

# Remuneration report 2019

## Message from the Chairman

On behalf of the Board, I am pleased to introduce Australia Post's Remuneration Report for the 2018/19 financial year.

The purpose of this report is to fully disclose our approach to the remuneration of our key management personnel (KMP), including the senior executives and directors of Australia Post. As such, this report seeks to align with the same governance standards that apply to ASX-listed corporations, including aligning with the disclosure requirements outlined in Sec 300A of the *Corporations Act 2001*.

This year, there are new disclosure requirements for Commonwealth entities, due to rule amendments that now apply under the *Public Governance, Performance Accountability Act 2013 (PGPA Act)*. This entails the introduction of aggregated remuneration reporting of other highly paid staff in bandings, with defined total remuneration in excess of \$220,000 in FY19 (see section 8 of this report). This provides greater transparency in the number of highly-paid employees and the remuneration levels employed by the Australian Postal Corporation.

In FY19, the Board has embedded and applied a new remuneration framework, which was originally developed in FY18. The overarching framework is outlined in section 2 of this report, under "Remuneration on a Page". The framework is anchored by six clear design principles that support our decisions around executive remuneration (see section 4).

During the year, the Board endorsed a change to the assessment of the Short Term Incentive (STI) plan for KMP, so that STI payments are comprised of: 50 per cent enterprise financials; 10 per cent business unit financials; 20 per cent strategic KPIs; and, 20 per cent leadership and safety management.

Overall financial performance against the enterprise scorecard was strong in FY19, including the achievement of our stretch targets for profit before tax, business efficiency and new revenue. We did not achieve all of our FY19 people-related KPIs, including some specific workplace safety and engagement results. As a result, the Board has determined to pay the Group Chief Executive Officer and Managing Director 75 per cent of her potential incentive payment; and an average incentive of 72 per cent of fixed annual remuneration for the other senior executives.

There were several important changes to the composition of the Executive Team during FY19. As mentioned in last year's report, Christine Corbett and Andrew Walduck left the business at the very start of the financial year. Subsequently, during the year, senior executives Chris Blake and Janelle Hopkins left the organisation. I would like to thank them for their contribution to Australia Post over many years.

In her first full year as our Group Chief Executive Officer and Managing Director, Christine Holgate has refreshed our leadership team by appointing several new executives, including:

- Annette Carey was appointed EGM, International Services (from 1 July 2018)
- Susan Davies was appointed EGM, People & Culture (from 1 July 2018)
- Ingo Bohlken was appointed EGM, Product & Innovation (from 30 July 2018)
- Nicole Sheffield was appointed EGM, Community & Consumer (from 6 August 2018)
- Rodney Boys was appointed Group Chief Financial Officer (from 27 May 2019).

I would like to congratulate each of them on their appointment to significant roles within our business – and thank them for their contribution.

I would also like to acknowledge Paul Scurrah who resigned as a non-executive director on 15 February 2019 – and I would like to welcome Mario D'Orazio who joined our Board as a non-executive director on 21 March 2019.

This Remuneration Report provides full and accurate disclosure in relation to our remuneration principles, policies and practices for FY19. I encourage you to read what follows.



**John Stanhope AM**  
Chairman

## 1. Our organisation and key management personnel

The purpose of the Remuneration Report (report) is to set out the principles and the strategy Australia Post applies to remunerate key management personnel (KMP) and other highly paid employees. In addition the report outlines how our remuneration strategy is aligned to our goals and strategic imperatives. The alignment enables performance-based reward and supports 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 and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule). 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 2019 (FY19) remuneration information for the year ended 30 June 2019 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. Also included is a report on the total remuneration for “other highly paid staff” on an aggregated basis by remuneration band under the PGPA Rule. Reporting under the PGPA Rule will be provided in bands of \$25,000 for those employees of the Australian Postal Corporation whose total remuneration exceeds \$220,000 in FY19. The additional reporting requirements result in 493 employees’ remuneration captured in the aggregated remuneration disclosure.

