

**Senate Environment and Communications References Committee
Australia Post inquiry
Responses to Questions Taken on Notice from 13 April 2021 Hearing**

Question	Response
<p>Senator McKENZIE: This is not a unique situation in Australia Post. Ms Holgate, in her submission, talks about employees receiving watches, cars, tickets to the Olympics et cetera as incentives for good work for executives—is this the case?</p> <p>Mr Di Bartolomeo: I'm sorry, I missed the last part.</p> <p>Senator McKENZIE: Is it the case within Australia Post that non-financial incentives by senior executives is business as usual? This is not a unique situation for Australia Post.</p> <p>Mr Di Bartolomeo: I think the value of these gifts is a unique situation, but, you're right—</p> <p>Senator McKENZIE: So was the value of these gifts less or more than the tickets to the Olympics handed out by previous CEOs or the other watches purchased or the cars?</p> <p>Mr Di Bartolomeo: With regard to the previous CEO and times that I wasn't there, I can't make any comments. I don't know what was given, what was received or what the values were.</p> <p>CHAIR: So, just to be clear, Mr Chairman, you actually don't know whether this is business as usual or not?</p> <p>Mr Di Bartolomeo: Certainly the investigation we looked at showed that, while there are rewards being given, most of our policies very much limit those rewards. These gifts were exceptions to that.</p> <p>Senator McKENZIE: Mr Di Bartolomeo, [inaudible] is evidenced to this committee by licensed Post Office owners themselves about quite excessive gifts given out by the former CEO, the '\$5 million man', Mr Fahour. If you can't provide us the answers that you need, can I encourage you—indeed, I insist that you go back to your organisation, talk to your CFO, talk to people that were around at the time, look at the accounts and get back to this committee with what is, I would argue and the evidence absolutely suggests, business as usual for Australia Post: these sorts of non-financial incentives to senior executives. In fact, Ms Holgate's efforts in this regard are a drop in the ocean when compared with previous examples. If you could take that on notice—</p> <p>Mr Di Bartolomeo: I'll take that on notice.</p>	<p>Australia Post and its Board determine what is a proper and appropriate use of resources by the organisation based on the legal obligations, policy requirements, and community expectations that apply at the relevant time. Determinations are not based on how resources were used during the term of previous Chief Executive Officers at the organisation, or how resources are or were used at other Government-owned entities.</p> <p>Nevertheless, in the time available a limited review has been undertaken to respond to Senator McKenzie's question.</p> <p>The review was primarily based on key word searches (including 'gift' and 'watch') of credit card transaction and fringe benefit tax records above \$1,000. It also included discussion with senior members of Australia Post's Finance, Procurement and Taxation teams and a review of two general ledger accounts used to record awards and other benefits. Accordingly, the review may not be an exhaustive representation of Mr Fahour's tenure as Group Managing Director and CEO from February 2010 to July 2017 – for example, given the search methods and time available, given the impracticality of understanding records in their context given the passage of time, and given credit card transaction records are available back to September 2011 only. Notwithstanding, the review identified:</p> <ul style="list-style-type: none"> • a \$2,400 pen purchased in August 2012, which appears to have been a farewell gift given to Australia Post's then Chair; • six \$579 smartwatches purchased in May / June 2015, which may have been given to senior executives as gifts or as workplace communication devices; and • a \$1,108 pen purchased pen in July 2017, which appears to have been a farewell gift given to a staff member (though the staff member is not identified in transaction records).

