

## **Senate Environment and Communications References Committee**

### **Australia Post inquiry**

**Australia Post Submission  
19 March 2021**

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## 1. Introduction and Summary of Positions

Australia Post appreciates the opportunity to provide this written submission to assist the Senate Environment and Communications References Committee (References Committee) with its inquiry (Inquiry).

Part 1 of this submission summarises Australia Post's positions on each aspect of the Inquiry Terms of Reference (Appendix 1). Part 2 sets out Australia Post's detailed positions on each aspect.

In relation to the following introductory paragraph (*"The circumstances leading to the direction by the Minister for Communications to the Chair of Australia Post on 22 October 2020, that the Chief Executive Officer of Australia Post, Christine Holgate, be stood down pending an investigation into her gifting in 2018 of watches to four managers who secured a \$225 million investment into the organisation"*) –

On 22 October 2020, Ms Holgate agreed to stand aside from the role of Group Chief Executive Officer & Managing Director of Australia Post pending the outcome of an investigation by the Shareholder Departments and any further actions taken by Australia Post. On 2 November 2020, Ms Holgate resigned with immediate effect and advised that she was not seeking any financial compensation from Australia Post.

In relation to paragraph (a) (*"if the gift of the watches was with the knowledge of the then Australia Post Chair and within Australia Post policy"*) –

Maddocks, on behalf of the Shareholder Departments, investigated the circumstances in which four watches were purchased and given to four senior managers at Australia Post. In its investigation report, Maddocks:

- noted that the *"former Chair's position is that he did not"* approve the provision of the watches to the watch recipients;
- found that there was *"contradictory evidence as to whether the former Group CEO & Managing Director informed the former Chair that it was her intention to purchase the Cartier watches"*; and
- noted *"the absence of a clearly identifiable and directly applicable policy, authorisation, direction or accountable authority instruction issued by the Board that supported the expenditure"*.

In relation to paragraph (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”*) –

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.

In relation to paragraph (c) (*“actions of the Board of Australia Post following Ms Holgate’s offer of resignation on 2 November 2020 leading up to the Chair’s request for her to sign an amendment to her contract which would mean the immediate termination of her employment without any benefits, as against the \$11 million bonus paid to her predecessor when he stepped down”*) –

Mr Ahmed Fahour AO was Ms Holgate’s predecessor as Group Chief Executive Officer & Managing Director. Mr Fahour gave notice of his resignation in February 2017 and his employment ended on 28 July 2017. The facts and circumstances of Mr Fahour’s resignation are not comparable to the facts and circumstances surrounding Ms Holgate’s resignation. In contrast to Ms Holgate, Mr Fahour did not resign with immediate effect and on the basis that he would receive no financial compensation. Details of payments made to Mr Fahour were disclosed in Australia Post’s 2017 and 2018 Remuneration Reports published in Australia Post’s 2017 and 2018 Annual Reports.

In relation to paragraph (d) (*“the veracity of evidence provided by the Chair of Australia Post to the Environment and Communications Legislation Committee during an estimates hearing on 9 November 2020”*) –

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.



In relation to paragraph (e) (*“the current status of Ms Holgate’s employment with Australia Post”*) –

Ms Holgate has not been employed by Australia Post since 2 November 2020, having resigned with immediate effect on that date.

In relation to paragraph (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”*) –

The temporary changes to Australia Post’s prescribed performance standards were made by the Government in response to the sudden impacts of the COVID-19 pandemic on Australia Post’s operations. Whether the review conducted by the Boston Consulting Group in the 2019/20 financial year was a relevant consideration to making those changes is a matter for Government, however the request for Temporary Regulatory Relief was not based on that review.

In relation to paragraph (g) (*“the future of reductions to Australia Post’s service model”*) –

Australia Post’s future service model will continue to deliver on its purpose as expressed in the *Australian Postal Corporation Act 1989* which includes Australia Post’s dual purposes to deliver the services expected by the community and to deliver a commercial return. This will include enabling eCommerce and providing customers and communities with the contemporary services that they need and value.

Australia Post is available to provide further input if required to assist the References Committee’s Inquiry.

## **2. Detailed Positions**

### **2.1 Communications on 22 October 2020**

This part relates to the following introductory paragraph of the Terms of Reference:

*“The circumstances leading to the direction by the Minister for Communications to the Chair of Australia Post on 22 October 2020, that the Chief Executive Officer of Australia Post, Christine Holgate, be stood down pending an investigation into her gifting in 2018 of watches to four managers who secured a \$225 million investment into the organisation”*

On 22 October 2020, Ms Holgate agreed with the Chair to stand aside from the role of Group Chief Executive Officer & Managing Director (GCEO&MD) of Australia Post pending the outcome of the Shareholder Departments investigation (Investigation) and any further actions taken by Australia Post.

#### **2.1.1 Ms Holgate’s Evidence at 22 October 2020 Hearing**

Ms Holgate and other representatives of Australia Post appeared at a Budget Estimates hearing before the Senate Environment and Communications Legislation Committee (Legislation Committee) commencing at approximately 9:02am on 22 October 2020 (22 October 2020 Hearing). During the 22 October 2020 Hearing, Ms Holgate stated, in response to questions, that four Cartier watches were given to four Australia Post executives as *“an award from me and the chair, on behalf of the board”* for *“an inordinate amount of work”* in relation to the Bank@Post deal.

#### **2.1.2 Media and Political Statements**

Australia Post’s appearance at the 22 October 2020 Hearing concluded at approximately 12:52pm. There was significant, immediate and sustained media and political commentary regarding Ms Holgate and watches given to four senior managers in 2018. For example, media releases were issued by Michelle Rowland MP at approximately 12:40pm (Appendix 2), the CPSU at approximately 4:37pm (Appendix 3), Australia Post’s Shareholder Ministers (Appendix 4) at approximately 5:25pm, and the CEPU at approximately 5:27pm (Appendix 5).

### **2.1.3 Discussions between the Chair and Portfolio Minister**

After the conclusion of the 22 October 2020 Hearing (referred to above) and before the Government comments in Question Time (referred to below) the Australia Post Chair (Chair) discussed the matter by telephone with the then Minister for Communications, Cyber Safety and the Arts (now the Minister for Communications, Urban Infrastructure, Cities and the Arts) (Portfolio Minister). The Portfolio Minister:

- advised the Chair that Shareholder Ministers had asked Shareholder Departments to carry out an independent investigation into the matter;
- asked the Chair to provide Australia Post's full support to the investigation; and
- asked the Chair to inform Ms Holgate that she would be asked to stand aside during the investigation.

### **2.1.4 Discussions Between the Chair and Ms Holgate**

After the discussions with the Portfolio Minister (referred to above) and before the Government comments in Question Time (referred to below), the Chair discussed the matter by telephone with Ms Holgate, summarised as follows:

- the Chair and Ms Holgate discussed the matter generally, reflecting on the questions asked of, and responses given by, Ms Holgate at the 22 October 2020 Hearing;
- the Chair advised Ms Holgate of his discussions with the Portfolio Minister;
- the Chair advised Ms Holgate that the Board would be meeting later that afternoon to discuss the matter; and
- the Chair advised Ms Holgate that he would be in contact again, to discuss the matter further, once the Board had met.

### **2.1.5 Government Comments in Question Time**

During the afternoon, both the Portfolio Minister, at approximately 2:29pm and 2:34pm, and the Prime Minister at approximately 2:40pm made comments in Question Time in the House of Representatives (extract at Appendix 6) in response to questions from the Shadow Minister for Communications, the Deputy Leader of the Opposition and the Leader of the Opposition. For example:

At 2:29pm, the Member for Greenway, and Shadow Minister for Communications asked:

*“My question is to the minister for communications. Why was \$12,000 of taxpayers’ money spent on four Cartier watches for Australia Post executives?”*

In response, the Portfolio Minister said that:

*“... I was as shocked and concerned as everybody else to discover this when it was revealed in estimates this morning. I have spoken to the chair of Australia Post. I've explained that the government's view is that the boards and managements of government business enterprises need to take great care with taxpayers' money. They need to take great care with taxpayers' money. I have informed the chair of Australia Post that the shareholder ministers have asked our respective departments to carry out an investigation into this matter, and I've asked the chair to provide the full support of the company for this investigation. I've also asked the chair to inform the chief executive that she will be asked to stand aside during the course of this investigation. This is a matter which the government takes very seriously.”*

At 2:39pm, the Member for Grayndler, and Leader of the Opposition asked:

*“My question is addressed to the Prime Minister. How is it that on his watch, in the middle of the worst recession in almost a century, with one million Australians unemployed, businesses collapsing and a trillion dollars of Liberal debt, this government is taking no action against the Liberal-appointed Australia Post board, which spent \$12,000 of taxpayers’ money on Cartier watches?”*

In response, the Prime Minister said:

*“The accusation that the Leader of the Opposition just levelled against the government is false. Earlier today, when this was brought to my attention by the report of Senate estimates, I was appalled. It's disgraceful and it's not on. And so immediately I spoke with the shareholding minister, the Minister for Finance, and the minister responsible, the Minister for Communications, Cyber Safety and the Arts, and from those discussions the following actions ensued: that there had to be an independent investigation done by the department, not by Australia Post; that the chief executive should stand aside immediately; and that the independent investigation should look into the conduct of the board members and their governance as well as the actions of the management and the executive. That report will come back to me and the members of my cabinet, and if there are issues to be addressed with board members then they will be addressed then.*

*This all happened within an hour. So appalled and shocked was I by that behaviour—any shareholder would in a company raise their outrage if they had seen that conduct by a chief executive, a management or a board; they would insist rightly on the same thing. Now, we are the shareholders of Australia Post on behalf of the Australian people, so that action was immediate. The chief executive has been instructed to stand aside and, if she doesn't wish to do that, she can go.”*

### **2.1.6 Consideration by Australia Post Board**

Australia Post’s Board met from 4:00pm on 22 October 2020 to discuss the matter and determine next steps. The Board noted:

- Ms Holgate’s evidence at 22 October 2020 Hearing and the media and political commentary regarding watches given as rewards to four senior managers in 2018;
- comments made by the Prime Minister and the Portfolio Minister in the House of Representatives on 22 October 2020; and
- the announcement of a formal investigation to be undertaken by the Shareholder Departments into the matter and the Shareholder’s expectation that Ms Holgate should stand aside during that investigation.

The Board resolved:

- to ask Ms Holgate to stand aside from her role as GCEO&MD pending the outcome of the investigation and any further action taken by Australia Post;
- that, if Ms Holgate did not agree to stand aside during that period, to direct her (in a manner consistent with the terms of her contract of employment) to stand aside; and
- regardless of the manner of standing aside (by agreement or direction), that Ms Holgate would be paid her full entitlements under her contract of employment during that period.

The Board took breaks in proceedings (from approximately 4.15pm to 4.45pm and approximately 5.00pm to 6.00pm). During those breaks, the Chair had further discussions with Ms Holgate (referred to below).

### **2.1.7 Further Discussions Between the Chair and Ms Holgate**

Following the consideration by the Board (referred to above) and during breaks in proceedings, the Chair discussed the matter further by telephone with Ms Holgate, summarised as follows:

- the Chair advised Ms Holgate that the Board had discussed the matter;
- the Chair advised Ms Holgate that Australia Post would provide its full support to the Shareholder Departments' investigation;
- the Chair asked Ms Holgate to stand aside from her role as GCEO&MD pending the outcome of the investigation and any further action taken by Australia Post;
- the Chair advised Ms Holgate would be paid her full entitlements under her contract of employment during that period;
- Ms Holgate initially resisted the request to stand aside, but ultimately agreed that she would stand aside from the role of GCEO&MD pending the outcome of the investigation and any further action taken by Australia Post;
- there was some discussion (in response to an email from Ms Holgate to the Chair) about the possibility of her taking a period of annual leave;
- the Chair queried why Ms Holgate would take annual leave, given she would be paid her full entitlements (without reducing her annual leave balance) if she stood aside.

The Chair updated the Board on those discussions during the course of the meeting, when it reconvened after breaks in proceedings.

Australia Post acknowledges Ms Holgate also had informal communications with other Australia Post representatives during the afternoon of 22 October 2020. Notwithstanding those discussions, which were intended to provide support to Ms Holgate, the Chair was the authorised contact for decisions of the Board and discussions with Ms Holgate in relation to them.

## **2.1.8 Media Release by Shareholder Ministers**

At approximately 5:25pm, Australia Post's Shareholder Ministers issued a media release (Appendix 4) regarding the matter. It stated:

*"As Shareholder Ministers, we were surprised this morning to learn about the gifts provided to senior managers at Australia Post.*

*We have instructed the Department of Infrastructure, Transport, Regional Development and Communications, together with the Department of Finance, to conduct a formal investigation into the matter.*

*The investigation by the shareholder departments will be supported by an external law firm.*

*We expect this investigation to commence immediately, and to be completed within four weeks.*

*The Government expects all government entities, including Government Business Enterprises, to act ethically and adhere to high standards regarding the expenditure of money, as the public also rightly expects. The independent investigation will determine whether or not these high standards were met.*

*The investigation will also examine the actions of Board members in relation to this matter, and will report back to Cabinet.*

*The Chief Executive of Australia Post will be standing aside from her position for the duration of the investigation."*

## **2.1.9 Continued Consideration by Australia Post Board**

When the Board continued its meeting from approximately 6:00pm, it noted:

- the Chair's advice that Ms Holgate had agreed to stand aside from the role of GCEO&MD pending the outcome of the investigation and any further action taken by Australia Post, and that the Portfolio Minister had been so informed; and
- the joint statement (referred to above) that had been issued by Shareholder Ministers.

The Board approved the Chair issuing a public statement that:

- the Board and management would fully cooperate with the formal investigation to be conducted by Shareholder Departments;
- Australia Post remains committed to delivering for our important stakeholders – our people, our Post Office partners, our customers and the community;
- Ms Holgate will stand aside from the role of GCEO&MD during the investigation; and
- during this time, Rodney Boys will be acting in the role.

#### **2.1.10 Australia Post’s Public Statement on 22 October 2020**

At approximately 7:40 pm on 22 October 2020, a public statement was issued on behalf of the Chair (Appendix 7) and published on Australia Post’s website. The statement was in the terms approved by the Board (referred to above) and noted that:

*“The Australia Post Board and management team will fully cooperate with the recently announced investigation to be conducted by shareholder departments. We remain committed to delivering for our important stakeholders – our people, our Post Office partners, our customers and the community.*

*Group CEO & Managing Director Christine Holgate will stand aside during the investigation. During this time, Rodney Boys, Chief Financial Officer will be acting in the role.”*

A copy of this statement was provided to Ms Holgate and her media adviser at 7:20pm. 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. The first time Ms Holgate raised any concerns about standing aside was on 27 October 2020 (referred to below).



### **2.1.11 Australia Post's Email to Staff on 22 October 2020**

At 8:04pm on 22 October 2020, an email was sent on behalf of the Chair to all Australia Post people (including Ms Holgate), advising them that Ms Holgate was standing aside while the Investigation was being conducted (Appendix 8). The email stated:

*"I understand today may have been difficult and uncertain for many of you. As you will have heard, this afternoon our Shareholder Minister Paul Fletcher announced a formal investigation into the gifts given to four senior managers in 2018. This investigation will begin immediately.*

*Group CEO & Managing Director Christine Holgate will stand aside while this investigation is being conducted. I would like to confirm Rodney Boys, Group Chief Financial Officer will be acting in the role during this time.*

*I appreciate there will be many questions and would like to assure you that when more information is available, it will be shared as soon as possible.*

*In the interim, I thank you and ask you to keep focused on the great work we do delivering for Australia.*

*Stay safe."*

### **2.1.12 Board Meeting on 23 October 2020**

At a previously scheduled Board meeting on 23 October 2020, the Board requested the preparation of a letter to Ms Holgate confirming her agreement to stand aside, and associated arrangements.

### **2.1.13 Letter to Ms Holgate on 24 October 2020**

The Chair wrote a letter to Ms Holgate, dated 24 October 2020, entitled "Your agreement to stand aside pending investigation" (Appendix 9). The letter, which was sent to Ms Holgate on 25 October 2020, stated:

*"Following revelations at the Senate Estimates on Thursday regarding the purchase of watches for senior employees involved in the Bank@Post deal, our Shareholder has raised serious concerns in relation to this decision, and has expressed the view that you should stand aside pending an independent investigation in relation to these matters.*

*As you are aware, Australia Post takes the views expressed by our Shareholder very seriously. Accordingly, the Board has determined that we need to cooperate fully with the Shareholder whilst the investigation is underway. Depending on the outcome, Australia Post can then determine appropriate next steps.*

*This letter confirms my recent discussions with you that you agreed to stand aside effective Thursday afternoon, pending the outcome of the Shareholder's investigation and any further action taken by Australia Post. As part of this arrangement:*

- Your remuneration will continue and you will remain bound by all the terms and conditions of your employment with Australia Post.*
- You will not be required to attend the workplace or carry out any of your ordinary work duties except if directed by me.*

*...*

#### **2.1.14 Ms Holgate's Position on Standing Aside**

Lawyers acting on behalf of Ms Holgate wrote to the Chair on 27 October 2020. That letter asserted that Ms Holgate had expressly not agreed to stand aside. The Chair responded to Ms Holgate's lawyers, by letter dated 29 October 2020. That letter reiterated that Ms Holgate had agreed on 22 October 2020 to stand aside and that the Chair had communicated that agreement to the Board.

Ms Holgate has continued to assert that she did not agree to stand aside. Australia Post's position is that:

- Ms Holgate agreed to stand aside, as was noted contemporaneously in an email to Australia Post people (including Ms Holgate), a public statement, and correspondence sent to Ms Holgate on 25 October 2020 (all referred to above); and
- if Ms Holgate had not agreed to stand aside, the Board could have directed her (in a manner consistent with the terms of her contract of employment) to stand aside.

In any case, Ms Holgate subsequently resigned on 2 November 2020 (referred to below).

### **2.1.15 Reference to \$225 Million Investment**

The introductory paragraph of the Terms of Reference refers to a “\$225 million investment into the organisation”. Australia Post believes this may be a reference to revenue expected to be generated by the Bank@Post refresh (through Community Representation Fees and revised transaction fees) over three years under Bank@Post agreements negotiated by Australia Post in 2018. The accretive revenue over that period is approximately \$216 million. This additional revenue enabled Australia Post to increase payments to Licensed Post Offices and further invest in our Post Office network.

## 2.2 Former Chair and Application of Policy

This part relates to paragraph (a) of the Terms of Reference:

*“if the gift of the watches was with the knowledge of the then Australia Post Chair and within Australia Post policy”*

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 (Investigation Report) 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>.

### 2.2.1 Former Chair

In relation to knowledge of the then Chair of Australia Post, Maddocks made the following findings or observations in the Investigation Report:

Finding 8 (page 5):

*“The then Board did not consider or approve the purchase of the Cartier watches. There is no documentary evidence that the Board approved the expenditure for, and none of the Board members interviewed recalled any discussion about the purchase of, the Cartier watches. There is contradictory evidence as to whether the former Group CEO & Managing Director informed the former Chair that it was her intention to purchase the Cartier watches or whether the former Chair approved the commitment of funds for this purchase. No definitive finding can be made in this regard.”*

Section 6.5 (pages 20-21):

*“There is a conflict of views as to the facts regarding the involvement of the former Chair.*

*The former CEO and the former Chair agree:*

- *that there was a discussion regarding providing some form of reward and recognition to the Bank@Post Refresh team*
- *that there was an agreement that some form of reward or recognition was appropriate.*

*There is disagreement as to whether the former Chair ultimately approved the provision of the Watches to the Watch Recipients.*

*The former Chair's position is that he did not.*

*The former CEO's position is that approval was given because the purchase of the Watches was broadly consistent with the discussion with the former Chair regarding rewarding and recognising the Watch Recipients. The former CEO also said that the former Chair must have been aware that the Watches had been given."*

Australia Post fully co-operated with the Investigation and has no additional information to form a differing view to these findings and observations.

### **2.2.2 Application of Policy**

In relation to the application of then existing Australia Post policy, Maddocks made the following findings in the Investigation Report:

Finding 6 (page 5):

*"There is no indication of dishonesty, fraud, corruption or intentional misuse of Australia Post funds by any individual involved in the matters relating to the purchase and gifting of the Cartier watches."*

Finding 7 (page 5):

*"Australia Post's Board has not issued any reward and recognition policies that would support reward and recognition of Executive performance through provision of items such as the Cartier watches."*

Finding 9 (pages 5-6):

*"The purchase of the Cartier watches was inconsistent with the obligation imposed by the PGPA Act on the Board relating to the proper use and management of public resources (section 15(a) of the PGPA Act) and was inconsistent with public expectations in relation to the use of public resources due to:*

- a) the absence of a clearly identifiable and directly applicable policy, authorisation, direction or accountable authority instruction issued by the Board that supported the expenditure*

- b) *the unanimous view of the non-executive Board members interviewed that they would not have approved the purchase of the Cartier watches*
- c) *a technical breach of section 18 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), which is partly the result of the issue in paragraph (a) above*
- d) *expenditure using the Office of the CEO credit card being approved by the Chief Financial Officer, a role subordinate to the Group CEO & Managing Director, being inconsistent with the requirement in section 16 of the PGPA Act that the Board, as the accountable authority, establish and maintain an appropriate system of internal control for Australia Post.”*

As identified above, and noting the subsequent changes referred to further below, Australia Post fully co-operated with the Investigation and has no additional information to form a differing view to these findings and observations.

### **2.2.3 Acknowledgments on Resource Management**

Australia Post fully co-operated with the Investigation and accepts the findings of the Investigation Report. Australia Post acknowledges that, consistent with the requirements of the *Public Governance Performance and Accountability Act 2013* (PGPA Act), it is responsible for the ‘proper’ (efficient, effective, economical and ethical) use and management of Australia Post’s money.

This acknowledgment is consistent with the statement made by the Chair at the Budget Estimates 9 November 2020 Hearing:

*“As a government business enterprise, Australia Post is owned by the taxpayer—indeed, by the people of Australia. That ownership is exercised in practice by two shareholder ministers within the framework of relevant legislation for Australia Post. I understand well that our ownership structure places a unique responsibility to manage the resources of this business prudently and ultimately in the best interest of all Australians, as underlying shareholders as well as customers.”*

### **2.2.4 Changes to Internal Control Environment**

Following the 22 October 2020 Hearing, and the announcement of the Investigation, Australia Post commenced an internal review to assess the effectiveness of its control environment in relation to corporate credit card expenditures, conflicts of interest and gifts, benefits and hospitality.

While the control environment had been considered sufficient in the past, the review made some recommendations for strengthening the control environment.

Australia Post has discussed the outcomes of the Investigation with Shareholder Departments and has carefully considered the findings and observations in Maddocks' Investigation Report. As a consequence, Australia Post is reviewing and updating relevant governance arrangements and systems of internal control to ensure that they are appropriate and consistent with the requirements of the PGPA Act and the *Australian Postal Corporation Act 1989*, are fit for purpose and meet public expectations.

Steps taken to date by Australia Post include clarifying and enhancing business rules regarding gifts, rewards, travel and entertainment expenditure, through:

- updating spending approval and acquittal arrangements, including that expenditure of the Chief Executive Officer be approved by the Chair (on behalf of the Board as the Accountable Authority under the PGPA Act);
- reviewing, and reducing, the number of credit card holders and card limits;
- cancelling "Office of" credit cards;
- enhancing reporting and monitoring of credit card expenditure;
- reinforcing these requirements with staff;
- developing a new reward and recognition policy and related standards; and
- updating corporate credit card and travel & entertainment policies and related standards.

These new policies and standards make clear that a reward or gift of the value of the watches purchased in 2018 would not be permitted and would be subject to acquittal arrangements involving the Chair on behalf of the Board.

## 2.3 Historical and Across-Government Comparisons

This part relates to paragraph (b) of the Terms of Reference:

*“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”*

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.

In this respect Australia Post notes that:

- what constitutes a proper use and management of resources for an organisation such as Australia Post requires, under law, a consideration of what is efficient, effective, economical and ethical. This is a consideration that, in Australia Post’s view, should be determined within the context of the present day operating environment of the organisation rather than by historical or across-Government comparisons;
- practical issues associated with changes to accounting systems, standards and practices over time and between organisations impair the ability to undertake such comparisons efficiently or reliably;
- for Australia Post, the previous two persons occupying the Chief Executive Officer role prior to Ms Holgate did so over a period of approximately 24 years – from 1993 to 2017 – across a range of complex operating environments and with changing legal obligations and community expectations; and



- Government-owned organisations vary considerably in their corporate structures (from Departments to Executive Agencies, to Corporate Commonwealth Entities and Non-Corporate Commonwealth Entities, Inter-jurisdictional entities, entities that engage staff under the *Public Service Act 1999* and entities that do not); operating contexts (from regulators to participants in regulated industries to participants in competitive industries to entities part of the bureaucratic machineries of Government); workforce size and composition (from those with a small number of direct employees to those with a large and diverse number of employees, contractors, licensees and agents); and footprints (from those working largely to serve Government or wholesale stakeholders, to those with agency responsibilities to Government and business alike, and who interact with Australia consumers and communities every day and in every part of Australia).

Australia Post publishes a detailed Remuneration Report in its Annual Report. The Remuneration Report contains information regarding the principles and strategy that Australia Post applies to remunerate contract level staff, including key management personnel and other highly paid staff. The Remuneration Report contains extensive information in accordance with the disclosure requirements in the PGPA Act, the PGPA Rule and the guidance in *Resource Management Guide No. 138 (Commonwealth entities executive remuneration reporting guide for annual reports)*. This transparent remuneration reporting has been in place since the 2016/17 financial year.

## 2.4 Actions Following Resignation

This part relates to paragraph (c) of the Terms of Reference:

*“actions of the Board of Australia Post following Ms Holgate’s offer of resignation on 2 November 2020 leading up to the Chair’s request for her to sign an amendment to her contract which would mean the immediate termination of her employment without any benefits, as against the \$11 million bonus paid to her predecessor when he stepped down”*

### 2.4.1 Ms Holgate's Resignation on 2 November 2020

At 10.46am on 2 November 2020, Ms Holgate sent an email to the Australia Post Board that attached a letter titled *“Offer of Resignation”* (Appendix 10) and a document titled *“Christine Holgate Offers Resignation Statement”* (Appendix 11). In the letter, Ms Holgate stated:

*“Regrettably, given the recent events, I have come to the view that my continuation as Chief Executive in (sic) untenable.*

*I have done no wrong, but I believe the current situation is not in the best interests of the organisation, our customers, our people or my own health.*

*Consequently, I am offering to resign as both Chief Executive and as a Director with immediate effect. I do not seek my financial compensation.”*

*The terms of the investigation are now to hand and notwithstanding my resignation I am available to participate in it.*

*It has been an honour and a privilege to serve Australia Post and I am disappointed that I am unable to continue in my role.*

*This must come to an end today so I would appreciate if you could give me your favourable response. I attach a copy of an external statement which I will be releasing at 2pm, in any event.”*

### 2.4.2 Board Meeting on 2 November 2020

At 1:00pm on 2 November 2020, the Board held a meeting to discuss the correspondence received from Ms Holgate, and next steps. The Board considered a draft response to Ms Holgate and a draft public statement regarding her resignation.

The Board adjourned the meeting from approximately 1:35pm to 2:45pm, during which time the Chair sought (without success) to contact Ms Holgate, and further drafting was undertaken on a draft response to Ms Holgate and a draft public statement regarding her resignation.

#### **2.4.3 Ms Holgate Public Statement on 2 November 2020**

At approximately 2:00pm on 2 November 2020, before the Board meeting reconvened, Ms Holgate issued the public statement titled “*Christine Holgate Offers Resignation Statement*” (Appendix 11). In the public statement, Ms Holgate stated:

*“I have offered today the Chairman and Board of Australia Post, with great sadness, my resignation as Chief Executive with immediate effect. I am not seeking any financial compensation.*

*...*

*I have made the difficult decision to resign, hoping it will allow the organisation to fully focus on serving our customers.*

*...*

*I have made the difficult decision to leave to enable Australia Post to be able to fully focus on delivering for our customers.*

*...”*

#### **2.4.4 Ms Holgate Email to the Australia Post Executive Team on 2 November 2020**

At 2.29pm on 2 November 2020, Ms Holgate sent an email (Appendix 12) to Australia Post’s Executive Team members informing them that she had resigned. The email attached a copy of Ms Holgate’s public statement (Appendix 11) and stated:

*“It is with great sadness; that today (sic) have informed the Chair and the Board of my resignation as Chief Executive of Australia Post with immediate effect. Attached is a copy of a statement that I have given this afternoon.*

...

*I have made the very difficult decision to resign, hoping the organisation can get fully focused on serving our customers.*

...

*I believe continuing in a holding pattern puts my own health at significant risk, whilst continuing to distract the organisation and its leadership.*

...

*I have thoroughly enjoyed working with you and wish you every success going forward.*

...”

#### **2.4.5 Continuation of Board Meeting on 2 November 2020**

The Board meeting reconvened at 2:45pm on 2 November 2020, at which time the Board discussed the public statement released by Ms Holgate at approximately 2:00pm and Australia Post’s response. The Board approved a public statement to be made by the Chair, and correspondence to Ms Holgate, which were subsequently dispatched (see below).

#### **2.4.6 Australia Post Public Statement on 2 November 2020**

At approximately 3.00pm on 2 November 2020, a public statement was issued on behalf of the Chair (Appendix 13) and published on Australia Post’s website. The statement noted that:

*“On behalf of the Board of Directors of Australia Post, I wish to advise that Group Chief Executive Officer and Managing Director, Christine Holgate resigned today. Her resignation is effective immediately.*

...

*I would like to acknowledge and recognise the significant contributions she has made during her tenure.*

...”

Ms Holgate did not, at that time, raise concerns with the Chair's public statement referring to her resignation, nor did she retract her public statement.