# Remuneration report 2019

The KMP's covered in this year's report and the details of movements throughout FY19 are outlined in the table below:

**Table 1: FY19 Key Management Personnel**

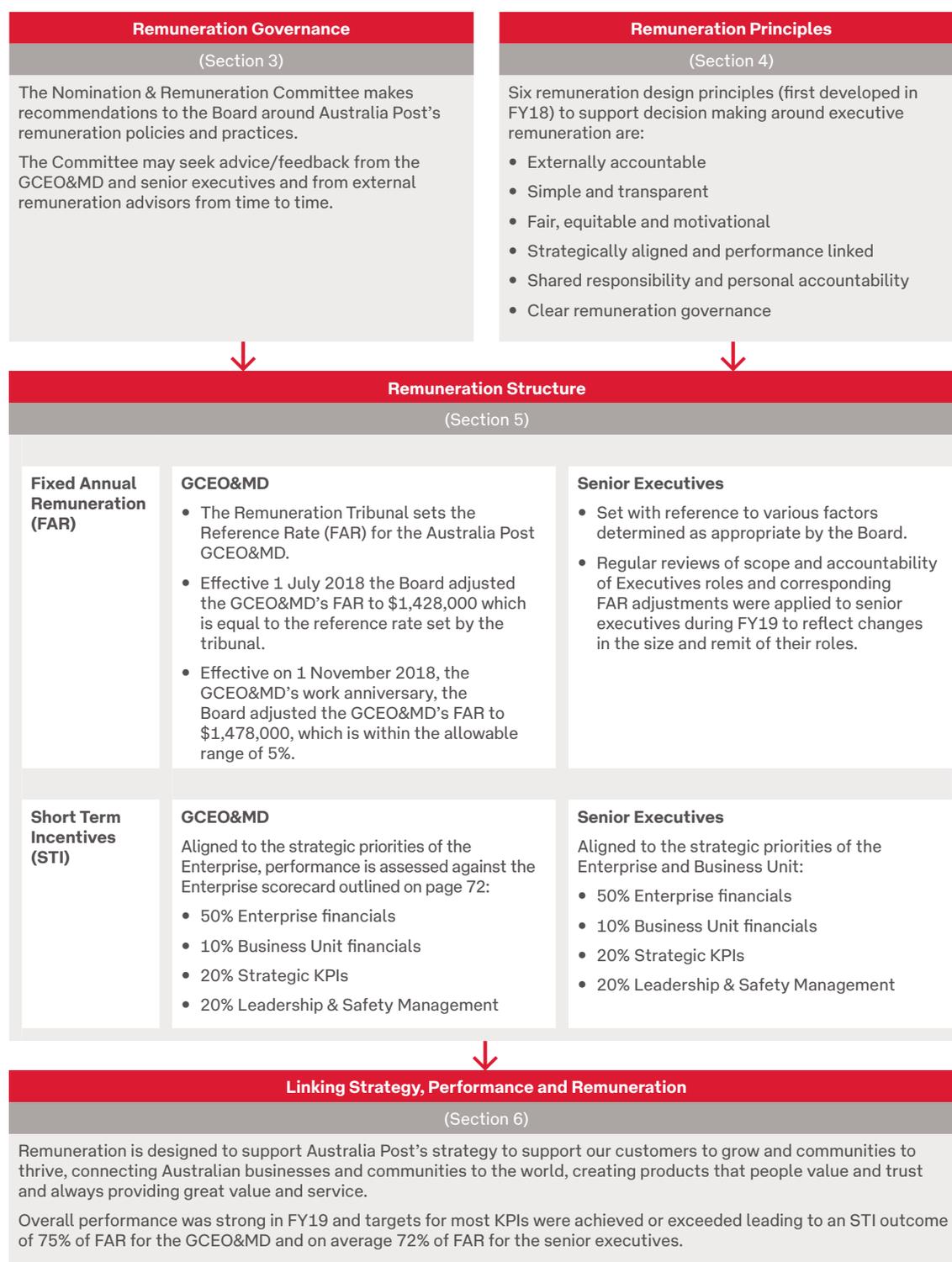
| Name                                     | Position <sup>1</sup>                 | KMP term  |
|--|---------------------------------------|-----------|
| <b>Board Directors</b>                   |                                       |           |
| John Stanhope AM                         | Chairman                              | Full Year |
| Christine Holgate                        | GCEO&MD                               | Full Year |
| Holly Kramer                             | Deputy Chair                          | Full Year |
| Mario D'Orazio <sup>2</sup>              | Director                              | Part 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 Board Directors</b>            |                                       |           |
| Paul Scurrah <sup>3</sup>                | Director                              | Part Year |
| <b>GCEO&amp;MD and Senior Executives</b> |                                       |           |
| Christine Holgate                        | GCEO&MD                               | Full Year |
| Robert Black                             | Group Chief Operating Officer         | Full Year |
| Ingo Bohlken <sup>4</sup>                | EGM Product & Innovation              | Part Year |
| Rodney Boys <sup>5</sup>                 | Group Chief Financial Officer         | Part Year |
| Annette Carey <sup>6</sup>               | EGM International Services            | Full Year |
| Susan Davies <sup>7</sup>                | EGM People & Culture                  | Full Year |
| Nicole Sheffield <sup>8</sup>            | EGM Community & Consumer              | Part Year |
| Gary Starr                               | EGM Business & Government             | Full Year |
| <b>Former Senior Executives</b>          |                                       |           |
| Christopher Blake <sup>9</sup>           | EGM Corporate Services                | Part Year |
| Christine Corbett <sup>10</sup>          | EGM Community & Consumer              | Part Year |
| Janelle Hopkins <sup>11</sup>            | Group Chief Financial Officer         | Part Year |
| Andrew Parker <sup>12</sup>              | EGM International Services (Seconded) | Part Year |
| Andrew Walduck <sup>13</sup>             | EGM Product & Innovation              | Part Year |

