

# Remuneration report 2021

## Message from the Chair

On behalf of the Board, I am pleased to introduce Australia Post's Remuneration Report for FY21.

The purpose of this report is to fully disclose our approach to the remuneration of our key management personnel, including the senior executives and directors of Australia Post. Our remuneration policies and practices are designed to deliver remuneration outcomes, for all of our workforce, that are fair, equitable, motivational, strategically aligned, and linked to performance.

The report provides remuneration disclosures in accordance with reporting requirements under the PGPA Act and the PGPA Rule that also require Australia Post to disclose the number and remuneration levels of other highly paid staff in the Annual Report. In addition, this report seeks to align with the same governance standards that apply to ASX-listed corporations.

Australia Post acknowledges that the Government recently released '*Performance Bonus Guidance - principles governing performance bonus use in Commonwealth entities and companies*' to apply from FY22.

The overall financial performance of the Australia Post Group has been strong and is reflected in record earnings and strong profit before tax performance. The financial results are coupled with strong performance across all strategic objectives with the exception of employee engagement. The delivery of strong performance against the strategic objectives of the Australia Post Group has provided significant benefit to the community, the shareholder and the economy.

Based on that performance in a very challenging operating environment, the Board determined to pay performance-based incentives to eligible contract level employees. In recognition of the significant levels of performance within the Executive Team, the Board used its discretion not to apply any deferral to performance-based incentives to Executive Team members.

The assessment of enterprise and individual performance and the determination of performance-based incentives in FY21 was robustly governed in accordance with Australia Post's remuneration policy and incentive plan rules.

I would like to take this opportunity to again acknowledge our former Group Chief Executive Officer and Managing Director, Christine Holgate for her hard work and achievements at Australia Post over the past 3 years.

We look forward to welcoming Paul Graham as our Group Chief Executive Officer and Managing Director in September. Paul's 40 years' of deep industry experience working in retail and supply chain in Australia, Europe and Asia, combined with his community and customer-focused philosophy will bring enormous value to Australia Post.

The Board and I would also like to extend our thanks to Rodney Boys, for acting in the Group Chief Executive Officer and Managing Director role since 23 October 2020 and for the outstanding way in which he led Australia Post, and to the Executive Team for their contribution during an exceptionally challenging year.

I would also like to acknowledge Mario D'Orazio who resigned as a non-executive director on 26 June 2021.

This Remuneration Report provides full and accurate disclosure in relation to our remuneration policies and practices for FY21. I encourage you to read what follows.



**Lucio Di Bartolomeo**  
Chair

## 1. Our organisation and key management personnel

The purpose of the Remuneration Report (report) is to set out the principles and the strategy the Australian Postal Corporation (Australia Post) applies to remunerate key management personnel (KMP) and other highly paid staff. In addition, the report outlines how our remuneration strategy is aligned to our goals and strategic imperatives. This cohesive alignment with our strategic objectives best places Australia Post to deliver better outcomes whilst enabling performance-based reward and supporting the attraction and retention of high-calibre senior executives and staff.

The information provided in the report has been prepared in accordance with disclosure requirements outlined in the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and the *Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)*.

The remuneration disclosure tables contained in this report are prepared in accordance with the requirements of the PGPA Rule and AASB 124 Related Party Disclosures.

The report details remuneration information for the financial year ended 30 June 2021 (FY21) as it applies to KMP, comprising non-executive 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 responsibility or substantial input into the planning, directing and controlling of the operations of Australia Post and its controlled entities (often referred to as the 'Australia Post Group', 'Group', or the 'Enterprise'), typically titled Executive General Managers (EGM).

Also included are aggregate disclosures of "other highly paid staff" of Australia Post, where their total remuneration exceeds \$230,000, in accordance with the PGPA Rule. Reporting under the PGPA Rule is provided in bands with the first band being from \$230,001 to \$245,000 and subsequent bands in increments of \$25,000.

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The KMPs covered in this year's report and the details of movements throughout FY21 are outlined in the table below:

**Table 1: FY21 Key Management Personnel**

<b>Name</b>	<b>Position<sup>1</sup></b>	<b>KMP Team</b>
<b>Board of Directors</b>		
Lucio Di Bartolomeo	Chair	Full Year
Rodney Boys	Acting GCEO&MD <sup>2</sup>	Part Year
Andrea Staines OAM	Deputy Chair	Full Year
Bruce McIver AM	Director	Full Year
Tony Nutt AO	Director	Full Year
The Hon. Michael Ronaldson	Director	Full Year
Jan West AM	Director	Full Year
Deidre Willmott	Director	Full Year
<b>Former Directors</b>		
Mario D'Orazio <sup>3</sup>	Director	Part Year
Christine Holgate <sup>4</sup>	GCEO&MD	Part Year
<b>GCEO&amp;MD and Senior Executives</b>		
Rodney Boys <sup>2</sup>	Acting GCEO&MD Group CFO	Part Year Part Year
Rod Barnes	EGM Deliveries	Full Year
Ingo Bohlken	EGM Product & Innovation	Full Year
John Cox	EGM Transformation and Enablement	Full Year
Susan Davies	EGM People & Culture	Full Year
Nicole Sheffield	EGM Community & Consumer	Full Year
Gary Starr	EGM Business Government & International	Full Year

1. Position reflects position title at end of financial year or at employment cessation date.

2. Rodney Boys was Acting as GCEO&MD with effect from 23 October 2020. Mr. Boys' nominal role is Group Chief Financial Officer.