#### **2.4.7 Australia Post Email to Staff on 2 November 2020**

At 3.25pm on 2 November 2020, an email was sent on behalf of the Chair to all Australia Post people, advising them that Ms Holgate had resigned (Appendix 14). The email stated:

*"On behalf of the Board of Directors of Australia Post, I wish to advise that Group Chief Executive Officer and Managing Director, Christine Holgate resigned today. Her resignation is effective immediately.*

*...*

*I would like to acknowledge and recognise the significant contributions she has made during her tenure.*

*..."*

#### **2.4.8 Australia Post Letter to Ms Holgate on 2 November 2020**

At 4:16pm, the Chair emailed a letter to Ms Holgate (Appendix 15). The letter stated:

*"Thank you for your letter today advising the Board that you have resigned as both Group Chief Executive Officer and Managing Director of Australia Post.*

*While noting the current review, I would like to acknowledge the significant contributions that you have made during your tenure.*

*Australia Post accepts your offer that your resignation will take effect immediately (today) and you will not receive a payment in lieu of notice or any other financial compensation from Australia Post. In accordance with your contract of employment, please sign below to vary the contract of employment to give effect to this agreement.*

*Please see enclosed a public statement that Australia Post has issued regarding your resignation. On behalf of the Board, I wish you all the very best for the future."*

#### 2.4.9 Effect of 2 November 2020 Correspondence

Ms Holgate's resignation, as a unilateral act, was effective from the moment she delivered her resignation letter (Appendix 10). The resignation was also evidenced in Ms Holgate's subsequent public statement (Appendix 11). Australia Post confirmed the resignation in its letter to Ms Holgate (Appendix 15) and as a matter of prudence sought Ms Holgate's written confirmation that:

*"I, Christine Holgate, agree that my resignation will take effect immediately (today) and I will not receive a payment in lieu of notice or any other financial compensation from Australia Post."*

Ms Holgate's employment contract required that she give six months' written notice to Australia Post if she wished to resign. However, Ms Holgate wished to resign with immediate effect and without receiving any payment in lieu of notice or other financial compensation. The Board agreed to accommodate Ms Holgate's request.

However, for Australia Post and Ms Holgate to comply with the employment contract as drafted, Ms Holgate would have had to continue in the employment for six months following her notice of resignation and either perform her role or serve the period without performing her duties.

Therefore, the prudent approach to respect the wishes of Ms Holgate was to formally vary the employment contract to formalise that Ms Holgate was resigning with immediate effect. The employment contract required that any variation be set out in a document signed by Ms Holgate. That is why on 2 November 2020, when accepting Ms Holgate's offer that her resignation would take effect immediately and without any payment in lieu of notice or other financial compensation, the Chair requested that Ms Holgate sign the letter to *"vary the contract of employment to give effect to this agreement"*.

While Ms Holgate never signed this letter, her employment with Australia Post ended on 2 November 2020, in accordance with her resignation. Her contemporaneous public statement (Appendix 11) and communication with the Executive Team (Appendix 12) reiterate that outcome.

#### **2.4.10 Ms Holgate Email to Australia Post staff on 5 November 2020**

At 2.51pm on 5 November 2020, an email titled “*Farewell from Christine*” was sent by Australia Post’s Communications team to all Australia Post people (Appendix 16). This followed a request from Ms Holgate on 2 November 2020 (Appendix 17). The email sent to all Australia Post people included the following statements:

*“On Monday I offered the Chairman and Board of Australia Post, with great sadness, my resignation as Chief Executive with immediate effect.*

*...*

*I have had the privilege to lead our incredible team at Australia Post for three years.*

*...*

*I leave the company knowing you are in a strong position to deal with the coming Christmas and the ongoing challenges of the eCommerce revolution.*

*I leave knowing Australia Post is growing and has a strong viable future ahead*

*...”*

#### **2.4.11 Payment to Ms Holgate on 10 November 2020**

On 10 November 2020, the Chair wrote to Ms Holgate (Appendix 18) advising her that her final payment would be transferred to her bank account that day. The letter included the following statement:

*“I refer to your letter dated 2 November 2020 advising the Board that you have resigned as both Group Chief Executive and Managing Director and as a director of Australia Post. I also refer to my letter that day advising you that Australia Post accepts your offer that your resignation will take effect immediately and you will not receive a payment in lieu of notice or any other financial compensation from Australia Post.”*

As a matter of prudence, the letter included a request for Ms Holgate to sign the letter to confirm her agreement that she would not receive a payment in lieu of notice or any other financial compensation from Australia Post. Australia Post asked for this confirmation because it had acceded to Ms Holgate's request that her employment end immediately on 2 November 2020 without service of a notice period or financial compensation.

Australia Post's preference was for that agreement to be formalised by a variation in writing, in accordance with the employment contract. Although Ms Holgate never signed this letter, that could not alter the fact that Ms Holgate's employment with Australia Post ended on 2 November 2020.

In accordance with the letter from the Chair, on 10 November 2020 Australia Post made a payment to Ms Holgate for her termination entitlements. These entitlements were calculated on the basis that Ms Holgate's employment ended by resignation on 2 November 2020.

#### **2.4.12 Confirmation by Ms Holgate's Legal Representative**

On 11 November 2020, Ms Holgate's lawyer acknowledged to Australia Post's lawyer (while Ms Holgate was present) that Ms Holgate's employment contract had come to an end. This was noted in a letter from Australia Post's lawyers to Ms Holgate's lawyers dated 3 December 2020 (Appendix 19) which stated:

*"As you know, on 2 November 2020, Ms Holgate resigned from her employment and it came to an end that day. On 10 November 2020, Ms Holgate's final pay was transferred to her bank account (less applicable tax).*

*At about 1pm on 11 November 2020, I attended a Microsoft Teams meeting with Ms Holgate and yourself during which you asked whether Australia Post would release Ms Holgate from any action based on her breaching confidentiality obligations in her upcoming interview with law firm Maddocks. During that meeting you [being Ms Holgate's lawyer] said to me that Ms Holgate's 'employment contract is at an end, as we know' and she is 'here voluntarily not as an employee'. For that reason, you asked me whether Ms Holgate was 'at liberty to give full and frank answers to any questions' from Maddocks and if she gave full and frank answers whether Australia Post would 'release her from any action regarding breach of confidence'. I took instructions on the matter you raised and then emailed you at 1.27pm and said:*



*Australia Post is comfortable with Ms Holgate approaching the interview in the way she would if she were still an employee and director of Australia Post. That is, if in response to a question put by Maddocks she will provide information that is confidential to Australia Post she may do so for that limited purpose. She should not volunteer any confidential information that is not responsive to a question or relevant to the Terms of Reference. Further, Ms Holgate must not provide any documents to Maddocks that contain confidential information of Australia Post. If Maddocks requests documents from Ms Holgate you must ask them to direct the query to Allens.*

*In the circumstances, there is no doubt that Ms Holgate's employment came to an end on 2 November 2020 by reason of her resignation."*

#### **2.4.13 Payments to Ms Holgate's Predecessor**

Mr Ahmed Fahour AO was Ms Holgate's predecessor as GCEO&MD. Mr Fahour gave notice of his resignation in February 2017 and his employment ended on 28 July 2017. The facts and circumstances of Mr Fahour's resignation are not comparable to the facts and circumstances surrounding Ms Holgate's resignation. In contrast to Ms Holgate, Mr Fahour did not resign with immediate effect and on the basis that he would receive no financial compensation.

Details of payments made to Mr Fahour in respect of the 2016/17 financial year were disclosed in Australia Post's 2017 Remuneration Report (Appendix 20) published in Australia Post's 2017 Annual Report. In particular, the "Message from the Chairman" contained in Australia Post's 2017 Remuneration Report noted payments to Mr Fahour totalling \$6.79 million (for base salary and fees, short term incentives, superannuation entitlement, and non-monetary benefits) and Mr Fahour's eligibility for a long-term incentive of \$4 million (which was paid in September 2017).

Details of payments made to Mr Fahour in the 2017/18 financial year were disclosed in Australia Post's 2018 Remuneration Report (Appendix 21) published in Australia Post's 2018 Annual Report. Australia Post's 2018 Remuneration Report noted payments to Mr Fahour totalling \$531,190 (for base salary, annual leave, superannuation, short term incentive deferral, and long service leave). The amount for the short-term incentive deferral (\$362,475) was also reported as comprising part of the \$6.79 million figure for the 2016/17 financial year.

Importantly, on 23 February 2017 Australia Post's Shareholder Ministers announced that the pay and employment considerations of Australia Post's managing director would be overseen by the Remuneration Tribunal (Appendix 22). Remuneration of the GCEO&MD was, before Ms Holgate's tenure in the role, not subject to oversight of the Remuneration Tribunal.

#### **2.4.14 Historical Comparisons**

Historical comparisons, such as to the remuneration arrangements of former Chief Executive Officers, did not inform the actions taken by the Board following Ms Holgate's resignation. Rather, the Board accepted Ms Holgate's resignation on the basis that she had stipulated. The Board corresponded with Ms Holgate and made announcements as set out above.

## **2.5 Evidence Provided at 9 November 2020 Hearing**

This part relates to paragraph (d) of the Terms of Reference:

*“the veracity of evidence provided by the Chair of Australia Post to the Environment and Communications Legislation Committee during an estimates hearing on 9 November 2020”*

The Environment and Communications Legislation Committee has published its transcript (Transcript) of the evidence provided during appearances at a spillover Budget Estimates hearing on 9 November 2020 (9 November 2020 Hearing). The Legislation Committee has also published a 21 December 2020 letter (21 December 2020 Letter) from Australia Post’s General Counsel and Corporate Secretary to the Chair of the Legislation Committee clarifying evidence provided to the committee on 22 October and 9 November 2020 (Appendix 23) (a type of letter that is often provided by witnesses to clarify matters following a hearing).

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 9 November 2020 Hearing.

Australia Post has reviewed the Transcript, the 21 December 2020 Letter and the responses to questions on notice and considers the evidence provided by the Chair at the 9 November 2020 Hearing, incorporating the subsequent clarification provided on 21 December 2020, to be accurate.

Australia Post acknowledges that Ms Holgate disputes certain matters addressed in evidence provided by the Chair and subject to this Inquiry. Australia Post’s position on those disputed matters is set out in this submission.

### **2.5.1 Veracity of Evidence**

Australia Post understands that Ms Holgate may have concerns regarding the veracity of the evidence of the Chair at the 9 November 2020 Hearing on one or all of the following topics:

- Ms Holgate's agreement to stand aside;
- whether the Chair had seen a report regarding the Government’s review of Australia Post undertaken by Boston Consulting Group (BCG) in the 2019/20 financial year;

- whether the Chair had seen a 31 March 2020 letter to Shareholder Ministers seeking regulatory relief (31 March 2020 Letter) before it was sent to Shareholder Ministers;
- whether Ms Holgate had asked the Board to reinstate performance incentives in respect of the 2019/20 financial year; and
- the Chair making comments regarding the watches, while the Shareholder Departments' Investigation was still ongoing.

Australia Post addresses material statements made by the Chair below and would be pleased to provide further details if requested by the References Committee.

### **2.5.2 Ms Holgate's Agreement to Stand Aside**

The evidence of the Chair on this issue is recorded at pages 73 and 74 of the Transcript. The Chair stated that "[t]he board did come together, and we did consider the decision. We had discussions with Christine, and ultimately she agreed that she would stand aside while the investigation took place." The Chair also confirmed "correct" to Senator Green's question that "[s]he elected to stand aside after a few conversations".

Part 2.1 of this Submission provides further details regarding the circumstances surrounding Ms Holgate's agreement to stand aside on 22 October 2020.

The Chair's understanding from the conversations that he had with Ms Holgate on 22 October 2020 that Ms Holgate agreed to stand aside from the role of GCEO&MD while the Shareholder Departments conducted their Investigation. This understanding was reflected in contemporaneous communications (referred to above) and the Chair's letter to Ms Holgate dated 24 October 2020.

### **2.5.3 Boston Consulting Group Review Report**

The Chair gave evidence regarding the review undertaken by BCG in the 2019/20 financial year and the resulting report (BCG Report). The Chair's evidence, recorded in the Transcript at page 52, was that the BCG Report "*remains with the shareholders at this stage*" and that he had not seen the report.

After the 9 November 2020 Hearing, the Chair reviewed the draft Transcript and determined that his statement regarding the BCG Report could have been clearer – in that he had seen a draft of the BCG Report but that he – and Australia Post – never received a final version.

A clarification was made on this point in the 21 December 2020 Letter (Appendix 23). In that letter, Australia Post clarified that Australia Post did not see a final report of the Government's review of Australia Post undertaken by BCG in the 2019/20 financial year but was provided a draft report during the latter stages of the review.

#### **2.5.4 The 31 March 2020 Letter**

Australia Post notes that a public interest immunity claim has been made in relation to the 31 March 2020 Letter by the then Minister for Finance on 20 July 2020 (Appendix 24). Questions in relation to the 31 March 2020 Letter are appropriately addressed to the Government.

The Chair's evidence on the 31 March 2020 Letter is recorded at page 55 of the Transcript. The Chair stated that he could not recall seeing the 31 March 2020 Letter in advance of it being provided to the Ministers but expressed a willingness to take the question on notice – a common practice in circumstances where specific details are unavailable during a hearing. Australia Post then provided a response to this question, in responses to two different questions on notice from Legislation Committee members arising from the 9 November 2020 Hearing.

In the first response, to question 138 (portfolio number 273) answered on 17 February 2021 (Appendix 25), Australia Post stated:

*“On 23 March 2020, the Board considered Australia Post’s response to, and preparedness for, the COVID-19 pandemic and its related impacts, and how Australia Post was preparing to manage through the COVID-19 pandemic and protect the business. The Board discussed, among other things, updates regarding our people, potential financial impacts on our business, operational impacts, government and stakeholder engagement, global considerations, and communications. The update on operational impacts outlined the preparation of a case to seek government support for temporary regulatory relief.*

*The Board met again briefly on 26 March 2020, for a further update regarding the financial and people implications of the COVID-19 pandemic and Australia Post’s response. This included some discussion regarding the request for temporary regulatory relief.*

*Australia Post wrote to its Shareholder Ministers on 31 March 2020. The letter was reviewed and approved by the Chair of Australia Post before it was sent to the Shareholder Ministers.”*

In the second response, to question 121 (portfolio number 272) answered on 17 March 2021 (Appendix 26), Australia Post stated:

*“In a letter dated 16 December 2019, the Shareholder Ministers advised Australia Post that the Government would seek to cover costs of the review via a special dividend from Australia Post. A copy of that letter is attached.*

*Australia Post wrote to its Shareholder Ministers on 31 March 2020. Australia Post understands that the letter is subject to a claim of public interest immunity made by the then Finance Minister.*

*The letter dated 31 March 2020 was sent to Shareholder Ministers following discussions by the Board, at meetings on 23 and 26 March 2020, regarding the financial, operational and people implications of the COVID-19 pandemic and Australia Post’s response – including the preparation of a case for seeking government support for temporary regulatory relief. The Board did not receive a draft of the letter, but the letter was reviewed and approved by the Chair of Australia Post before it was sent to the Shareholder Ministers.”*

#### **2.5.5 Reinstatement of Performance Incentives**

The Chair’s evidence on the reinstatement of performance incentives is recorded at pages 66 to 68 of the Transcript. The Chair’s evidence was that the topic was first discussed with the board on 24 June 2020. When asked by Senator Kitching who had sponsored the proposal, the Chair replied:

*“The chief executive officer is the person who presented that proposal to the board.”*

When asked whether it was Ms Holgate’s idea, the Chair responded:

*“She brought the paper to the board to discuss it with the board. As to the conversations that preceded the bringing of that paper, I don’t have that information.”*

When queried whether he had knowledge that Ms Holgate would bring the issue of reinstatement of incentives to the attention of the board, the Chair stated:

*“Clearly it was in the board papers and the board meeting, and normally we have broad discussions of things that are coming up. So, while I don’t specifically remember it, it would be unusual that she wouldn’t have spoken to me about it beforehand—that’s true.”*

That Ms Holgate had asked the Board to reinstate incentives is also addressed in the response to question on notice from Parliament number 1880 (46) (Appendix 27), published on 9 November 2020:

*“By late June, Australia Post had a better understanding of the impact of the crisis. Widespread lockdowns resulted in a significant increase in parcel volumes due to online shopping during the COVID-19 pandemic.*

*There had subsequently been a better than expected, though still challenging, outcome in the organisation’s operational and financial performance, as a result of the measures taken by Australia Post management, and the response by Australia Post employees to find innovative ways to adapt and support Australians through the crisis in the context of the significant increase in parcel volumes due to online shopping induced by the COVID-19 pandemic.*

*In light of this, the Group Chief Executive Officer and Managing Director presented a proposal to reinstate the opportunity for all eligible Australia Post employees to receive incentive payments under the APCIP for the financial year 2019/20. After consideration by the Nomination and Remuneration Committee and the Board, the Board decided on 30 June 2020 to reinstate the opportunity for all eligible employees to receive incentive payments under the APCIP for the financial year 2019/20 (with that opportunity reduced by 25% for the Executive Team).”*

Ms Holgate was involved in the preparation of Australia Post input into that question on notice response (noting the involvement occurred before 22 October 2020).

Ms Holgate was the co-presenter (along with Australia Post’s Executive General Manager, People & Culture) of a paper presented to the Board on 24 June 2020 presenting a proposal to reinstate the opportunity for incentive payments to all contract level staff. That paper commenced deliberations by the Board and the Nomination & Remuneration Committee on that topic across following meetings.

## 2.5.6 Chair Comments About Purchase

The Chair's opening statement is recorded at page 47 of the Transcript. In the Chair's opening statement at the Estimates Hearing, he stated:

*"If I had been chair in 2018 and had been made aware of the proposal to purchase Cartier watches, I would have vetoed that purchase. Whilst highly appreciative of the excellent work of the staff concerned, none of whom sought a watch or other presentation, I acknowledge that the purchase of the watches may not have met the expectations of the public or my own."*

In Australia Post's opinion, this statement did not create undue bias against Ms Holgate and did not presuppose the outcome of the Shareholder Departments' Investigation. The Chair was offering his opinion, not providing a statement as to fact.

Australia Post notes that Ms Holgate had herself, shortly before the 9 November 2020 Hearing, commented on public perceptions regarding the watches. In a public statement on 2 November 2020 (Appendix 11), Ms Holgate stated:

*"However, I deeply regret that a decision made two years ago, which was supported by the Chair, to recognise the outstanding work of four employees has caused so much debate and distraction and I appreciate the optics of the gifts involved do not meet the pub test for many."*



## 2.6 Employment Status

This part relates to paragraph (e) of the Terms of Reference:

*“the current status of Ms Holgate’s employment with Australia Post”*

The position regarding Ms Holgate’s employment status is plain and incontrovertible. Ms Holgate is no longer employed by Australia Post. She resigned, with immediate effect, on 2 November 2020 and was paid her full and final entitlements on 10 November 2020.

As was noted by the Chair at the 9 November 2020 Hearing, and has been widely reported, Australia Post is recruiting a new GCEO&MD.

Further information regarding Ms Holgate’s resignation is set out in part 2.4 of the submission.

## 2.7 Boston Consulting Group Review of Australia Post

This part relates to paragraph (f) of the Terms of Reference:

*“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”*

The temporary changes to Australia Post’s prescribed performance standards were made by the Government in response to the sudden impacts of the COVID-19 pandemic on Australia Post’s operations. Whether the review conducted by BCG in the 2019/20 financial year was a relevant consideration to making those changes is a matter for Government, however the request for Temporary Regulatory Relief was not based on that review.

Further, Australia Post notes that a public interest immunity claim has been made in relation to the review undertaken by BCG by the then Minister for Finance on 20 July 2020 (Appendix 24). Questions in relation to the review are appropriately addressed to the Government.

From time to time, as a matter of good business practice, Australia Post considers issues relating to the ongoing sustainability of the organisation and its services, and there have been several reviews of Australia Post’s strategy and suitable future business model over the years. These reviews have consistently considered the options available to a postal organisation challenged by declining letter volumes and a predominantly fixed cost operating network – mainly, these options involve variations to delivery frequency, the delivery timetable and/or the postage rate (ie price).

Australia Post’s request for temporary changes to its performance standards was consistent with requests and actions of postal organisations around the world, who were seeking similar relief from delivery frequency and timetable standards. The request was not the consequence of, or a rewording of the recommendations from, any one review, but was a sensible operational response to the rapidly evolving challenges associated with the COVID-19 pandemic.

The COVID-19 pandemic exacerbated and accelerated the impact of existing and known challenges for Australia Post’s letters and parcels businesses. Drawing from prior thinking, and the practices of other postal organisations, is appropriate and should be expected and encouraged, especially given the urgent and uncertain nature of the COVID-19 pandemic and its impacts at the time and ongoing.

As described in Australia Post's 3 July 2020 submission to the Legislation Committee's Inquiry into *'The future of Australia Post's service delivery'*:

*"We were in a position where we were physically unable to meet a number of our prescribed performance standards. This presented an extraordinary challenge in an environment where Australian businesses, consumers and communities were relying on us to deliver.*

*We anticipated, in seeking relief, that the temporary changes would likely have a beneficial impact on our customers – who wanted to know that the parcel they ordered would be arriving on time, particularly as they were confined to their homes. Impacts on our letters recipients were not considered materially negative given that, on average, Australian delivery points are of late receiving one letter every second delivery day."*

It was clear that the onset of COVID-19 would result in a significant acceleration in letter volume declines, which it did. As described in Australia Post's 3 July 2020 submission to the Legislation Committee's Inquiry into *'The future of Australia Post's service delivery'*, In anticipation of these challenges, we sought temporary change to our performance standards that would allow us to: 'Protect our people, Serve customers and communities and Safeguard Australia Post'.

The Temporary Regulatory Relief has been a suitable response to the business environment experienced since April 2020. Now, ten months later, Australia Post's business model is markedly different to what it was. Regulated letter services comprise just 19% of the revenue base, with households being sent on average just two addressed letters per week. Growth in online shopping, and consequent growth in parcel volumes continues unabated, and Australia Post requires ongoing self-funded investments in capacity and automation to meet ongoing customer delivery expectations.

## 2.8 Service Model and Consultation

This part relates to paragraph (g) of the Terms of Reference:

*“the future of reductions to Australia Post’s service model”*

Australia Post’s future service model will continue to deliver on its purpose as expressed in the *Australian Postal Corporation Act 1989* (APC Act) which includes Australia Post’s dual purposes to deliver the services expected by the community and to deliver a commercial return. This will include enabling eCommerce and providing customers and communities with the contemporary services that they need and value.

### 2.8.1 Service Model

Australia Post’s strategic intent is to continue to adapt and increase services to modernise and ensure it meets the ever-changing needs of Australian communities. Australia Post’s purpose is prescribed by the APC Act which, among other matters sets out Australia Post’s commercial obligation, community service obligations and general government obligations. As expressed in the APC Act, the principal function of Australia Post is to supply postal services within Australia and between Australia and places outside Australia. While carrying out this principal function and other subsidiary functions, Australia Post aims to provide high-quality, efficient services to the Australian community, and operate commercially and achieve a reasonable return on assets – all done whilst absorbing the significant financial cost of delivering Australia Post’s Community Service Obligation (a cost estimated to be \$393 million in financial year 2019/20).

Australia Post’s Statement of Corporate Intent 2020/21 – 2023/24 is included on our website. The statement is prepared for section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*, for the reporting period 1 July 2020 to 30 June 2021. It reflects our planning commitments over the four year period 2020/21–2023/24, as agreed by the Board of Australia Post in consultation with its Shareholder Ministers. The One Australia Post strategy puts customers at the centre of all that we do and as stated in the Statement of Corporate Intent “in 2020/21, we continue to progress our five strategic priorities:

- 1. we will support communities to thrive;*
- 2. we will support customers to grow;*
- 3. we will connect customers in a dynamic global market;*

*4. we will create products that people love and trust; and*

*5. we will always provide great service and value.*

These strategic priorities guide the key activities we undertake in order to realise our purpose. Our strategy is designed to deliver great sender and receiver experiences that delight our customers. We continue to engage all our valued stakeholders – our people, customers, partners, community and shareholder, and strengthen our purpose of helping unlock opportunities for everyone. The ongoing decline in letter volumes and revenue continues to present significant challenges to Australia Post's operations and financial performance. Australia Post continues to work with its shareholder and other stakeholders to explore options to ensure its ongoing financial sustainability.

As outlined above, with the rapid onset of the COVID-19 pandemic the Temporary Regulatory Relief, which took effect on 16 May 2020, has been a suitable response to the business environment experienced since April 2020. Regulated letter volumes between April 2020 and February 2020<sup>1</sup> fell 17.4%, which is 314 million fewer letters than the same period the previous year. The service changes made during the period of the Temporary Regulatory Relief have been implemented with no forced redundancies and allowed Australia Post to apply its resources – both capital and people – where they have been most needed to meet the significant challenges and service demand changes. Moreover, during the period of the Temporary Regulatory Relief, Australia Post has introduced an alternate day delivery model in metro areas, which has enabled the transition of more than 2,000 posties to deliver parcels from vans at a time when there was an unprecedented increased demand for parcel services from customers and communities.

Now, ten months after the introduction of Temporary Regulatory Relief, Australia Post's business model is markedly different to what it was. Regulated letters currently comprise only 19% of the revenue base, with households receiving on average just over two addressed letters per week. Growth in online shopping, and consequent growth in parcel volumes continues, and Australia Post requires ongoing self-funded investments in capacity and automation to meet ongoing customer delivery expectations.

We are committed (and, importantly, obliged) to use our resources to deliver the letters service efficiently, and at the same time do so in a manner that meets the contemporary needs of customers and communities. Through the past ten months, the Temporary Regulatory Relief has enabled us to meet both these objectives. As we approach the end of the Temporary Regulatory Relief and the operational changes able to be implemented during that time, our commitment to maintaining an efficient service that meets customer needs continues.

## 2.8.2 Consultation

The 2020 report of the Legislation Committee’s inquiry into ‘*The future of Australia Post’s service delivery*’ recommended that comprehensive public consultation on options for the future of Australia Post’s service delivery be commenced should the Government choose to implement future strategic changes to the postal service, with the results to inform future regulatory and policy reforms.

The Government in January 2021 expressed support for this recommendation, advising that – should it propose future strategic changes – “...*it would undertake a robust consultation process to ensure all relevant stakeholder views are considered...*”. Australia Post notes the Legislation Committee’s recommendation and the Government’s response. Australia Post agrees that a robust consultation process should be undertaken, and will provide all necessary and appropriate support, if the Government chooses to undertake future strategic changes to the postal service. Any decisions about such changes are a matter for the Government.

### **3. Appendices**

Appendices referred to in this submission are enclosed.

# APPENDIX 1





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## Terms of Reference

On 25 February 2021, the Senate referred to the Environment and Communications References Committee for inquiry and report by 30 April 2021:

The circumstances leading to the direction by the Minister for Communications to the Chair of Australia Post on 22 October 2020, that the Chief Executive Officer of Australia Post, Christine Holgate, be stood down pending an investigation into her gifting in 2018 of watches to four managers who secured a \$225 million investment into the organisation, with particular reference to:

- if the gift of the watches was with the knowledge of the then Australia Post Chair and within existing Australia Post policy;
- 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;
- actions of the Board of Australia Post following Ms Holgate's offer of resignation on 2 November 2020 leading up to the Chair's request for her to sign an amendment to her contract which would mean the immediate termination of her employment without any benefits, as against the \$11 million bonus paid to her predecessor when he stepped down;
- the veracity of evidence provided by the Chair of Australia Post to the Environment and Communications Legislation Committee during an estimates hearing on 9 November 2020;
- the current status of Ms Holgate's employment with Australia Post;
- 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;
- the future of reductions to Australia Post's service model; and
- any other related matters.

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# APPENDIX 2

**Michelle Rowland MP**

Shadow Minister for Communications

Federal Member for Greenway

# MEDIA RELEASE - GIFTS OF CARTIER WATCHES FOR AUSTRALIA POST EXECUTIVES - 22 OCTOBER 2020

*22 October 2020*

Campaigns ▼

Grants ▼

MICHELLE ROWLAND MP

SHADOW MINISTER FOR COMMUNICATIONS

MEMBER FOR GREENWAY

Events

Stop Morrison's Attack on Working Families

Revelations today in Senate Estimates that the Australia Post Board and its CEO gifted four Cartier watches to highly paid executives are unacceptable.

Australia Post is a cherished national institution and it must set a high standard.

Today's evidence that \$12,000 was used on luxury watches does not meet that test.

The Australia Post Board is dysfunctional swamp of former Liberal politicians, party hacks, and mates of Scott Morrison.

This Board is incapable of executive oversight and must be cleaned up.

The embattled Minister, Paul Fletcher, needs to stop being taken for a fool by executives of Australia Post and NBNCo.

If he cannot get the waste in his portfolio under control, the Prime Minister must step in.

The focus of Australia Post must return squarely to what matters: community services, consumers, its workforce and enabling the broader digital economy.

**THURSDAY, 22 OCTOBER 2020****Volunteer**[Contact](#)[Privacy Policy](#)

Authorised by P. Erickson, ALP, Canberra



# APPENDIX 3



# AUSPOST EXECUTIVES CHOOSE WATCHES NOT WORKERS

OCT 22, 2020

Today Senate Estimates revealed that the Australia Post board gifted Cartier watches to already highly paid executives.

It is clear that the board and the CEO are more concerned with lining their pockets than public services and their workers.

This is the latest in a string of dodgy and selfish decisions made by management. Instead of focusing on essential public services, Australia Post has:

- Frozen workers' wages;
- Forced workers to take leave during the pandemic;
- Misled Parliament and lied about profits;
- Refused to rule out redundancies;
- Failed to act on customer aggression in contact centres;
- Been slow to act on increasing workloads at contact centres; and
- Tried to pay themselves fat bonuses in the middle of a pandemic.

The union representing Australia Post workers, the CPSU is calling for the resignation of Australia Post CEO and investigation into to the board.

## Quotes attributable Brooke Muscat, Deputy National President:

"Our members having been working harder and longer to help the community in the Pandemic, all while taking a pay freeze, and how are they rewarded? Not with a watch or a bonus I can tell you that."

"Whether it's watches in 2018 or big fat bonuses in the middle of a pandemic the Australia Post board and it's management are out of touch."

"What world do these people live in where paying themselves bonuses and gifting watches is a reward for freezing workers' pay and ignoring systemic issues within Australia Post?"