- 1 Position reflects position title at end of financial year or at employment cessation date.
- 2 Mario D'Orazio was appointed as a Board Director with effect from 21 March 2019.
- 3 Paul Scurrah resigned as a Board Director with effect from 15 February 2019.
- 4 Ingo Bohlken was appointed to the role of EGM Product & Innovation with effect from 30 July 2018.
- 5 Rodney Boys was appointed to the role of Group Chief Financial Officer with effect from 27 May 2019.
- 6 Annette Carey was appointed to the role of EGM International Services with effect from 1 July 2018.
- 7 Susan Davies was appointed to the role of EGM People & Culture with effect from 1 July 2018.
- 8 Nicole Sheffield was appointed to the role of EGM Community & Consumer with effect from 6 August 2018.
- 9 Chris Blake resigned from the role of EGM Corporate Services with effect from 31 December 2018.
- 10 Christine Corbett left the role of EGM Community & Consumer with effect from 13 July 2018.
- 11 Janelle Hopkins resigned from the role of Group CFO with effect from 3 May 2019.
- 12 Andrew Parker's secondment from PwC into the role EGM International Services ceased with effect 15 July 2018.
- 13 Andrew Walduck left the role of EGM Product & Innovation with effect from 13 July 2018.

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 FY19 approach to executive remuneration (with sections indicating where further information can be found within the report).



# Remuneration report 2019

## 3. Remuneration governance

### 3.1. Nomination & Remuneration Committee role

The primary role of the Nomination & Remuneration Committee (Committee) is to assist the Board in discharging its governance responsibilities in relation to the appointment, induction and ongoing assessment of the skills and experience of directors; Board composition; GCEO&MD recruitment; GCEO&MD and EGM remuneration; succession planning for directors, the GCEO&MD and EGMs; evaluating the performance of the Board, its Committees and the directors; and within the scope of its responsibility endorse certain matters for Board approval.

The Committee's Charter is reviewed on an annual basis.

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 FY19, the Committee sought independent 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). The advice included executive remuneration market practice information that was used to benchmark the GCEO&MD and EGMs and the 2019 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 with no fixed term, with the exception of the EGM Product & Innovation who is on a three year fixed-term contract.

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, with the exception of the GCEO&MD whose 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 additionally in the case of senior executives the GCEO&MD. A description of each employment contract termination scenario for the GCEO&MD and senior executives is detailed in Table 2.