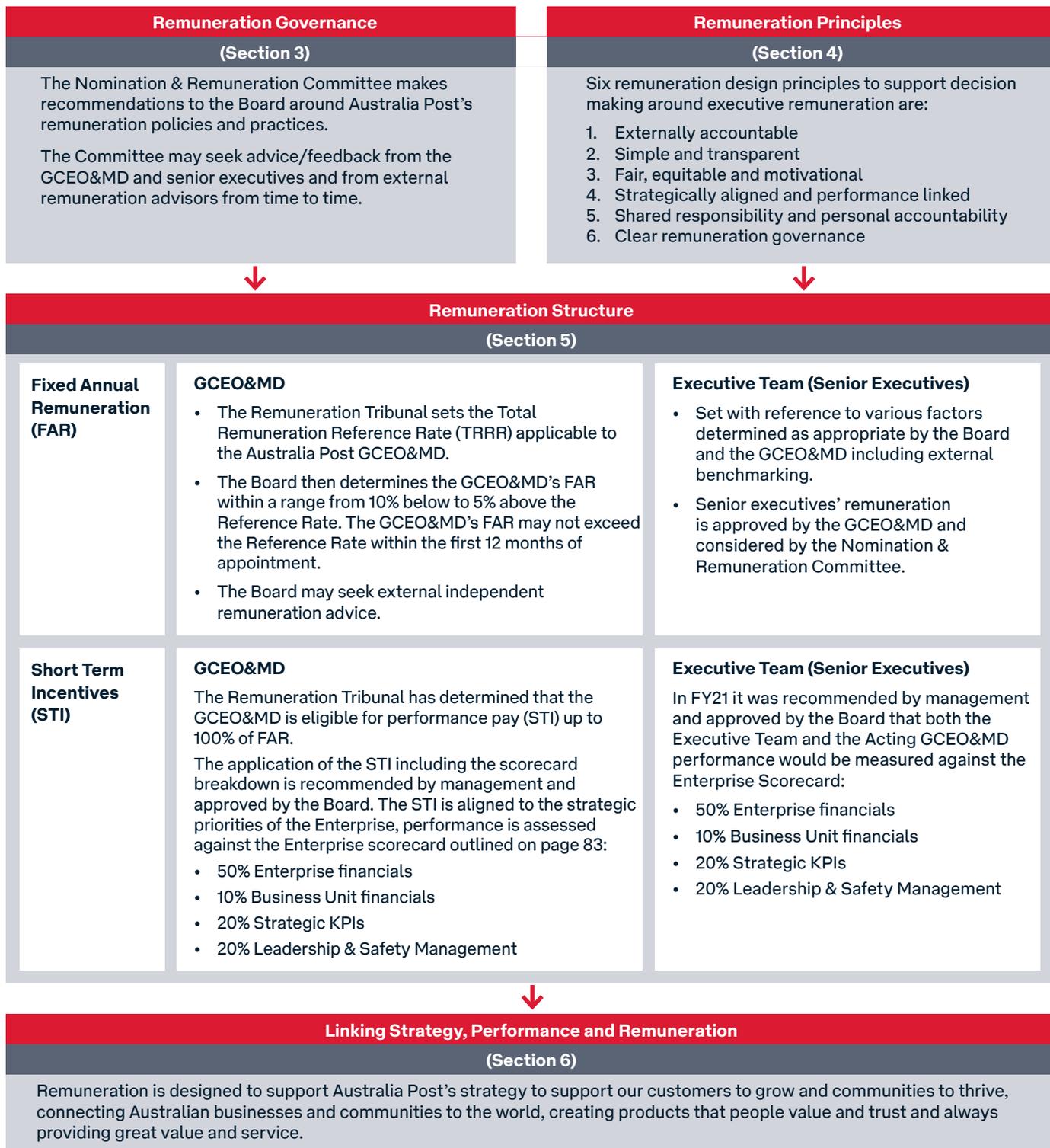
3. Mario D'Orazio resigned from the Board, with effect from 26 June 2021.

4. Christine Holgate ceased employment with Australia Post with effect from 2 November 2020

Details of remuneration for the incumbents have been disclosed in Section 8 of the Remuneration Report.

## 2. Remuneration on a page

The diagram below provides an overview of the FY21 approach to Australia Post Group remuneration (with sections indicating where further information can be found within the report).



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## 3. Remuneration governance

### 3.1. Nomination & Remuneration Committee role

The primary role of the Committee is to assist the Board in discharging its governance responsibilities in relation to Board performance and composition, succession planning and remuneration for the GCEO&MD, incentive plans, and remuneration policies and reporting, and within the scope of its responsibility endorse certain matters for Board approval.

The Committee's Charter is reviewed on an annual basis. The Committee comprises all Non-executive Directors of Australia Post. The current Committee Charter is available on the Australia Post website ([auspost.com.au](http://auspost.com.au)).

### 3.2. Engagement of external advice

To inform its decision making during FY21, the Committee sought advice on performance and remuneration related matters from the GCEO&MD, senior executives and management.

External independent remuneration advice was received by Australia Post from PricewaterhouseCoopers (PwC) in June 2021. None of the advice received included remuneration recommendation as defined by the *Corporations Act 2001*.

### 3.3 Remuneration policies

Remuneration is governed at various levels across the Group:

- Non-executive Directors' annual fees are set by the Remuneration Tribunal. Australia Post has no role in determining the level of Non-executive director remuneration.
- GCEO&MD's remuneration is determined by the Board within a range prescribed by the Remuneration Tribunal. The GCEO&MD's fixed annual remuneration may not exceed the Reference Rate within the first 12 months of appointment.
- Senior executives' remuneration is determined with reference to various factors, including external benchmarking, and is approved by the GCEO&MD and considered by the Committee.
- Other contract employees' fixed remuneration review budgets are approved by the Board annually. The Australia Post Corporate Incentive Plan (APCIP) outcome distributions (including "Other Highly Paid Staff") are considered by the Committee. Terms and conditions of employment are outlined in individual employment contracts.

The Group Remuneration Policy, approved by the Board, and the APCIP provide the framework through which remuneration is governed.

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

The terms of employment for the GCEO&MD and senior executives are formalised in employment contracts with no fixed term.

The GCEO&MD 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 GCEO&MD's remuneration is determined by the Board relative to a reference rate determined by the Remuneration Tribunal. These employment contracts provide for participation in a Short Term Incentive (STI) program, APCIP, in accordance with the relevant STI plan rules.

