IA |
| Number of Direct Reports: 2 | Number of Indirect Reports: 3 |
| Functional Area: | Job Family: Finance |
| Generic Role: | |

| Position Purpose |
|--|
| <p>This senior position leads a diverse team with the responsibility of assisting the Corporation to accomplish its objectives by bringing a systematic disciplined and independent approach to evaluate and improve the effectiveness of the organisations risk management, control and governance processes.</p> <p>This position provides the Board, Managing Director, the Executive Committee and other key stakeholders with a high quality, cost effective, independent, internal audit service to assist the Corporation to meet its objectives. The General Manager Internal Audit is responsible for the management of internal audit and represents the third line of defence in Australia Post.</p> <p>As outlined in the Board Charter for Internal Audit, the General Manager Internal Audit has full, free and unrestricted access to the Managing Director, Board Audit and Risk Committee (ARC) and the Chairman of the Board, and works independently with extensive latitude for initiative and independent judgement. He/She:</p> <ul style="list-style-type: none">• provides assurance and advisory services to management and staff;• develops an Annual Audit plan in consultation with management, the Executive Committee and the ARC;• delivers leadership, ongoing training, coaching and supervision to Internal Audit staff. <p>The Internal Audit function operations as part of a co-sourced model with an external organization. Internally, there are two senior positions directly reporting into the General Manager Internal Audit, which includes a team of 5 staff members.</p> <p>This position reports administratively to the Chief Financial Officer and functionally to the Chair of the Audit and Risk Committee, and forms part of the Assurance business unit within Finance & Commercial Services.</p> |

| Major Accountabilities |
|---|
| <p>Commercial & Strategic Priorities</p> <ul style="list-style-type: none">▪ Accountable for ensuring the achievement of Service Level Agreements, with the Internal Audit 3rd party relationship (\$850k per annum)▪ Direct a broad, comprehensive program of internal auditing within the Corporation. Advise the Managing Director, Executive Committee and BARC on the effectiveness of internal control processes and other risk mitigation activities▪ Manage the BARC meeting agenda with respect to Internal Audit reporting and discussion - report quarterly to the BARC, to ensure not only a broad range of audit coverage, but adequate consideration of audit reports and appropriate management action on audit recommendations▪ Deliver efficient, effective, relevant and timely advice to EGM's, Senior Management and cooperative feedback to the External Auditor▪ Develop and maintain a reporting suite and dialogue at Enterprise Risk Management Forum (ERMF) in order to progress the internal audit plan and provide the internal audit perspective on risk and assurance issues.▪ Contribute constructively with an enterprise perspective at the Chief Risk Officer and Assurance SLTs. |



Major Accountabilities

- Maintain a strategic focus, ensuring that internal audit plans and management assistance requests reflect the Corporation's strategic initiatives.

Financial (e.g. budget expenditure, revenue, lending authority, profit targets etc.)

- Manage the overall P&L for approximately \$2m pa
- Collaborate with others to identify opportunities for specific cost reduction or revenue growth opportunities whilst balancing the safety and service objectives.

Customer & Innovation

- Develop and maintain appropriate contact with customers, the community, major suppliers and government representatives to achieve strategic objectives.
- Demonstrates sufficient consideration of customer needs and customer experience targets, as driven by business requirements

People, Safety & Community

- Have the confidence and trust of the BARC, the Managing Director and EGM's.
- Act as role model for ethical leadership
- Lead a culture within the Function that fosters the One Australia Post approach, focuses on safety & wellbeing and puts the customer at the forefront of all activities and decisions
- Provides leadership, expertise and guidance to program team members and key stakeholders in managing the delivery of business initiatives and their benefits
- Leadership of Internal Audit team including resourcing, managing a specialist team - communicating, motivating, empowering, developing and rewarding.
- Build a collaborative, high performing team that optimises existing talent and engages a diverse workforce around a common purpose
- Responsible for enhancing a collaborative environment between internal stakeholders.
- Actively participate in the management of safety, health and wellbeing of team.
- Accountable for complying with Australia Post's policies and processes that relate to the management of your people.
- Role-model Australia Post's values and enterprise leadership behaviours.
- Proactively contribute to a culture in where people embrace continued learning and challenge themselves