"It's not enough for the Prime Minister and Minister Fletcher to be shocked, they have to act. This is what happens when you appoint your mates to the board and ignore the warning signs. Australia expects better than this."

**MEDIA CONTACT: ALEX WEST 0427 359 316**

## SHARE THIS INFORMATION

Join CPSU Today

[\(https://web.cpsu.org.au/join/\)](https://web.cpsu.org.au/join/)

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# APPENDIX 4

JOINT MEDIA RELEASE

Australia Post

**Senator the Hon. Mathias Cormann**  
Minister for Finance  
Leader of the Government in the Senate  
Senator for Western Australia

**The Hon. Paul Fletcher  
MP**  
Minister for  
Communications, Cyber  
Safety and the Arts  
Federal Member for  
Bradfield

**Date:** Thursday, 22 October 2020

As Shareholder Ministers, we were surprised this morning to learn about the gifts provided to senior managers at Australia Post.

We have instructed the Department of Infrastructure, Transport, Regional Development and Communications, together with the Department of Finance, to conduct a formal investigation into the matter.

The investigation by the shareholder departments will be supported by an external law firm.

We expect this investigation to commence immediately, and to be completed within four weeks.

The Government expects all government entities, including Government Business Enterprises, to act ethically and adhere to high standards regarding the expenditure of money, as the public also rightly expects. The independent investigation will determine whether or not these high standards were met.

The investigation will also examine the actions of Board members in relation to this matter, and will report back to Cabinet.

The Chief Executive of Australia Post will be standing aside from her position for the duration of the investigation.

[ENDS]

**Media Contact(s)**

**Minister Cormann:** Karen Wu - 0428 892 771

**Minister Fletcher:** Imre Salusinszky - 0432 535 737




**Senator the Hon Mathias Cormann, Minister for Finance, Perth**

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- [Budget 2020-21](#) 
- [Assistant Minister for Finance](#)
- [Special Minister of State \(archived\)](#) 



# APPENDIX 5



Connecting  
our community



22 October 2020

## Problems at Australia Post go deeper than luxury watches – union

The union representing postal workers is disgusted at today's revelations that Australia Post's CEO and Board gifted \$12,000 in watches to senior employees – and says it's just the tip of the iceberg when it comes to the problems plaguing Australia Post.

CEPU Communications Union National Secretary, Greg Rayner said "It's outrageous that Australia Post's CEO and Board gifted \$3,000 watches to four senior, highly paid employees. But it's not surprising given the other shocking decisions coming out of Australia Post's leadership this year.

"In the middle of a pandemic, Australia Post decided to slow down deliveries right when Australians need the service the most. This seriously says something about the motivations of Australia Post's Executive team, Chair and Board.

"The watches scandal today is just the tip of the iceberg. If you look below the surface – there are far greater problems plaguing our network.

"The Government needs to intervene further than just wiping out the CEO – Australia Post needs a whole reshuffle to get their leadership team right. The Board must step aside too.

"At the forefront of every decision made by Australia Post should be the safety of their workforce, and the quality of services they provide. That's clearly not on their minds otherwise they would not be slowing down deliveries and putting incredible pressure on their workers in the middle of a pandemic.

The results of a survey released today of over 1000 CEPU members participating in Australia Post's *Alternate Day Delivery Model*, has given a dire warning, as posties are engaging in unsafe work practices in an attempt to clear delivery backlogs and postage delays that are still being experienced across the network.

The survey found:

- 57% of traditional posties, delivering both letters and small parcels predominantly by motorcycle, said they left letters-based products behind at the delivery centre, or brought them back where they remained undelivered for more than one business day.
  - Of those, the average number of letters were 201 per postie per response
- 51% of posties said they left behind, or brought back, parcel products (including premium products such as *Express Post*) they were unable to deliver on their run, on the day the parcel was due for delivery.
  - Of those, the average number of parcels undelivered on the day they were due was 44
- 43% of posties admitted to not adhering to all footpath and nature strip speed limits whilst performing the delivery function of their role
- 84% of posties said they were unable to complete their duties within their rostered hours. 34% of those said they considered the level of overtime required to complete their run to be unreasonable

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Level 9, 365 Queen Street, Melbourne Vic 3000 (Australia)

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E [cwu@cwu.org.au](mailto:cwu@cwu.org.au)

ABN 22 401 014 998 A Division of CEPU

Shane Murphy  
James Perkins  
(Postal)  
Bernie Clarke

Divisional President  
Divisional Assistant Secretary (Telecommunications)  
Divisional Vice-President

Greg Rayner  
Nicole Robinson  
Elly Huttly

Divisional Secretary  
Divisional Assistant Secretary  
Divisional Vice-President (AA)



Connecting  
our community



**22 October 2020**

- 55% admitted to not taking all their applicable breaks in order to complete their duties

“These delivery backlogs are a direct result of Government changes allowing Australia Post to neglect their regulatory obligations by slowing the network down to second day deliveries.

“We’ve warned from the very beginning that reducing the frequency of deliveries in the middle of a global pandemic is a recipe for disaster.

“These survey results paint a seriously bleak picture of what’s happening behind the scenes on our postal network. Now the watches scandal needs to be a watershed moment to get our network right.

“Australians are relying on our postal service now more than ever – and they’re being let down by the Federal Government and Australia Post management.

“We will continue to engage with Australia Post to pursue a delivery model that provides job security for posties and provides the efficiencies the company requires to remain sustainable. However, our members’ health and safety and the quality of services expected by the public must be at the forefront of those considerations”

**Media contact: Amelia Brock, 0430 187 161**

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ABN 22 401 014 998 A Division of CEPU

**Shane Murphy** Divisional President  
**James Perkins** Divisional Assistant Secretary (Telecommunications)  
(Postal)  
**Bernie Clarke** Divisional Vice-President

**Greg Rayner** Divisional Secretary  
**Nicole Robinson** Divisional Assistant Secretary  
**Elly Huttly** Divisional Vice-President (AA)

# APPENDIX 6

The member for Lindsay asked about alternative approaches. The members opposite's position on gas is not to have a consistent position. The opposition to gas from many of those opposite is an attack on the livelihoods and wellbeing of so many Australian workers, their families and the businesses that employ them. As the Australian Workers Union has noted—the Australian Workers Union, no less—the 'New South Wales manufacturing sector is unreservedly underpinned by the economics of gas'. 'Unreservedly underpinned'—now that doesn't sound like an industry with no future, as the member for Hindmarsh would have it. You abandon gas; you abandon the jobs of Australian workers.

It's no wonder that the head of the AWU, Daniel Walton, has labelled the member for Hindmarsh's position 'not just morally indefensible, it's strategically moronic'—strategically moronic, Mr Speaker! He goes on to say we 'may as well kiss goodbye to our heavy manufacturing sector' if we follow the advice of the member for Hindmarsh. That's what you get if you rely on the advice of the member for Hindmarsh. Only the Morrison government has a plan for jobs and economic recovery.

#### **Australia Post**

**Ms ROWLAND** (Greenway) (14:29): My question is to the minister for communications. Why was \$12,000 of taxpayers' money spent on four Cartier watches for Australia Post executives?

**Mr FLETCHER** (Bradfield—Minister for Communications, Cyber Safety and the Arts) (14:29): I do thank the shadow minister for her question. I was as shocked and concerned as everybody else to discover this when it was revealed in estimates this morning. I have spoken to the chair of Australia Post. I've explained that the government's view is that the boards and management of government business enterprises need to take great care with taxpayers' money. They need to take great care with taxpayers' money. I have informed the chair of Australia Post that the shareholder—

*Opposition members interjecting—*

**The SPEAKER:** Members on my left!

**Mr FLETCHER:** ministers have asked our respective departments to carry out an investigation into this matter, and I've asked the chair to provide the full support of the company for this investigation. I've also asked the chair to inform the chief executive that she will be asked to stand aside during the course of this investigation. This is a matter which the government takes very seriously.

**An opposition member:** What about the board?

**Mr FLETCHER:** We expect the boards and management of government business enterprises to deal with taxpayers' money with scrupulous care, and that is what this investigation will be focused on, and it will examine the conduct of all involved in how this matter occurred.

#### **Environment**

**Mr LEESER** (Berowra) (14:31): My question is to the Minister for the Environment. Will the minister update the House on how the Morrison government are acting to protect our iconic environment and the Australian jobs that go with it?

**Ms LEY** (Farrer—Minister for the Environment) (14:31): I thank the member for Berowra for his question. Yesterday, I spoke about how the Morrison government is driving a billion-dollar transformation in the waste and recycling industry, creating 10,000 jobs over the next decade, and our budget continues our government's commitment to protecting our environment and Australia's economic recovery, with an additional \$1.8 billion in new investments, protecting our oceans, preserving national parks and heritage areas, recovering our unique natural environment from bushfires, and, as we come out of COVID, supporting jobs in regional communities. We're spending \$233 million—the largest ever investment in our national parks—creating more than 1,100 rural and remote jobs in Uluru, Kakadu, Booderee and Christmas and Norfolk islands. Thirty-three million dollars will provide infrastructure upgrades across our World Heritage sites, from the wet tropics in the north, through the Gondwana rainforests of the Great Dividing Range, to the Tasmanian overland trails and the Ningaloo Coast in Western Australia.

Recognising the significance of our Indigenous, convict and military history, more than \$60 million is being invested for the maintenance and restoration of Sydney Harbour Federation Trust sites, including on Cockatoo Island and Sub Base Platypus. Reef HQ in Townsville is getting further upgrades, taking our investment in the world's largest living coral reef aquarium to more than \$40 million since last year.

These measures demonstrate our commitment to protecting, preserving and showcasing our unique natural environment and the communities it sustains. Twenty-eight million dollars will be invested to sustainably manage our marine park network—3.3 million square kilometres; one of the biggest in the world. Fourteen million dollars will be invested in cleaning up lost and discarded fishing gear, or 'ghost nets', throughout the waters and beaches of northern Australia. And we're continuing our investment in the International Partnership for Blue Carbon, to assist our Pacific family to tackle problems with marine pollution. Twenty million dollars we're investing in building oyster reefs that stabilise coastlines, clean the water and create thousands of kilograms of new fish stocks.

Our precious native species remain a critical focus as we continue to roll out over \$200 million of bushfire habitat recovery. Our environmental protection draws heavily on Commonwealth-led research from our National Environmental Science Program, backing our on-ground practical action with work in areas like threatened species climate adaptation, marine parks and Landcare activities. We are providing economic and environmental leadership.

### Australia Post

**Mr ALBANESE** (Grayndler—Leader of the Opposition) (14:34): My question is also addressed to the minister for communications. When did the minister first learn about the 2018 purchase of four Cartier watches, valued at \$12,000, by Australia Post with taxpayer funds?

**Mr FLETCHER** (Bradfield—Minister for Communications, Cyber Safety and the Arts) (14:34): I indicated in my previous answer that I was shocked to discover that—

*Opposition members interjecting—*

**Mr FLETCHER:** when it was revealed in estimates this morning.

**The SPEAKER:** The minister might pause for a second. We're not going to have the situation where a minister is asked a specific question and I can't hear the answer because there are a whole series of interjections. It's completely pointless. If you're going to ask the question, please listen to the answer. The minister has the call.

**Mr FLETCHER:** I've concluded my answer.

*Honourable members interjecting—*

**The SPEAKER:** The Leader of the Opposition can resume his seat. To both sides, to all members, I'm just going to make this point now. I will start ejecting people rapidly. That is a prime example where the minister did give the answer. It will be there in *Hansard*. I could just hear the answer. I believe the Leader of the Opposition didn't, and that is because those behind him were interjecting loudly. A minister can conclude their answer at any time. So that is a prime example of why interjections are completely counterproductive. If there is a repeat of that, with those levels of interjections, there will be no warnings for the rest of the day, there will be no mentions, there will just be ejections.

#### **National Redress Scheme for Institutional Child Sexual Abuse**

**Mr SIMMONDS** (Ryan) (14:36): My question is to the Minister representing the Minister for Families and Social Services. Today is the second anniversary of the national apology to victims of institutional child sexual abuse. Will the Minister representing the Minister for Families Social Services update the House on the status of the National Redress Scheme?

**Mr ROBERT** (Fadden—Minister for the National Disability Insurance Scheme and Minister for Government Services ) (14:36): I thank the member for Ryan for his question. Today, as the House knows, marks two years since the Prime Minister apologised to victims and survivors of institutional child sexual abuse—a period of Australian history that should not be forgotten. Can I acknowledge the very fine words of both the Prime Minister and the Leader of the Opposition this morning. The Redress Scheme was a key recommendation of the resulting royal commission. The royal commission made 84 recommendations, all of which have been implemented through the 10-year National Redress Scheme, which commenced in 2018. The latest figures I can report, as reflected by the Prime Minister this morning, are that 8,297 applications have been received and 4,670 decisions have been made, with payments totalling some \$320 million—an average of approximately \$82,000 per applicant. Nearly 300 non-government organisations, on top of state, territory and Commonwealth government institutions, have signed up. This includes sporting groups, churches, local community organisations and schools. It covers 53,000 sites. It's clear that, together, we are on the right track.

The date of 31 December this year marks another crucial date for the scheme. We're actively working with 158 institutions who have committed to join but have not yet done so. Sadly, four institutions have decided not to join, being Fairbridge, Jehovah's Witnesses, Kenja Communication and Lakes Entrance Pony Club. I think it's clear that we are firm in our resolve on this issue. Should any of the 158 institutions not fully commit and join the scheme by the end of the year, after having six months or more to join, they will be publicly named and face the same consequences as the four institutions just named.

Improving the scheme and ensuring survivors of institutional child sexual abuse are supported remains a clear priority for us all. We're now in the process of reviewing the

# APPENDIX 7





Newsroom

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## Statement from the Australia Post Chairman, Lucio Di Bartolomeo



The Australia Post Board and management team will fully cooperate with the recently announced investigation to be conducted by shareholder departments.



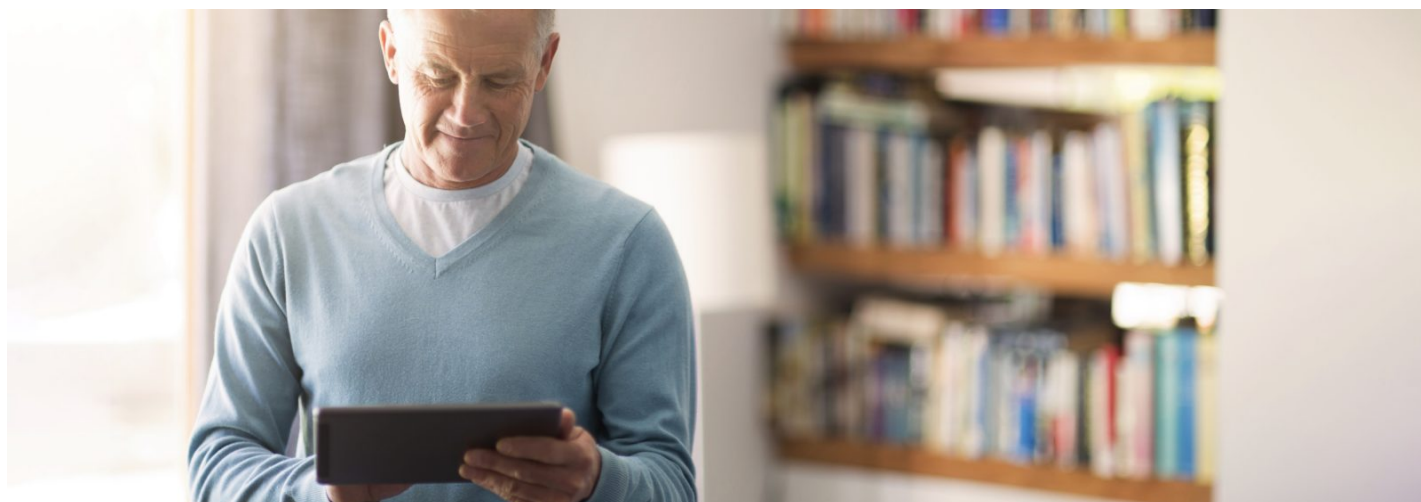
We remain committed to delivering for our important stakeholders – our people, our Post Office partners, our customers and the community.

Group CEO & Managing Director Christine Holgate will stand aside during the investigation. During this time, Rodney Boys, Chief Financial Officer will be acting in the role.

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# APPENDIX 8

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**From:** Employee Communication  
**Sent:** Thursday, 22 October, 2020 8:04 PM  
**To:** [REDACTED]  
**Subject:** Leadership Update

## A message from the Chair



October 22, 2020

Dear [REDACTED]

I understand today may have been difficult and uncertain for many of you.

As you will have heard, this afternoon our Shareholder Minister Paul Fletcher announced a formal investigation into the gifts given to four senior managers in 2018. This investigation will begin immediately.

Group CEO & Managing Director Christine Holgate will stand aside while this investigation is being conducted. I would like to confirm Rodney Boys, Group Chief Financial Officer will be acting in the role during this time.

I appreciate there will be many questions and would like to assure you that when more information is available, it will be shared as soon as possible.

In the interim, I thank you and ask you to keep focused on the great work we do delivering for Australia.

Stay safe,

**Lucio Di Bartolomeo**  
Chair of Australia Post



Australia Post will never send you an email asking for your password, credit card details or account information.

This email was sent by [Australia Post](#), 111 Bourke Street, MELBOURNE VIC 3000. If you have any concerns, or don't think you should have received this email, please email [employeecommunications@auspost.com.au](mailto:employeecommunications@auspost.com.au). Visit [ourpost.com.au](http://ourpost.com.au) for further information on our online [security](#).

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# APPENDIX 9



24 October 2020

Christine Holgate  
Group Chief Executive Officer and Managing Director  
Australia Post  
BY EMAIL: [REDACTED]

Dear Christine,

**Your agreement to stand aside pending investigation**

Following revelations at the Senate Estimates on Thursday regarding the purchase of watches for senior employees involved in the Bank@Post deal, our Shareholder has raised serious concerns in relation to this decision, and has expressed the view that you should stand aside pending an independent investigation in relation to these matters.

As you are aware, Australia Post takes the views expressed by our Shareholder very seriously. Accordingly, the Board has determined that we need to cooperate fully with the Shareholder whilst the investigation is underway. Depending on the outcome, Australia Post can then determine appropriate next steps.

This letter confirms my recent discussions with you that you agreed to stand aside effective Thursday afternoon, pending the outcome of the Shareholder's investigation and any further action taken by Australia Post. As part of this arrangement:

- Your remuneration will continue and you will remain bound by all the terms and conditions of your employment with Australia Post.
- You will not be required to attend the workplace or carry out any of your ordinary work duties except if directed by me.
- You should not have any work-related communications with any directors, officers, employees, contractors, agents or customers of Australia Post, without first consulting with [REDACTED]. (This of course does not apply to any communications that you might have at a personal level, for ongoing support and connection through this very difficult time.)

Postal Address:  
GPO Box 1777  
Melbourne VIC 3001  
Phone: [REDACTED]

Street Address:  
111 Bourke Street  
Melbourne VIC 3000  
Email: [REDACTED]

During this period, we will implement the following practical arrangements to manage your workload and ensure clarity for the team:

- As has been announced, Rodney Boys will act as Group Chief Executive Officer and Managing Director. Matters related to or directed to that role will therefore be handled by Rodney.
- You will continue to have access to Australia Post's IT network. We understand that it will be important for you to have access to emails and documents, as may be necessary to respond to enquiries during the investigation. Further, it means that you will be able to receive and respond to personal emails.
- Work-related emails addressed to your work email address will be reviewed and allocated for action to appropriate Australia Post representatives (this will be managed by [REDACTED] oversight).
- Similar arrangements will apply for incoming correspondence and telephone enquiries. Work-related matters will be reviewed and allocated to appropriate Australia Post representatives and personal matters will be notified to you by email.
- [REDACTED] will continue to be your primary point of contact on all employment related matters and to ensure that you are properly supported by Australia Post, during this extraordinarily difficult time. (Of course, this is in addition to support available from your team.)
- [REDACTED] has been nominated as a primary point of contact for any information requests or other queries that you may have (for example, requests for information to assist you in responding to enquiries during the investigation).

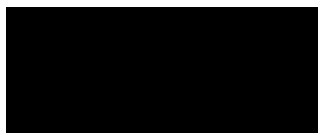
You will be required to cooperate with Australia Post and the Shareholder in relation to its investigation, including attending interviews. You will also be required to maintain confidentiality in relation to the investigation process and are directed not to contact or discuss this matter with anyone inside or outside of Australia Post. This includes any witnesses involved in the investigation. It is understood you may wish to discuss the matter with a professional adviser or members of your immediate family, but if you do so you must also do everything possible to ensure that they respect the confidentiality of the investigation process.



Whilst we have not been provided with any details from the Shareholder in relation to its investigation, we will contact you in due course to advise next steps.

Please do not hesitate to contact me or [REDACTED] with any queries.

Yours sincerely,

A large black rectangular redaction box covering the signature area.

**Lucio Di Bartolomeo**  
Chair

# **APPENDIX 10**

2 November 2020

Dear Mr Chairman & Directors

Regrettably, given the recent events, I have come to the view that my continuation as Chief Executive is untenable.

I have done no wrong, but I believe the current situation is not in the best interests of the organisation, our customers, our people or my own health.

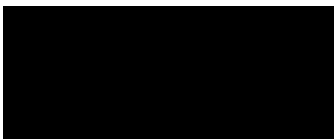
Consequently I am offering to resign as both Chief Executive and as a Director with immediate effect. I do not seek my financial compensation.

The terms of the investigation are now to hand and notwithstanding my resignation I am available to participate in it.

It has been an honour and privilege to serve Australia Post and I am disappointed that I am unable to continue in my role.

This must come to an end today so I would appreciate if you could give me your favourable response. I attach a copy of an external statement which I will be releasing at 2pm, in any event.

Regards

A solid black rectangular box used to redact the signature of Christine Holgate.

Christine Holgate

# **APPENDIX 11**

## **CHRISTINE HOLGATE OFFERS RESIGNATION AS CEO OF AUSTRALIA POST**

I have offered today the Chairman and Board of Australia Post, with great sadness, my resignation as Chief Executive with immediate effect. I am not seeking any financial compensation.

As Christmas approaches it is critically important that Australia Post is absolutely focussed on supporting our customers and communities. We have prepared significantly for this peak, but we still face significant challenges - keeping our people safe, managing the biggest ecommerce Christmas ever and planning in the face of unpredictable seasonal weather. I firmly believe the 'ship' needs a strong captain at the helm to help navigate through this time. The current issue I am managing is a significant distraction and I do not believe it is good for either Australia Post or my own personal wellbeing. Consequently, I have made the difficult decision to resign, hoping it will allow the organisation to fully focus on serving our customers.

I have had the privilege to lead Australia Post for three years, and I am so proud of what we have achieved together over this time.

Our recent financial results delivered a record revenue of \$7.5bn, up \$500m or 7% and our profits before tax rose 30% to \$53.6m for the year. This was our highest ever revenue growth in a year without acquiring a major asset. Our business transformation accelerated, we kept our people safe, we invested whilst avoiding a loss, unlike many of our international peers. Enabling almost 2000 Posties to deliver parcels in vans created an opportunity for their roles to be sustainable and to serve our country better. Our strong parcel, services and international cross-border ecommerce businesses, all helped compensate for having 400m fewer letters, covered \$242m in letter losses and we still delivered a profit.

Australia Post's first quarter revenues of over \$2bn are up 15%; domestic parcels added \$338m and pleasingly our post office revenues grew 19%. Putting this in perspective, Australia Post delivered more growth in parcel revenues in the first quarter than for the whole of 2018. Since COVID began Australia Post has delivered 300 million parcels, with parcels now representing over 67% of our business, whilst facilitating 82% of Australia's ecommerce, adding a further \$4.2bn in economic contribution to our country. The COVID crisis has changed the retail landscape of Australia forever and I am immensely proud of the significant role Australia Post has played in making this happen.

I have always sought to recognise and thank the efforts of our 80,000 strong extended team, as together they are the real heroes behind our results. Philosophically, I believe if you want to drive positive change, you need to thank and reward positive behaviours.

However, I deeply regret that a decision made two years ago, which was supported by the Chair, to recognise the outstanding work of four employees has caused so much debate and distraction and I appreciate the optics of the gifts involved do not pass the "pub test" for many.

I still believe firmly that the people who achieved the Bank@Post outcome for Australia Post deserved recognition, their work secured a \$220m investment over the following years, which dramatically improved the financial performance of the company, protected a critical community service which more than 50% of the communities in Australia depend on and made our Community Post Offices sustainable for the long term.

I will make myself readily available to participate in the investigation of this matter and any other issues of possible concern.

I have no animosity towards the Government and have enjoyed working with the Prime Minister, the Shareholder Ministers and many other political leaders during my tenure.

I am deeply appreciative of the significant support I have received from our people, our customers, our partners – especially our Community Licensed Post Offices and individuals across the country. I have made this difficult decision to leave to enable Australia Post to be able to fully focus on delivering for our customers.

My sincere apologies if my words or actions have offended others as this would never have been my intention because I have always held Australia Post in the greatest regard.

Australia Post is growing and now has a strong viable future where our Community Post Offices can flourish, our Posties and delivery teams maintain their roles, communities secure ongoing services and one which can support the economic recovery of our country.

Christine Holgate.

# **APPENDIX 12**

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**From:** Holgate, Christine <[REDACTED]>  
**Sent:** Monday, 02 November, 2020 2:29 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** My Offer Of Resignation  
**Attachments:** CHRISTINE HOLGATE OFFERS RESIGNATION STATEMENT.pdf

Dear fellow Executive Team Members,

It is with great sadness; that today have informed the Chair and the Board of my resignation as Chief Executive of Australia Post with immediate effect.

Attached is a copy of a statement I have given this afternoon.

As Christmas approaches it is critically important that the business is absolutely focussed on supporting our customers and communities. We have prepared significantly for this Peak, but we still face significant challenges, keeping our people safe, managing the biggest Christmas ever and planning in the face of unpredictable seasonal weather. I firmly believe the 'ship' needs a strong captain at the helm to help navigate the business through this. The current issue I am managing is a significant distraction and I do not believe it is good for either Australia Post or my own personal wellbeing. Consequently, I have made the very difficult decision to resign, hoping the organisation can get fully focussed on serving our customers.

I have found the last ten days very disappointing and I believe continuing in a holding pattern puts my own health at significant risk, whilst continuing to distract the organisation and its leadership.

I have always believed it is an honour to work at Australia Post and I will always be appreciative of the opportunity to play a role in our history. Although there is much more work to be done, I am so proud of what we have achieved together over this time. Australia Post is growing and now has a strong viable future ahead. A future where our Community Post Offices can flourish, our Posties and delivery teams maintain their roles, communities secure ongoing services and one which can support the economic recovery of our country.

I want to share my deep regret, that a gift I chose two years ago, to recognise the outstanding work of 4 employees, has caused so much debate and distraction and I appreciate in today's eyes the optics of these gifts, do not pass the "pub test". I still believe firmly that the people who achieved the Bank@Post outcome for Australia Post deserved recognition. The gifts were approved by the previous Chair, they were correctly accounted for, openly celebrated and I personally did not benefit at all from them.

I welcome and fully support a fair investigation and I have no animosity towards the Government.

I will not be seeking any financial compensation from Australia Post.

Finally, I want to both thank you all for your outstanding leadership and hard work, I have thoroughly enjoyed working with you and wish you every success going forward. You are a strong team, with great complementary attributes. I know you will rise through this time and continue to make our organisation proud.

Yours sincerely,  
Christine.

Christine Holgate





# **APPENDIX 13**



Newsroom

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## Statement from Australia Post Chair Lucio Di Bartolomeo



On behalf of the Board of Directors of Australia Post, I wish to advise that Group Chief Executive Officer and Managing Director, Christine Holgate resigned today.



Her resignation is effective immediately.

Ms Holgate has indicated her willingness to participate in the recently announced Shareholder Departments investigation into aspects of Australia Post expenditure.

The Board and management are providing full cooperation and assistance to this Review.

Christine Holgate has held the role of Group Chief Executive Officer and Managing Director since October 2017 and while noting the current Review, I would like to acknowledge and recognise the significant contributions she has made during her tenure.

The Acting Group Chief Executive Officer and Managing Director Rodney Boys leads a strong, experienced, executive leadership team.

We thank all of our workforce for their ongoing commitment and all our customers for their support.

During the last three years, Australia Post has reported significant growth as it continued to innovate and transform its operations and structures to best deliver for Australian communities and customers.

This has been one of the toughest years in Australia Post's history and the Board acknowledges the extraordinary efforts made across the organisation to meet the challenges of COVID-19.

Australia Post has always been there for Australian communities and this year, it delivered more parcels than ever before – 400 million, to more than 12.3 million delivery points across the country. Australia Post invested more than \$20 million in keeping 75,000 of our workforce safe and supported our post office network with 99.6% remaining open and serving the community throughout this time.

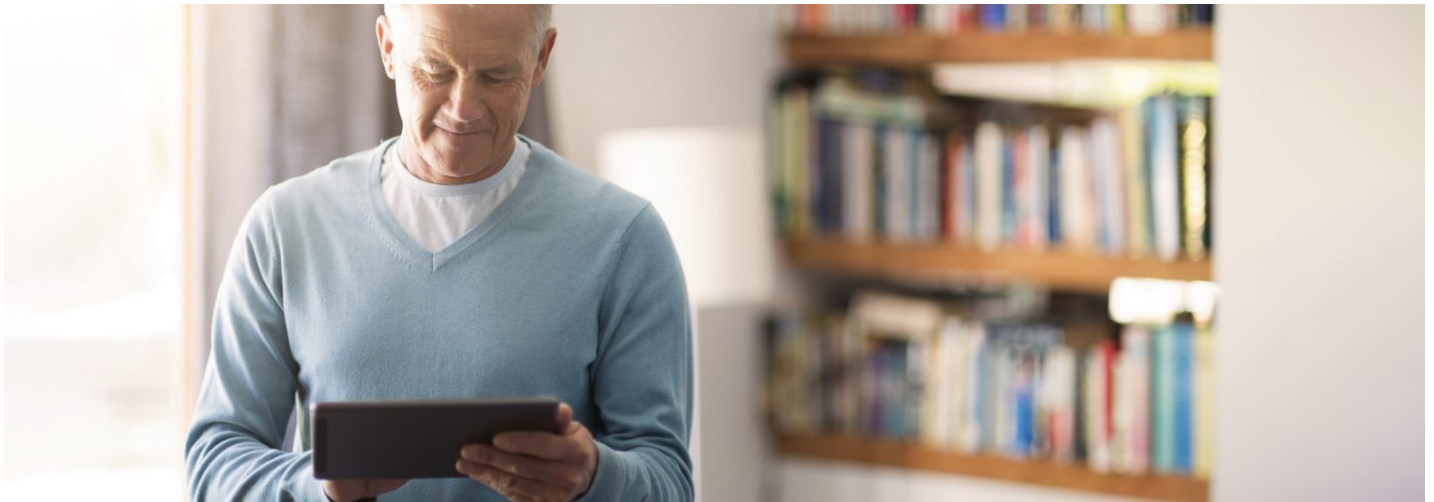
The Board is acutely aware of the challenge of the Christmas peak period ahead and Australia Post is working hard to deliver for Christmas 2020.