Question	Response
	<p>Other than as identified above, the review has not identified the provision of significant (ie beyond low value items such as gift cards, movie tickets and similar) non-financial incentives given by or to Mr Fahour, or senior executives employed during his tenure, and on this basis has not indicated the provision of significant non-financial incentives being a business as usual practice.</p> <p>On the comments made by Ms Holgate that Mr Fahour apparently gifted cars during his tenure – while novated lease arrangements from time to time formed part of remuneration packages, no evidence has been identified by the review that would indicate that a car, or any other vehicle or similarly valued item, has been provided to Australia Post personnel or to any third party.</p> <p>On the comments made by Ms Holgate in relation to the 2012 London Olympics (that Australia Post was a sponsoring partner of the Australian Olympic team for), please refer to the Hansard record of the response to Question on Notice 2157 (asked by Senator Abetz on 11 September 2012), available here: https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;db=CHAMBER;id=chamber/hansards/22bf1f16-2a0b-4177-8209-58163298188d/0192;query=Id:%22chamber/hansards/22bf1f16-2a0b-4177-8209-58163298188d/0000%22.</p>
<p>Senator KIM CARR: Can you go through your understanding of what the powers of a minister to issue a direction are?</p> <p>Mr Di Bartolomeo: I'll take that question on notice.</p>	<p>Section 49 of the <i>Australian Postal Corporation Act 1989</i> empowers the Minister to give the board of directors of Australia Post such written directions in relation to the performance of Australia Post's functions as appear to be necessary in the public interest.</p>
<p>Senator CANAVAN: Just to clarify 'did you': did anyone from Australia Post send it to the minister's office?</p> <p>Senator KITCHING: Yes.</p> <p>Mr Di Bartolomeo: I don't believe we did.</p> <p>Senator CANAVAN: But did anybody? Did you conduct any investigations about the events of 2 November around who leaked this or have you asked any questions?</p> <p>Senator KIM CARR: Mr Macdonald, [inaudible] you'd say something here.</p> <p>Mr Macdonald: Yes, alright. We haven't conducted any investigation into the allegation of a leak to Sky News. I note what Sky News was reporting was that there were rumours of a resignation. But no—that's only something that has been raised by Ms Holgate in her submission. We can take on notice conducting an investigation, but I'm not quite sure how that would be done.</p>	<p>The first mention in the media of a potential resignation announcement appears to have taken place at approximately 2:05pm on 2 November 2020, when Andrew Clennell identified on Sky News' television broadcast that he had heard speculation Ms Holgate would resign (see https://www.skynews.com.au/details/6206285295001).</p> <p>While it is difficult to be definitive, the first mention in the media of the actual resignation announcement appears to have taken place at approximately 2:29pm on 2 November 2020, when ABC Business Reporter, David Taylor tweeted that Ms Holgate had resigned, quoting content from Ms Holgate's resignation statement (see https://twitter.com/DaveTaylorNews/status/1323104808526475264).</p>

Question	Response
	<p>Ms Holgate states in her written submissions to the Committee that Ms Holgate released her resignation statement at 2:30pm on 2 November 2020. In her email correspondence to Australia Post’s non-executive directors at 10:46am on 2 November 2020, Ms Holgate attached a copy of her statement which she stated she “will be releasing at 2pm, in any event”. (Page 64 of Ms Holgate’s written submissions to the Committee and Appendix 10 to Australia Post’s written submissions to the Committee)</p> <p>Australia Post states in its written submissions to the Committee, that Ms Holgate sent an email to Australia Post’s Executive Team at 2:29pm on 21 November 2020 attaching “a copy of a statement that I have given this afternoon”.</p> <p>Ms Holgate’s email correspondence at 10:46am on 2 November 2020 was forwarded by the Chair to Australia Post’s General Counsel & Corporate Secretary at 11:45am that day. The General Counsel & Corporate Secretary then provided a copy of Ms Holgate’s statement to Australia Post’s Acting Group Chief Executive Officer & Managing Director and Executive General Manager Community & Consumer and a copy was also provided to Australia Post’s General Manager Corporate Affairs. This information was shared with these Australia Post executives, on a confidential basis, for the purposes of assisting the Board to consider and respond to Ms Holgate’s correspondence.</p> <p>Australia Post has asked the non-executive directors and the Australia Post management representatives referred to in the previous paragraph if they provided a copy of the statement to, or discussed its contents with, Sky News or any other media outlet or journalist (before the resignation and statement were in the public domain on the afternoon of 2 November 2020). All responded in the negative.</p>