Continuation of employment is subject to ongoing performance reviews by the Board (for the GCEO&MD) and by the GCEO&MD (for senior executives). A description of each employment contract termination scenario for the GCEO&MD and senior executives is detailed in Table 2.

### 3.4. GCEO&MD and senior executive contract terms (continued)

**Table 2: Employment contract cessation**

Scenario	Definition
Termination on notice by the senior executive <sup>1</sup>	The GCEO&MD may terminate their 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 <sup>1</sup>	<p>Australia Post may terminate the GCEO&amp;MD's employment contract by providing six months' notice or providing payment in lieu of the full or part of the notice period. That notice period is extended to twelve months if Australia Post gives notice at any time during the first twelve months of employment.</p> <p>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.</p>
Termination on notice payments	Termination on notice payments by Australia Post are compliant with 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 are 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 as set out in the employment contracts of the GCEO&MD and senior executives (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 GCEO&MD or a senior 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 of the GCEO&MD or a senior executive, 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.

1. Notice period referenced applicable to incoming GCEO&MD

## 4. Remuneration principles

Australia Post's remuneration strategy supports the strategic objectives of the Enterprise, supporting a performance-based remuneration and recognition framework designed to drive performance whilst remaining aligned to market practice.

Australia Post increasingly operates in highly competitive commercial markets and must ensure its remuneration framework is competitive to attract and retain a skilled workforce.

The Board has approved the following principles to underpin the design of the remuneration and performance management approach:

- **Externally accountable:** we will appropriately reward employees for their individual contribution to value creation and be accountable to our Shareholder and the community;
- **Simple and transparent:** our framework will be simple enough to ensure the highest levels of transparency and understanding, externally and internally;
- **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 value and delivers strong financial returns to our Shareholder by linking executive remuneration outcomes to relevant and measurable financial and nonfinancial 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 and Group performance; and
- **Clear remuneration 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.

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## 5. FY21 remuneration structure

For FY21 the GCEO&MD and senior executives' remuneration arrangements were comprised of two key remuneration components:

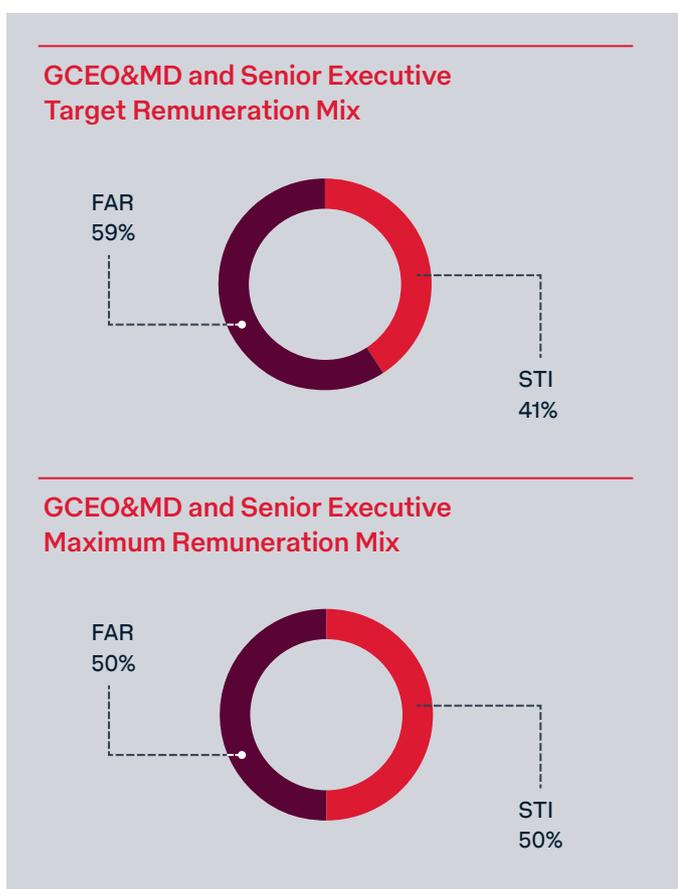
1. Fixed annual remuneration (FAR); and
2. Short Term Incentive (STI) opportunities.

### 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.

The variable, at risk component of target remuneration, is 41 per cent for both the GCEO&MD and senior executives. The Target STI opportunity is 70 per cent of FAR for the GCEO&MD and senior executives as at 30 June 2021.

The maximum STI, at risk component of remuneration, is 100 per cent of FAR for the GCEO&MD and senior executives.



### 5.2. Fixed Annual Remuneration

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 typically reviewed annually.

### 5.3. Short-Term Incentives

STI aims to reward the GCEO&MD and senior executives 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. The STI plan is called the APCIP. In FY21 the GCEO&MD and senior executives' relative performance was assessed against the Enterprise scorecard forming the basis for their STI outcomes.

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:

#### Financial Gateway

1. Incentives will only be paid to eligible APCIP participants if a Profit Before Tax (PBT) financial target gateway is met (PBT Financial Gateway).
2. Incentives associated with achievement of any stretch KPI will only be paid if PBT stretch (PBT Stretch Financial Gateway) is achieved.

#### Behavioral & Performance Gateways

1. Living our enterprise values and meeting minimum behaviour expectations.
2. Meeting our Code of Ethics.
3. Completion of all assigned compliance training.
4. Minimum performance rating of at least 3 (or a minimum of 2 for new starters or new to role employees).

## 5.4. Remuneration by level

In FY20, in response to the initial onset of the COVID-19 (coronavirus) pandemic and the uncertainty it presented to the health, community and business, Non-executive Directors, the GCEO&MD, and senior executives volunteered to reduce their Fixed Remuneration by 20 per cent during the period 16 April to 8 July 2020. This temporary reduction was made, for Non-executive Directors, by a determination of the Remuneration Tribunal and, for the GCEO & MD, with the consent of the Remuneration Tribunal.

