

REMUNERATION POLICY

Policy Framework

Australia Post's remuneration policy is based around the following principles:

- remuneration will be competitive against the external market and cost effective for Australia Post;
- remuneration structures will be sufficiently flexible to cope with competitive pressures;
- the level of total remuneration will be directly influenced by both individual contribution and corporate performance;
- the structure of total remuneration will, within established parameters, reflect individual choice; and
- staff understand the basis for determining total remuneration;

and is directed at the following objectives:

- facilitating the attraction and retention of key skills;
- reinforcing key behaviours;
- competitively positioning labour costs; and
- providing the flexibility necessary to access future business opportunities and respond effectively to business threats.

Employment Categories

Within Australia Post there are two broad categories of staff:

- contract level; and
- award level.

Contract level staff are further categorised into executive and non-executive staff.

Remuneration Policy – Contract Staff

For contract staff base salary is reviewed annually against the external market from the objective of maintaining an approximate market median positioning. In determining appropriate salary increases regard is had to this external market as well as the level of award staff salary increases.

Performance pay, assessed on the basis of individual performance, is available to all contract staff while performance pay, based on overall corporate performance, is also available to executive contract staff.

A rigorous, structured performance appraisal process is used to assess individual performance and determine the appropriate level of performance pay.

The corporate component of performance pay for executives is based on overall corporate performance against ten specific key performance indicators grouped under the following headings:

- customers;
- internal process;
- business regeneration; and
- financial.

The level of payment is determined by performance against targets that are expressed in terms of 'threshold' (below which no payment accrues), 'target' and 'stretch' (or maximum).

Remuneration Policy – Award Staff

Rates of pay for award staff (most operational and supervisory level staff) are determined through an enterprise bargaining process. The salary increases that occur through the enterprise bargaining process are based on productivity improvements and corporate capacity to fund wage costs, as well as on the level of general enterprise agreement settlements occurring in the wider community.

Typically enterprise agreements also contain bonus payments that are linked to the achievement of specific corporate level performance indicators.

For our business areas that operate in directly competitive areas enterprise agreements detailing terms and conditions of employment, as well as salary rates, are developed against specific industry comparisons and productivity improvement.