<p>Mr Di Bartolomeo: I can't be certain of whether I informed the minister or the minister's office or as to whether I contacted him or not.</p> <p>Senator KIM CARR: Was it a verbal report? Was the correspondence communicated to any of the ministers or the ministers' offices?</p> <p>Mr Di Bartolomeo: No, we didn't send the correspondence—not at that stage.</p> <p>Senator KIM CARR: When did you send the correspondence?</p> <p>Mr Macdonald: We will have to take that on notice. I don't have a recollection of any written notice to the minister's office at the time.</p>	<p>As stated by Australia Post’s Chair at the hearing on 13 April 2021, he sent an email at 11:45am on 2 November 2020 – forwarding Ms Holgate’s email of 10:46am that day – to the Chief of Staff to Minister for the then Minister for Communications, Cyber Safety and the Arts (now Minister for Communications, Urban Infrastructure, Cities and the Arts) and to the Deputy Secretary of the Department of Finance. The text of the email message was “As discussed.”</p>

Question	Response
<p>Senator CANAVAN: On this day, 2 November, I believe that on Ms Holgate's time line—correct me if you think differently here—she mentions that at 3.15 pm a journalist from <i>The Australian</i> shared a copy of the media statement that Australia Post had made, saying that she had resigned. I have here, in her evidence, that you yourself personally emailed Ms Holgate at 4.13 pm on 2 November with a copy of the press release. So did Australia Post provide the press release announcing Ms Holgate's resignation to the media before they provided it to Ms Holgate?</p> <p>Mr Di Bartolomeo: I am not aware. I would have to take that on notice.</p> <p>Senator CANAVAN: Take that on notice.</p> <p>Mr Di Bartolomeo: Can I say that, when she sent in her letter of resignation, she also sent with it a copy of a press statement that she was releasing at two o'clock, and in the letter of resignation she said that, whatever occurred between then and two o'clock, in any event she was releasing that press release at two o'clock. Those were her words: 'in any event'.</p> <p>Senator CANAVAN: Okay. Could you just take on notice the timing.</p>	<p>Yes – a copy of Australia Post's statement was published at approximately 3:15pm on 2 November 2021, and a copy was emailed to Ms Holgate at approximately 4:16pm on the same day. The timing of publication has been confirmed after further review of Australia Post records – further clarifying the approximate timing (of 3:00pm) referred to in Australia Post's written submissions to the Committee (at section 2.4.6).</p> <p>Other relevant communications include:</p> <ul style="list-style-type: none"> • At 2:29pm, Ms Holgate sent an email to Australia Post's Executive Team regarding her resignation and attaching a copy of the statement that she had "given this afternoon". (Appendix 12 to Australia Post's written submissions to the Committee) • At 3:00pm, Ms Holgate sent an email to Australia Post's General Manager Corporate Affairs requesting that a note regarding her resignation be sent to all employees. (Appendix 17 to Australia Post's written submissions to the Committee) • At 3:25pm, an email was sent on behalf of Australia Post's Chair to all Australia Post people, advising them that Ms Holgate had resigned. Ms Holgate would have received that email as she was on that distribution list. (Appendix 14 to Australia Post's written submissions to the Committee)
<p>Senator KIM CARR: I mentioned the question of procedural fairness and natural justice. I think that should also be accorded to you, Mr Chairman. There's been a series of allegations made about your evidence. As you know, the Senate standing orders are quite clear about misleading evidence, so I think you should be given the opportunity to respond to the evidence that has been put to us and the contradictions. We have already indicated that the committee is going to have another hearing. I put this advice to you—</p> <p>Mr Di Bartolomeo: Thank you.</p> <p>Senator KIM CARR: that there be a careful examination of what has been said and the differences between your evidence and what has been tendered. You could make a supplementary submission responding to those allegations.</p> <p>Mr Di Bartolomeo: First and foremost, I have never lied to the Senate estimates.</p> <p>Senator KIM CARR: It is not just the Senate estimates.</p> <p>Mr Di Bartolomeo: Or in the evidence generally.</p>	<p>Australia Post considers the evidence provided by Australia Post's Chair to the Environment and Communications Legislation Committee during a Budget Estimates hearing on 9 November 2020, incorporating the subsequent clarification provided on 21 December 2020, to be accurate. In addition, Australia Post has provided further information to the Legislation Committee and Parliament, in responses to questions on notice, regarding various matters raised with the Chair at the hearing on 9 November 2020. Australia Post is considering the further written submission made by Ms Holgate on 13 April 2021 relating to the Chair's evidence and, if required, will respond separately via letter or further written submission.</p>