Overall financial performance against the enterprise scorecard was strong in FY20 and this was reflected in the award of the 'at risk' performance based incentives to eligible participants of the APCIP. However, the Board decided that incentive payments would not be made for the GCEO&MD and EGMs for FY20. This reflected the uncertainty of the extraordinary circumstances of the nation. Additionally, a wage pause was applied in FY20 to increases in wages and salary related allowances, including the Enterprise Agreements across Australia Post.

### GCEO&MD FY21 remuneration

The Government has determined that the Australia Post GCEO&MD'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 Remuneration Tribunal's role is to determine, report on and 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 the Tribunal's remit.

The Remuneration Tribunal sets the Total Remuneration Reference Rate (TRRR) applicable to the Australia Post GCEO&MD. The Board then determines the GCEO&MD's FAR within a range from 10% below to 5% above the Reference Rate. The GCEO&MD FAR may not exceed the Reference Rate within the first 12 months of appointment.

The Remuneration Tribunal also confirmed performance pay incentive arrangements for the GCEO&MD up to a STI maximum potential of 100 per cent of FAR. The Board of Australia Post is responsible for determining the performance of the GCEO&MD and determining any incentive outcomes.

### Senior executive FY21 remuneration

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

The FY21 STI has been designed to provide a framework that rewards for delivering performance and value creation for Australia Post and the Shareholder. The plan recognises the varying contributions of each business unit and enables differentiation in remuneration outcomes based on individual leadership and safety management. The STI scheme 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 KPIs.

Senior executives' STI opportunities are communicated as STI Target (the award available if target performance is achieved) or STI Maximum (the maximum potential award available).

In FY21, the senior executive STI framework aligns to both individual, business unit and enterprise performance. The relative performance of the GCEO&MD and senior executives is measured against the Enterprise Scorecard for the determination of incentives. The key measures that determine a STI outcome for senior executives for FY21 include:

1. Enterprise financial performance
2. Business unit financial performance
3. Business unit strategic KPIs
4. Leadership and safety management.

The STI target opportunity for senior executives is communicated as a percentage of FAR. Senior executives have the opportunity to receive a STI Target award of 70 per cent of their FAR and, in circumstances where performance has significantly exceeded target, may receive up to 100 per cent of FAR (STI Maximum).

Unless the Board determines otherwise and in accordance with the APCIP rules, 25 per cent of the senior executives' STI award is deferred until September of the following year and remains "at risk", contingent on the sustained performance of the business at the absolute discretion of the Board. The Board determined that deferral of FY21 APCIP outcomes would not be applied to senior executives employed at the date of the STI payment.

### Other contract level employees FY21 remuneration

Remuneration packages 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 remuneration components typically consisting of the following:

1. FAR: comprising fixed base salary and superannuation; and
2. STI opportunity: both a target and stretch opportunity as a percentage of FAR.

To inform Australia Post in setting market competitive and sustainable remuneration budgets and ensure employees are being rewarded fairly and equitably for their role, FAR is regularly benchmarked to multiple sources of information including external market surveys.

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When considering remuneration benchmarking and grade, Australia Post typically considers:

- Mercer IPE job evaluation methodology as the standard approach for job sizing roles
- the responsibilities and accountabilities of the role
- internal relativities and external market survey data and movements.

Remuneration benchmarking is conducted relative to a series of external remuneration surveys purchased from Mercer, Aon and Korn Ferry as the content of each external market survey focuses more on a specific industry sector.

Based on the information considered and listed above, FAR recommendations are formulated relative to FAR remuneration ranges. FAR ranges are set based on Mercer Position Class and are calculated using aggregated median market data for all relevant roles in that position class.

Remuneration packages are reviewed on an individual basis on appointment, on promotion or during the annual remuneration review. New entrants are typically positioned up to the midpoint to provide an opportunity to progress within the salary band once they are proven in role. During the annual review process a recommendation on the FAR increase is based on an individual's position in range and their performance outcome and this is provided to the Manager for decision.

STI amounts are determined on the employee's employment type, grade and performance rating.

Eligible employees have a series of individually tailored and quantitative measures cascaded from the Enterprise and Business Unit used in their scorecard. The outcomes of the scorecard are the basis for eligible individuals STI outcome.

Annually the Board is asked to review and approve the fixed remuneration review budget for contract level employees and the APCIP.

Unless the Board determines otherwise, participants who have a FAR of \$400,000 or more as at 30 June of the performance cycle will have 25 per cent of their total target and stretch incentive deferred until September of the following year. This amount remains "at risk", contingent on the sustained performance of the business at the absolute discretion of the Board.

The Enterprise does not generally support the provision of discretionary payments. The GCEO&MD, as outlined in the Board approved Group Remuneration Policy, can in exceptional circumstances approve the provision of a discretionary or retention payment opportunity to any employee. Such opportunities must be clearly documented outlining the reasons for the payment opportunity and the performance period and/or criteria required to be satisfied prior to receiving the payment.

## FY21 Performance scorecards

GCEO&MD (Enterprise scorecard) and senior executives' business unit are both aligned to the Enterprise Scorecard that contains Enterprise and BU level financial, strategic, leadership and safety KPIs.

All other eligible employees have a series of tailored or cascaded quantitative measures used in their scorecard.

## The Scorecards vary by hierarchy. All include an overarching behavioural, PBT financial and PBT Stretch Financial gateways:

Incentives will only be paid to eligible APCIP participants if a PBT financial target gateway is met (PBT Financial Gateway). Incentives associated with achievement of any stretch KPI will only be paid if PBT stretch (PBT Stretch Financial Gateway) is achieved.

The weighting of each metric within the scorecard for each strata of employee is outlined below.