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# **APPENDIX 14**

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**From:** Employee Communication  
**Sent:** Monday, 02 November, 2020 3:25 PM  
**To:** [REDACTED]  
**Subject:** Leadership Update - Resignation of Christine Holgate



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**This message has been sent to all Australia Post people**

November 2, 2020

Dear [REDACTED],

On behalf of the Board of Directors of Australia Post, I wish to advise that Group Chief Executive Officer and Managing Director, Christine Holgate resigned today.

Her resignation is effective immediately.

Ms Holgate has indicated her willingness to participate in the recently announced Shareholder Departments investigation into aspects of Australia Post expenditure.

The Board and management are providing full cooperation and assistance to this Review.

Christine Holgate has held the role of Group Chief Executive Officer and Managing Director since October 2017 and while noting the current Review, I would like to acknowledge and recognise the significant contributions she has made during her tenure.

The Acting Group Chief Executive Officer and Managing Director Rodney Boys leads a strong, experienced, executive leadership team.

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The Board is acutely aware of the challenge of the Christmas peak period ahead and Australia Post is working hard to deliver for Christmas 2020.

**Lucio Di Bartolomeo**  
Chair of Australia Post



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# **APPENDIX 15**



2 November 2020

Ms Christine Holgate  
Group Chief Executive Officer & Managing Director  
Australia Post

BY EMAIL: [REDACTED]

Dear Christine,

**Resignation**

Thank you for your letter today advising the Board that you have resigned as both Group Chief Executive Officer and Managing Director of Australia Post.

While noting the current review, I would like to acknowledge the significant contributions that you have made during your tenure.

Australia Post accepts your offer that your resignation will take effect immediately (today) and you will not receive a payment in lieu of notice or any other financial compensation from Australia Post. In accordance with your contract of employment, please sign below to vary the contract of employment to give effect to this agreement.

Please see enclosed a public statement that Australia Post has issued regarding your resignation. On behalf of the Board, I wish you all the very best for the future.

Yours sincerely,

**Lucio Di Bartolomeo**  
Chair

I, Christine Holgate, agree that my resignation will take effect immediately (today) and I will not receive a payment in lieu of notice or any other financial compensation from Australia Post.

.....

Christine Holgate  
Date:

Postal Address:  
GPO Box 1777  
Melbourne VIC 3001  
Phone: [REDACTED]

Street Address:  
111 Bourke Street  
Melbourne VIC 3000  
Email: [REDACTED]

**Statement from Australia Post Chair Lucio Di Bartolomeo**

On behalf of the Board of Directors of Australia Post, I wish to advise that Group Chief Executive Officer and Managing Director, Christine Holgate resigned today.

Her resignation is effective immediately.

Ms Holgate has indicated her willingness to participate in the recently announced Shareholder Departments investigation into aspects of Australia Post expenditure.

The Board and management are providing full cooperation and assistance to this Review.

Christine Holgate has held the role of Group Chief Executive Officer and Managing Director since October 2017 and while noting the current Review, I would like to acknowledge and recognise the significant contributions she has made during her tenure.

The Acting Group Chief Executive Officer and Managing Director Rodney Boys leads a strong, experienced, executive leadership team.

We thank all of our workforce for their ongoing commitment and all our customers for their support.

During the last three years, Australia Post has reported significant growth as it continued to innovate and transform its operations and structures to best deliver for Australian communities and customers.

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Australia Post has always been there for Australian communities and this year, it delivered more parcels than ever before – 400 million, to more than 12.3 million delivery points across the country. Australia Post invested more than \$20 million in keeping 75,000 of our workforce safe and supported our post office network with 99.6% remaining open and serving the community throughout this time.

The Board is acutely aware of the challenge of the Christmas peak period ahead and Australia Post is working hard to deliver for Christmas 2020.

- Ends -

# **APPENDIX 16**

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**From:** Employee Communications <[REDACTED]>  
**Sent:** Thursday, 05 November, 2020 2:51 PM  
**To:** [REDACTED]  
**Subject:** A farewell message from Christine



---

November 5, 2020

*This email was sent to all Australia Post people*

***You will be aware that on Monday Christine Holgate resigned as Chief Executive of Australia Post. Christine has requested that the following note be sent to employees.***

Dear [REDACTED],

On Monday I offered the Chairman and Board of Australia Post, with great sadness, my resignation as Chief Executive with immediate effect.

As Christmas approaches it is critically important that as a whole team the business is absolutely focussed on supporting our customers and communities. We have prepared significantly for this Peak, but we still face significant challenges, keeping our people safe, managing the biggest Christmas ever and planning in the face of unpredictable seasonal weather. I firmly believe the 'ship' needs a strong captain at the helm to help navigate the business through this. The current issue I am managing is a significant distraction and I do not believe it is good for either Australia Post or my own personal wellbeing.

I have had the privilege to lead our incredible team at Australia Post for three years.

On joining I held a strong vision to unite Australia Post as one, to return our organisation to sustainable growth, transform us into a strong modern efficient enterprise, where our future prosperity leveraged our incredible brand, reach and purpose to continue serving our country. Although there is much more work to be done, I am so proud of what we have achieved together over this time.

Our recent financial results delivered a record revenue of \$7.5bn, up \$500m or 7% and our profits before tax rose 30% to \$53.6m for the year. This was our highest ever revenue growth in a year without acquiring a major asset. Our business transformation accelerated, we kept our people safe, we invested whilst avoiding a loss, unlike many of our international peers. Enabling almost 2,000

Posties to deliver parcels in vans created an opportunity for their roles to be sustainable and to serve our country better. Our strong parcel, services and international cross-border eCommerce businesses, all helped compensate for having 400m fewer letters, covered \$242m in letter losses and we still delivered a profit.

Australia Post's first quarter revenues of over \$2bn are up 15%; domestic parcels added \$338m and pleasingly our post office revenues grew 19%. Putting this in perspective, Australia Post delivered more growth in parcel revenues in the first quarter than for the whole of 2018. Since COVID began Australia Post has delivered 300 million parcels, with parcels now representing over 67% of our business, whilst facilitating 82% of Australia's eCommerce, adding a further \$4.2bn in economic contribution to our country. The COVID crisis has changed the retail landscape of Australia forever and I am immensely proud of the significant role Australia Post has played in making this happen.

We have certainly had our challenges during my tenure, driving transformation has not all been easy.

This year has been a year which has really tested our strength. Through the bushfires and then the floods, the importance of our unique role in the community was proven again. COVID evidenced the courage and commitment of you, our people; we kept delivering and our stores stayed open, not knowing what risks we faced. We opened 18 more facilities to help process the parcels faster and we chartered up to 17 planes a day to compensate for the significant reduction in the Qantas air network.

Looking forward the Executive Team is planning for a \$4bn Christmas, with consumers predicting they will spend 25% more than the year before. Australia Post is significantly investing in delivery and customer service capability, employing more than 5,000 additional employees, there will be 3,000 more vehicles, there will be 18 dedicated air freighters and the sectors they fly to will increase by 88%, with more stops in South Australia, Tasmania, Northern Territory and Perth. Altogether this will support the delivery of many more letters and parcels. I leave the company knowing you are in a strong position to deal with the coming Christmas and the ongoing challenges of the eCommerce revolution.



I have always sought to recognise and thank the efforts of our 80,000 strong extended team, as together they are the real heroes behind our results. Philosophically, I believe if you want to drive positive change, you need to thank and reward positive behaviours.

However, I want to share my deep regret, that a gift I chose two years ago, to recognise the outstanding work of four employees, has caused so much debate and distraction and I appreciate the optics of these gifts, does not pass the "pub test" for many.

I still believe firmly that the people who achieved the Bank@Post outcome for Australia Post deserved recognition, their work secured a \$220m investment over the following years, which dramatically improved the financial performance of the company, protected a critical community service which more than 50% of the communities in Australia solely depend on and made our Community Post Offices sustainable for the long term.

My sincere apologies if my words or actions have offended others, this would never be my intention, as I have always held Australia Post in the greatest regard.

I will make myself readily available to participate in the investigation of this matter and any other issues of possible concern.

I would like to thank you sincerely for all of the support that has been expressed to me by our team, our customers, our partners and especially our Community Licensed Post Offices, not just in the past ten days, but since I commenced. It has been my greatest privilege to work with you.

I want to also recognise and thank our strong talented Executive Team, who going forward together will work hard to continue to support you all.

I have always believed it is such an honour to work at Australia Post and I will always be appreciative of the opportunity to play a role in our history. I truly hope I have not let any of you down in making my decision, as I am doing it, so everyone can get back focussed on delivering for our customers.

I have no animosity towards the Government and have enjoyed working with the Prime Minister, the Shareholder Ministers and many other political leaders during my tenure.

I would now like to take a break to focus on my health. Following which, I have offered to volunteer to help some of our amazing Community License Post Offices, as they prepare for the biggest eCommerce Christmas ever.

I leave knowing Australia Post is growing and has a strong viable future ahead. A future where our Post Offices can flourish, our Posties and delivery teams maintain their roles, communities secure ongoing services and one which can support the economic recovery of our country.

With my sincere thanks,

Christine.



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# **APPENDIX 17**



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**From:** Holgate, Christine <[REDACTED]>  
**Sent:** Monday, 02 November, 2020 3:00 PM  
**To:** [REDACTED]  
**Subject:** Employee Letter.

[REDACTED], here is my employee message, please could this be sent to employees..

Dear Team,

Today I have the offered the Chairman and Board of Australia Post, with great sadness, my resignation as Chief Executive with immediate effect.

As Christmas approaches it is critically important that as a whole team the business is absolutely focussed on supporting our customers and communities. We have prepared significantly for this Peak, but we still face significant challenges, keeping our people safe, managing the biggest Christmas ever and planning in the face of unpredictable seasonal weather. I firmly believe the 'ship' needs a strong captain at the helm to help navigate the business through this. The current issue I am managing is a significant distraction and I do not believe it is good for either Australia Post or my own personal wellbeing. Consequently, I have made the very difficult decision to resign, hoping the organisation can get fully focussed on serving our customers.

I have had the privilege to lead our incredible team at Australia Post for three years.

On joining I held a strong vision to unite Australia Post as one, to return our organisation to sustainable growth, transform us into a strong modern efficient enterprise, where our future prosperity leveraged our incredible brand, reach and purpose to continue serving our country. Although there is much more work to be done, I am so proud of what we have achieved together over this time.

Our recent financial results delivered a record revenue of \$7.5bn, up \$500m or 7% and our profits before tax rose 30% to \$53.6m for the year. This was our highest ever revenue growth in a year without acquiring a major asset. Our business transformation accelerated, we kept our people safe, we invested whilst avoiding a loss, unlike many of our international peers. Enabling almost 2000 Posties to deliver parcels in vans created an opportunity for their roles to be sustainable and to serve our country better. Our strong parcel, services and international cross-border ecommerce businesses, all helped compensate for having 400m fewer letters, covered \$242m in letter losses and we still delivered a profit.

Australia Post's first quarter revenues of over \$2bn are up 15%; domestic parcels added \$338m and pleasingly our post office revenues grew 19%. Putting this in perspective, Australia Post delivered more growth in parcel revenues in the first quarter than for the whole of 2018. Since COVID began Australia Post has delivered 300 million parcels, with parcels now representing over 67% of our business, whilst facilitating 82% of Australia's ecommerce, adding a further \$4.2bn in economic contribution to our country. The COVID crisis has changed the retail landscape of Australia forever and I am immensely proud of the significant role Australia Post has played in making this happen.

We have certainly had our challenges during my tenure, driving transformation has not all been easy.

This year has been a year which has really tested our strength. Through the Bushfires and then the floods, the importance of our unique role in the community was proven again. COVID, evidenced the courage and commitment of you, our people; we kept delivering and our stores stayed open, not knowing what risks we faced, We opened 18 more facilities to help process the parcels faster and we chartered up to 17 planes a day to compensate for the significant reduction in the Qantas air network.

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I have always sought to recognise and thank the efforts of our 80,000 strong extended team, as together they are the real heroes behind our results. Philosophically, I believe if you want to drive positive change, you need to thank and reward positive behaviours.

However, I want to share my deep regret, that a gift I chose two years ago, to recognise the outstanding work of 4 employees, has caused so much debate and distraction and I appreciate the optics of these gifts, does not pass the "pub test" for many.

I still believe firmly that the people who achieved the Bank@Post outcome for Australia Post deserved recognition, their work secured a \$220m investment over the following years, which dramatically improved the financial performance of the company, protected a critical community service which more than 50% of the communities in Australia solely depend on and made our Community Post Offices sustainable for the long term.

My sincere apologies if my words or actions have offended others, this would never be my intention, as I have always held Australia Post in the greatest regard.

I will make myself readily available to participate in the investigation of this matter and any other issues of possible concern.

I would like to thank you sincerely for all of the support that has been expressed to me by our team, our customers, our partners and especially our Community Licensed Post Offices, not just in the past ten days, but since I commenced. It has been my greatest privilege to work with you.

I want to also recognise and thank our strong talented Executive Team, who going forward together will work hard to continue to support you all.

I have always believed it is such an honour to work at Australia Post and I will always be appreciative of the opportunity to play a role in our history. I truly hope I have not let any of you down in making my decision, as I am doing it, so everyone can get back focussed on delivering for our customers.

I have no animosity towards the Government and have enjoyed working with the Prime Minister, the Shareholder Ministers and many other political leaders during my tenure.

I would now like to take a break to focus on my health. Following which, I have offered to volunteer to help some of our amazing Community License Post Offices, as they prepare for the biggest e-commerce Christmas ever.

I leave today knowing Australia Post is growing and has a strong viable future ahead. A future where our Post Offices can flourish, our Posties and delivery teams maintain their roles, communities secure ongoing services and one which can support the economic recovery of our country.

With my sincere thanks,

Christine.

Christine Holgate

# **APPENDIX 18**



10 November 2020

Ms Christine Holgate

BY EMAIL: [REDACTED]

Dear Christine,

**Resignation**

I refer to your letter dated 2 November 2020 advising the Board that you have resigned as both Group Chief Executive and Managing Director and as a director of Australia Post. I also refer to my letter that day advising you that Australia Post accepts your offer that your resignation will take effect immediately and you will not receive a payment in lieu of notice or any other financial compensation from Australia Post.

Your final payment from Australia Post has been calculated and is \$127,828.83 gross. This payment will be transferred to your bank account (less applicable tax) on 10 November 2020. Australia Post will also make any applicable superannuation contribution in respect of the payment.

The gross amounts that make up your final payment are:

- \$17,089.83 salary for the period 29 October 2020 to 2 November 2020; and
- \$110,739 for accrued but untaken annual leave.

Please sign below to confirm your agreement that these are the only amounts owed to you by Australia Post.

Yours sincerely,

A large black rectangular redaction box covering the signature of Lucio Di Bartolomeo.

**Lucio Di Bartolomeo**  
Chair

Postal Address:  
GPO Box 1777  
Melbourne VIC 3001  
Phone: [REDACTED]

Street Address:  
111 Bourke Street  
Melbourne VIC 3000  
Email: [REDACTED]

I, Christine Holgate, agree that the amounts set out in this letter are the only amounts that are owed to me by Australia Post and I will not receive a payment in lieu of notice or any other financial compensation from Australia Post.

.....

Christine Holgate

Date:

# **APPENDIX 19**

**Allens**

101 Collins Street  
Melbourne VIC 3000 Australia

GPO Box 1776  
Melbourne VIC 3001 Australia

T [REDACTED]  
F [REDACTED]  
www.allens.com.au

Allens > < Linklaters

3 December 2020

Bryan Belling  
Consultant  
Kingston Reid

**By Email:** [REDACTED]

Dear Mr Belling

**Christine Holgate – Australia Post**

I refer to Christine Holgate's email at 1.06pm on 2 December 2020 to the Board of Australia Post with the subject line '*Private & Confidential: Australia Post Senate Estimates Evidence 9th November 2020 and My Contract of Employment*'.

**Senate Estimates**

The first issue raised by Ms Holgate is a concern about the accuracy of certain evidence given by the Chairman and other representatives of Australia Post during their appearance at the Senate Estimates hearing on 9 November 2020.

Australia Post intends to follow its usual process of reviewing the Hansard transcript for the hearing and communicating any clarifications to the Committee. It will consider the matters raised by Ms Holgate in the course of that review.

**Ms Holgate's employment**

The second issue raised by Ms Holgate relates to Australia Post recruiting for a new Group Chief Executive Officer and Managing Director.

As you know, on 2 November 2020, Ms Holgate resigned from her employment and it came to an end that day. On 10 November 2020, Ms Holgate's final pay was transferred to her bank account (less applicable tax).

At about 1pm on 11 November 2020, I attended a Microsoft Teams meeting with Ms Holgate and yourself during which you asked whether Australia Post would release Ms Holgate from any action based on her breaching confidentiality obligations in her upcoming interview with law firm Maddocks. During that meeting you said to me that Ms Holgate's '*employment contract is at an end, as we know*' and she is '*here voluntarily not as an employee*'. For that reason, you asked me whether Ms Holgate was '*at liberty to give full and frank answers to any questions*' from Maddocks and if she gave full and frank answers whether Australia Post would '*release her from any action regarding breach of confidence*'. I took instructions on the matter you raised and then emailed you at 1.27pm and said:

*Australia Post is comfortable with Ms Holgate approaching the interview in the way she would if she were still an employee and director of Australia Post. That is, if in response to a question put by Maddocks she will provide information that is confidential to Australia Post she may do so for that*

[REDACTED]  
[REDACTED]

*limited purpose. She should not volunteer any confidential information that is not responsive to a question or relevant to the Terms of Reference.*

*Further, Ms Holgate must not provide any documents to Maddocks that contain confidential information of Australia Post. If Maddocks requests documents from Ms Holgate you must ask them to direct the query to Allens.*

In the circumstances, there is no doubt that Ms Holgate's employment came to an end on 2 November 2020 by reason of her resignation.

Yours sincerely

[Redacted signature]

[Redacted name]

Partner  
Allens

[Redacted address line 1]

[Redacted address line 2]



# **APPENDIX 20**

## Australia Post 2017 Remuneration Report

### Message from the Chairman

On behalf of the Board, I am pleased to introduce Australia Post's 2017 Remuneration Report.

In the community debate about executive remuneration that occurred in early 2017, there were many comments comparing Australia Post's executive remuneration with that of politicians and public servants. The view of the Board is that the appropriate benchmark for our executives is the remuneration paid by our commercial competitors in the global eCommerce, logistics and services industries. We have taken this view because the *Australian Postal Corporation Act (1989)* requires us to perform our functions "in a manner consistent with sound commercial practice". And, in order to remain competitive and sustainable, we need to attract and retain talented leaders with a highly commercial focus.

The Board has made a commitment to fully disclose details of our executives' remuneration and in our 2017 Remuneration Report we have aligned our executive remuneration reporting to meet the same standards of transparency and disclosure that you would expect from a listed company of similar size and complexity.

Since the recent community discussion regarding Australia Post's executive remuneration, there have been several changes to our remuneration practices and policies that are worth noting as important context for this Remuneration Report. First, our Shareholder, the Federal Government, asked the Commonwealth Remuneration Tribunal to determine the appropriate level of pay for our next Managing Director & Group CEO (MD & GCEO). (Further details of the remuneration package that will be paid to our incoming MD & GCEO, Ms Christine Holgate, are included on page 10 of this report). Secondly, the Board has decided it will no longer offer senior executives a Long Term Incentive (LTI) as part of their remuneration.

The decision not to continue with an LTI scheme is an acknowledgement of the community's concern and expectations about future total executive remuneration.

Our former MD & GCEO, Mr Ahmed Fahour AO, announced his resignation in February, and officially stepped-down from the role after the conclusion of the financial year (with his final day being 28 July 2017). While it is recognised that community expectations have changed since Mr Fahour's appointment in 2010, it is not practical or possible to retrospectively change our contractual obligations to him.

In line with our commitment to increase transparency in our disclosures, the following table details Mr Fahour's total payments in respect of financial year (FY) 2017:

Total payments	Eligible accrued award	Payment	Payment timing
Base salary and fees	\$2.04m	\$2.04m	Pro rata during FY 2017
Short term incentives	\$2.90m	\$2.17m \$0.73m*	July 2017 September 2018 subject to sustained performance of Australia Post
Super-annuation entitlement	\$1.75m	\$1.75m	Pro rata during FY 2017 with the exception of \$0.4m paid as a lump sum in July 2017
Non-monetary benefits	\$0.10m	\$0.10m	Pro rata during FY 2017
<b>Total</b>	<b>\$6.79m</b>	<b>\$6.79m</b>	

\* The deferred STI payment will be accounted for over the period earned with 50% being accrued in FY 2017 and the remainder being accrued in FY 2018. The FY 2017 component is included within the FY 2017 long term employee benefits table on page 13.

Mr Fahour is also eligible to receive a long term incentive (LTI) bonus payment based on Australia Post's 2014 LTI scheme which applied for the three financial years 2015 to 2017. The Board determined that the LTI targets for two of the three years – between FY 2015 and FY 2017 – were achieved and, as such, Mr Fahour is eligible to receive 66.67% of the maximum potential LTI bonus under the scheme:

2014 LTI	Eligible accrued award	Payment timing
FY 2015	\$2.0m	September 2017
FY 2016	\$2.0m	September 2017
FY 2017	\$0.0m	n/a
<b>Total</b>	<b>\$4.0m</b>	<b>September 2017</b>

These payments reflect the sustained success of the transformation that Mr Fahour has led at Australia Post over many years and are consistent with his contractual obligations. For further details of the performance measures that the Board used to determine remuneration payments, please refer to the scorecards on page 6 of this Remuneration Report. No termination payment was made to Mr Fahour as he resigned from his position.

This Remuneration Report offers full and accurate disclosure in relation to our remuneration principles, policies and practices for FY 2017.



John Stanhope AM  
Chairman of the Board  
Chairman of Nomination & Remuneration Committee

## 1. Our organisation and key management personnel

The purpose of the Remuneration Report is to set out the principles and the remuneration strategy Australia Post applies to remunerate key management personnel (KMP). The report also demonstrates how the remuneration strategy is aligned to our goals and strategic imperatives, enabling performance-based reward and supporting the retention of high calibre executives.

The information provided in the Australia Post 2017 Remuneration Report has been prepared and is aligned to disclosure requirements outlined in the *Corporations Act*, Section 300A and the statutory tables are compliant with the accounting standard *AASB 124 Related Party Disclosures* and aim to maintain a high standard of clarity and transparency for all stakeholders.

The report details financial year (FY) 2017 remuneration information for the year ended 30 June 2017 as it applies to KMP, including Board Directors, the Managing Director & Group Chief Executive Officer (MD & GCEO) and senior executives. For the purposes of this report, senior executives are defined as the employees reporting to the MD & GCEO who have authority and responsibility for planning, directing and controlling the activities of the enterprise.

There have been the following movements in KMP during FY 2017:

- Holly Kramer was appointed Acting Deputy Chair effective 30 May 2017 and Deputy Chair 27 June 2017;
- Paul Scurrah joined as a member of the Board effective 27 June 2017;
- Deidre Willmott joined as a member of the Board effective 27 June 2017;
- Brendan Fleiter retired from the Board as Deputy Chair on 29 May 2017; and
- Michael Byrne resigned from the Board on 15 December 2016.

FY 2017 KMP covered in this year's Remuneration Report are listed in Table 1.

**Table 1: FY 2017 Key Management Personnel**

### Board Directors

John Stanhope AM	Chairman	Full Year
Holly Kramer	Deputy Chair	Full Year (see above)
Dominique Fisher	Director	Full Year
Bruce McIver	Director	Full Year
The Hon Michael Ronaldson	Director	Full Year
Paul Scurrah	Director	Part Year
Jan West AM	Director	Full Year
Deidre Willmott	Director	Part Year

### Former Board Directors

Brendan Fleiter	Deputy Chair (until 29 May 2017)	Part Year
Michael Byrne	Director (until 15 December 2016)	Part Year

### Managing Director & Group Chief Executive Officer and Senior Executives

Ahmed Fahour AO	Managing Director & Group Chief Executive Officer	Full Year
Peter Bass	Group Executive eCommerce Delivery	Full Year
Robert Black	Group Chief Operations Officer & EGM eCommerce Delivery	Full Year
Chris Blake	EGM Group Services	Full Year
Christine Corbett	Group Chief Customer Officer	Full Year
Laz Cotsios	Group Executive Post Office Transformation	Full Year
Janelle Hopkins	Group Chief Financial Officer & EGM Finance & Commercial Services	Full Year
Andrew Walduck	Group Chief Digital Officer & EGM Trusted eCommerce Services	Full Year

The following changes to KMP have been announced and are effective in FY 2018:

- Ahmed Fahour AO resigned his position of Managing Director & Group Chief Executive Officer (MD & GCEO) on 21 February 2017 with effect from 28 July 2017;
- Christine Corbett has taken on the role of Acting MD & GCEO from 29 July 2017 until 29 October 2017;
- Christine Holgate was appointed to the role of MD & GCEO effective 30 October 2017; and
- From 1 July 2017, Peter Bass will report to Robert Black and Laz Cotsios to Christine Corbett in her role as the Group Chief Customer Officer.

## 2. Board director fees

All Australia Post Board directors are appointed by the Commonwealth Government through the Shareholder Ministers. Board directors' annual fees are set by the Commonwealth Remuneration Tribunal (the Tribunal). The Tribunal is an independent statutory authority established under the *Remuneration Tribunal Act 1973* (the Act). Australia Post has no role in determining the level of Board director fees.

The Tribunal regularly reviews and sets Board director fees for the roles of Chair, Deputy Chair and other Board director fees (excluding statutory superannuation contributions which are paid in addition to the fees set by the Tribunal). Board director fees cover all activities including Board membership and participation of most sub-Committees unless otherwise stated.

The following table sets out the Board directors' fees (excluding superannuation) as set by the Tribunal and covering the financial years 2016 and 2017.

Table 2: FY 2016 and FY 2017 Board director fees

Role <sup>1</sup>	With effect from		
	1 July 2014 <sup>2</sup>	1 January 2016 <sup>3</sup>	8 December 2016 <sup>4</sup>
Chair	\$178,940	\$182,520	\$182,520
Deputy Chair	\$99,860	\$101,860	\$101,860
Board Directors	\$89,500	\$91,290	\$91,290
Audit Committee Chair	\$20,700	\$21,120	\$21,120
Audit Committee Member	\$10,360	\$10,560	\$10,560
People, Safety and Culture Sub-committee Chair <sup>5</sup>	n/a	n/a	\$18,000
People, Safety and Culture Sub-committee Members <sup>5</sup>	n/a	n/a	\$9,000
Board of Postcorp <sup>6</sup>	\$4,663	\$4,757	n/a

- All roles are assigned to Tier 1 Travel arrangements.
- Remuneration Tribunal, Determination 2014/08: Remuneration and Allowances for Holders of Part-Time Public Office.
- Remuneration Tribunal, Determination 2015/20: Remuneration and Allowances for Holders of Part-Time Public Office.
- Remuneration Tribunal, Determination 2016/18: Remuneration and Allowances for Holders of Part-Time Public Office.
- Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees.
- Postcorp has been an inactive company since 30 June 2006.

### 2.1. FY 2018 annual Board director fees

The Remuneration Tribunal has announced an increase to Board director fees from 1 July 2017 as follows:

Table 3: FY 2018 Board director fees

Role	1 July 2017 <sup>1</sup>
Chair	\$186,180
Deputy Chair	\$103,900
Board Directors	\$93,120
Audit Committee Chair	\$21,550
Audit Committee Member	\$10,780
People, Safety and Culture Sub-committee Chair	\$18,360
People, Safety and Culture Sub-committee Members	\$9,180

- Remuneration Tribunal, Determination 2017/10: Remuneration and Allowances for Holders of Part-Time Public Office.

## 3. Remuneration governance

### 3.1. Nomination & Remuneration Committee role

The role of the Nomination & Remuneration Committee (the Committee) is to assist the Board in discharging its responsibilities under the Commonwealth Government Business Enterprise Governance and Oversight Guidelines. In particular, the Committee is responsible for ensuring Australia Post has coherent policies and practices that fairly and responsibly manage the performance, remuneration and succession arrangements for the MD & GCEO and senior executives.

The Committee reviews and makes recommendations to the Board on the performance outcomes and remuneration arrangements for the MD & GCEO and senior executives. In addition to its remuneration responsibilities, the Committee's duties include overseeing leadership development and succession arrangements.

The Committee's Charter is reviewed regularly on an annual basis and has been updated following the Government's decision to classify the Australia Post MD & GCEO as a Principal Executive Officer (PEO) see Section 4.9 for further details.

The current Committee Charter is available on the Australia Post website: [www.auspost.com.au](http://www.auspost.com.au)

### 3.2. Engagement of external advice

To inform its decision making during FY 2017, the Committee sought advice on performance and remuneration related matters from the MD & GCEO and senior executives.

External remuneration advice was received by the Committee from Mercer and PwC. The advice included market practice and executive remuneration benchmarking information which was used to inform the 2017 financial year annual review of senior executive remuneration. None of the advice received included a remuneration recommendation as defined by the *Corporations Act 2001*.