Question	Response
<p>Senator KIM CARR: There is an opportunity to correct the record under standing orders.</p> <p>Mr Di Bartolomeo: Ms Holgate did actually pick up two comments that I made in the Senate estimates on 9 November where she claims that I lied. Clearly, the evidence I gave was not 100 per cent accurate, and we went back and corrected that for the record. It related to a letter that was sent by her to the minister on 31 March and whether I had seen it. I certainly was aware of all of the content. That is what I answered to the question. I didn't think I had seen it, but in actual fact I had seen it, and we've corrected that. The second one was to do with the BCG report, where I said I hadn't seen the final draft. The reality is I had seen a draft. I think I said something along the lines that we'd had various meetings with BCG and I'd seen various elements but I wasn't sure that I had seen the final draft. In actual fact, I had seen the final draft, and again we corrected it. They were the two primary issues where she said I lied.</p>	
<p>Senator HENDERSON: When you spoke to her again at 6.38, did she, at any time during that conversation, object to the notion that you were putting out a statement saying that she was to stand aside?</p> <p>Mr Di Bartolomeo: No. Furthermore, once we emailed and made reference to the statement, there was no comeback. The standing-aside issue—</p> <p>Senator HENDERSON: No, no—</p> <p>Mr Di Bartolomeo: But it's important—</p> <p>Senator HENDERSON: I understand it's important, but I just want to be clear: in the conversation at 6.38, prior to the email going out, when you were discussing your proposal to put out the public statement, there was no suggestion from Ms Holgate that she was not intending or had not agreed to stand aside, in that 6.38 phone call?</p> <p>Mr Di Bartolomeo: Correct, and neither she nor her media adviser made any comment about that statement.</p> <p>Senator HENDERSON: Hang on a minute—sorry. When you say 'made any comment', did you speak to her media adviser? No. You just—</p> <p>Mr Di Bartolomeo: Neither of them raised a concern.</p> <p>Senator HENDERSON: But you're talking about 'once you'd emailed her and her media adviser at 7.20'—did you email them together or separately?</p> <p>Mr Di Bartolomeo: I don't know. I didn't do the email. At 7.20—I think we did both.</p> <p>Senator HENDERSON: So, once that 7.20 email was sent, there was no response—</p> <p>Mr Di Bartolomeo: No response. Furthermore—</p> <p>Senator HENDERSON: When you say there was no response, was there a response at any time after that email was sent?</p>	<p>As noted in Australia Post's written submissions to the Committee at section 2.1.10, a copy of Australia Post's public statement (Appendix 7 to the submissions) was provided to Ms Holgate and her media adviser at 7:20pm on 22 October 2020. Neither Ms Holgate nor her adviser raised any concerns about Australia Post issuing this statement, nor the reference in the statement to Ms Holgate standing aside.</p> <p>Further, Ms Holgate sent an email to Australia Post's Executive Team at 6:27am on 23 October 2020 that stated:</p> <p style="padding-left: 40px;"><i>“Dear Team,</i></p> <p style="padding-left: 40px;"><i>First, my sincere apologies to all of you to have to go through this.</i></p> <p style="padding-left: 40px;"><i>Rodney, thank you for agreeing to lead the team.</i></p> <p style="padding-left: 40px;"><i>I have deep respect for all of you and hope together you remain strong to lead our ship through this.</i></p> <p style="padding-left: 40px;"><i>Thanks you all for your messages of support.</i></p> <p style="padding-left: 40px;"><i>Stay strong, stay safe.”</i></p>

Question	Response
<p>Mr Di Bartolomeo: Well, I was going to say: I then rang her the next morning, at 7.49 am, to talk to her—</p> <p>Senator HENDERSON: Sorry—could you just address my question, though, in relation to the response to the email. Was there, at any time after you sent that email at 7.20, any response by Ms Holgate?</p> <p>Mr Di Bartolomeo: I'm not aware of it.</p> <p>CHAIR: Senator Henderson—</p> <p>Senator HENDERSON: Could you take that on notice?</p> <p>Mr Di Bartolomeo: We'll take it on notice. I'm not aware of it.</p>	<p>Ms Holgate sent an email to an Australia Post employee, copying the Acting Group Chief Executive Officer & Managing Director, at 3:57pm on 25 October 2020, which included the following statement:</p> <p style="text-align: center;"><i>“As I step away from the organisation and let Rodney lead ...”</i></p> <p>The first time that Ms Holgate raised any concerns about standing aside was on 27 October 2020 through correspondence from her lawyers (as referred to in section 2.1.14 of Australia Post’s written submissions to the Committee).</p>