### GCEO&MD and Senior Executives

Enterprise Financial 50%	Business Unit Financial 10%	Strategic KPIs 20% (Tailored 10% Quantitative 10%)	Leadership/Safety Mgt 20% (Tailored 10% Quantitative 10%)
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### General Managers reporting to a Senior Executive

Enterprise Financial 40%	Business Unit Financial 20%	Strategic KPIs 20% (Tailored 10% Quantitative 10%)	Leadership/Safety Mgt 20% (Tailored 10% Quantitative 10%)
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### Band 3 and 4 employees

Enterprise Financial 30%	Business Unit Financial 20%	Strategic KPIs 40% (Tailored 10% Quantitative 30%)	Leadership/Safety Mgt 10% (Tailored 5%) Quantitative 5%)
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### All other participants:

Tailored (90% Total)

Enterprise Financial 10%	Business Unit Financial	Strategic KPIs)	Leadership/Safety Mgt
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## 6. Linking strategy, performance and remuneration

### 6.1. How we assessed the Enterprise Scorecard in FY21

#### Enterprise Scorecard

The Enterprise Scorecard contains a range of KPIs that are aligned to the strategic priorities of the enterprise. The FY21 Enterprise Scorecard KPIs and performance against those KPIs, are detailed in the table below:

Overall financial performance against the enterprise scorecard was strong in FY21, including the achievement of our stretch targets for a number of key financial KPIs.

**Table 3: FY21 Enterprise Scorecard**

Measure	KPI	Link to Strategy	Performance	Outcome
Enterprise Financials 50%	Profit Before Tax (PBT)	Australia Post maintains both a community and a commercial regulatory purpose. We are required, where possible, to make a commercial return on our assets.	Strong revenue and disciplined operational execution produced a strong Group PBT above budget PBT performance. Group PBT was well above budget with significantly higher revenue, partly offset by volume related costs and higher than anticipated COVID-19 related expenditure, including significantly higher airfreight costs.	Met Stretch
	Group Revenue	Australia Post needs to protect our revenue base in letters, grow in parcels, and seek additional new revenue streams to grow the business.	Full year Group Revenue exceeded \$8bn for the first time. There was a very strong performance across the Enterprise with all products, all Customer Segments and all distribution Channels exceeding budget. Total revenue was above budget by \$781.1m or 10.4%.	Met Stretch

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Measure	KPI	Link to Strategy	Performance	Outcome
Business Unit Financials 10%	Enterprise Business Efficiency	Continually challenging ourselves to execute on efficiencies across the business enables Australia Post to be able to invest more in longer-term growth.	Enterprise Business Efficiency Program: has delivered \$290m of efficiencies for the full year FY21 and is ahead of Target. Despite best efforts it is expected some efficiencies will not be maintained on an ongoing basis with the continued decline of addressed letters and a return to 5 day a week delivery frequency.	Met Stretch
	Cash	Cash position of the enterprise allows us to invest heavily in our people, the networks and for the future.	Cash is well ahead of Target and was largely driven by strong trading performance, but was partially offset by higher payments to support increased network volumes.  The strong cash position includes paying down \$250m of debt.	Met Stretch
Strategic KPIs 20%	Consumer NPS	Customer advocacy and loyalty is critical in order to win in a competitive eCommerce market.	Consumer NPS average for FY21 was well ahead of FY21 target. Despite considerable external negative media, Consumer perceptions of, and trust in Australia Post delivery services are back to pre COVID-19 levels. Improved consumer sentiment with a number of initiatives implemented including Great Aussie Coin Hunt and providing a location to add Indigenous place names on parcels.	Met Target
	Business NPS	NPS is a key metric in measuring customer advocacy and is a lead indicator of customer retention.	Business NPS results increased in the second half of the financial year following considerable focus on improving service performance, combined with improvements in the contact centre to reduce backlog cases, speed to answer and call abandonment rates and a focus on merchant success measures.  Business perceptions of, and trust in delivery services have improved considerably since the peak of COVID-19 restrictions in mid 2020.	Met Stretch
	Customer Complaints per 1,000 transactions	Customer Complaint levels are indicative of network health, delivery standards and issue management.	Complaints per 1,000 articles or transactions of 2.41 is ahead of target by 0.99 and ahead of Stretch by 0.88 driven by improved DIFOT and letters and mail performance. Improvements in the contact centre following multiple self-service & proactive customer initiatives also strongly contributed to the improvement.	Met Stretch
	Tailored Strategic Milestones	A series of strategic objectives and milestones that seek to measure performance against the strategic priorities of the Enterprise.	Performance was strong against all key strategic milestones with all at "Met Stretch" outcomes including: <ul style="list-style-type: none"> <li>• Drive growth and engagement with Small Medium businesses whilst investing and building eCommerce offering to underpin customer growth through key programs including the Licensed Business Partner Program</li> <li>• Ensure ongoing sustainability of Post Office Network secured through the 10 year commitment from CBA and NAB to Bank@Post.</li> <li>• Transform last mile to reduce complexity and improve productivity through significantly improving interoperability between Australia Post and StarTrack networks.</li> </ul>	Met Stretch

Measure	KPI	Link to Strategy	Performance	Outcome
Leadership & Safety Management 20%	Group People Engagement	Employee engagement drives performance.	People Engagement was below target and below the 2019 engagement score. Despite not achieving the FY20 Target at an Enterprise level the majority of functions across the enterprise increased engagement. The result was very pleasing given the unprecedented change, growth and challenges since the 2019 benchmark was achieved and that the survey was conducted between 19 April and 7 May, a period when there was significant negative Australia Post media.	Not Met
	Safety Index	Safety of our employees, contractor, work partners, customers and the broader community is of paramount importance to the enterprise.	<p>The Safety Index consists of four weighted components focused on lead safety activity to prevent injuries. All four metrics within the Safety Index met their individual targets to deliver an overall 100% result: Hazard and Near Miss to Injury Ratio was 8.3:1 against a target of 7.0:1; Actions Closed on Time were 92.1% against a target of 90%; Higher Order Controls were 41.4% against a target of 20%; and Proactive Safety Initiatives were 167,325 against a target of 48,000 (4,000 per month).</p> <p>The Safety Index result steadily improved throughout the year from 92.3% in August 2020 when the new targets were first reported.</p>	Met Stretch
	Tailored Leadership and Safety Management milestones	A series of strategic objectives that seek to measure performance against the leadership and safety management priorities of the enterprise.	<p>Executive Team demonstrated strong, aligned and collaborative leadership through the year. Additional development and support programs include:</p> <ul style="list-style-type: none"> <li>Continue to build advocacy and support through support from key stakeholders including Licensees Influencing Groups, Ombudsmen, and Community Groups.</li> <li>Actively support the Leadership Development program and building the talent of Australia Post.</li> </ul>	Met Stretch

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## 6.2 FY21 Performance outcomes

For FY21 the Acting GCEO&MD and senior executive relative performance was assessed against the Enterprise Scorecard. Based on those outcomes the Acting GCEO&MD and senior executives were eligible to and awarded STIs up to 94.3% of the maximum STI.