### 3.3. Executive contract terms

The terms of employment for the MD & GCEO and senior executives are formalised in employment contracts, which generally have no fixed term. The MD & GCEO and senior executive employment contracts typically outline the components of remuneration paid to the individual but do not prescribe how much the total remuneration quantum will be adjusted year to year. The contracts provide for participation in short-term incentive (STI) schemes in accordance with the relevant STI scheme rules.

Continuation of employment is subject to ongoing performance reviews by the Board and the MD & GCEO. A description of each employment contract termination scenario for the MD & GCEO and senior executives is detailed below:

**Table 4: Employment contract cessation**

Scenario	Definition
Termination on notice by the executive	The MD & GCEO or a senior executive may terminate the employment contract by providing 12 weeks' notice in writing.
Termination on notice of the MD & GCEO by Australia Post	Where the Board terminates the MD & GCEO employment the MD & GCEO is entitled to 12 months' notice in writing or provision of payment in lieu of the full or part of the notice period.
Termination on notice of a senior executive by Australia Post	Australia Post may terminate a senior executive's employment contract by providing 90 days' notice or provide payment in lieu of the full or part of the notice period.
Termination on notice payments	Termination on notice payments by Australia Post are compliant with minimum legislation and designed to ensure consistent and equitable practices are applied. For the MD & GCEO and senior executives, termination on notice payments are calculated based on length of service and shall be no less than an amount equal to the notice period and no more than 12 months of fixed annual remuneration.
Termination without notice	In certain scenarios as set out in the employment contract of the MD & GCEO and a senior executive (e.g. breach of contract, improper conduct or conviction for a criminal offence) Australia Post may terminate the employment contract at any time without notice, and the executive will be entitled to payment of fixed annual remuneration only up to the date of termination.
Death or total and permanent disablement	In the event of death or total and permanent disablement, there are no financial entitlements due from Australia Post other than the payment of statutory or contractual entitlements of accrued leave and annual leave. The Board retains the discretion to make an ex-gratia payment.
Retirement	There are no financial entitlements due from Australia Post on the retirement of the MD & GCEO or a senior executive other than the payment of statutory or contractual entitlements of accrued leave and annual leave. The Board retains the discretion to make an ex-gratia payment.

## 4. Linking strategy, performance and remuneration

### 4.1. Overarching remuneration principles

Australia Post's remuneration strategy supports the strategic imperatives of the organisation, enabling performance-based remuneration and recognition of highly capable employees while remaining aligned to market practice.

The design of the remuneration and performance management approach seeks to ensure:

- Australia Post meets community obligations and operates commercially (as defined in the *Australian Postal Corporation Act (1989)*);
- The application of demanding individual and corporate financial and non-financial performance measures;
- Market competitive levels of remuneration to attract, motivate and retain high calibre talent;
- An appropriate portion of "at risk" remuneration contingent on executive and company performance; and
- Remuneration arrangements that are equitable to encourage a diverse senior executive team.

### 4.2. FY 2017 remuneration structure

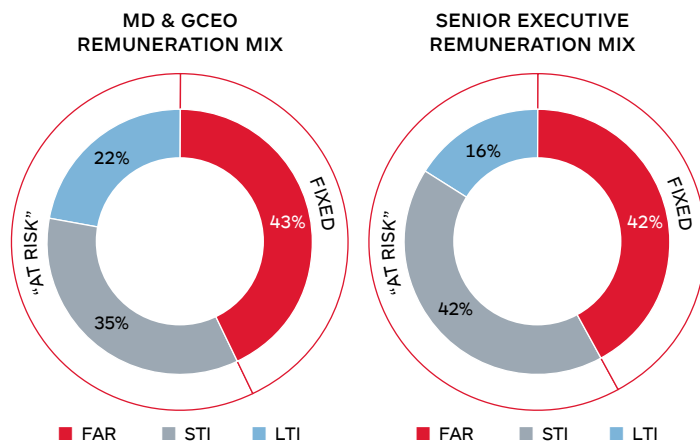
For FY 2017 the MD & GCEO and senior executive annual remuneration arrangements comprise three components:

1. Fixed annual remuneration (FAR);
2. Short term incentives (STI) opportunities; and
3. 2014 long term incentives (LTI) opportunities.

### 4.3. Remuneration mix

The Board aims to ensure that the mix of FAR, STI and LTI is appropriate and that a suitable portion of remuneration remains “at risk” to ensure that the MD & GCEO and senior executives are only rewarded when delivering performance that is aligned to the Australia Post strategy.

Figure 1: MD & GCEO and senior executive (average) remuneration mix



The variable, at risk component of total remuneration potential is 57% for the MD & GCEO and 58% for senior executives.

### 4.4. Fixed Annual Remuneration (FAR)

FAR aims to reward the MD & GCEO and senior executives for executing the core requirements of their role. FAR is positioned competitively around the median of the market to attract, motivate and retain senior executives and reflect the individual’s responsibilities, skills, performance, qualification and experience. FAR generally includes base salary, all benefits and entitlements received in cash, superannuation and any salary sacrificed items.

FAR is reviewed annually with adjustments generally effective from 1 December each year. Reviews are informed by a range of internal and external factors including market comparative remuneration benchmarking to roles in companies of similar size and complexity and changes in role and responsibility.

### 4.5. Short term incentives

STI are intended to reward individuals for their contribution to transforming the company, separate to the core requirements of their role. The STI program is an “at risk” annual incentive opportunity where an STI payment may be awarded subject to the achievement of relevant individual, team, strategic and enterprise key performance indicators (KPIs).

The MD & GCEO and senior executives’ STI opportunities are communicated as STI Target Potential (the potential award available if target performance is achieved) or STI Maximum Potential (the maximum potential award available).

The factors that determine a STI outcome include:

1. The STI target opportunity for the MD & GCEO is communicated as a percentage of the incentive benchmark (base salary, benefits, superannuation and other entitlements). The MD & GCEO has the opportunity to receive a target STI award of up to 100% of the incentive benchmark and an exceptional performance stretch of a further 50% (75% of the MD & GCEO overall STI award is based on the performance of the MD & GCEO scorecard and 25% on a Personal Component KPI which assesses the MD & GCEO’s leadership).
2. The STI target opportunity for senior executives is communicated as a percentage of FAR. Senior executives have the opportunity to receive a STI Target Potential award of up to 70% of their FAR and, in circumstances where performance has significantly exceeded target, up to a further 30% of FAR (STI Maximum Potential).
3. An individual’s annual performance rating, which is determined based on the achievement of Key Performance Indicators (KPIs) set in a scorecard at the start of the year. To determine individual performance ratings, the MD & GCEO and each senior executive has an individual scorecard of targets and measures agreed at the start of the financial year that are relevant to their role and their contribution to Australia Post strategic priorities.
4. The Enterprise Multiplier, which reflects the overall performance of the enterprise against the Enterprise Scorecard and adjusts (increases or decreases) a senior executive’s individual STI payments.

At the end of the financial year the Nomination & Remuneration Committee reviews the performance of the MD & GCEO and each senior executive against their individual scorecard as well as the performance of the Enterprise Scorecard. The Committee then recommends to the Board individual STI awards.

Where a stretch target STI award is awarded, half of the stretch amount is paid in the current year and half is deferred for 12 months. All STI awards, including deferred STI awards, are paid in cash.



#### 4.6. Applying the remuneration strategy in FY 2017

##### MD & GCEO

The MD & GCEO scorecard contains a range of KPIs that are aligned to the strategic priorities of the enterprise. The FY 2017 MD & GCEO scorecard KPIs are detailed in the table below:

Table 5: FY 2017 MD & GCEO scorecard

Measure	KPI	Link to strategy	Performance	Outcome
Financial	Profit Before Tax (PBT)	Delivering a profit enables Australia Post to return a dividend to our Shareholder and invest in our future	In FY 2017 we set a PBT target of \$90m, building on the FY 2016 PBT of \$41m. Our FY 2017 PBT outcome of \$126.1m has exceeded the budgeted PBT figure. This is a significant achievement in a year that has seen accelerated letters decline, increased competition, and considerable change.	Exceeded
Strategy and Innovation	Maintain our parcels market share	Maintaining market share in a fiercely competitive parcel delivery market is key to our growth ambition in order to fund future investments	As a result of a strong sales growth, continued innovations in eCommerce, and focused service leadership initiatives in our eCommerce Deliveries business, we have exceeded our target for domestic market share of parcels.	Achieved
	Implement Australia Post's international joint venture	Enabling our customers to connect with the rest of the world by extending our supply chains and providing trusted international eCommerce solutions	In September 2016 our successful joint venture with Aramex Limited created Aramex Global Solutions (AGS). AGS has made good progress in building the scalable platforms required to provide best in breed cross border integrated eCommerce solutions.	Partially achieved
Customer	Reducing our carded parcels rate to at or below 11%	Maintaining happy customers is crucial to our growth ambition, and carded parcels has been identified as the number one concern by our customers	During FY 2017 we have reduced our carding rate of parcels significantly from 15.2% at the end of FY 2016 to 10.7%, and exceeding our FY 2017 target of 11%.	Achieved
	Maintaining Consumer and Small Business NPS within target range	Customer advocacy and loyalty is critical in order to win in a competitive eCommerce market	Due to a focused campaign spanning across all areas of our business, our Consumer and Small Business NPS has seen an overall +1.4 improvement to bring us within our target range for FY 2017	Partially achieved
People	Develop an innovative culture by trialing up to three impactful creative customer centric innovations	The long-term sustainability of Australia Post requires us to enable innovation and build a diverse pipeline of new products, services and business models in order to identify new sources of value for our customers and shareholder	Our Australia Post Accelerator program has had a successful first year, partnering with our core business to trial and implement impactful and creative customer innovations and solutions. With multiple new initiatives that have included innovations that enable on demand delivery capability, accelerate eCommerce for small business, enable smart-home platforms to connect with home lockers and deliveries and enable on-demand fulfilment from our distribution centres.	Exceeded
	Safety (AOIFR)	The health, safety and wellbeing of our people is our most important cultural priority	Despite five consecutive years of positive progress in the area of safety performance including our strongest ever performance in 2016, our AOIFR results were slightly higher in FY 2017 and therefore did not meet our expectation of continued improvement.	Below expectation

### Senior executives

Senior executives' individual scorecards contain KPIs covering financials, strategy and innovation, customer and people that are relevant to the senior executive's business area and the individual's role and responsibilities.

The Enterprise Scorecard contains enterprise level KPIs. For FY 2017 the Enterprise Scorecard was assessed against the KPIs outlined below, resulting in a Board approved Enterprise Multiplier for the 2017 financial year of 1.05.

Table 6: FY 2107 enterprise scorecard

Measure	KPI	Link to strategy	Performance	Outcome
Financial	Profit Before Tax (PBT)	Delivering a profit enables Australia Post to return a dividend to our Shareholder and invest in our future	In FY 2017 we set a PBT target of \$90m, building on the FY 2016 PBT of \$41m. Our FY 2017 PBT outcome of \$126.1m has exceeded the budgeted PBT figure. This is a significant achievement in a year that has seen accelerated letters decline, increased competition, and considerable change.	Exceeded
Strategy and Innovation	Securing two major Trusted eCommerce Services contracts	Our expanding digital products are crucial to the reinvention of our business as a major eCommerce services provider	During FY 2017, we have made significant progress in securing three major Trusted eCommerce Services agreements – one with a large government agency, one with a state government law enforcement agency and one with a major Australian financial services institution.	Achieved
	Maintain our parcels market share	Maintaining market share in a fiercely competitive parcel delivery market is key to our growth ambition in order to fund future investments	As a result of a strong sales growth, continued innovations in eCommerce, and focused service leadership initiatives in our eCommerce Deliveries business, we have exceeded our target for domestic market share of parcels.	Achieved
	Trialing or implementing three impactful, creative customer innovations	The long-term sustainability of Australia Post requires us to build a diverse pipeline of new products, services and business models in order to identify new sources of value for our customers and shareholder	Our Australia Post Accelerator program has had a successful first year, partnering with our core business to trial and implement impactful and creative customer innovations and solutions. With multiple new initiatives that have included innovations that enable on demand delivery capability, accelerate eCommerce for small business, enable smart-home platforms to connect with home lockers and deliveries and enable on-demand fulfilment from our distribution centres.	Exceeded
Customer	Reducing our carded parcels rate to at or below 11%	Maintaining happy customers is crucial to our growth ambition, and carded parcels has been identified as the number one concern by our customers	During FY 2017 we have reduced our carding rate of parcels significantly from 15.2% at the end of FY 2016 to 10.7%, and exceeding our FY 2017 target of 11%.	Achieved
	Maintaining Consumer and Small Business NPS within target range	Customer advocacy and loyalty is critical in order to win in a competitive eCommerce market	Due to a focused campaign spanning across all areas of our business, our Consumer and Small Business NPS has seen an overall +1.4 improvement to bring us within our target range for FY 2017.	Partially achieved
People	Employee Engagement	We strongly believe that happy people results in happy customers and ultimately a happy shareholder	During a year of significant change our employees have remained positive and engaged resulting in a 4% increase in our employee engagement score over the last 12 months. In addition to this we achieved a 74% "Yes Vote" for our Australia Post Enterprise Bargaining Agreement.	Exceeded
	Safety (AOIFR)	The health, safety and wellbeing of our people is our most important cultural priority	Despite five consecutive years of positive progress in the area of safety performance including our strongest ever performance in 2016, our AOIFR results were slightly higher in FY 2017 and therefore did not meet our expectations of continued improvement.	Below expectation



#### 4.7. FY 2017 STI outcomes

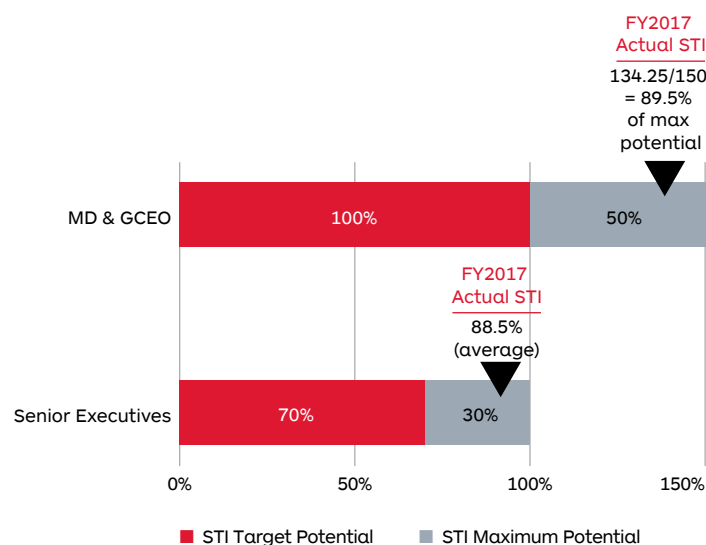
Based on the balance of significant achievements in FY 2017, the Board determined that the MD & GCEO should receive 86% of the MD & GCEO enterprise KPI scorecard component and 100% of the Personal Component resulting in a short term incentive award of 89.5% of maximum potential STI.

Senior executives were awarded an average of 84.2% of the maximum potential STI which was increased by the Enterprise Scorecard multiplier of 1.05 to an average of 88.5%.

A portion of the MD & GCEO STI award will be deferred until September 2018 and will remain “at risk”, contingent on the sustained performance of the business.

For the senior executives, half of the stretch STI award is paid in the current year and half is deferred for 12 months. An average STI award of 79.25% of maximum STI potential will be paid to senior executives in September 2017 and an average of 9.25% will be deferred until September 2018.

Figure 2: FY 2017 STI outcomes



#### 4.8. Long term incentives

##### MD & GCEO's LTI plan

##### 4.8.1. Background

The MD & GCEO's remuneration arrangements within his employment contract included an LTI component. The MD & GCEO three year LTI plan for FY 2015 to FY 2017 provided a maximum potential payment of up to \$6 million for the three year period.

Eligibility to receive the LTI award was dependent on:

- Continued employment and participation in the LTI plan;
- Making sufficient progress against the Three-Year Success Factors; and
- Achieving defined Annual LTI Milestones.

##### 4.8.2. Three-year success factors

In July 2014, the Board approved the MD & GCEO LTI plan and established KPI measures for the three years FY 2015 to FY 2017. The Nomination & Remuneration Committee made an assessment of the MD & GCEO's performance against these KPIs and the Annual LTI Milestones at its July 2017 Nomination & Remuneration Committee meeting and made recommendations to the Board as follows:

##### Success factor 1

*Gain Shareholder support for strategic initiatives through necessary changes to the Community Service Obligations (CSO) or the Service Performance Standards, and increasing participation in government-related business. Underpinned by that support, fundamentally reconfigure the processing and delivery networks to reduce cost in the declining letters business and significantly improve competitiveness in the end-to-end handling of parcels.*

##### Assessment

Following five years of accelerating decline in addressed letter volumes, Australia Post established the Reform of Our Letters Service (Reform) strategic program in 2013. The successful execution of this program led to the introduction of major price, product and delivery timetable reforms.

Through ongoing and extensive collaborative consultation with key stakeholders, Australia Post gained support to change the Prescribed Performance Standards (PPS) to change the delivery speed of a standard letter and to increase the price of the Basic Postage Rate to \$1. This was the most significant postal reform in nearly twenty years.

The design of an overall Reform package that was supported by multiple stakeholders (our Shareholder, our communities, partners, our customers and our people) was crucial to the success of the program with commitments that included maintaining discounted concession and seasons' greetings stamp prices; helping small business through the introduction of PromoPost; and providing vital reassurance to our workforce through a commitment of no forced redundancies for any employee impacted by Reform and actively seeking work in other parts of the business.

During this period our customer satisfaction increased; and we maintained jobs for our people minimising the employee impact of Reform through retraining and redeployment initiatives under the Post People 1st program.

The efficiencies realised through the Reform program were the main drivers for a return to enterprise profit in 2015/16 and profit growth in 2016/17.

## Success factor 2

*Establish a vital on-line presence by providing a comprehensive range of services, payment facilities and access options.*

### Assessment

In response to the ongoing consumer shift to digital forms of communicating and transacting, in 2012 Australia Post created a scalable Digital Mailbox as a 'platform' for connecting consumers with business and government.

Over the past five years, the original Digital Mailbox concept has evolved to become the MyPost account, which gives both consumers and small businesses online access to our services and individual control of their interactions with Post and our services. As at the end of June 2017, more than 5 million consumers had registered for a MyPost account.

Since launch we have added new features to the MyPost platform and progressively integrated all of the services that are available on the platform through a single sign on capability.

MyPost has enabled our customers to control the final delivery of their parcels and access a range of customer experiences such as improved tracking, day before notifications and the ability to direct Australia Post to 'safe drop' or redirect their parcel.

## Success factor 3

*Establish an ongoing competitive position in the international eCommerce parcel supply chain.*

### Assessment

The increasingly competitive and complex global cross-border eCommerce market has continued to grow in size and momentum over the last few years. This has created enormous opportunities for logistics companies that have reliable, end-to-end, global networks or partnerships.

For many years we have had a strategy to support businesses engaged in international eCommerce by establishing a strong competitive position in the international logistics market, particularly, in Asia.

An important part of this international strategy was realised with the purchase of a strategic stake in the global logistics company Aramex in 2016 and the creation of a joint-venture business (Aramex Global Solutions) based in Singapore – which positions us to capture future growth in the Asian region.

In addition to our Aramex partnership, we have also achieved significant volume growth in inbound international parcels over the past year, signed a number of bilateral commercial agreements; and achieved rapid growth in our Sai Cheng Joint Venture with China Post.

## Success factor 4

*Ensure the ongoing viability of the retail network through business growth and, as necessary, government support.*

### Assessment

Our Post Offices are the face of Australia Post and at the heart of many communities throughout Australia as well as being an important part of our overall network of customer connections, especially in rural areas.

However, the popularity of online transactions (e.g., bill payments and agency-based banking services) has resulted in declining customer visitation and led to a situation where payments to Licenced Post Offices plateaued (between 2010 and 2012), placing many of these outlets under financial pressure.

It was vital that we took action to ensure the sustainability of the Post Office for the benefit of our customers, the community and our licensee partners.

Between 2013 and 2017 we have increased LPO payments by 36%. The increased payments were the result of close consultation with the licensees' representative groups and a broad-scale review of the licensee payments system; and targeted increases in a range of Licensed Post Office (LPO) payments (including minimum annual payments). But, the most significant increase in LPO payments was achieved via the increase in the Basic Postage Rate, as part of Reform.

The increase in LPO payments during this period has been augmented by the installation of FLEXIPOS technology and Extended Identity Services, equipment that enables a range of banking, payments, government and identity services, in a number of outlets.

Supporting the changes outlined above we have also strengthened our LPO consultation with new forums enabling us to engage more effectively. At the same time we have broadened our collaboration approach to recognise our consultative partners.

### 4.8.3. MD & GCEO LTI plan payment

Within the context of the challenging environment (broad stakeholder requirements and obligations, digital disruption, the political environment, international and domestic competitive factors and significant risks involved with large scale transformation) over the last three years, the Board determined:

- Progress against the Three-Year Success Factors met the Board's expectations;
- All Annual LTI Milestones in 2014/15 and 2015/16 had been met; and
- Significant progress had been made in the majority but not all of the 2016/17 Annual LTI Milestones due to Milestone 3 in 2016/17 only being partially achieved because of the failure to secure a major contract with Government or a large Corporate before 30 June 2017.

Based on the assessment of performance and by virtue of his continued employment and participation in the LTI plan, the Board determined the MD & GCEO was eligible to receive 66.67% of the maximum potential LTI payment resulting in an LTI award of \$4m.

The LTI awarded by the Board will be payable on 30 September 2017. It will be subject to PAYE tax and will not be included when determining the Managing Director & Group CEO's superannuation salary.

## Senior executive LTI plan

### 4.8.4. Background

The market from which Australia Post attracts and retains senior executives is generally large publically listed institutions of similar size and complexity. It is common for publicly listed companies to offer senior executives an "at risk" equity based long term incentive as part of variable remuneration.

Australia Post is not able to utilise equity based incentive schemes to reward individuals. The Board created a senior executive three year LTI in 2014 (covering financial years 2015 to 2017) in recognition of the strategic challenges facing the organisation and the desire to retain the high performance senior executive team.

### 4.8.5. LTI plan design

The LTI maximum potential bonus available to senior executives is 50% to 150% of their fixed annual remuneration (at the time of award) depending on complexity and size of role. Payment is dependent on the following factors:

- The participant has consistently achieved an individual performance rating of "meeting expectations" or above;
- The participant is employed by Australia Post on the payment dates and has not given notice of resignation;
- The Board has approved the payment of a bonus to the participant; and
- Australia Post meets the following five Enterprise KPIs, as determined by the Board.

The five Enterprise KPIs were determined in 2014 as:

1. Phase II integration of Parcels services;
2. StarTrack establishes a competitive position in the international eCommerce parcel supply chain in Asia and one other continent;
3. MyPost platform is implemented providing a comprehensive range of services, payment facilities and access options, for registered customers;
4. The viability of the Post Office network is secured through to 2020; and
5. Full implementation of the Letters Reform program including substantial reduction in losses in the letters services.

### 4.8.6. Senior executives LTI plan payment

As for the MD & GCEO LTI award, the Board assessed performance against the five LTI measures in July 2017. Performance against each of the five Enterprise KPIs was assessed independently of each other. Each KPI carried a 20% weighting in determining the final bonus.

Of the 5 KPIs the Board determined that 3 had been fully achieved and that 2 had been partially achieved over the three year performance period. The Board determined that 80% of the maximum potential LTI bonus should be paid to participants.

The LTI bonus payment will be paid in two tranches. Two-thirds will be paid in November 2017 and the remaining one-third in November 2018.

## 4.9. FY 2018 remuneration structures

### 4.9.1. Newly appointed MD & GCEO

Earlier this year the Government determined that the Australia Post MD & GCEO's remuneration should be set by the Remuneration Tribunal.

The Remuneration Tribunal is an independent statutory authority established under the *Remuneration Tribunal Act 1973* (the Act). The Tribunal consists of three part-time members appointed by the Governor-General.

The Tribunal's role is to determine, report on or provide advice about remuneration, including allowances and entitlements for office holders within its jurisdiction.

Our new MD & GCEO (with effect from 30 October 2017), Christine Holgate has been classified by the Remuneration Tribunal as a Principal Executive Officer (PEO) Band E which falls within its remit.

The Remuneration Tribunal has determined that the Total Remuneration Reference Rate for our new MD & GCEO is \$1.375m. As is usual practice and consistent with the Remuneration Tribunal's Guide to the Principal Executive Officer Structure, the Board of Australia Post has the discretion to determine a variance within the band from 10% below the reference rate to 5% above the reference rate. The Board may not determine remuneration above the reference rate in the first 12 months of appointment.

The Remuneration Tribunal has also confirmed performance pay incentive arrangements for our new MD & GCEO with a Target STI potential of 70% of FAR and a STI maximum potential of 100% of FAR. The Board of Australia Post is responsible for determining the performance of the MD & GCEO and determining any incentive outcomes. No LTI plan will be provided for the MD & GCEO in FY 2018.

Based on the determination of the Remuneration Tribunal, the Board has set Ms Holgate's total remuneration potential at \$2.75m comprising fixed annual remuneration of \$1.375m and STI maximum potential of \$1.375m.

Consistent with the Remuneration Tribunal's *Guidelines on Geographic Relocation of Full Time Office Holders*, the Remuneration Tribunal has approved an allowance be provided to our new MD & GCEO's to cover short-term accommodation costs for up to six months.

### 4.9.2. Senior executives

An appropriate adjustment will be applied to the FAR of senior executives whose portfolios have changed from 1 July 2017. Consistent with the new MD & GCEO remuneration, no LTI plan will be provided for senior executives in FY 2018.

## 5. FY 2017 statutory remuneration tables (audited)

For the purposes of this disclosure, Australia Post has defined Key Management Personnel as Board Directors, the Managing Director & Group Chief Executive Officer and Senior Executives who report directly to the MD & GCEO and who have authority and responsibility for planning, directing and controlling the activities of the enterprise. These employees are the only employees considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of the Australia Post. Remuneration received directly or indirectly by KMP is provided under an accrual basis for the years ending 30 June 2016 and 30 June 2017. All remuneration is provided in Australian Dollars.

Table 7: Board Directors (accruals basis)

Name	Year	Director fees <sup>13</sup> \$	Non-monetary benefits <sup>14</sup> \$	Super-annuation <sup>15</sup> \$	Total \$
<b>Current Directors</b>					
John Stanhope AM (Chair)	2017	182,520	–	17,339	199,859
	2016	182,520	–	17,339	199,859
Holly Kramer <sup>1</sup> (Deputy Chair)	2017	102,498	–	9,737	112,235
	2016	67,381	–	6,401	73,782
Dominique Fisher	2017	100,290	–	9,528	109,818
	2016	92,720	–	8,808	101,528
Bruce McIver <sup>2</sup>	2017	101,850	–	9,676	111,526
	2016	54,418	–	5,170	59,588
The Hon. Michael Ronaldson <sup>3</sup>	2017	100,290	–	9,528	109,818
	2016	14,351	–	1,363	15,714
Paul Scurrah <sup>4</sup>	2017	750	–	71	821
	2016	–	–	–	–
Jan West AM <sup>5</sup>	2017	110,761	–	10,522	121,283
	2016	8,158	–	775	8,993
Deidre Willmott <sup>6</sup>	2017	750	–	71	821
	2016	–	–	–	–
<b>Former Directors</b>					
Brendan Fleiter <sup>7</sup>	2017	96,228	–	10,393	106,621
	2016	118,525	–	12,801	131,326
Susan Bitter <sup>8</sup>	2017	–	–	–	–
	2016	8,650	–	822	9,472
Michael Byrne <sup>9</sup>	2017	46,879	–	4,453	51,332
	2016	67,381	–	6,401	73,782
Peter Carne <sup>10</sup>	2017	–	–	–	–
	2016	50,179	5,166	5,419	60,764
Michael D'Ascenzo AO <sup>11</sup>	2017	–	–	–	–
	2016	87,747	–	8,336	96,083
Talal Yassine OAM <sup>12</sup>	2017	–	–	–	–
	2016	7,754	–	737	8,491
<b>Total Board Directors</b>	2017	<b>842,816</b>	<b>–</b>	<b>81,318</b>	<b>924,134</b>
	2016	<b>759,784</b>	<b>5,166</b>	<b>74,372</b>	<b>839,322</b>

1 Holly Kramer appointed to the Board October 2015, Acting Deputy Chair May 2017 and Deputy Chair June 2017.

2 Bruce McIver appointed to the Board December 2015.

3 The Hon. Michael Ronaldson appointed to the Board May 2016.

4 Paul Scurrah appointed to the Board June 2017.

5 Jan West AM appointed to the Board May 2016.

6 Deidre Willmott appointed to the Board June 2017.

7 Brendan Fleiter retired from the Board May 2017.

8 Susan Bitter retired from the Board August 2015.

9 Michael Byrne appointed to the Board October 2015 and resigned from the Board December 2016.

10 Peter Carne retired from the Board December 2015.

11 Michael D'Ascenzo AO retired from the Board May 2016.

12 Talal Yassine OAM retired from the Board August 2015.

13 Board Director fees are set by the Remuneration Tribunal and paid in cash.

14 Non-monetary benefits comprises the Reportable Fringe Benefits amount included on the recipient's payment summary.

15 Minimum superannuation contributions are provided as prescribed under Superannuation Guarantee legislation.

Table 8: MD & GCEO and senior executives base salary, short term employee benefits and post-employment benefits (accruals basis)

Name	Year	Short-term employee benefits			Post-employment benefits		Total \$
		Base salary <sup>6</sup> \$	Short-term annual incentive <sup>7</sup> \$	Non-monetary benefits <sup>8</sup> \$	Super-annuation <sup>9</sup> \$	Termination benefits <sup>10</sup> \$	
FY 2017 Senior Executives							
Ahmed Fahour AO	2017	2,040,019	2,174,850	102,562	1,747,914 <sup>1</sup>	–	6,065,345
	2016	1,971,152	2,342,993	73,985	1,239,829 <sup>1</sup>	–	5,627,959
Peter Bass <sup>2</sup>	2017	520,083	368,430	–	54,298	–	942,811
	2016	–	–	–	–	–	–
Robert Black	2017	894,260	691,688	–	19,616	–	1,605,564
	2016	883,426	595,000	–	19,308	–	1,497,734
Chris Blake	2017	784,296	610,313	–	19,616	–	1,414,225
	2016	781,514	521,500	–	19,308	–	1,322,322
Christine Corbett	2017	777,308	671,345	–	83,353	–	1,532,006
	2016	767,305	677,500	–	82,350	–	1,527,155
Laz Cotsios <sup>3</sup>	2017	585,097	488,250	–	19,616	–	1,092,963
	2016	410,238	276,356	–	19,308	–	705,902
Janelle Hopkins	2017	763,849	610,313	–	19,616	–	1,393,778
	2016	534,929	385,000	–	19,308	–	939,237
Andrew Walduck <sup>4</sup>	2017	708,802	610,313	47,017	19,616	–	1,385,748
	2016	513,120	351,726	35,490	19,308	–	919,644
Former Senior Executives							
Ewen Stafford <sup>5</sup>	2017	–	–	–	–	–	–
	2016	429,794	415,000	–	43,102	368,052	1,255,948
Total Senior Executives	2017	7,073,714	6,225,502	149,579	1,983,645	–	15,432,440
	2016	6,291,478	5,565,075	109,475	1,461,821	368,052	13,795,901

1 Superannuation of the MD & GCEO includes a lump sum payment which was payment of an amount to restore the value in the MD & GCEO's original contract as a result of erosion through unexpected impacts of legislation with respect to superannuation contributions from February 2010.