<p>Senator HANSON: During your period of time, has there been a loss of clients or volume coming through? I have been informed that David Jones have cut back their parcel delivery through you and gone through another service provider. Is that correct?</p> <p>Mr Boys: I will have to take that specific customer question on notice.</p> <p>Senator HANSON: Can anyone else on the board answer that question, or can anyone else here today?</p> <p>Mr Boys: I would doubt it very much. We don't have Mr Starr, who is—</p> <p>Senator HANSON: Ms Sheffield, do you have anything to add to that?</p> <p>Ms Sheffield: Yes. I can say that David Jones has not reduced service with us. In fact, volumes have increased for a number of clients. Because of the growth in ecommerce over that peak period, many clients decided to stream a number of parcels to different providers, because the volumes were so big. So it's not that less volume has come to us. In fact, our volumes have grown, but their volumes have also grown. As for David Jones, after we had a conversation I checked with Gary Starr, the EGM of business and government, and they have not streamed away from us.</p>	<p>Further to the response given to the specific question about David Jones asked during the hearing, there has been no general loss of clients or volume since 23 October 2020. December 2020 was Australia Post’s biggest parcel volume month in its history, and parcel volumes in the first quarter of 2021 remained significantly above volumes in the equivalent quarter of the prior year.</p>
<p>Mr Boys: I was interviewed by Maddocks.</p> <p>Senator HANSON: For what period of time?</p> <p>Mr Boys: It was for quite some time. I would have to go back to my records and check.</p> <p>Senator HANSON: Was it half an hour, an hour, two hours, five hours?</p> <p>Mr Boys: It was a good length of time—an hour at least. But I would have to check.</p>	<p>Records available to Australia Post indicate that Mr Boys was interviewed by Maddocks for approximately 25 minutes, after initially being scheduled for one hour.</p>

Question	Response
<p>Senator KIM CARR: I've also tabled here a report on Western Australian delivery tracker daily update. To me it suggests that the ADM is struggling to cope with mail loads and many letters are being left behind as a result of, basically, staff shortages. I can go through the detail of that if you like. You have got a copy, I trust?</p> <p>Mr Boys: I just received one. If you would like us to deal with that now—</p> <p>Senator KIM CARR: Tell me: given that in, for instance, Geraldton, Canning, and Osborne there seems to be a series of significant staff shortages and, as a consequence, delays in the delivery of mail, do you think that's a reflection of the current situation? Does that report indicate that to you?</p> <p>Mr Boys: Just now is the first time I've seen the report. I welcome to the table Mr Barnes, who is our executive general manager of deliveries. I should point out that we have independent surveys of our delivery performance done. Those results then are then audited by the ANAO at the end of the year and published in our annual report. From time to time we have disruptions—cyclones, fires and floods—but this is—</p> <p>Senator KIM CARR: There don't appear to be cyclones during this—</p> <p>Mr Boys: I don't know these results and I don't know what the report is telling me, so I might ask Mr Barnes.</p> <p>Mr Barnes: I had a limited time to go through this and made some quick inquiries. Every day in every postal facility our DC managers or our managers complete a report on how the operation is going so we got feedback of any occurrences, whether that be leave or whether that be mail volumes. In early March and the second week of March there was a derailment coming in from Kalgoorlie. With the fires and floods that had been occurring, we had lots of backlog coming through. I believe these dates start from 15 March, the Monday, through to 17 March. The backlog came through at about 11 March, but I can check those details for you.</p> <p>Senator KIM CARR: These reports are from the 17th, and it does here talk about unscheduled staff shortages. For instance, at Nedlands there were three rounds held due to staff shortages. Unmanned rounds were suggested. We're talking here about the circumstances of 2,300 small letters being held up. I can go through the report one by one. There's no mention of derailments or cyclones in this.