## 7. Non-executive Board director fees

All Australia Post Non-executive directors are appointed by the Governor-General on the nomination of the Minister for Communications. Non-executive Directors' 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 Non-executive director fees for the roles of Chair, Deputy Chair and other Non-executive directors (Members) (excluding statutory superannuation contributions which are paid in addition to the fees set by the Remuneration Tribunal). Non-executive director fees cover all activities including Board membership and participation of most sub-Committees unless otherwise stated in the table below.

The following table sets out the Non-executive directors' fees (excluding superannuation) as set by the Remuneration Tribunal and covering the financial years FY20 and FY21.

**Table 4: Non-executive director fees**

Role	Annual Fee with effect from:	
	1 July 2020 <sup>1</sup>	1 July 2021 <sup>2</sup>
Chair	\$193,710	\$193,710
Deputy Chair	\$108,100	\$108,100
Non-executive Directors Members	\$96,890	\$96,890
Audit & Risk Committee Chair	\$22,430	\$22,430
Audit & Risk Committee Member	\$11,220	\$11,220
People & Sustainability Committee Chair <sup>3</sup>	\$19,110	\$19,110
People & Sustainability Committee Members <sup>3</sup>	\$9,560	\$9,560

1. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2020.
2. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2021.
3. Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees if they are members of this Committee.

## 8. FY21 statutory remuneration tables

### 8.1. Overview of statutory requirements

For the purposes of these disclosures, the information provided in the report has been prepared and is aligned to disclosure requirements outlined in the PGPA Act and PGPA Rule.

This sees disclosure made in two areas:

1. Key Management Personnel (KMP) with non-executive director fees and senior executive remuneration being separately disclosed; and
2. Aggregate reporting of "other highly paid staff".

Australia Post has defined KMP as Non-executive directors, the GCEO&MD and senior executives who report directly to the GCEO&MD and who have responsibility or substantial input into the planning, directing and controlling the operations of Australia Post.

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 is provided under an accrual basis for the years ending 30 June 2020 and 30 June 2021. All remuneration is provided in Australian Dollars. There are no senior executives who are not KMP.

In 2019 the PGPA Rule was amended to require a number of Commonwealth Entities to report on "other highly paid staff" who are neither KMP nor senior executives. (Note Australia Post has assessed senior executives to also be KMP). The disclosures are provided on an aggregated banded basis for those employees of Australia Post whose total remuneration exceeds \$230,000 in FY21. The initial band being a range from \$230,001 to \$245,000 with subsequent bands in \$25,000 increments.

Reporting is provided on an accruals basis, with the following average remuneration components disclosed:

- Base salary
- Short-term incentives
- Other benefits & allowances
- Superannuation
- Long service leave
- Other long-term benefits
- Termination benefits.

## 8.2. Statutory Tables

Remuneration received directly or indirectly by key management personnel under an accrual basis for the most recent financial year FY21 and previous financial year FY20 is as follows:

In FY20, in response to the initial onset of the COVID-19 (coronavirus) pandemic the Australia Post Non-executive Directors voluntarily reduced their Directors fees by 20 per cent during the period 16 April to 8 July 2020.

**Table 5: Non-executive Director Remuneration**

Non-executive directors	Year	Short-term benefits		Post-employment contributions	Total Remuneration \$
		Director fees <sup>1</sup> \$	Other Benefits and Allowances <sup>2</sup> \$	Superannuation <sup>3</sup> \$	
Lucio Di Bartolomeo (Chair) <sup>4</sup>	2021	192,819	-	18,318	211,137
	2020	109,451	-	10,398	119,849
Andrea Staines OAM (Deputy Chair) <sup>5</sup>	2021	118,454	-	11,253	129,707
	2020	945	-	90	1,035
Bruce McIver AM	2021	107,613	-	10,223	117,836
	2020	103,620	-	9,844	113,464
Tony Nutt AO	2021	105,960	-	10,067	116,027
	2020	102,029	-	9,693	111,722
The Hon Michael Ronaldson	2021	107,592	-	10,222	117,814
	2020	102,029	-	9,693	111,722
Jan West AM	2021	118,771	-	11,284	130,055
	2020	114,365	-	10,865	125,230
Deidre Willmott	2021	115,274	-	10,951	126,225
	2020	103,620	-	9,844	113,464
<b>Former Board Directors</b>					
John Stanhope AM <sup>6</sup>	2021	-	-	-	-
	2020	76,214	4,143	7,240	87,597
Mario D'Orazio <sup>7</sup>	2021	104,502	-	9,929	114,431
	2020	102,029	-	9,693	111,722
Holly Kramer <sup>8</sup>	2021	-	-	-	-
	2020	113,321	-	5,383	118,704
<b>Total (8 Non-executive directors)</b>	<b>2021</b>	<b>970,984</b>	<b>-</b>	<b>92,247</b>	<b>1,063,231</b>
Total (10 Non-executive directors)	2020	927,623	4,143	82,743	1,014,509

1. Non-executive directors fees are set by the Remuneration Tribunal and paid in cash.

2. Other benefits and allowances comprise of reportable and non-reportable fringe benefit amounts.

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

4. Lucio Di Bartolomeo was appointed Chair, with effect from 22 November 2019.

5. Andrea Staines OAM was appointed to the Board as Deputy Chair, with effect from 27 June 2020.

6. John Stanhope AM's terms as Chairman concluded, with effect from 21 November 2019. The 2020 comparative disclosures have been updated to include the value of an "other benefit" received during the 2020 financial year but not identified until after completion of the 2020 Remuneration Report.