2 Peter Bass commenced as a KMP on appointment to the role of EGM Letters & Mail on 1 July 2016.

3 Laz Cotsios was appointed as a KMP October 2015.

4 Andrew Walduck was appointed as a KMP October 2015.

5 Ewen Stafford retired with effect 1 January 2016 and received an ex-gratia termination payment approved by the Board of \$368,052.

6 Base salary comprises cash salary and accrued annual leave.

7 Short-term annual incentive comprises accrued short term incentives and bonuses payable within 12 months of the end of the period.

8 Non-monetary benefits comprises the Reportable Fringe Benefits Amount included on the recipient's payment summary (e.g., value of motor vehicles under salary sacrifice agreement and value of related party travel costs and subscriptions).

9 For employees who are members of the defined benefit scheme (the Australia Post Superannuation Scheme) the superannuation benefit has been based on the rate used for Australian Tax Office purposes to establish the Notional Tax Contribution which is currently 10.8%. If the employee is member of a defined contribution plan, the benefit is calculated at 9.5% in accordance with the applicable legislation.

10 Termination benefits are payments that may be made in relation to the termination of the KMP role.

Table 9: MD & GCEO and senior executives long term employee benefits (accruals basis)

Name	Year	Long-term employee benefits			Total \$
		Short-term incentive deferral <sup>5</sup> \$	Long service leave <sup>6</sup> \$	Long-term incentive <sup>7</sup> \$	
FY 2017 Senior Executives					
Ahmed Fahour AO	2017	733,449	38,133	–	771,582
	2016	390,499	64,399	2,000,000	2,454,898
Peter Bass <sup>1</sup>	2017	38,338	72,202	167,200	277,740
	2016	–	–	–	–
Robert Black	2017	160,969	17,340	330,000	508,309
	2016	–	20,799	330,000	350,799
Chris Blake	2017	85,406	11,968	298,000	395,374
	2016	–	21,110	298,000	319,110
Christine Corbett	2017	94,359	2,914	320,000	417,273
	2016	–	36,904	320,000	356,904
Laz Cotsios <sup>2</sup>	2017	23,625	13,593	146,667	183,885
	2016	–	8,539	146,667	155,206
Janelle Hopkins	2017	29,531	31,006	146,667	207,204
	2016	2,938	19,098	104,667	126,703
Andrew Walduck <sup>3</sup>	2017	29,531	17,829	250,000	297,360
	2016	–	17,673	179,452	197,125
Former Senior Executives					
Ewen Stafford <sup>4</sup>	2017	–	–	–	–
	2016	–	16,685	90,000	106,685
Total Senior Executives	2017	1,195,208	204,985	1,658,534	3,058,727
	2016	393,437	205,207	3,468,786	4,067,430

1 Peter Bass commenced as a KMP on appointment to the role of EGM Letters & Mail on 1 July 2016.

2 Laz Cotsios was appointed as a KMP October 2015.

3 Andrew Walduck was appointed as a KMP October 2015.

4 Ewen Stafford retired with effect from 1 Jan 2016.

5 Short-term incentive deferral is the amount accrued for the portion of short term incentives that are not payable within 12 months of the end of the period they relate to.

6 Long service leave comprises the amount of leave accrued for the period.

7 Long-term incentive: In addition to the short term benefits in the previous table, based on progress against the long term incentive (LTI) performance hurdles, 80% (2016: 80%) of the maximum annual value of long-term potential reward was accrued for the senior executives and nil accrued for the MD & GCEO. Actual LTI accruals and payment amounts are subject to Board approval. With regard to the MD & GCEO's LTI scheme, \$4.0m of a potential \$6.0m was awarded in July 2017.

# **APPENDIX 21**



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# Remuneration Report 2018



# Remuneration Report 2018

## Message from the Chairman

On behalf of the Board, I am pleased to introduce Australia Post's 2018 Remuneration Report.

Last year, in response to the community discussion about Australia Post's executive remuneration, the Board made a commitment to fully disclose the details of our executive remuneration. Like last year, the 2018 Remuneration Report has been prepared to, wherever possible, meet the transparency and disclosure standards that apply to ASX-listed companies.

The Board and I, also committed to re-setting our approach to executive remuneration in order to align it with government and community expectations. But, at the same time, I have been conscious that we must offer remuneration packages that enable Australia Post to attract and retain talented executives, who will be capable of leading our business, successfully, in a rapidly changing and highly competitive marketplace.

Given these requirements, the Board initiated an independent review of our remuneration policies and approach this year. This has resulted in the implementation of a new remuneration framework for our executive team in FY19. This new framework includes a revised approach to remuneration governance and six clearly defined remuneration design principles. A summary of the changes to remuneration for FY19 are included in section 9 of this Remuneration Report.

While these changes to our remuneration framework were introduced in FY18, they will not start to impact executive remuneration at Australia Post until FY19. For a detailed summary of the FY18 executive remuneration structure, targets and performance against our scorecard, please refer to sections 5 and 6 of this report.

The key FY18 enterprise performance measures that have informed our senior executive STI awards are detailed in Table 3. While we exceeded performance in the financial and customer areas during FY18, performance in our people measures was below expectation. While our primary measure of safety AOIFR was achieved, performance was zeroed to reflect fatalities that occurred across the extended workforce.

## A new Executive Leadership Team

This was a year of significant change in terms of the executive leadership of Australia Post, most notably with the Group Chief Executive Officer and Managing Director transition from Ahmed Fahour (who resigned with effect from 28 July 2017) to Christine Holgate who commenced on 30 October 2017.

In mid-July 2018 (following the conclusion of FY18), two members of our senior executive team also left the organisation. I want to thank both Christine Corbett and Andrew Walduck for their leadership and their commitment to our business over many years. I'd especially like to acknowledge the contribution of Christine Corbett, who has made an enormous contribution to Australia Post over the past 28 years (including serving for three months as our acting Managing Director & Group CEO during the CEO-transition period, from July 2017 to October 2017).

Christine Holgate, our new Group Chief Executive Officer and Managing Director has played an important role in re-setting our executive remuneration framework. Her own remuneration package, was set by the Remuneration Tribunal.

In the first half of 2018, Christine Holgate finalised a significant strategic review of our business whilst also appointing the new Executive Team that will serve alongside her. The new team is comprised of three executives that were already serving as members of our Executive Team (Bob Black, Janelle Hopkins and Chris Blake) as well as two internal employees who were promoted (Gary Starr and Susan Davies). There are also three new additions to our Executive Team: Annette Carey (who was previously at Linfox), Ingo Bohlken (from Deutsche Post) and Nicole Sheffield (from News Corp). I would like to congratulate each of them on their appointment to roles of enormous responsibility in our business.

I would also like to thank Dominique Fisher who retired as a non-executive director on 26 November 2017, after serving for three years on our Board. And I would like to welcome Tony Nutt, who joined our Board as a non-executive director on 2 March 2018.

This Remuneration Report offers full and accurate disclosure in relation to our remuneration principles, policies and practices for FY18.



John Stanhope AM  
Chairman

# Remuneration Report 2018

## 1. Our organisation and key management personnel

The purpose of the Remuneration Report is to set out the principles and the strategy Australia Post applies to remunerate key management personnel (KMP). The report demonstrates how the remuneration strategy is aligned to our goals and strategic imperatives, enabling performance-based reward and supporting the attraction and retention of high calibre senior executives.

The information provided in the report has been prepared and is aligned to disclosure requirements outlined in the *Corporations Act 2001*, Section 300A. The statutory tables contained at the end of this report are compliant with the accounting standard *AASB 124 Related Party Disclosures* and aim to maintain a high standard of clarity and transparency for all stakeholders.

The report details financial year 2018 (FY18) remuneration information for the year ended 30 June 2018 as it applies to KMP, including Board Directors, the Group Chief Executive Officer and Managing Director (GCEO&MD) and senior executives. For the purposes of this report, senior executives are defined as the employees reporting to the GCEO&MD who have authority and responsibility for planning, directing and controlling the activities of the Enterprise.

There have been the following movements in KMP during FY18:

- Dominique Fisher retired as a Board Director with effect from 26 November 2017
- Tony Nutt was appointed as a Board Director with effect from 2 March 2018
- Ahmed Fahour resigned as Managing Director & Group CEO (MD&GCEO) with effect from 28 July 2017
- Christine Corbett was Acting Managing Director & Group Chief Executive Officer between 29 July 2017 and 29 October 2017
- Christine Holgate was appointed to the role of Group Chief Executive Officer and Managing Director with effect from 30 October 2017
- Andrew Parker was seconded to the role of EGM International Services with effect from 15 January 2018
- Gary Starr was appointed to the role of EGM Business & Government with effect from 1 March 2018.

FY18 KMP covered in this year's Remuneration Report are listed in the table below:

**Table 1: FY18 Key Management Personnel**

Name	Position <sup>1</sup>	KMP term
<b>Board Directors</b>		
John Stanhope AM	Chairman	Full Year
Christine Holgate	GCEO&MD	Part Year
Holly Kramer	Deputy Chair	Full Year
Bruce McIver	Director	Full Year
Tony Nutt	Director	Part Year
The Hon. Michael Ronaldson	Director	Full Year

Name	Position <sup>1</sup>	KMP term
Paul Scurrah	Director	Full Year
Jan West AM	Director	Full Year
Deidre Willmott	Director	Full Year

### Former Board Directors

Ahmed Fahour AO	MD&GCEO	Part Year
Dominique Fisher	Director	Part Year

Name	Position <sup>1</sup>	KMP term
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### GCEO & MD and Senior Executives

Christine Holgate	GCEO&MD	Part Year
Ahmed Fahour AO	Managing Director & Group CEO	Part Year
Robert Black	Group Chief Operating Officer	Full Year
Christopher Blake	EGM Corporate Services	Full Year
Christine Corbett	EGM Community & Consumer (Acting)	Full Year
Janelle Hopkins	Group Chief Financial Officer	Full Year
Andrew Walduck	EGM Product & Innovation (Acting)	Full Year
Andrew Parker	EGM International Services (Seconded) <sup>2</sup>	Part Year
Gary Starr	EGM Business & Government	Part Year

1. Position reflects position title at end of financial year or at employment cessation date.
2. Seconded from PricewaterhouseCoopers for 6 months while recruitment for a permanent incumbent took place.

The following changes to KMP have been announced and will be effective in FY19:

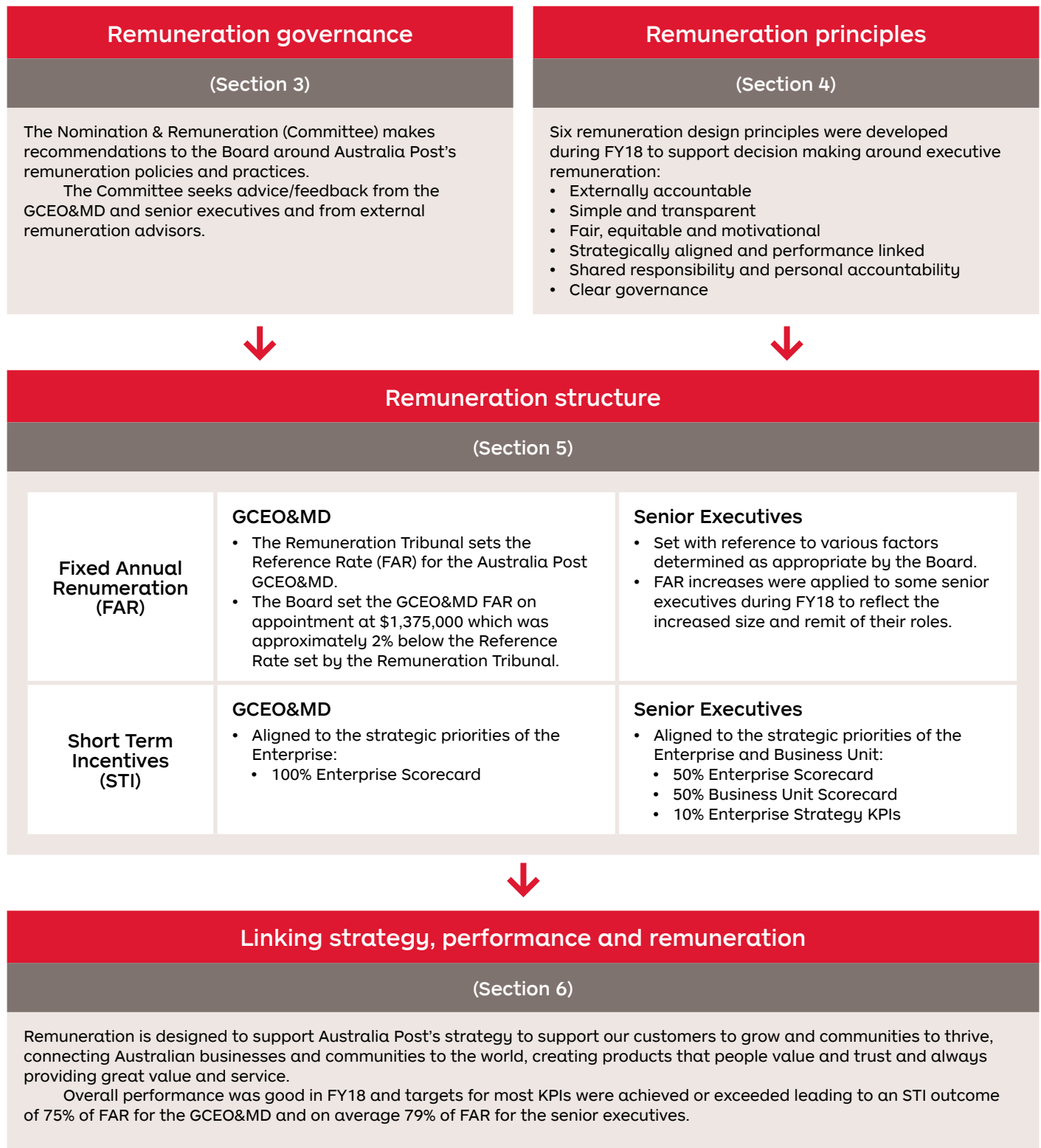
- Christine Corbett left Australia Post with effect 13 July 2018
- Andrew Walduck left Australia Post with effect 13 July 2018
- Andrew Parker acted in the role seconded from PwC with effect from 15 January 2018 to 15 July 2018
- Susan Davies was appointed to the role of EGM People & Culture effective 1 July 2018
- Annette Carey was appointed to the role of EGM International Services effective 1 July 2018
- Ingo Bohlken was appointed to the role of EGM Product & Innovation effective 30 July 2018
- Nicole Sheffield was appointed to the role of EGM Community & Consumer effective 6 August 2018.

Details of remuneration for the new incumbents been disclosed in Section 9 of the Remuneration Report.

# Remuneration Report 2018

## 2. Remuneration on a page

The diagram below provides an overview of the FY18 approach to executive remuneration (with numbers indicating the relevant section of the report where further information can be found).



# Remuneration Report 2018

## 3. Remuneration governance

### 3.1. Nomination & Remuneration Committee role

The role of the Nomination & Remuneration Committee (Committee) is to assist the Board in discharging its responsibilities under the Commonwealth Government Business Enterprises Governance and Oversight Guidelines. In particular, the Committee is responsible for ensuring Australia Post has coherent policies and practices that fairly and responsibly manage the performance, remuneration and succession arrangements for the GCEO&MD and senior executives.

The Committee reviews and makes recommendations to the Board on the performance outcomes and remuneration arrangements for the GCEO&MD and senior executives. In addition to its remuneration responsibilities, the Committee's duties include overseeing leadership development and succession arrangements.

The Committee's Charter is reviewed on an annual basis and major changes during the last review included the inclusion of the role of the Remuneration Tribunal in setting the remuneration of the GCEO&MD.

The current Committee Charter is available on the Australia Post website: [www.auspost.com.au](http://www.auspost.com.au)

### 3.2. Engagement of external advice

To inform its decision making during FY18, the Committee sought advice on performance and remuneration related matters from the GCEO&MD, senior executives and management.

External remuneration advice was received by Australia Post from PwC and Mercer. The advice included executive remuneration and market practice information which was used to inform the appropriate remuneration of the GCEO&MD and new EGMs and the 2018 review of executive remuneration frameworks. None of the advice received included a remuneration recommendation as defined by the *Corporations Act 2001*.

### 3.3. GCEO&MD and senior executive contract terms

The terms of employment for the GCEO&MD and senior executives are formalised in employment contracts. The EGM Product & Innovation appointed in August 2018 has been engaged on a fixed-term contract.

The GCEO&MD and senior executive employment contracts outline the components of remuneration eligible to be paid to the individual but do not prescribe how much the total remuneration quantum will be adjusted year to year. The GCEO&MD remuneration is determined by the Remuneration Tribunal. The contracts provide for participation in an STI in accordance with the relevant STI scheme rules.

Continuation of employment is subject to ongoing performance reviews by the Board and the GCEO&MD. A description of each employment contract termination scenario for the GCEO&MD and senior executives is detailed below:

Table 2: Employment contract cessation

Scenario	Definition
Termination on notice by the senior executive	The GCEO&MD and EGM Product & Innovation may terminate the employment contract by providing six months' notice in writing. All other senior executives may terminate their employment contract by providing twelve weeks' notice in writing.
Termination on notice of a senior executive by Australia Post	Australia Post may terminate the GCEO&MD and EGM Product & Innovation employment contract by providing six months' notice or provide payment in lieu of the full or part of the notice period. Australia Post may terminate all other senior executives' employment contracts by providing twelve weeks' notice or provide payment in lieu of the full or part of the notice period.
Termination on notice payments	Termination on notice payments by Australia Post are compliant with minimum legislation and designed to ensure consistent and equitable practices are applied. For the GCEO&MD and senior executives, termination on notice payments are calculated based on length of service and shall be no less than an amount equal to the notice period and no more than twelve months of fixed annual remuneration.
Termination without notice	In certain scenarios (e.g., breach of contract, improper conduct or conviction for a criminal offence), as set out in the employment contract of the GCEO&MD and a senior executive, Australia Post may terminate the employment contract at any time without notice, and the executive will be entitled to payment of fixed annual remuneration only up to the date of termination.
Death or total and permanent disablement	In the event of death or total and permanent disablement, there are no financial entitlements due from Australia Post other than the payment of statutory or contractual entitlements of accrued leave and annual leave. The Board retains the discretion to make an ex-gratia payment.
Retirement	There are no financial entitlements due from Australia Post on the retirement of the GCEO&MD or a senior executive other than the payment of statutory or contractual entitlements of accrued leave and annual leave. The Board retains the discretion to make an ex-gratia payment.

# Remuneration Report 2018

## 4. Remuneration principles

Australia Post's remuneration strategy supports the strategic imperatives of the organisation, enabling performance-based remuneration and recognition of highly capable employees while remaining aligned to market practice.

During FY18, the Board approved the following principles to underpin the design of the remuneration and performance management approach:

### Externally accountable

we will appropriately reward executives for their individual contribution to enterprise value creation and be accountable to our Shareholder and the community

### Simple & transparent

our framework will be simple enough to ensure the highest level of transparency and understanding, internally and externally

### Fair, equitable and motivational

our approach to executive remuneration helps to enable the attraction and retention of executive talent, who live our values and are collectively motivated by our "One Australia Post" vision and purpose

### Strategically aligned and performance linked

our executive remuneration framework supports the delivery of Australia Post's strategy, helps to create long term enterprise value and delivers strong financial returns to our Shareholder by linking executive remuneration outcomes to relevant and measurable financial and non-financial goals

### Shared responsibility and personal accountability

our executive remuneration framework recognises the diversity of our business by rewarding individual contribution and behaviours appropriately, reflecting the business unit performance and enterprise performance

### Clear governance

our remuneration frameworks, policies and processes are governed by clear guidelines and accountabilities balanced with the ability for the Board to apply judgement over potential unintended or unequitable outcomes

## 5. FY18 remuneration structure

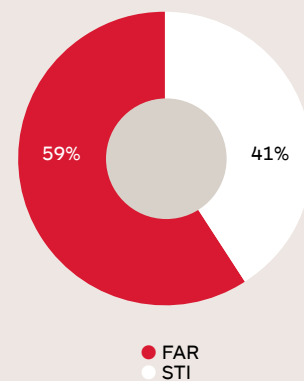
For FY18 the GCEO&MD and senior executive annual remuneration arrangements comprised two components:

1. Fixed annual remuneration (FAR); and
2. Short term incentives (STI) opportunities.

### 5.1. Remuneration mix

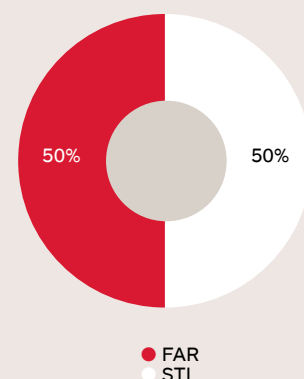
The Board aims to ensure that the mix of FAR and STI is appropriate and that a suitable portion of remuneration remains "at risk" to ensure that the GCEO&MD and senior executives are only rewarded when delivering performance that is aligned to the Australia Post strategy.

Figure 1: GCEO&MD and senior executive target remuneration mix



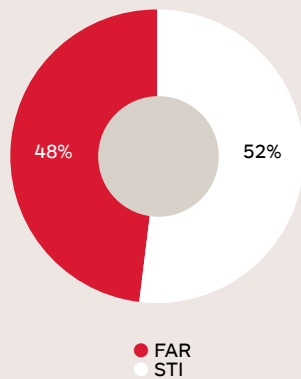
The STI component of target remuneration is 41% for both the GCEO&MD and senior executives as at 30 June 2018.

Figure 2: GCEO&MD maximum remuneration mix



# Remuneration Report 2018

Figure 3: Senior executive maximum remuneration mix



The STI component of maximum remuneration potential is 50% for the GCEO&MD and 52% for senior executives as at 30 June 2018.

## 5.2. Fixed Annual Remuneration (FAR)

FAR aims to reward the GCEO&MD and senior executives for executing the core requirements of their role. FAR generally includes base salary, benefits and entitlements received in cash, superannuation and any salary sacrificed items.

FAR is reviewed annually with adjustments generally effective for the GCEO&MD and senior executives from 1 July each year.

### GCEO&MD FY18 Remuneration

In 2017 the Government determined that the Australia Post GCEO&MD's remuneration arrangements should be set by the Remuneration Tribunal.

The Remuneration Tribunal is an independent statutory authority established under the *Remuneration Tribunal Act 1973*. The Remuneration Tribunal's role is to determine, report on or provide advice about remuneration, including allowances and entitlements for office holders within its jurisdiction.

The Australia Post GCEO&MD position was classified by the Remuneration Tribunal as a Principal Executive Officer (PEO) Band E which falls within its remit.

The Remuneration Tribunal determined that the Reference Rate (FAR) for the Australia Post GCEO&MD on appointment was \$1,400,000. As is usual practice and consistent with the Remuneration Tribunal's Guide to the PEO Structure, the Board of Australia Post has the discretion to determine a variance within the band from 10% below the reference rate to 5% above the reference rate. The Board may not increase remuneration above the Reference Rate in the first 12 months of appointment.

On appointment, the Board set the GCEO&MD's FAR at \$1,375,000 for FY18, to be paid on a pro-rata basis. The Board determined that it was appropriate to set FAR below the Reference Rate to allow for a potential increase once the GCEO&MD had shown sustained performance in the role.

Consistent with the Remuneration Tribunal's *Guidelines on Geographic Relocation of Full Time Office Holders*, the Remuneration Tribunal approved an allowance of \$34,500 to be provided to the GCEO&MD's to cover accommodation costs for up to six months. In early April 2018, the Remuneration Tribunal approved a three month extension to this period or until the allowance cap was reached, whichever is the sooner.

The Remuneration Tribunal also confirmed performance pay incentive arrangements for the GCEO&MD with a Target STI

potential of 70% of FAR and a STI maximum potential of 100% of FAR. The Board of Australia Post is responsible for determining the performance of the GCEO&MD and determining any incentive payments. For FY18 the GCEO&MD performance will be assessed against the Enterprise Scorecard (see Section 6 for further details).

In June 2018, the Remuneration Tribunal reviewed all Reference Rates within its remit and applied a 2% increase. The Board was advised that the Reference Rate effective 1 July 2018 will increase to \$1,428,000 for the Australia Post GCEO&MD. The Board has approved the adjustment of the GCEO&MD FAR to \$1,428,000 with effect from 1 July 2018 and approved an increase of \$50,000 with effect from the GCEO&MD employment anniversary 1 November 2018.

### Senior Executive FY18 Remuneration

FAR is positioned competitively to attract, motivate and retain senior executives whilst reflecting the individual's responsibilities, skills, performance, qualifications and experience. Reviews are informed by a range of internal and external factors including community expectations, internal relativities, market comparative remuneration benchmarking to roles in companies of similar size and complexity, other Government Business Enterprises' remuneration positioning, any changes in role and responsibility and previous salary adjustments.

At the beginning of FY18, the previous MD&GCEO made a number of changes to the size and remit of various senior executive roles. This resulted in the Board applying associated adjustments to those senior executives' FAR.

The new GCEO&MD has since structured the organisation to reflect the strategic priorities and future direction of the corporation. The new Executive Team has been established with a combination of three previous Executive Team members, promotion of two senior managers and three external hires. Together this team has a diverse range of experience and skills the organisation needs for the future and their FAR has been set accordingly.

STIs are intended to reward individuals for their contribution to performance and transforming the corporation. The STI scheme is an "at risk" annual incentive opportunity where an STI payment could be awarded subject to the achievement of relevant individual, team, strategic and enterprise KPIs.

To better align senior executive STI outcomes to both executive and business unit performance, the STI for senior executives was changed for FY18. The factors that determine a STI outcome for senior executives for FY18 only include:

1. Enterprise scorecard performance including customer, people and financial KPIs
2. Business unit scorecard performance including customer, people, financial strategic KPIs
3. Enterprise strategic KPIs (see Section 6 for more details).

Senior executives' STI opportunities are communicated as STI Target (the potential award available if target performance is achieved) and set at 70% of FAR for FY18. The STI Maximum (the maximum potential award available) is set at 110% for FY18.

In light of fatalities that occurred across the extended workforce the Board on recommendation by the GCEO&MD made the decision to award no STI component for safety.

At the end of the financial year the Committee reviews the performance of each senior executive. The Committee then recommends to the Board individual STI awards. Where a stretch target STI award is awarded, half of the stretch amount is paid in the current year and half is deferred for twelve months. All STI awards, including deferred STI awards, are paid in cash.



# Remuneration Report 2018

## 6. Linking strategy, performance and remuneration

### 6.1. How we assessed the enterprise scorecard in FY18

#### Enterprise Scorecard

The Enterprise Scorecard contains a range of Financial, Customer and People KPIs that are aligned to the strategic priorities of the enterprise. The FY18 Enterprise Scorecard KPIs are detailed in the table below:

**Table 3: FY18 Enterprise Scorecard**

Measure	KPI	Link to strategy	Performance	Outcome
Financial 50%	Profit Before Tax (PBT)	Delivering a profit enables Australia Post to return a dividend to our Shareholder and invest in our future	In FY18 we set a target PBT of \$125m (normalised <sup>1</sup> ) and a stretch target of \$150m (normalised <sup>1</sup> ). Our FY18 PBT outcome of \$152.2m (normalised <sup>1</sup> ) has exceeded both the target and stretch targets set at the start of the year.	Exceeded
	Efficiency	Continually challenging ourselves to execute on efficiencies across the business enables Australia Post to be able to invest more in longer term growth	Through the delivery of business efficiencies during FY18 we set a target of reducing our costs by \$250m and a stretch target of \$260m. We have exceeded both the target and stretch target in FY18 delivering efficiencies across the enterprise of \$272m.	Exceeded
Customer 25%	First time delivery	Exceeding our customers' expectations is crucial to being the provider of choice for our customers. Delivering parcels first time has been identified as the number one concern by our customers	During FY18 we delivered 92.5%* of our customers' parcels first time against a target of 91.5% and a stretch target of 92.5%.	Exceeded
	Consumer and small business net promoter score (NPS)	Customer advocacy and loyalty is critical in order to win in a competitive eCommerce market	We have delivered a significant improvement in our NPS score during FY18 with a score of 17 against a target of 12.2 and a stretch target of 13.2.	Exceeded
People 25%	Safety Culture Index	Our Safety Culture Index provides information directly from our employees on how well we are keeping our people safe	The safety culture index was included in the enterprise scorecard for the first time in FY18 with a target of 82.5% and a stretch target of 84%. We did not meet target in FY18 with a Safety Culture Index score of 77%.	Below Expectation
	Safety (AOIFR) <sup>2</sup>	The health, safety and wellbeing of our people is our most important cultural priority	Following a year on year increase for 5 years, our AOIFR score decreased in FY17. In FY18 we have increased the score to 18.1 against a target of 18.5 and a stretch target of 17.6.	Target Met <sup>2</sup>
	Staff Engagement	We strongly believe that ensuring our people are engaged is critical to delivering our future growth aspirations	During another year of significant change our FY18 Say2Action staff engagement result reduced to 60 a reduction of 1 point on FY17, against a target of 61 and a stretch target of 62.	Below Expectation

The following KPI's do not apply to the GCEO&MD whose maximum STI opportunity was set at 100% of FAR by the Remuneration Tribunal.

