My name is Stephen Taylor and with my partner we are the current owners and Licensees of a Licensed Post Office (LPO) in northern New South Wales.

We bought our LPO in September 2017 after 2 years of extensive research and negotiation with a range of professionals, including the previous licensees and financial institutions.

Our LPO had been up for sale for over 5 years. During this time the financial value of Licensed Post Offices (LPOs) by financial institutions had been consistently eroded and significantly diminished. A range of reasons for this devaluation was provided by a variety of professionals, but one message was consistent – Licensees were not being paid “a fair day's pay for a fair day's work”.

Ms Christine Holgate was appointed CEO of Australia Post (AP) shortly after we took over.

For a brief period our business performance was similar with that of the previous licensees, after which our business data demonstrated consistent and significant improvement. We have grown the business to the point where now 4 people from our local community are employed.

Analysis of why this improvement occurred can be directly attributable to one factor – the changes brought about by Christine Holgate.

Reinstating Christine Holgate as CEO of AP will protect:

- our small business currently employing 4 people,
- businesses in our community, and
- the customers we serve everyday

all of whom rely on and benefit from the products and services we provide through our Post Office. This was made abundantly clear during the recent Covid-19 pandemic and ensuing lockdowns in major centres and cities. Being able to transact their business locally negated the need for our customers to travel to larger and more populated regional centres. This helped contribute to minimizing the movement of people and the spread of the virus. Collectively we are immensely proud that to date there has not been one recorded case of Covid in our local government area. As a small business in a rural community, we have been able to contribute to this success. Moving forward to be able to continue contributing to our community’s success we need to ensure that our Post Office’s ongoing commercially viability.

To not reinstate Christine Holgate, a highly capable business leader who has demonstrated her capacity to:

- arrest the steady decline of AP,
- generate a profit for this Government Business Enterprises,
- maintain the connectedness of Australia communities and
- enable small businesses, such as LPO’s, to maintain and grow their commercially viability

could be considered unconscionable conduct towards to the Australian business community and the greater Australian community overall.

Point a. – if the gift of the watches was with the knowledge of the then Australia Post Chair and within existing Australia Post policy;

Knowledge of the then AP Chair

The gifting of the watches was made with the full knowledge of the Chairman of AP, who co-signed the thank you note to the staff concerned.

1. John Stanhope, AP Chairman at the time of the gifting of the Cartier watches, made the following comments in the ***Australian Financial Review***, 24 October 2020 regarding these gifts after the deal was secured with Commonwealth, Westpac and National Australia Bank

   'They brought a lot of revenue to Post and to taxpayers … That is why the board supported her recommendation'

   'These people did an exceptional job and deserved a reward. But we left it for the CEO to decide the nature of that reward. I don't recall being asked about how much would be spent'

2. John Stanhope and Christine Holgate both:
   a. signed the "Thank You" notes attached to the watches
   b. were present at the presentation ceremony

   when the watches were delivered to the executives who secured the deal with the $225 million Bank@Post deal with the participating banks.

Within existing AP policy

AP is a commercial organisation. It does not receive Australia government funding. As CEO of a commercial organisation Christine Holgate was authorised and entitled to make these purchases.

1. Christine Holgate had an AP credit card.
2. This card had a credit limit of $150,000.
3. Christine Holgate had the discretion as to payments to be made with this credit card without Board approval.
4. The payment, $20000 for the 4 Cartier watches, was approved by the Chief Financial Officer.
5. AP paid the Fringe Benefits Tax on these purchases.
6. The ATO wrote to each of the recipients confirming the payment of Fringe Benefits Tax.
7. AP Auditors identified no issue with these payments

Point b. – how the gifting of four watches compares with bonuses and gifts provided during the term of the previous Chief Executive Officers and within other government owned corporations such as the National Broadband Network;

AP:

- Commonwealth government owned company.
- four AP executives each received a $5000 Cartier watch
- the gift was to reward these four executives for securing an additional investment of $225 million in pre-Covid 2018 from the participating banks.
- This additional investment would enable the Australian community to undertake banking functions at a Post Office, including 2900 LPO's who had previously provided this facility for little remuneration.