7. Mario D'Orazio resigned from the Board, with effect from 26 June 2021.

8. Holly Kramer's term on the Board concluded with effect from 26 June 2020.

# Remuneration report 2021

Remuneration received directly or indirectly by Key Management Personnel under an accrual basis for the most recent financial year FY21 and previous financial year FY20 is as follows:

In FY20, in response to the initial onset of the COVID-19 (coronavirus) pandemic the GCEO&MD and senior executives voluntarily reduced their fixed remuneration by 20 per cent during the period 16 April to 8 July 2020.

**Table 6: GCEO&MD and senior executives base salary, short-term employee benefits and post-employment benefits (accruals basis)**

GCEO&MD and Senior Executives and Position Titles	Year	Short-Term Benefits			Post Employment Benefit	Other Long-Term Benefits		Other	Total Remuneration \$
		Base salary <sup>1</sup> \$	Short-term incentives <sup>2</sup> \$	Other benefits & allowance <sup>3</sup> \$	Superannuation <sup>4</sup> \$	Long service leave <sup>5</sup> \$	Other long-term benefits <sup>6</sup> \$	Termination benefits <sup>7</sup> \$	
Rodney Boys <sup>8</sup> Acting Group CEO & MD/ Group Chief Financial Officer	2021	1,099,417	730,438	461	21,694	19,922	-	-	1,871,932
	2020	727,355	-	-	21,003	18,893	-	-	767,251
Rod Barnes <sup>9</sup> EGM Deliveries	2021	722,529	706,875	461	21,694	20,930	100,000	-	1,572,489
	2020	134,910	-	-	5,251	10,867	-	-	151,028
Ingo Bohlken EGM Product & Innovation	2021	765,745	686,618	461	21,694	20,154	-	-	1,494,672
	2020	690,448	-	-	21,003	18,785	69,825	-	800,061
John Cox <sup>10</sup> EGM Transformation & Enablement	2021	635,368	585,325	461	21,694	18,088	-	394,610	1,655,546
	2020	139,174	-	-	5,251	5,203	-	-	149,628
Susan Davies EGM People & Culture	2021	766,659	713,944	1,410	21,694	21,622	-	-	1,525,329
	2020	683,444	-	2,098	21,003	18,990	68,906	-	794,441
Nicole Sheffield EGM Community & Consumer	2021	780,764	713,944	3,213	21,694	20,037	-	-	1,539,652
	2020	683,972	-	2,098	21,003	18,477	66,719	-	792,269
Gary Starr EGM Business, Government & International	2021	758,196	713,944	461	21,694	21,144	-	-	1,515,439
	2020	700,876	-	-	21,003	18,863	68,906	-	809,648
<b>Former Executives</b>									
Christine Holgate <sup>11</sup> Group CEO & MD	2021	538,929	-	366	10,847	(111,694)	-	1,000,000	1,438,448
	2020	1,416,631	-	-	21,003	38,273	138,563	-	1,614,470
Robert Black <sup>12</sup> Group Chief Operating Officer	2021	-	-	-	-	-	-	-	-
	2020	804,981	-	2,098	21,003	18,994	88,659	644,399	1,580,134
Annette Carey <sup>13</sup> EGM International Services	2021	-	-	-	-	-	-	-	-
	2020	570,323	-	1,328	21,003	14,016	65,156	295,895	967,721
Philip Dalidakis <sup>14</sup> EGM Corporate Services	2021	-	-	-	-	-	-	-	-
	2020	469,205	-	420	18,915	-	-	189,026	677,566
<b>Total (8 senior executives)</b>	2021	6,067,607	4,851,088	7,294	162,705	30,203	100,000	1,394,610	12,613,507
Total (11 senior executives)	2020	7,021,319	-	8,042	197,441	181,361	566,734	1,129,320	9,104,217

1. Base salary comprises cash salary, net of annual leave accrued and taken during the year.
2. Short-term incentives comprises accrued short-term incentives payable within 12 months of the end of the period.
3. Other benefits and allowances comprises cash allowances and reportable and non-reportable fringe benefit amounts as determined for taxation.
4. Superannuation benefit is calculated in accordance with the requirements prescribed in Superannuation Guarantee legislation.
5. Long Service Leave (LSL) comprises the amount of leave accrued for the period. Where the LSL vesting requirements have not been met on separation, the reversal of the cumulative LSL accrual is reported as a non-cash adjustment to remuneration.
6. Other long-term benefits comprises the accrued cost of long-term retention arrangements for certain key employees, as well as the accrued portion of deferred short-term incentives that are not payable within 12 months of the end of the period they relate to. This represents 50% of the deferred component of the incentive awarded for the relevant year. The total deferred amount will be payable subject to certain performance conditions being met.
7. Termination benefits are payments made on separation of the senior executive role.
8. Rodney Boys was appointed Acting Group CEO & MD, with effect from 23 October 2020 and holds the nominal position of Group Chief Financial Officer since 27 May 2019.
9. Rod Barnes was appointed Executive General Manager, Deliveries, with effect from 01 July 2020. Remuneration in the comparative year reflects the benefits received whilst acting as EGM Deliveries since 01 April 2020.
10. John Cox was appointed Executive General Manager, Transformation & Enablement, with effect from 23 March 2020 and ceased employment from Australia Post, with effect from 14 August 2021.
11. Christine Holgate ceased employment from Australia Post in the position of Group CEO & MD, with effect from 2 November 2020. An agreed taxable employment termination payment of \$1,000,000 was settled in August 2021 and is reflected as part of total remuneration. Australia Post also agreed to pay \$100,000 of Ms. Holgate's legal costs pertaining to mediation activities, which does not form part of remuneration.
12. Robert Black ceased employment with Australia Post with effect from 14 April 2020.
13. Annette Carey ceased employment with Australia Post with effect from 14 April 2020.
14. Philip Dalidakis was appointed EGM, Corporate Services with effect from 1 July 2019. Philip Dalidakis ceased employment with Australia Post with effect from 8 April 2020. An ex-gratia payment disclosed under 'termination benefits' was made in accordance with the Deed of Separation.