Table 2: Employment contract cessation

| Scenario  | Definition   |
|---|--|
| Termination on notice by the senior executive                 | The GCEO&MD and EGM Product & Innovation 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 | 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 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 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.   |

## 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.

In June 2018, 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 and transparent:** our framework will be simple enough to ensure the highest level 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 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 and enterprise 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 inequitable outcomes.

## 5. FY19 remuneration structure

For FY19 the GCEO&MD and senior executive remuneration arrangements are comprised of two key remuneration components:

1. Fixed annual remuneration (FAR); and
2. 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 2019. The maximum STI, at risk component of remuneration is 100 per cent of FAR for the GCEO&MD and senior executives.

Figure 1: GCEO&MD and senior executive target remuneration mix<sup>14</sup>

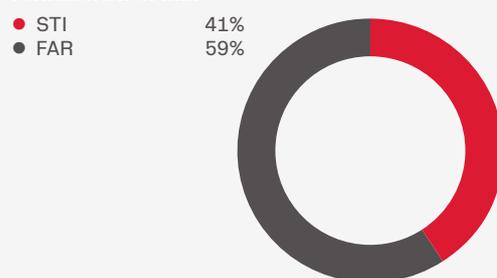
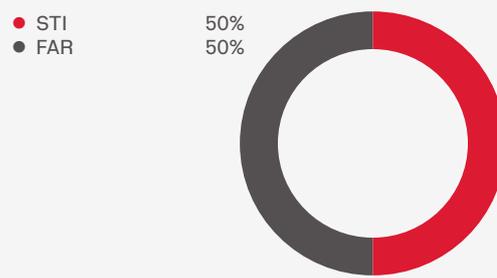


Figure 2: GCEO&MD and senior executive maximum remuneration mix



<sup>14</sup> Participants of the closed Australia Post Superannuation Scheme have their STI calculated on base salary.

# Remuneration report 2019

## 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 reviewed annually with adjustments generally effective for the GCEO&MD from 1 November and senior executives from the beginning of the first pay period of December (payroll period starting 28 November 2019).

### GCEO&MD FY19 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.

In June 2018 the Remuneration Tribunal determined that the Reference Rates within its jurisdiction increase by 2 per cent effective 1 July 2018. This includes Australia Post GCEO&MD being classified a PEO Band E. The Reference rate increased to \$1,428,000.

On appointment, and the immediate 12 months following, the Board may not set remuneration above the Reference Rate. From the first anniversary of appointment the Board of Australia Post has the discretion to determine remuneration within the band from 10 per cent below the Reference Rate to 5 per cent above the Reference Rate.

The Board, consistent with the Remuneration Tribunal's reference rate increase and general provisions, approved an increase in the GCEO&MD's Total Remuneration (Base salary plus Superannuation). The increase was applied in two tranches.

1. Total Remuneration (FAR) increased to \$1,428,000 effective 1 July 2018; and
2. Total Remuneration (FAR) increased to \$1,478,000 effective 1 November 2018.

The Remuneration Tribunal also confirmed performance pay incentive arrangements for the GCEO&MD with a Target STI potential of 70 per cent of FAR and 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. For FY19 the GCEO&MD performance was assessed against the Enterprise Scorecard (see Section 6 for further details).

### KMP and senior executive FY19 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.

At the beginning of FY19, the GCEO&MD made a number of changes to the size and remit of various senior executive roles, which resulted in the Board applying associated adjustments to those senior executives' FAR to align with the future direction and strategy of Australia Post.

The FY19 STI has been designed to provide a framework that rewards for delivering performance and value creation for Australia Post. The plan recognizes 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 potential award available if target performance is achieved) or STI Maximum (the maximum potential award available).

In FY19, the senior executive STI outcomes align to both individual, business unit and enterprise performance. The key measures that determine a STI outcome for senior executives for FY19 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 up to 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).

At the end of the financial year the Nomination & Remuneration Committee reviews the performance of each senior executive. The Nomination & Remuneration Committee then recommends to the Board individual STI awards. 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 for 12 months (to September 2020). The deferred amount is subject to review and clawback by the Board at its absolute discretion.