Strategy 10%	Postal Reform 2%	To create a sustainable foundation for Australia Post we believe it is imperative we work with our shareholder to align the regulatory and legislative settings to meet our customers future needs	Not Met
	International 2%	To enable us to grow our business we need to increase our global connectivity and significantly expand our international capability and volumes	Met
	Ultimate Customer Network 2%	To meet our customer's expectations we need to build the ultimate customer network designed around the customer and how our customers choose to interact with us	Met
	Post Office Transformation 2%	Our Post Offices are at the heart of every community and we need to transform our Post Offices to meet all our customers' needs	Not Met
	Digital iD™ 2%	Secure stakeholder advocacy by delivering trusted and innovative solutions including Digital iD™	Not Met

1. Normalised PBT removes the effects of significant unusual or one-time influences that were not contemplated at the time of setting the Enterprise Scorecard. For FY18, Headline PBT of \$125.7m has been normalised by \$26.5m relating to deferral of property sales, resulting in PBT (normalised) of \$152.2m.

2. While the AOIFR target was achieved in FY18 the KPI performance was zeroed to reflect fatalities that occurred across our extended workforce. AOIFR uses an inversed score to measure performance i.e., the lower the score the better the performance.

\* Note: typo corrected on 3 September 2018 (92.6% to 92.5%).

# Remuneration Report 2018

## FY18 Business Unit Scorecards

Senior executives' Business Unit (BU) Scorecards contain BU level KPIs covering financials, customer, people and strategy that are relevant to the senior executives' business area and the individual's role and responsibilities.

## 6.2. FY18 STI outcomes

Based on the performance of the Enterprise Scorecard and the achievements delivered by the GCEO&MD in FY18, the Board determined that the GCEO&MD should receive a STI award of 75% of maximum STI. 25% of the GCEO&MD STI award will be deferred until September 2019 and will remain "at risk", contingent on the sustained performance of the business.

For senior executives, half of any stretch STI award is deferred for twelve months. An average STI award of 76% will be paid to senior executives in September 2018 and an average of 3% will be deferred until September 2019.

Individual FY18 STI awards for the GCEO&MD and senior executives' are provided in the table below:

**Table 4: FY18 Individual STI awards (unaudited)**

Name	Role	STI award non-deferred		STI award deferred		STI award total	
		% of STI award	\$	% of STI award	\$	% of FAR	\$
Christine Holgate <sup>1</sup>	GCEO&MD	75%	\$515,625	25%	\$171,875	75%	\$687,500
Robert Black	Group Chief Operating Officer	92%	\$885,500	8%	\$80,500	84%	\$966,000
Christopher Blake	EGM Corporate Services	100%	\$612,000	0%	\$0	77%	\$612,000
Christine Corbett	EGM Community & Consumer (Acting)	100%	\$669,375	0%	\$0	77%	\$669,375
Janelle Hopkins	Group Chief Financial Officer	92%	\$635,250	8%	\$57,750	84%	\$693,000
Gary Starr <sup>2</sup>	EGM Business & Government	90%	\$313,691	10%	\$33,611	72%	\$347,302
Andrew Walduck	EGM Product & Innovation (Acting)	100%	\$631,125	0%	\$0	77%	\$631,125

1. STI award pro rata to time in role.

2. Two thirds of STI award based on previous role.

## 6.3. Long term incentives

As discussed in the FY17 Remuneration Report, from FY18 Long Term Incentives (LTI) will no longer be offered to any senior executive (including the GCEO&MD).

The second tranche payment of the 2015 to 2017 LTI award (representing one third of the total LTI award) will be paid on 1 November 2018 to eligible participants. Participants must be employed by Australia Post on the day of payment or they forfeit the payment.

**Table 5: 2015 to 2017 LTI Award Second Tranche Payments (unaudited)**

Name	Role	2015 to 2017 LTI award second tranche payments <sup>2</sup>
Christine Holgate	GCEO&MD	Not applicable
Robert Black	Group Chief Operating Officer	\$330,000
Christopher Blake	EGM Corporate Services	\$298,000
Christine Corbett <sup>1</sup>	EGM Community & Consumer (Acting)	Forfeited (\$320,000)
Janelle Hopkins	Group Chief Financial Officer	\$146,667
Gary Starr	EGM Business & Government	Not applicable
Andrew Walduck <sup>1</sup>	EGM Product & Innovation (Acting)	Forfeited (\$250,000)

1. Christine Corbett and Andrew Walduck will not be employed on the payment date and so forfeit the payment.

2. Payments are subject to being employed by Australia Post on 1 November 2018.



## Remuneration Report 2018

### 7. Board Director fees

All Australia Post Board Directors are appointed by the Commonwealth Government through the Shareholder Ministers. Board Directors' annual fees are set by the Remuneration Tribunal. Australia Post has no role in determining the level of Board Director fees.

The Remuneration Tribunal regularly reviews and sets Board director fees for the roles of Chair, Deputy Chair and other Board Director fees (excluding statutory superannuation contributions which are paid in addition to the fees set by the Remuneration Tribunal). Board Director fees cover all activities including Board membership and participation of some sub-Committees unless otherwise stated in the table below.

The following table sets out the Board Directors' fees (excluding superannuation) as set by the Tribunal and covering the financial years 2017, 2018 & 2019.

**Table 6: FY17, FY18 & FY19 Board Director fees**

Role	With effect from		
	8 December 2016 <sup>1</sup>	1 July 2017 <sup>2</sup>	1 July 2018 <sup>3</sup>
Chair	\$182,520	\$186,180	\$189,910
Deputy Chair	\$101,860	\$103,900	\$105,980
Board Directors	\$91,290	\$93,120	\$94,990
Audit & Risk Committee Chair	\$21,120	\$21,550	\$21,990
Audit & Risk Committee Member	\$10,560	\$10,780	\$11,000
People, Safety & Culture Chair <sup>4</sup>	\$18,000	\$18,360	\$18,730
People, Safety & Culture Members <sup>5</sup>	\$9,000	\$9,180	\$9,370

1. Remuneration Tribunal, Determination 2016/18: Remuneration and Allowances for Holders of Part-Time Public Office.

2. Remuneration Tribunal, Determination 2017/10: Remuneration and Allowances for Holders of Part-Time Public Office.

3. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2018.

4. Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees.

5. Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees.

## Remuneration Report 2018

### 8. FY18 statutory remuneration tables (audited)

For the purposes of this disclosure, Australia Post has defined Key Management Personnel as Non-Executive Directors, the GCEO&MD and senior executives who report directly to the GCEO&MD and who have authority and responsibility for planning, directing and controlling the activities of the organisation. These employees are the only employees considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of Australia Post. Remuneration received directly or indirectly by KMP under an accrual basis for the years ending 30 June 2017 and 30 June 2018 is as follows. All remuneration is provided in Australian Dollars.

**Table 7: Non-Executive Directors (accruals basis)**

Name	Year	Non-Executive Director fees <sup>8</sup> \$	Super -annuation <sup>9</sup> \$	Total \$
<b>Current Non-Executive Directors</b>				
John Stanhope AM (Chairman)	2018	186,180	17,687	203,867
	2017	182,520	17,339	199,859
Holly Kramer <sup>1</sup> (Deputy Chair)	2018	114,680	10,895	125,575
	2017	102,498	9,737	112,235
Bruce McIver	2018	103,900	9,871	113,771
	2017	101,850	9,676	111,526
Tony Nutt <sup>2</sup>	2018	33,130	3,147	36,277
	2017	–	–	–
The Hon. Michael Ronaldson	2018	102,300	9,719	112,019
	2017	100,290	9,528	109,818
Paul Scurrah <sup>3</sup>	2018	101,621	9,654	111,275
	2017	750	71	821
Jan West AM	2018	114,670	10,894	125,564
	2017	110,761	10,522	121,283
Deidre Willmott <sup>4</sup>	2018	103,103	9,795	112,898
	2017	750	71	821
<b>Former Non-Executive Directors</b>				
Brendan Fleiter <sup>5</sup> (Deputy Chair)	2018	–	–	–
	2017	96,228	10,393	106,621
Michael Byrne <sup>6</sup>	2018	–	–	–
	2017	46,879	4,453	51,332
Dominique Fisher <sup>7</sup>	2018	41,761	3,967	45,728
	2017	100,290	9,528	109,818
Total Board Non-Executive Directors	2018	901,345	85,629	986,974
	2017	842,816	81,318	924,134

1. Holly Kramer was appointed as Acting Deputy Chair 30 May 2017 and Deputy Chair 27 June 2017.

2. Tony Nutt appointed to the Board 2 March 2018.

3. Paul Scurrah appointed to the Board 27 June 2017.

4. Deidre Willmott appointed to the Board 27 June 2017.

5. Brendan Fleiter retired from the Board 29 May 2017.

6. Michael Byrne resigned from the Board 15 December 2016.

7. Dominique Fisher retired from the Board 26 November 2017.

8. Non-Executive Director fees are set by the Remuneration Tribunal and paid in cash.

9. Minimum superannuation contributions are provided as prescribed under Superannuation Guarantee legislation.

# Remuneration Report 2018

Table 8: GCEO&amp;MD and senior executives remuneration (accruals basis)

Name	Year	Short-term employee benefits				Post employment contributions	Long-term employee benefits			Other	Total
		Base salary <sup>9</sup> \$	Annual leave <sup>10</sup> \$	Non-monetary benefits <sup>11</sup> \$	Short-term incentive <sup>12</sup> \$	Super-annuation <sup>13</sup> \$	Short-term incentive deferral <sup>14</sup> \$	Long service leave <sup>15</sup> \$	Long-term incentive <sup>16</sup> \$	Termination benefits <sup>17</sup> \$	
GCEO&MD and Senior Executives											
Christine Holgate GCEO&MD <sup>1</sup>	2018	902,063	69,389	32,868	515,625	20,049	85,938	20,894	–	–	1,646,826
	2017	–	–	–	–	–	–	–	–	–	–
Robert Black	2018	1,129,951	86,919	–	885,500	20,049	73,719	44,568	–	–	2,240,706
	2017	830,384	63,876	–	691,688	19,616	160,969	17,340	330,000	–	2,113,873
Christopher Blake	2018	771,404	59,996	–	612,000	20,049	29,531	27,224	–	–	1,520,204
	2017	728,275	56,021	–	610,313	19,616	85,406	11,968	298,000	–	1,809,599
Christine Corbett <sup>2</sup>	2018	891,165	68,551	–	669,375	101,646	32,484	38,372	–	875,000	2,676,593
	2017	721,786	55,522	–	671,345	83,353	94,359	2,914	320,000	–	1,949,279
Janelle Hopkins	2018	804,951	61,919	–	635,250	20,049	58,406	27,475	–	–	1,608,050
	2017	709,288	54,561	–	610,313	19,616	29,531	31,006	146,667	–	1,600,982
Gary Starr <sup>4</sup>	2018	192,258	14,789	–	103,991	6,646	5,571	13,339	–	–	336,594
	2017	–	–	–	–	–	–	–	–	–	–
Andrew Walduck	2018	742,347	61,919	27,319	631,125	20,049	29,531	29,255	–	573,283	2,114,828
	2017	654,815	53,987	47,017	610,313	19,616	29,531	17,829	250,000	–	1,683,108
Former MD&GCEO and Senior Executives											
Ahmed Fahour <sup>5,6</sup> AO	2018	145,926	10,569	–	–	5,012	362,475	7,208	–	–	531,190
	2017	1,902,250	137,769	102,562	2,174,850	1,747,914	733,449	38,133	–	–	6,836,927
Peter Bass <sup>7</sup>	2018	–	–	–	–	–	–	–	–	–	–
	2017	485,256	34,827	–	368,430	54,298	38,338	72,202	167,200	–	1,220,551
Laz Cotsios <sup>8</sup>	2018	–	–	–	–	–	–	–	–	–	–
	2017	543,304	41,793	–	488,250	19,616	23,625	13,593	146,667	–	1,276,848
Senior Executive Engaged Under Secondment Arrangement											
		Payment <sup>9</sup> \$									
Andrew Parker <sup>3</sup>	2018	519,860	–	–	–	–	–	–	–	–	519,860
	2017	–	–	–	–	–	–	–	–	–	–
Total Senior Executives	2018	6,099,925	434,051	60,187	4,052,866	213,549	677,655	208,335	–	1,448,283	13,194,851
	2017	6,575,358	498,356	149,579	6,225,502	1,983,645	1,195,208	204,985	1,658,534	–	18,491,167

1. Christine Holgate was appointed as the Group Chief Executive Officer &amp; Managing Director on 30 October 2017.

2. Christine Corbett was appointed to the role of Acting Managing Director &amp; Group CEO between 29 July 2017 and 29 October 2017.

3. Andrew Parker was seconded from PricewaterhouseCoopers on a consulting basis from 15 January 2018. Remuneration reflects consulting fees paid to PricewaterhouseCoopers for the secondment. Andrew Parker is remunerated separately by PricewaterhouseCoopers.

4. Gary Starr was appointed as a KMP on 1 March 2018.

5. Ahmed Fahour AO resigned from the position of MD&amp;GCEO with Australia Post with effect from 28 July 2017.

6. The 2017 superannuation of the former MD&amp;GCEO includes a lump sum payment which was payment of an amount to restore the value in the MD&amp;GCEO's original contract as a result of erosion through unexpected impacts of legislation with respect to superannuation contributions from February 2010.

7. Peter Bass ceased as a KMP on 30 June 2017.

8. Laz Cotsios ceased as a KMP on 30 June 2017.

9. Base salary comprises cash salary excluding annual leave accrued. In the case of Andrew Parker, the payment amount comprises consulting fees paid to PwC for his secondment. Andrew Parker is remunerated separately by PwC.

10. Annual leave comprises the total amount of leave accrued for the period as required by RMG 125 (*Commonwealth Entities Financial Statements Guide*).

11. Non-monetary benefits for Christine Holgate comprises accommodation costs paid by the Corporation for the first nine months of her tenure in accordance with the determination set by the Remuneration Tribunal. Non-monetary benefits for other KMP comprises the Reportable Fringe Benefits Amount included on the recipient's payment summary (e.g. value of motor vehicles under salary sacrifice agreement and value of related party travel costs and subscriptions).

12. Short term annual incentives comprises accrued short term incentives and bonuses payable within twelve months of the end of the period.

13. For employees who are members of the defined benefit scheme (the Australia Post Superannuation Scheme) the superannuation benefit has been based on the rate used for Australian Tax Office purposes to establish the Notional Tax Contribution which is currently 10.8%. If the employee is a member of a defined contribution plan, the benefit is calculated at 9.5% in accordance with the applicable legislation.

14. Short-term incentive deferral is the amount accrued for the portion of short term incentives that are not payable within 12 months of the end of the period they relate to. The short-term incentive deferred amount for the former MD&amp;GCEO for the 2018 financial year of \$362,475 represents 50% of the deferred component of the incentive payment awarded for performance in the 2016/17 financial year. The total deferred amount will be payable subject to certain performance conditions being met.

15. Long service leave comprises the amount of leave accrued for the period.

16. Long term incentive accrued in 2017 for payment of the second tranche of the 2015 to 2017 long term incentive plan on 1 November 2018.

17. Termination benefits are payments that may be made in relation to the termination of the KMP role.

## Remuneration Report 2018

### 9. Changes to remuneration for FY19

During FY18, the Committee undertook a review of senior executive remuneration arrangements in consultation with the GCEO&MD and external consultants PWC. The outcomes of the review recommended changes to the key areas of setting executive remuneration quantum and opportunity and the design of the STI plan. As a result of the review, the following changes to remuneration will be introduced in FY19.

#### Setting senior executive FY19 remuneration quantum

Australia Post will consider multiple reference points when setting senior executive's remuneration quantum including historical remuneration information, internal relativity and external market practices. Considering these reference points, the following adjustments to FAR will be made during FY19:

- Based on assessment of the GCEO&MD's performance since her appointment and the new Reference Rate set by the Tribunal for FY19, the Board has determined that the GCEO&MD's FAR should be increased to the new Reference Rate of \$1,428,000 effective 1 July 2018. The Board has also determined that the GCEO&MD FAR should increase by \$50,000 on the first anniversary of her employment 1 November 2018.
- Reflecting changes in role and responsibility the Group Chief Operating Officer's FAR will be reduced to \$965,000 effective 1 July 2018 plus a personal travel allowance of a maximum of \$80,000.
- Reflecting average salary inflation, the Group Chief Financial Officer's FAR will be increased by 2% effective 1 July 2018.
- The EGM Corporate Services FAR is positioned appropriately to the external market and will remain at \$800,000.
- Newly appointed senior executives' FAR have been set using the multiple reference points described above.

#### The FY19 STI plan

The FY19 STI plan has been designed to provide a framework that rewards for delivering performance and value creation for Australia Post, recognises the varying contributions of each business unit and enables differentiation in remuneration outcomes based on individual leadership and safety management. Performance will be based on a new STI Scorecard as follows:

Figure 4: FY19 STI Scorecard

Enterprise Financial KPIs	Business Unit Financial KPIs	Strategic KPIs	Leadership & Safety Management
50%	10%	20%	20%

In FY19, the maximum STI will be capped at 100% of FAR for senior executives and will align to the maximum STI available to the GCEO&MD as determined by the Remuneration Tribunal. Further, 25% of any STI award will be subject to a twelve month payment deferral. The deferred payment will be subject to clawback prior to its release in the event of a material incident. The Board will retain overriding discretion to adjust (including downwards to zero) all STI outcomes.

#### Total remuneration arrangements

A summary of the GCEO&MD and senior executive remuneration arrangements for FY19 are provided in the table below:

Table 9: FY19 GCEO&MD and senior executive total remuneration arrangements (unaudited)

Name	Role	2019 FAR	2019 STI target 70% of FAR	2019 STI maximum 100% of FAR	2019 Total target rem FAR + STI target)	2019 Total maximum rem (FAR + STI max)
Christine Holgate	GCEO&MD	\$1,428,000 <sup>1</sup>	\$999,600	\$1,428,000	\$2,427,600	\$2,856,000
Robert Black	Group Chief Operating Officer	\$965,000	\$675,500	\$965,000	\$1,640,500	\$1,930,000
Christopher Blake	EGM Corporate Services	\$800,000	\$560,000	\$800,000	\$1,360,000	\$1,600,000
Ingo Bohlken <sup>2</sup>	EGM Product & Innovation	\$750,000	\$525,000	\$750,000	\$1,275,000	\$1,500,000
Annette Carey	EGM International Services	\$750,000	\$525,000	\$750,000	\$1,275,000	\$1,500,000
Susan Davies	EGM People & Culture	\$600,000	\$420,000	\$600,000	\$1,020,000	\$1,200,000
Janelle Hopkins	Group Chief Financial Officer	\$841,500	\$589,050	\$841,500	\$1,430,550	\$1,683,000
Gary Starr	EGM Business & Government	\$600,000	\$420,000	\$600,000	\$1,020,000	\$1,200,000
Nicole Sheffield <sup>2</sup>	EGM Community & Consumer	\$750,000	\$525,000	\$750,000	\$1,275,000	\$1,500,000

1. The GCEO&MD 2019 FAR will increase to \$1,478,000 on the anniversary of her employment 1 November 2018.

2. FAR & STI provided as if in role for full year.



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# **APPENDIX 22**

## JOINT MEDIA RELEASE

# Remuneration Tribunal to oversee Australia Post Managing Director salary and conditions

**Senator the Hon. Mathias Cormann**

Minister for Finance

Deputy Leader of the Government in the Senate

Senator for Western Australia

**Senator the Hon. Mitch  
Fifield**

Minister for

Communications

Minister for the Arts

Senator for Victoria

**Date:** Thursday, 23 February 2017

The pay and employment conditions of Australia Post's managing director will be overseen by the Remuneration Tribunal, under proposals announced by the Turnbull Government today.

In a letter from joint shareholder ministers, Communications Minister the Hon Mitch Fifield and Finance Minister the Hon Mathias Cormann have asked for the Remuneration Tribunal to determine the terms and conditions for the managing director's position.

Under the Australian Postal Corporation Act, the Australia Post Board of Directors is responsible for decisions regarding the terms and conditions of the Managing Director's employment.

Following these changes, the Board will be required to provide terms which are consistent with the Remuneration Tribunal's determination for the employment of 'principal executive officer' (PEO) roles.

In her capacity as Minister Assisting the Prime Minister for the Public Service, the Hon Michaelia Cash has been requested to declare that the Managing Director's role should sit within the Tribunal's PEO classification structure.

The Remuneration Tribunal's PEO classification structure consists of five bands, including terms and conditions that apply to offices in those bands.

The Australia Post Board will need to demonstrate to the Tribunal that their proposed remuneration package is commensurate with the responsibilities of the role.

Joint Shareholder Ministers have also written to the Chairman of Australia Post advising him of the proposed changes.

[ENDS]

**Media Contact(s)**

Minister Cormann: Karen Wu - 0428 350 139

Minister Fifield: Geraldine Mitchell - 0407 280 476

**Senator the Hon Mathias Cormann, Minister for Finance, Perth**

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# **APPENDIX 23**





21 December 2020

Senator the Hon David Fawcett  
Chair  
Senate Environment and Communications Legislation Committee  
By email: [ec.sen@aph.gov.au](mailto:ec.sen@aph.gov.au)

Dear Chair

### **Budget Estimates 2020-21 Clarifications**

The purpose of this letter is to clarify for the Committee a small number of answers provided to the Committee at Budget Estimates hearings on 22 October and 9 November 2020. Clarifications regarding my answers are based on my own knowledge. Other clarifications are based on information provided to me.

### **22 October 2020 Hearing**

In opening remarks made by Australia Post's then Group Chief Executive Officer and Managing Director, it was stated that Australia Post would open 47 extra delivery sites and open up 30 more post offices (in the lead up to Christmas). To clarify, at the time Australia Post anticipated that, by Christmas, it would have opened up to 33 new or repurposed processing facilities, and up to 30 new or expanded capacity sites in our retail network (as parcel pick up locations, or as additional storage locations).

In responding to questions from Senator Kitching relating to the frequency of Board meetings, I stated that the regular schedule is February, March, May, June, August, October and December. To clarify, a Board meeting is typically also scheduled in the month of July, however this is a shorter meeting that considers matters arising from the Nomination and Remuneration Committee meeting held that month, rather than a meeting considering general matters of business more broadly (which is what occurs in the other months referred to – February, March, May, June, August, October and December).

In response to questions from Senator Kitching in relation to which executives worked on the Bank@Post deal, an Australia Post witness referred to Nicole (Sheffield) as having worked on the deal. To clarify, Nicole Sheffield did not work on the Bank@Post deal at the time.

In response to questions from Senator Kitching in relation to the location of the corporate communications function within Australia Post's organisational structure, an Australia Post witness referred to Mr John Cox as the executive director of Transformation and Enablement. To clarify, Mr John Cox is the Executive General Manager of Transformation and Enablement.

In response to questions from Senator Hanson-Young in relation to Thank-you payments made to Australia Post's workforce, an Australia Post witness identified 3,500 licensees and contractors as recipients, and that the value of the payment to licensees was \$500. To clarify, there were 3,600 licensees and contractors as recipients, and the value of the payment to licensees was \$500 (excluding GST) per electronic post-of-sale terminal operated by a licensee.

#### **9 November 2020 Hearing**

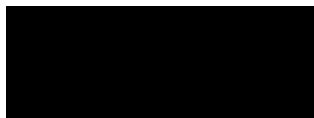
In responding to questions from Senator Green in relation to the report relating to the Government's review of Australia Post undertaken by BCG in financial year 2019-20, an Australia Post witness advised the Committee that Australia Post had not seen the report arising from that review. To clarify, Australia Post did not see a final report but was provided a draft report during the latter stages of the review.

In responding to questions from Senator Canavan in relation to Post Office licensees, an Australia Post witness referred to a Senate inquiry in 2015 into payments. To clarify, this reference was to the Senate inquiry into the *Performance, important and role of Australia Post in Australian communities and its operations in relation to licensed post offices*, completed in late 2014, which included consideration of payment arrangements with Post Office licensees.

In responding to questions from Senator Green in relation to the temporary regulatory relief, an Australia Post witness stated that our corporate plan had been tabled. To clarify, Australia Post's draft FY21 Corporate Plan had at the time been submitted to Shareholder Ministers for review and feedback but, with feedback not having been received at the time, had not yet been tabled.

In responding to questions from Senator Kitching relating to the regular schedule of Australia Post Board meetings, I stated that there is not a Board meeting in the month of July). To clarify, a Board meeting is typically scheduled in the month of July, however this is a shorter meeting that considers matters arising from the Nomination and Remuneration Committee meeting held that month, rather than a meeting considering general matters of business more broadly (which is what occurs in the other months referred to – February, March, May, June, August, October and December).

Yours sincerely

A solid black rectangular box used to redact the signature of Nick Macdonald.

**Nick Macdonald**  
General Counsel and Corporate Secretary

# **APPENDIX 24**



**SENATOR THE HON MATHIAS CORMANN**  
**Minister for Finance**  
**Leader of the Government in the Senate**

REF:

Senator the Hon David Fawcett  
Chair  
Senate Environment and Communications Legislation Committee  
Parliament House  
Canberra ACT 2600



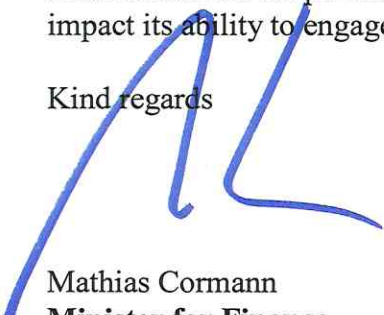
Dear Chair

I refer to PQoN 1 and PQoN 2 from 8 July 2020, seeking the tabling of the '*Review of Australia Post*' by the Boston Consulting Group and the letter of 31 March 2020 from Australia Post to Shareholder Ministers requesting temporary regulatory relief. The Government is claiming public interest immunity in respect to these documents.


Both the '*Review of Australia Post*' and the 31 March 2020 letter were used to inform the deliberations of Cabinet. Release of this information would reveal the core material and information considered by the Cabinet in its deliberations that have not been publicly disclosed.

In addition, the documents sought by the Committee also contain detailed, commercially sensitive information relating to Australia Post's operations. The release of this information has the potential to jeopardise Australia Post's commercial operations and to impact its ability to engage in commercial arrangements.

Kind regards



Mathias Cormann  
**Minister for Finance**

 July 2020

# **APPENDIX 25**

**Question on notice no. 138**

**Portfolio question number: 273**

**Budget estimates**

**Environment and Communications Committee, Infrastructure, Transport,  
Regional Development and Communications Portfolio**

**Senator Murray Watt:** asked the Australian Postal Corporation on 9 November 2020

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Senator WATT: For a moment, let's forget about what's in the letter. Was the letter that was written to shareholding ministers by the CEO on 31 March considered by the board?

Mr Di Bartolomeo: I understand the request that was made. I cannot recall, at this point, the timing-whether we saw it before or after it went in. I'll take that on notice and we'll respond.

Senator WATT: Before or after it went where?

Mr Di Bartolomeo: Shareholders. The letter was sent on 31 March.

Senator WATT: You're not sure whether the board knew that it was sent before or after it was sent?

Mr Di Bartolomeo: I can't recall, but I'll take it on notice and respond.

Senator KITCHING: Could I just add that, in response to question on notice 1880, in the second part, there are the dates of the Australia Post board meetings for 2020. There was a meeting on 26 March 2020 and a meeting on 14 April. Some of these might be subcommittees of the board, but there would have been a board meeting, as per the evidence of Mr Macdonald last time, on 23 October. You had one in March and one in May. I'm on page 28 of the Hansard. Sorry, it was 22 October. And then, in response to question on notice 1880, there were some board meetings, or committees of boards, on 26 March, 14 April, 1 May-in fact, you had two meetings on 1 May. Do you have the minutes from those board meetings, Mr Di Bartolomeo?

Mr Di Bartolomeo: I certainly don't have them on me, but clearly we have a record of all those meetings and both the papers and the minutes involved, yes.

Senator KITCHING: So you or your general counsel would be able to clarify when it was discussed at the board meeting?

Mr Di Bartolomeo: Sorry, I missed that question.

Senator KITCHING: You would be able to clarify quite quickly when it was discussed-at which board meeting it was discussed?

Mr Di Bartolomeo: Yes.

Senator KITCHING: Do you think you can do that this evening?

Mr Di Bartolomeo: I certainly can't, but I'm happy to ask our general counsel and company secretary.

Mr Macdonald: We're happy to take the question on notice to determine whether or not the letter itself was reviewed by the board at a meeting or outside a meeting and at which of those board meetings the topic of seeking regulatory relief was discussed. As you said, there were meetings on 23 and 26 March. We can take that question on notice and respond.

**Answer —**

Answer attached

**Senate Standing Committee on Environment and Communications**  
**Answers to Senate Estimates Questions on Notice**  
**Budget Estimates October 2020**  
**Communications Portfolio**  
**Australia Post**

**Question No: 273**

**Australia Post**

**Hansard Ref: Page 36, 9/11/2020**

**Topic: Australia Post - Boston Consulting Group review report – board consideration**

**Senator Murray Watt asked:**

Senator WATT: For a moment, let's forget about what's in the letter. Was the letter that was written to shareholding ministers by the CEO on 31 March considered by the board?

Mr Di Bartolomeo: I understand the request that was made. I cannot recall, at this point, the timing—whether we saw it before or after it went in. I'll take that on notice and we'll respond.