</p> <p>Mr Barnes: This is the daily. We don't put the details of that occurrence in every daily report, but in every postal centre in the country we have a similar report. There are over 950 rounds, but I can confirm that for you.</p> <p>Senator KIM CARR: I understand that. It's a big country. There is also Rockingham. These are in the city areas as well. This is not just in country areas.</p> <p>Mr Barnes: All of that volume was prevented from getting into Perth to go to those destinations. They were dealing with that backlog.</p>	<p>The document tabled by Senator Carr is similar to operational reports used at Australia Post across the country via which daily performance is monitored and issues identified, to ensure we can respond to the needs of our employees, customers and communities. The period referenced – 15 to 17 March 2021 – was impacted by a number of key factors, including those summarised below.</p> <p>Steps have been undertaken before, during and after the period to assure and recover service standards as quickly as possible, and service standards in the State have, pleasingly, exceeded minimum levels from late March 2021.</p> <p>Rail derailment</p> <p>Downstream effects of the rail derailment on 4 and 5 March 2021, and the associated backlog of rail containers needing to be cleared in the days after, impacted interstate flows into Western Australia from the eastern States. As a consequence, and after the delays and backlog cleared, higher than usual volumes required processing in the State – particularly from 9 March 2021 in Perth, and from 10 March 2021 in Delivery Centres.</p> <p>State election</p> <p>During this period the 2021 Western Australian State election was underway, which generated further increased volumes. While significant planning to assure delivery capacity was undertaken in the lead up (including additional weekday and weekend overtime, and the engagement of delivery contractors to support postal delivery officer capacity), capacity was impacted by the high volumes. In the week commencing 15 March 2021, around 637,000 election-related articles were delivered (in addition to typical mail volumes and in addition to the volume impacts of the rail derailment).</p> <p>Staffing & Training</p> <p>We continue to actively recruit postal delivery officer, including to fill the number of additional delivery rounds added in the State over the last year, and have engaged dedicated recruiting resources to assist in what is becoming a more competitive recruitment market as mining and building sector employer recruitment activity increases. The number of relief positions in the State has also been increased to support unplanned leave or vacancies, both of which have impacts.</p>

Question	Response
<p>Senator KIM CARR: You can give me a response to these suggestions? Mr Barnes: Absolutely. We will take it on notice.</p>	<p>Training is undertaken and is important to ensure all staff can carry out the tasks needed in their role as safely and efficiently as possible, including training on commencement, and on transition to new roles.</p> <p>Air freight capacity</p> <p>As has been identified previously, the limited availability domestic air freight capacity – particularly away from the eastern seaboard and away from major passenger lanes in places such as far north Western Australia – continues to present challenges requiring vigilant and ongoing management.</p>
<p>Senator KIM CARR: ... Would you take on notice, please— Mr Boys: I will. Senator KIM CARR: your response to the suggestion she's made in that submission as to the operations of the Boston Consulting Group contained in her supplementary submission as it results to the existing plan and the consequences? I'll give you a chance to refute. The point of her evidence is— Mr Boys: Absolutely. Senator KIM CARR: as to what the implications are given this report that she's now incorporated, including— CHAIR: The executive summary. Senator KIM CARR: The executive summary includes quite specifically reform paths 1, 2, 3 and 4 with details of what the consequences would be. This is a report that the government has claimed executive privilege on and has sought to suppress. CHAIR: Keep secret. Senator KIM CARR: It's now a public document, so there's now an opportunity, as a result of what I'm asking you, to respond to that—specifically those matters that relate to the operations of the existing regulations and the consequences for job losses, given than the chairman of the board has given us undertakings that there will be none, which I must say was a very generous proposition. Or did he just mean no job losses in the country? If you take those on notice— Mr Boys: Senator, we'll take that away. It sounds very comprehensive. We will respond in a suitable manner.</p>	<p>Australia Post is considering the further written submission made by Ms Holgate on 13 April 2021 relating to the BCG Review and, if required, will respond separately via letter or further written submission.</p>