# Remuneration report 2021

## Other Highly Paid Staff Remuneration reported in FY21 (Accruals Basis)

Table 7 represents the accruals basis of remuneration received directly or indirectly by Australia Post's other highly paid staff. Total reportable remuneration disclosed is the average compensation received by employees in each remuneration band for the duration of employment within the reporting period.

**Table 7: FY21 Other highly paid staff – Aggregate reporting**

Remuneration band	Number of other highly paid staff	Short-term benefits			Post Employment benefits	Other long-term benefits	Termination benefits	Total remuneration	
		Average base salary <sup>1</sup> \$	Average short-term incentives <sup>2</sup> \$	Average other benefits & allowances <sup>3</sup> \$	Average superannuation contributions <sup>4</sup> \$	Average long service leave <sup>5</sup> \$	Average other long-term benefits <sup>6</sup> \$	Average termination benefits <sup>7</sup> \$	Average total remuneration \$
\$230,001 to \$245,000	66	162,327	42,616	2,549	14,906	5,621	-	9,870	237,890
\$245,001 to \$270,000	78	169,648	50,073	1,690	15,545	6,719	-	13,736	257,411
\$270,001 to \$295,000	85	190,311	51,852	531	17,158	6,212	-	18,165	284,229
\$295,001 to \$320,000	58	193,219	56,068	819	17,247	7,038	-	31,325	305,717
\$320,001 to \$345,000	35	212,946	66,528	55	18,720	7,935	-	24,476	330,661
\$345,001 to \$370,000	26	224,996	69,377	554	19,292	8,607	-	35,123	357,949
\$370,001 to \$395,000	14	244,612	100,710	36	20,113	9,458	-	9,101	384,029
\$395,001 to \$420,000	11	239,983	91,680	-	20,258	8,665	-	44,402	404,987
\$420,001 to \$445,000	15	244,313	103,008	1,095	20,553	9,078	-	52,424	430,471
\$445,001 to \$470,000	4	286,080	145,140	-	22,864	9,047	-	-	463,131
\$470,001 to \$495,000	10	296,600	121,128	-	21,416	1,486	-	38,473	479,103
\$495,001 to \$520,000	2	322,187	149,178	-	21,694	11,891	-	-	504,951
\$520,001 to \$545,000	3	334,107	93,609	-	25,100	13,366	14,926	49,386	530,494
\$545,001 to \$570,000	5	348,395	169,054	-	21,694	12,446	-	-	551,590
\$570,001 to \$595,000	1	385,498	109,017	-	21,694	9,935	67,626	-	593,770
\$595,001 to \$620,000	3	384,255	141,089	-	24,859	15,197	45,038	-	610,438

Remuneration band	Number of other highly paid staff	Short-term benefits			Post Employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary <sup>1</sup> \$	Average short-term incentives <sup>2</sup> \$	Average other benefits & allowances <sup>3</sup> \$	Average superannuation contributions <sup>4</sup> \$	Average long service leave <sup>5</sup> \$	Average other long-term benefits <sup>6</sup> \$	Average termination benefits <sup>7</sup> \$	Average total remuneration \$
\$620,001 to \$645,000	3	390,237	130,182	-	24,188	13,376	73,274	-	631,257
\$645,001 to \$670,000	4	382,636	170,760	-	21,694	14,252	64,765	-	654,107
\$670,001 to \$695,000	4	371,355	205,106	-	21,694	14,638	66,970	-	679,762
\$695,001 to \$720,000	1	401,614	168,011	-	21,694	12,078	103,732	-	707,129
\$720,001 to \$745,000	1	433,942	197,159	-	21,694	35,939	32,860	-	721,594
\$745,001 to \$770,000	4	422,620	162,779	115	24,708	15,764	64,688	64,409	755,084
\$795,001 to \$820,000	1	485,523	168,594	-	21,694	19,267	105,625	-	800,703
\$945,001 to \$970,000	1	591,966	219,977	-	21,694	59,916	66,094	-	959,647
<b>Total<sup>8</sup></b>	<b>435</b>								

1. Base salary comprises the average cash salary, including amounts paid on sick leave, net annual leave benefits, higher duties, purchased leave and amounts salary sacrificed.
2. Short-term incentives comprises accrued short-term incentives payable within 12 months of the end of the period.
3. Other benefits and allowances comprises cash allowances and reportable and non-reportable fringe benefit amounts as determined for taxation.
4. For employees who are members of the APSS defined benefit fund, the superannuation benefit represents the contribution paid to the APSS fund by Australia Post (employer contribution). If the employee is a member of a superannuation contribution scheme, the benefit is calculated in accordance with the requirements prescribed in Superannuation Guarantee legislation.
5. Long Service Leave (LSL) comprises the movement in the LSL provision based on actuarial assessment. Where the LSL vesting requirements have not been met on separation, the reversal of the cumulative LSL accrual is reported as a non-cash adjustment to remuneration.
6. Other long-term benefits comprises the accrued cost of long-term retention arrangements for certain key employees, as well as the accrued portion of deferred short-term incentives that are not payable within 12 months of the end of the period they relate to. This represents 50% of the deferred component of the incentive awarded for the relevant year. The total deferred amount will be payable subject to certain performance conditions being met.
7. Termination benefits are payments made on separation of employment
8. For the purposes of this note, senior executives are not disclosed as part of these disclosures but reported within Table 6 of the Remuneration Report.