Senator WATT: Before or after it went where?

Mr Di Bartolomeo: Shareholders. The letter was sent on 31 March.

Senator WATT: You're not sure whether the board knew that it was sent before or after it was sent?

Mr Di Bartolomeo: I can't recall, but I'll take it on notice and respond.

Senator KITCHING: Could I just add that, in response to question on notice 1880, in the second part, there are the dates of the Australia Post board meetings for 2020. There was a meeting on 26 March 2020 and a meeting on 14 April. Some of these might be subcommittees of the board, but there would have been a board meeting, as per the evidence of Mr Macdonald last time, on 23 October. You had one in March and one in May. I'm on page 28 of the Hansard. Sorry, it was 22 October. And then, in response to question on notice 1880, there were some board meetings, or committees of boards, on 26 March, 14 April, 1 May—in fact, you had two meetings on 1 May. Do you have the minutes from those board meetings, Mr Di Bartolomeo?

Mr Di Bartolomeo: I certainly don't have them on me, but clearly we have a record of all those meetings and both the papers and the minutes involved, yes.

Senator KITCHING: So you or your general counsel would be able to clarify when it was discussed at the board meeting?

Mr Di Bartolomeo: Sorry, I missed that question.

Senator KITCHING: You would be able to clarify quite quickly when it was discussed—at which board meeting it was discussed?

Mr Di Bartolomeo: Yes.

Senator KITCHING: Do you think you can do that this evening?

Mr Di Bartolomeo: I certainly can't, but I'm happy to ask our general counsel and company secretary.

Mr Macdonald: We're happy to take the question on notice to determine whether or not the letter itself was reviewed by the board at a meeting or outside a meeting and at which of those board meetings the topic of seeking regulatory relief was discussed. As you said, there were meetings on 23 and 26 March. We can take that question on notice and respond.



**Answer:**

On 23 March 2020, the Board considered Australia Post's response to, and preparedness for, the COVID-19 pandemic and its related impacts, and how Australia Post was preparing to manage through the COVID-19 pandemic and protect the business. The Board discussed, among other things, updates regarding our people, potential financial impacts on our business, operational impacts, government and stakeholder engagement, global considerations, and communications. The update on operational impacts outlined the preparation of a case to seek government support for temporary regulatory relief.

The Board met again briefly on 26 March 2020, for a further update regarding the financial and people implications of the COVID-19 pandemic and Australia Post's response. This included some discussion regarding the request for temporary regulatory relief.

Australia Post wrote to its Shareholder Ministers on 31 March 2020. The letter was reviewed and approved by the Chair of Australia Post before it was sent to the Shareholder Ministers.

# **APPENDIX 26**

**Australia Post**

**Hansard Ref: Page 35-36, 9/11/2020**

**Topic: Australia Post - Boston Consulting Group review report**

**Senator Nita Green asked:**

**Senator GREEN:** So Australia Post paid \$1.3 million for a report they haven't seen a copy of?

**CHAIR:** Order. Senator, that's not the evidence that's been given. The government required a dividend—

**Senator GREEN:** Now you're giving evidence, Chair.

**CHAIR:** No. I'm just trying to be fair and that you're not putting words in the mouth of the witness.

**Senator GREEN:** Was that request made in a letter?

**Mr Di Bartolomeo:** I don't recall. I believe so, though. It would have been, as a request for a special dividend.

**Senator GREEN:** Mr Boys is nodding. Can you table the request from the government for that dividend so we can understand what the nature of that request was and whether it was clearly for certain purposes, so we can understand what actually was requested? It is unusual, as you say, for a dividend to be requested for a particular reason.

**Mr Di Bartolomeo:** It's not unusual for governments or shareholders generally to ask for additional dividends. I guess the unusual bit is that they told us in this instance what they were intending to use it for. It was a standard request for a dividend—normal plus extra—and that's often done. We are not often told, however, how they wish to spend that dividend.

**Senator GREEN:** If you could table that letter, that would be appreciated and we can understand when the request was made, who made the request and also what the nature of the request was. If you can take notice, we'd appreciate that.

**Mr Di Bartolomeo:** Will do.

**Senator GREEN:** A senate inquiry has learned that, on March 31, the then Australia Post CEO wrote to shareholder ministers requesting the cut to mail services—the change in service delivery.

**Mr Di Bartolomeo:** The regulatory relief.

**Senator GREEN:** Did the board sign off on that proposal and the letter before it was formally sent to the shareholder ministers?

**Mr Di Bartolomeo:** I don't quite recall. I will take the advice of our company secretary, Nick Macdonald.

**Mr Macdonald:** I'm mindful that the Minister for Finance has made a public interest immunity claim with respect to the BCG report and with respect to the correspondence that's being referred to. Perhaps we could take that question on notice so that we can consult with the shareholder regarding that. I think we also need to do that with respect to the letter regarding the special dividend, for similar reasons.

**Senator GREEN:** Are you referring to the request I have made to provide that letter to the committee?

**Mr Di Bartolomeo:** Yes; that's correct.

**Senator GREEN:** That was the letter in relation to the special dividend. I'm actually asking about the letter that was sent to shareholder ministers. What is the reason that you're not able to answer that question?

**Senator Hume:** I can answer that. The government has already claimed public interest immunity with respect to the letter of 31 March from Australia Post to the shareholder ministers. If you like, I can table Minister Cormann's letter to the chair of this committee on 20 July regarding both the BCG report and the letter of 31 March from Australia Post to the shareholder ministers.

**Senator GREEN:** Minister, I respect there is a public interest immunity claim on the letter itself. I'm just asking whether the board received a copy of the letter before it was sent to the ministers. That's my question. You would know that answer.

**Mr Di Bartolomeo:** I don't not recall, so I will take it on notice and respond.

**Answer:**

In a letter dated 16 December 2019, the Shareholder Ministers advised Australia Post that the Government would seek to cover costs of the review via a special dividend from Australia Post. A copy of that letter is attached.

Australia Post wrote to its Shareholder Ministers on 31 March 2020. Australia Post understands that the letter is subject to a claim of public interest immunity made by the then Finance Minister.

The letter dated 31 March 2020 was sent to Shareholder Ministers following discussions by the Board, at meetings on 23 and 26 March 2020, regarding the financial, operational and people implications of the COVID-19 pandemic and Australia Post's response – including the preparation of a case for seeking government support for temporary regulatory relief. The Board did not receive a draft of the letter, but the letter was reviewed and approved by the Chair of Australia Post before it was sent to the Shareholder Ministers.



**SENATOR THE HON MATHIAS CORMANN**  
**Minister for Finance**

**THE HON PAUL FLETCHER MP**  
**Minister for Minister for Communications,  
Cyber Safety and the Arts**

Mr Lucio Di Bartolomeo  
Chair  
Australia Post  
GPO Box 1777  
MELBOURNE VIC 3001

  
Dear Mr Di Bartolomeo

We are writing to you, in our capacity as Shareholder Ministers, to advise you formally of the Government's approach to address the financial and performance outlook of Australia Post following the recent 2019-20 to 2022-23 Corporate Plan process.

As you are aware, we have commissioned a Review of Australia Post to be undertaken and led by Shareholder Departments with support from the Boston Consulting Group. We are required to report to Government in early 2020 on options to reform Australia Post's business operations and deliver financial sustainability into the future. We thank Australia Post for its engagement to date and in supporting Shareholder Departments as they undertake the Review.

Consistent with our previous correspondence with Mr John Stanhope AM, former Chair of Australia Post, dated 9 and 18 October 2019, we note that Australia Post continues to forecast low profitability due to declining letter volumes and foot traffic in the retail network, and intensifying competition in the parcels business. This situation has arisen in part due to changing community needs, and as the Government moves to online service provision. All of these factors present challenges for Australia Post's current operating model and its ability to deliver on its mandate consistent with Government priorities.

We acknowledge the work that Australia Post has done with its Strategic Review in 2018 and Corporate Plan reviews. However, the forecast financial performance, combined with the release of the 2018-19 financial results have highlighted continued risk to Australia Post's financial sustainability and its ability to continue to deliver its functions under the *Australian Postal Corporation Act 1989*.


Importantly, the Review is considering Australia Post's strategy to operate as a sustainable and fit-for-purpose service provider for the longer term. The Review will consider broader market conditions such as growth in e-commerce and changes in business and consumer needs. Terms of Reference for the Review is attached. We ask that these remain confidential between the Board and Shareholders.

The Review will recommend options to the Government with clear and measurable deliverables. It will include analysis of the sustainability of Australia Post's cost base, the post office network, workforce reforms and capital structure. It will also look at governance and regulatory frameworks, including the Government's expectations regarding core and non-core functions.

We acknowledge that elements within the current Statement of Expectations and Commercial Freedoms Framework are outdated. The Government expects to provide new versions of these documents to Australia Post, informed by the findings of the Review in due course.

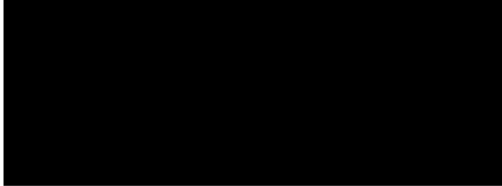
To support the Government in delivering the Review, we will seek to cover the costs of the Review via a special dividend from Australia Post. We will write to you further on this issue.

We thank Australia Post for the positive engagement of the Executive and look forward to your continued cooperation to ensure the success of this process and options developed.



Mathias Cormann  
Minister for Finance

16-11-2019



Paul Fletcher  
Minister for Communications,  
Cyber Safety and the Arts

# **APPENDIX 27**

**DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT  
AND COMMUNICATIONS**

Question No. 1880

**Senator Kimberley Kitching** asked the Minister representing the Minister for Communications, Cyber Safety and the Arts, upon notice, on 31 August 2020

With reference to staff bonuses for the 2019-2020 period, as outlined in the 28 August article in the Australian titled “Australia Post to pay staff bonuses after delivering bumper profit”:

1. In March the CEO was quoted as saying: “The executive team and board have all agreed to take a 20 per cent cut in their salaries for the months ahead as we go through this crisis. In addition, the executive team has agreed to forsake any right to a bonus payment for this year”
  - a. has the executive team taken a 20 per cent cut in pay for the aforementioned months. If no, what was the cost of reinstating this 20 per cent in their salaries; and
  - b. has the Board taken a 20 per cent cut in pay for the aforementioned months. If no, what was the cost of reinstating this 20 per cent in their salaries.
2. Please supply dates of all Australia Post board meetings for 2020.
3. Please supply dates of all meeting of the Remuneration Committee in Australia Post.
4. Please list the names of all members of Remuneration Committee.
5. Who chairs the Remuneration Committee.
6. Who performs secretariat functions for the Remuneration Committee.
7. How many staff are employed in Australia Post Head Office.
8. What total sum of bonuses have been paid to contract staff (i.e. non-award staff) in Australia Post Head Office. This includes bonuses which have been decided, but not yet paid.
9. What total sum of bonuses have been paid out to Australia Post contract staff located outside of Head Office. This includes bonuses which have been decided, but not yet paid.
10. How many General Managers received or are due to receive bonuses.
11. How many employees in designations of “manager” and above received bonuses. This includes Managers, Senior Managers, “head of” and General Managers. Please also provide a breakdown of staffing numbers for each level.
12. What is the highest salary paid to a general manager within Australia Post. Please provide the figure; the individual's name and title is not required.

FOR OFFICIAL USE ONLY



13. How many staff within Australia Post receive a salary of \$200,000 or more.
14. How many staff within Australia Post on a salary of \$200,000 or more received a bonus.
15. On what date did the CEO inform the Remuneration Committee in March 2020 that bonuses would not be paid to executives and headquarter staff.
16. On what dates were proposals taken to the Remuneration Committee and Board for reinstating bonuses for staff in headquarters. Which executive took this proposal to the Committee. On what date was it decided.
17. On what dates were proposals taken to the Remuneration Committee and Board for reinstating senior executive bonuses. Which executive took this proposal to the Committee. On what date was it decided.
18. What was the total amount of bonuses paid out to all contract staff.
19. With reference to the FY20 \$53.7 million profit before tax result announced on 27 August 2020 — how much in bonuses does that figure assume will be paid out. Please provide the precise figure.

**Senator the Hon Linda Reynolds CSC** – the answer to the Senator’s question is as follows:

#### **1. Background**

In March 2020, it was clear that the COVID-19 pandemic presented extraordinary challenges and risks globally and that – like the rest of the Australian community – Australia Post would be seriously impacted. Australia Post’s strategy throughout the crisis has been simple but strong:

- Protect our people – the safety of Australia Post people and, for as many as possible, their roles;
- Serve our country – as many Australians and Australian Businesses depend on Australia Post to access and supply critical products and services; and
- Safeguard our business – this is Australia Post’s best defence to protect its people and the services it offers for the future.

Consistent with that strategy, Australia Post management quickly identified and acted on a range of measures to reduce costs and preserve cash, with the objective of maintaining the viability of Australia Post given the expected adverse impact of the COVID-19 crisis on financial conditions. Available information and analysis, and close observation of international experiences (particularly for international postal operators), indicated there could be significant volatility and uncertainty in the months ahead, and Australia Post management considered it highly unlikely that the organisation would be profitable in the financial year 2019/20.

One of the measures proposed by Australia Post management, and approved by the Board, was to implement a temporary 20 per cent reduction in the fixed remuneration of the Executive Team (for 6 pay fortnights). The Australia Post Board also agreed to a corresponding temporary reduction in their fees.

- a. Each Executive Team member’s fixed remuneration was reduced by 20 per cent during the period 16 April 2020 to 8 July 2020. This reduction was made with the

agreement of each Executive Team member and, in respect of the Group Chief Executive Officer and Managing Director, with the consent of the Remuneration Tribunal. This consent was required as the temporary reduction resulted in the remuneration of the Group Chief Executive Officer and Managing Director falling below the permissible remuneration range determined by the Remuneration Tribunal.

- b. Australia Post Board fees were reduced by 20 per cent during the period 16 April 2020 to 8 July 2020. This reduction was made with the agreement of each Non-Executive Director and in accordance with item 8 of Table 3B under section 17 of the *Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2020*. This determination was required to implement the temporary reduction, as the Remuneration Tribunal sets the Non-Executive Directors' annual fees. See the response at 1a in regards to the Group Chief Executive Officer and Managing Director who is also a member of the Board.
2. The dates of Australia Post Board meetings for 2020 were/are: 20 February 2020; 21 February 2020; 23 March 2020; 26 March 2020; 14 April 2020; 1 May 2020 (two meetings); 13 May 2020; 27 May 2020; 10 June 2020; 17 June 2020; 24 June 2020; 30 June 2020; 13 July 2020; 20 August 2020; 2 September 2020; 15 September 2020; 21 September 2020; 22 October 2020; 23 October 2020; 26 October 2020; 29 October 2020; 2 November 2020; 23 November 2020 (scheduled); and 14 December 2020 (scheduled).
3. The dates of Nomination and Remuneration Committee meetings for 2020 were/are: 20 February 2020; 24 June 2020; 30 June 2020; 30 July 2020; 3 August 2020; 5 August 2020; 19 August 2020; and 4 December 2020 (scheduled).
4. Current members of the Nomination and Remuneration Committee are: Lucio Di Bartolomeo; Andrea Staines OAM; Mario D'Orazio; Bruce McIver; Michael Ronaldson; Tony Nutt AO; Jan West AM; and Deidre Willmott.
5. The Nomination and Remuneration Committee has a formal Charter which is published on Australia Post's website ([www.auspost.com.au/about-us/corporate-information/our-organisation/board-and-committee-charters](http://www.auspost.com.au/about-us/corporate-information/our-organisation/board-and-committee-charters)). Clause 8 sets out the arrangements for chairing the Nomination and Remuneration Committee.
6. The Nomination and Remuneration Committee has a formal Charter which is published on Australia Post's website ([www.auspost.com.au/about-us/corporate-information/our-organisation/board-and-committee-charters](http://www.auspost.com.au/about-us/corporate-information/our-organisation/board-and-committee-charters)). Clauses 9 to 11 set out the arrangements for the secretariat functions for the Nomination and Remuneration Committee.
7. At 30 June 2020, there were 3,072 contract level and award staff employed in Australia Post's main office locations at 111 Bourke Street, Melbourne, Victoria and 219 Cleveland Street, Redfern, New South Wales. These employees carry out a wide variety of responsibilities across corporate and support functions including accounts, administration, business development, corporate services, customer support, delivery operations, finance, human resources, information technology, innovation, international, marketing, procurement, products, property, retail operations, and sales.

Due to COVID-19 restrictions, most of these employees were working from home at this time.

## 8. Background regarding Australia Post's remuneration framework

Details of remuneration and incentive payments made to senior executives and ‘other highly paid staff’ (in aggregate) are disclosed in Australia Post’s Remuneration Report, published in Australia Post’s Annual Report:

- for 2016/17, available at [www.auspost.com.au/content/dam/auspost\\_corp/media/documents/Annual-Report-2017.pdf](http://www.auspost.com.au/content/dam/auspost_corp/media/documents/Annual-Report-2017.pdf) (senior executives only)
- for 2017/18, available at [www.auspost.com.au/content/dam/auspost\\_corp/media/documents/annual-report-2018.pdf](http://www.auspost.com.au/content/dam/auspost_corp/media/documents/annual-report-2018.pdf) (senior executives only)
- for 2018/19, available at [www.auspost.com.au/content/dam/auspost\\_corp/media/documents/publications/2019-australia-post-annual-report.pdf](http://www.auspost.com.au/content/dam/auspost_corp/media/documents/publications/2019-australia-post-annual-report.pdf)
- for 2019/20, available at [www.auspost.com.au/content/dam/auspost\\_corp/media/documents/2020-australia-post-annual-report.pdf](http://www.auspost.com.au/content/dam/auspost_corp/media/documents/2020-australia-post-annual-report.pdf).

The Remuneration Report sets out the remuneration strategy and principles applied by Australia Post, and disclosures in accordance with the requirements under the *Public Governance, Performance and Accountability Rule 2014*. As set out in the Remuneration Report, at Australia Post, remuneration arrangements for contract level employees are designed to reward employees for the skills and experience they bring to their role. Dependent on an employee’s role, the remuneration package is comprised of an appropriate mix of fixed and variable (“at risk”) remuneration components. These typically consist of Fixed Annual Remuneration (FAR) comprising fixed base salary and superannuation, and Short Term Incentive (STI) opportunity – both a target and stretch opportunity as a percentage of FAR.

### **Australia Post Corporate Incentive Plan**

The STI opportunity aims to reward contract level employees for delivering financial performance and non-financial performance against a range of key performance indicators (KPIs) that are aligned to the strategic priorities of the Group. Eligible employees each have their own scorecard against which their performance is measured and STI paid. The STI plan is called the Australia Post Corporate Incentive Plan (APCIP). In addition to the KPIs, the APCIP includes enterprise financial and individual behavioural gateways that must be met prior to an individual being eligible for an incentive payment.

### **Participants in the Australia Post Corporate Incentive Plan**

Australia Post is a substantial enterprise estimated to rank in the top 50 largest businesses in Australia, with turnover of approximately \$7.5 billion in 2019/20, and that conducts business across Australia. It has an extensive network that supports a vast range of customer and business needs and a workforce of more than 75,000 people including employees, contractors, community postal agents and licensees.

The APCIP applies to approximately 2,600 employees, mostly contract level but some award level. Eligible employees include the Executive Team, senior and middle management, and non-management staff, in Australia Post headquarters and other office locations, and working from Australia Post facilities. These employees carry out a wide variety of responsibilities including operational roles across Australia Post’s vast delivery and retail networks and corporate and support functions including accounts, administration, business development, corporate services, customer support, delivery operations, finance, human resources, information technology, innovation, international, marketing, procurement, products, property, retail operations, and sales.

Incentive payments were awarded under the APCIP in relation to financial year 2019/20 to:

- 2,074 contract level employees eligible to participate in the APCIP;
- 1,057 employees in designations of 'manager' or above (including Managers, Senior Managers, Heads of, and General Managers);
- 218 employees on a salary of \$200,000 or more; and
- 67 General Managers.

It is noted that the categories listed above are not mutually exclusive. For example, a General Manager may be counted in all of the categories.

Incentive payments were not awarded to the Group Chief Executive Officer and Managing Director or to Executive General Managers, under the APCIP in relation to financial year 2019/20. As has been reported, the Board made this decision on 2 September 2020.

### **Amount of incentive payments awarded under the Australia Post Corporate Incentive Plan**

The total sum of incentive payments awarded under the APCIP in relation to financial year 2019/20 to contract staff (i.e. non-award staff) was \$58,175,123. The total is approximately 1.76 per cent of Australia Post's total employee benefit expenses for that period (\$3,297.7 million). The total is comprised of \$41,728,175 awarded to contract staff employed in Australia Post head office locations (approximately 1.27 per cent of Australia Post's total employee benefit expenses) and \$16,446,947 to contract staff employed in other locations (approximately 0.50 per cent of Australia Post's total employee benefit expenses).

### **Provision for incentives**

Australia Post recognises a liability and expense for incentive payments to be made to employees of the Group. A provision is recognised where performance indicates that a probable constructive obligation exists. The provision for incentives includes provision for sales incentives, Thank You payments to award staff, contractors and licensees and incentive payments made under the APCIP (as noted above, the total sum of incentive payments awarded under the APCIP in relation to financial year 2019/20 to all contract staff was \$58,175,123).

As at 30 June 2020, Australia Post recognised a provision for the APCIP and other incentives (noted above) at \$92.4 million. This amount is taken into account in determining the profit before tax result for financial year 2019/20 of \$53.6m. The provision is approximately 2.80% of Australia Post's total employee benefit expenses for that period (\$3,297.7 million).

For further details regarding Australia Post's incentive and reward and recognition programs, see the responses to Question on Notice from Parliament number 1740 (46).

9. See the response to question 8.
10. See the response to question 8.
11. See the response to question 8.
12. Aggregate details of remuneration to 'other highly paid staff' (which includes General Managers) are disclosed in Australia Post's Remuneration Report, published in Australia

Post's Annual Report:

- for 2018/19, available at [www.auspost.com.au/content/dam/auspost\\_corp/media/documents/publications/2019-australia-post-annual-report.pdf](http://www.auspost.com.au/content/dam/auspost_corp/media/documents/publications/2019-australia-post-annual-report.pdf); and
- for 2019/20, available at [www.auspost.com.au/content/dam/auspost\\_corp/media/documents/2020-australia-post-annual-report.pdf](http://www.auspost.com.au/content/dam/auspost_corp/media/documents/2020-australia-post-annual-report.pdf).

The Remuneration Report sets out the remuneration strategy and principles applied by Australia Post, and disclosures in accordance with the requirements under the *Public Governance, Performance and Accountability Rule 2014*. As set out in the Remuneration Report, at Australia Post, remuneration arrangements for contract level employees are designed to reward employees for the skills and experience they bring to their role.

The highest salary paid to a General Manager in relation to financial year 2019/20 was \$478,306.

13. Aggregate details of remuneration to 'other highly paid staff' (which includes employees receiving a salary of \$200,000 or more) are disclosed in Australia Post's Remuneration Report, published in Australia Post's Annual Report:

- for 2018/19, available at [www.auspost.com.au/content/dam/auspost\\_corp/media/documents/publications/2019-australia-post-annual-report.pdf](http://www.auspost.com.au/content/dam/auspost_corp/media/documents/publications/2019-australia-post-annual-report.pdf); and
- for 2019/20, available at [www.auspost.com.au/content/dam/auspost\\_corp/media/documents/2020-australia-post-annual-report.pdf](http://www.auspost.com.au/content/dam/auspost_corp/media/documents/2020-australia-post-annual-report.pdf).

The Remuneration Report sets out the remuneration strategy and principles applied by Australia Post, and disclosures in accordance with the requirements under the *Public Governance, Performance and Accountability Rule 2014*. As set out in the Remuneration Report, at Australia Post, remuneration arrangements for contract level employees are designed to reward employees for the skills and experience they bring to their role.

Australia Post is a substantial enterprise estimated to rank in the top 50 largest businesses in Australia, with turnover of approximately \$7.5 billion in 2019/20, and that conducts business across Australia. It has an extensive network that supports a vast range of customer and business needs and a workforce of more than 75,000 people including employees, contractors, community postal agents and licensees. In relation to financial year 2019/20, 232 employees (of 34,998 employees, at 30 June 2020) received a salary of \$200,000 or more.

14. See the response to question 8.

**15. Background regarding Australia Post's remuneration framework**

The Remuneration Report contained in Australia Post's Annual Report sets out the remuneration strategy and principles applied by Australia Post, and disclosures in accordance with the requirements under the *Public Governance, Performance & Accountability Rule 2014*. As set out in the Remuneration Report, at Australia Post, remuneration arrangements for contract level employees are designed to reward employees for the skills and experience they bring to their role. Dependent on an employee's role, the remuneration package is comprised of an appropriate mix of fixed and variable ("at risk") remuneration components. These typically consist of Fixed Annual Remuneration (FAR) comprising fixed base salary and superannuation, and Short Term Incentive (STI)

opportunity – both a target and stretch opportunity as a percentage of FAR.

### **Australia Post Corporate Incentive Plan**

The STI opportunity aims to reward contract level employees for delivering financial performance and non-financial performance against a range of key performance indicators (KPIs) that are aligned to the strategic priorities of the Group. Eligible employees each have their own scorecard against which their performance is measured and STI paid. The STI plan is called the Australia Post Corporate Incentive Plan (APCIP). In addition to the KPIs, the APCIP includes enterprise financial and individual behavioural gateways that must be met prior to an individual being eligible for an incentive payment.

### **Participants in the Australia Post Corporate Incentive Plan**

Australia Post is a substantial enterprise estimated to rank in the top 50 largest businesses in Australia, with turnover of approximately \$7.5 billion in 2019/20, and that conducts business across Australia. It has an extensive network that supports a vast range of customer and business needs and a workforce of more than 75,000 people including employees, contractors, community postal agents and licensees.

The APCIP applies to approximately 2,600 employees, mostly contract level but some award level. Eligible employees include the Executive Team, senior and middle management, and non-management staff, in Australia Post headquarters and other office locations, and working from Australia Post facilities. These employees carry out a wide variety of responsibilities including operational roles across Australia Post's vast delivery and retail networks and corporate and support functions including accounts, administration, business development, corporate services, customer support, delivery operations, finance, human resources, information technology, innovation, international, marketing, procurement, products, property, retail operations and sales.

### **Measures taken in March 2020 to reduce costs, preserve cash, and maintain the viability of Australia Post**

In March 2020, it was clear that the COVID-19 pandemic presented extraordinary challenges and risks globally and that – like the rest of the Australian community – Australia Post would be seriously impacted. Australia Post's strategy throughout the crisis has been simple but strong:

- Protect our people – the safety of Australia Post people and, for as many as possible, their roles;
- Serve our country – as many Australians and Australian Businesses depend on Australia Post to access and supply critical products and services; and
- Safeguard our business - this is Australia Post's best defence to protect its people and the services it offers for the future.

Consistent with that strategy, Australia Post management quickly identified and acted on a range of measures to reduce costs and preserve cash, with the objective of maintaining the viability of Australia Post given the expected adverse impact of the COVID-19 crisis on financial conditions. Available information and analysis, and close observation of international experiences (particularly for international postal operators), indicated there could be significant volatility and uncertainty in the months ahead, and Australia Post management considered it highly unlikely that the organisation would be profitable in the financial year 2019/20.

This serious, volatile and uncertain outlook for Australia Post – and the proposed measures to reduce costs, preserve cash and maintain Australia Post’s viability – were presented by the Group Chief Executive Officer and Managing Director to the Board on 23 March 2020. The measures considered by the Board, and approved, included:

- Suspend incentive payments under the APCIP for the 2019/20 financial year, applying a 100 per cent reduction to all outcome payments for all eligible Australia Post employees.
- Implementing a temporary 20 per cent reduction in the fixed remuneration of the Executive Team (for 6 pay fortnights). [See the response to question 1 above, for further details regarding the temporary reductions in Executive Team fixed remuneration and Non-Executive Directors’ fees.]

### **Decision in June 2020 regarding application of Australia Post Corporate Incentive Plan**

The decision on 23 March 2020 (referred to above) to suspend incentive payments for all eligible Australia Post employees was made at the height of the COVID-19 pandemic, in a very volatile and uncertain environment.

It was one of a range of measures identified by Australia Post management to reduce costs and preserve cash, with the objective of maintaining the viability of Australia Post given the expected adverse impact of the COVID-19 crisis on financial conditions, and to recognise that all Australians would need to work together in response to these challenges

Available information and analysis, and close observation of international experiences (particularly for Australia Post’s international postal peers), indicated that there could be significant volatility and uncertainty in the months ahead. At that time, Australia Post management considered it highly unlikely that the organisation would be profitable in the financial year 2019/20.

By late June, Australia Post had a better understanding of the impact of the crisis. Widespread lockdowns resulted in a significant increase in parcel volumes due to online shopping during the COVID-19 pandemic.

There had subsequently been a better than expected, though still challenging, outcome in the organisation’s operational and financial performance, as a result of the measures taken by Australia Post management, and the response by Australia Post employees to find innovative ways to adapt and support Australians through the crisis in the context of the significant increase in parcel volumes due to online shopping induced by the COVID-19 pandemic.

In light of this, the Group Chief Executive Officer and Managing Director presented a proposal to reinstate the opportunity for all eligible Australia Post employees to receive incentive payments under the APCIP for the financial year 2019/20.

After consideration by the Nomination and Remuneration Committee and the Board, the Board decided on 30 June 2020 to reinstate the opportunity for all eligible employees to receive incentive payments under the APCIP for the financial year 2019/20 (with that opportunity reduced by 25% for the Executive Team).

In August, the Board decided to make an incentive payment to all eligible Australia Post employees under the APCIP, excluding Executive Team members, and also recognised the efforts of more than 33,000 Australia Post Group team members with a ‘Thank You’ payment worth, on average, around \$600 per recipient.

The Board in September decided that incentive payments would not be awarded to the Group Chief Executive Officer & Managing Director or to Executive General Managers, under the APCIP in relation to financial year 2019/20.

16. See the response to question 15.

17. See the response to question 15

18. See the response to question 8.

19. See the response to question 8.