National Broadband Network Company (NBN Co):

- Commonwealth government owned company.
- 6000 employees were paid $73.2 million in bonuses between July 1 - December 1 2020
- The bonus was for exceeding the NBN Co 2020 financial year target, including connecting 230,000 more premises to the network than required
- This payment occurred during the worst economic downturn since the Great Depression.

Both are:

- Commonwealth government owned Government Business Enterprises but operate as commercial companies
- required to comply with *PGPA [Public Governance, Performance and Accountability] Act*), particularly Section 15 **Duty to govern the Commonwealth entity**
  (1) The accountable authority of a Commonwealth entity must govern the entity in a way that:
    (a) promotes the proper use and management of public resources for which the authority is responsible; and
    (b) promotes the achievement of the purposes of the entity; and
    (c) promotes the financial sustainability of the entity.

Will federal Communications Minister Paul Fletcher request:

- an investigation, similar to the Cartier watch gifting investigation, into how NBN Co paying an average of $12 200 / employee, or a total of 14 640 Cartier watches, while still owing the Commonwealth government $16.5 billion in February 2021 (https://bit.ly/3qImw0z), reflecting

  "*the proper use and management of public resources for which the authority is responsible*"?

- NBN Co CEO Mr Rue, who earned more than $3 million, to stand aside while this issue is further investigated, similar to how Christine Holgate was treated?

Point f. – the issues surrounding the secret review of Australia Post by the Boston Consulting Group leading to the introduction of changes to Australia Post's service model;

LPO investment into the AP network

Barnaby Joyce, the National party member for New England, in his parliamentary address in December 2020, stated "… the average investment by LPOs is $1.1 million …"

There are reportedly 2900 LPOs supporting Australian communities.

Using these figures, LPOs owners including myself and partner, have collectively invested approximately $3 billion in Australian communities. This is the most significant investment into the AP network by any one group.

Given this significant investment it would be reasonable to expect that any review by the Boston Consulting Group (BCG) needs to at the very minimum include the most significantly invested group – licensees and / or their representatives.

Decisions derived from this review will impact on my business in some way. My partner and I have invested close to the reported $1.1 million when we purchased our LPO, giving us 1.1 million reasons to:

- know this review was being conducted
- have input into this review
- be presented with the outcomes of this review in an open and transparent manner

LPOs as a franchise of the AP Group

LPOs are a franchise of the AP Group. The *Franchising Code of Conduct* helps guide the relationship between the AP Group as franchisor and LPOs as franchisees. In the The Franchisee Manual (https://www.accc.gov.au/publications/the-franchisee-manual, Page 13) it states

Your franchisor's disclosure obligations do not end when you become a franchisee. The franchisor must also disclose to you if a materially relevant fact occurs.

A materially relevant fact is defined as

a key piece of information about the franchisor or the franchise system that could have an effect on your franchised business

Materially relevant facts include:

- changes in majority ownership or control of the franchisor, franchise system or an associate of the franchisor
- certain court proceedings or judgements against the franchisor or one of its directors
- a change in the intellectual property, or ownership or control of the intellectual property, that is material to the franchise system.

The franchisor is required to inform the franchisee of materially relevant facts within 14 days.

Precedents to changes implemented by AP with minimal consultation with the most heavily invested stakeholders in the AP Group, the LPOs, is already well established including the increases in the Base Postage Rate in 2010, 2013, 2016 and 2020.

Materially relevant facts the AP board, who have minimal financial investment in AP, need to communicate with the LPOs, who are the most significantly invested group, include:

1. Does the BCG review contain content that could be considered as a change to the franchise system?
2. What impacts could these changes reasonably have on the commercial viability of our LPO?