Specific Position Requirements

| Essential Experience | Critical Knowledge |
|---|--|
| <ul style="list-style-type: none"> ▪ A thorough working knowledge of audit methodologies and technologies ▪ Possesses sound judgment, has the ability to balance a conceptual strategic orientation with business strategies, combined with the ability to manage and execute the day-to-day activities of the Audit group. ▪ Thorough understanding of the political machinations within the Corporation and an ability to navigate as an independent trusted observer. | <p>Market and Environment</p> <ul style="list-style-type: none"> ▪ Experience within Retail, Digital, Financial or Logistics environments. <p>Australia Post Specific</p> <ul style="list-style-type: none"> ▪ High level of knowledge of Australia Post's core business activities and strategic priorities (or the ability to rapidly develop this knowledge). <p>Technical and/or Professional Qualifications/Skills Required</p> |



| | |
|--|---|
| <ul style="list-style-type: none"> ▪ Significant experience in forming and maintain effective working relationships, and influence key stakeholders across the organisation, especially with Board members and Executive General Managers. ▪ Outstanding interpersonal and communication skills in order to obtain buy in and gain alignment with various areas within the Corporation and to also ensure that sensitive issues are dealt with appropriately. ▪ A demonstrated ability to collaborate effectively with colleagues. ▪ A demonstrated ability to manage a team of senior personnel. ▪ Overall appreciation of Business Performance, key drivers, strategic directions and risk. | <ul style="list-style-type: none"> ▪ Tertiary qualifications in Business or Technology or a related degree ▪ Professional accreditation relevant for Internal Audit (e.g. CIA, CA/CPA, CISA). ▪ For IT auditors, knowledge and experience in auditing of global frameworks (e.g. NIST, COBIT) ▪ Experience in use of analytics (e.g. ACL) and visualisation tools such as Tableau will also be highly regarded. |
| Working Relationships | Decision Making Authority |
| <p>Internal</p> <ul style="list-style-type: none"> ▪ Managing Director ▪ Executive Committee ▪ Chairman, BARC ▪ BARC ▪ Assurance and F&CS SLT ▪ Assurance and Risk teams <p>External</p> <ul style="list-style-type: none"> ▪ 3rd party relationship with co-source provider | <ul style="list-style-type: none"> ▪ Organisational recruitment ▪ Performance management ▪ Talent identification and management ▪ Ways of working |

| Behavioural Competencies (selected from Enterprise Competency Framework) | | | | | |
|---|------------|--------------|----------|--------|--------|
| Refer to: https://pogo.corp.auspost.local/dafiles/intranet/pogo/people/performancemanagement/Content/Behavioural%20Competencies.pdf | | | | | |
| Competency | Foundation | Intermediate | Advanced | Expert | Detail |
| Strategic Thinking | | | x | | |
| Influences Outcomes | | | | x | |
| Written Communication | | | | x | |
| Service Focus | | | | x | |
| Negotiates for advantage | | | x | | |
| Organisational savvy | | | | x | |

Our Cultural Values



- **Trust** - Do the right thing. Communities rely on us. We have the courage to speak up, be honest and take responsibility for our actions.
- **Inclusivity** - Respect Everyone. Everyone deserves to belong. We ensure people feel respected and included.
- **Empowerment** - Find a way. The world is full of possibility. We challenge ourselves to create a better future for everyone and get the job done.
- **Safety** - Be safe and well. Everyone should feel safe and well in the course of their day. We support and care for each other.

| Job Grading – to be completed by Human Resources | |
|--|--|
| Position Type: <i>Established (Default)</i> | Engagement: <i>i.e. Permanent, Fixed-Term, Casual</i> |
| Employment Type: <i>i.e. Full-time, Part-time</i> | Weekly Hours: <i>Please indicate: 36.75 hours for Australia Post or 38 hours for StarTrack</i> |
| Pay Scale Type: <i>i.e. Admin Award, Casual Employee</i> | Pay Scale Area: <i>i.e. StarTrack award or AO - Admin Officer etc. for Australia Post</i> |
| Pay Band: <i>i.e. Bands 1 to 5, StarTrack Grade 1 to 8</i> | Position Evaluation Points: <i>Band Roles Only</i> |
| Non Award or Contract / Salaried position: Yes/No | |