

Job Security Inquiry

Written Questions from Committee Chair, Senator Sheldon, on 11 November 2021

Question	Response						
<p>How does Australia Post's executive bonus system work?</p> <p>(a) Please provide the KPIs that trigger bonus payments or other types of incentives.</p> <p>(b) Are any KPIs connected in any way to profit or operating margins? If yes, please state what the KPI is and how it is assessed.</p> <p>(c) Do delays to the signing of a new enterprise agreement at StarTrack increase StarTrack's profitability, as a result of lower wages being paid during the period before the new agreement is signed?</p>	<p>As identified in Australia Post's Annual Report for 2021 (available at: https://auspost.com.au/about-us/news-media/publications), Australia Post's remuneration frameworks for financial year 2020/21 (which were largely unchanged for financial year 2021/22) included an at-risk short term incentive program available to contract-level employees – including but not limited to senior executives.</p> <p>(a) Details of the program, including the key performance indicators and financial and behavioural gateways that need to be met prior to assessment of eligibility, are set out in the Remuneration report that forms part of the 2021 Annual Report.</p> <p>(b) As identified in the Remuneration report, profit before tax is a financial gateway key performance indicator that was assessed against profit before tax metrics set out in an enterprise scorecard in place for the year.</p> <p>(c) No – StarTrack made an original pay offer to the TWU on 15 July 2021 that included a 3% pay rise from September 2021, and had budgeted for a pay rise to apply from that date. The in-principle agreement recently reached with the TWU in relation to StarTrack National and StarTrack NSW/ACT enterprise agreements includes that pay increase applying from that date.</p>						
<p>As of the date of responding to this question, how much money has StarTrack saved since the expiry of the previous enterprise agreement, by not yet entering into a new enterprise agreement? If you need further clarity on this question – how much money has StarTrack saved by not providing its workers with a 3% pay rise from the date of expiry of the previous agreement?</p>	<p>StarTrack has recently reached in-principle agreement with the TWU in relation to StarTrack National and StarTrack NSW/ACT enterprise agreements, which includes a 3% pay rise from 1 September 2021.</p> <p>The prior versions of those enterprise agreements expired on 19 December 2020 and 31 March 2021 respectively. A calculation of monies saved and expended since those dates has not been undertaken and would require a significant diversion of resources however, had relevant staff received a 3% pay rise from the above expiry dates, additional employment expenses are estimated to be approximately \$4 million – a figure which should of course be considered in the context of, and set off against, related financial impacts such as the costs of negotiating and bargaining and the costs of the two rounds of industrial action taken (in terms of operational, customer, commercial and broader stakeholder impacts).</p>						
<p>How is work allocated between the Australia Post and StarTrack sides of the business?</p>	<p>The significant majority of work undertaken by Australia Post is generated by the service requirements of Australia Post customers, and the same is true for work undertaken by StarTrack in relation to the service requirements of StarTrack customers. On occasions, such as in co-located facilities or to support overflow or service recovery, the two teams work collaboratively to support each other's work demands and achieve the best service outcomes available for their respective customers.</p>						
<p>How many contractors does StarTrack currently engage?</p>	<p>A limited review has been undertaken in the time available, which identified approximately 650 contractors actively engaged on an ongoing basis.</p>						
<p>How is work allocated between contractors and Startrack employees?</p>	<p>The significant majority of work is undertaken by either an employee or a contractor based on identified postcode / area boundaries, which are themselves determined and adjusted over time to reflect volume demands and related customer service requirements. On occasions, such as to support overflow or service recovery, reallocated or ad hoc resources are applied across area boundaries to achieve the best service outcomes for customers.</p>						
<p>How many labour hire or outside hire companies does Startrack engage?</p>	<p>A limited review has been undertaken in the time available, which identified approximately 50 outside hire entities and approximately 1 labour hire entities actively engaged on an ongoing basis.</p>						
<p>What was StarTrack's expenditure on labour hire and outside hire in the last financial year? And how does that compare to the last five financial years?</p>	<p>See table below, noting that the change in FY21 relative to prior years is driven by the sudden surge in parcel volumes across the network brought on by the COVID-19 pandemic.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Average last five financial years</th> <th style="text-align: center;">Financial year 202-21</th> </tr> </thead> <tbody> <tr> <td>Labour hire and outside hire</td> <td style="text-align: center;">\$107.6m</td> <td style="text-align: center;">\$154.7m</td> </tr> </tbody> </table>		Average last five financial years	Financial year 202-21	Labour hire and outside hire	\$107.6m	\$154.7m
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