The past two years have delivered a 33 per cent reduction in the total remuneration outcomes payable to the Senior Executives of Australia Post, from \$18,491,167 in FY17 to \$12,357,392 in FY19. This reduction is reflective of the new remuneration framework implemented by Australia Post in FY18, which saw the removal of the Long Term Incentives (LTI) Plan and the STI Maximum potential being capped at 100 per cent of FAR.

#### Other highly paid employee FY19 remuneration

Remuneration packages 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.

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

- Mercer IPE job 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 Hewitt 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 to the enterprise are typically positioned up to the midpoint to provide an opportunity to progress within the band once they're 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.

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

# Remuneration report 2019

## 6. Linking strategy, performance and remuneration

### 6.1. How we assessed the Enterprise Scorecard in FY19

#### Enterprise Scorecard

The Enterprise Scorecard contains a range of key performance indicators (KPIs) that are aligned to the strategic priorities of the enterprise. The FY19 Enterprise Scorecard KPIs and performance against those are detailed in the table below:

Table 3: FY19 Enterprise Scorecard

| Measure                         | KPI                                       | Link to strategy   | Performance  | Outcome         |
|---------------------------------|---|--|--|-----------------|
| Enterprise Financials<br>50%    | Profit Before Tax (PBT) (25%)             | Australia Post maintains both a community and a commercial regulatory purpose. We are required, where possible, to make a commercial return on our assets. | 2019 full year Group PBT of \$41.1 million exceeded expectations and is \$16.1 million or 64.3 per cent ahead of budget driven by the strong performance in Parcels, Financial Services, coupled with significant efficiency gains.  | Exceeded Target |
|                                 | Group Revenue (25%)                       | Australia Post needs to protect our revenue base in letters, grow in parcels, and seek additional new revenue streams to grow the business.                | 2019 full year revenue of \$6,924.0 million is up \$61.2 million or 0.9 per cent on budget, with a strong contribution from our business customers in Domestic and International Parcels, Financial Services in our post offices and the consolidation of APG post the buyback of the 60 per cent stake. | Met Target      |
| Business Unit Financials<br>10% | Enterprise Business Efficiency (5%)       | Continually challenging ourselves to execute on efficiencies across the business enables Australia Post to be able to invest more in longer-term growth.   | The program has delivered \$259.3 million of sustainable efficiencies for 2019 full year. This is almost \$60 million favourable to budget driven predominately by efficiencies created in the network.  | Exceeded Target |
|                                 | New Revenue (5%)                          | New revenue streams are a critical component of growing our total revenue base, and maintaining a profitable business.                                     | The 2019 full year outcome of \$235.4 million exceeded Budget by \$120.4 million due in part to the successful acquisition of APG, the new Bank@Post agreements and growth from new customers.   | Exceeded Target |
| Strategic KPIs<br>20%           | Enterprise NPS (5%)                       | Customer advocacy and loyalty is critical in order to win in all our businesses, particularly in a fiercely competitive eCommerce market.                  | FY19 full year NPS of +20.5, favourable +1.4 to Target (+19.1) and up on last year +3.4 (FY18 Result +17.1) following an improvement in regional / rural areas, and letter deliveries, plus an investment in customer services and further roll out of locker solutions.                                 | Met Target      |
|                                 | International Parcel Revenue (5%)         | We will become a global, cross-border eCommerce logistics provider.  | International parcel revenue of \$586.1 million exceeded target supported by the buy-back of our international commercial arm (APG) which underpinned stronger inbound and outbound parcels.   | Exceeded Target |
|                                 | Transformation of AP brand to red & white | We will return the Australia Post brand to its iconic status.  | Australia Post continues our transformation to one lead brand. Customers are managed as one. Uniforms, packaging and branding of vehicles were all relaunched.   | Met Target      |
|                                 | Rejuvenate role of Post Office network    | Our Post Office network will be a leading edge market place that connects Australians with the world.  | New Bank@Post agreements with 74 financial services companies underpinned not only growth but has enabled critical IT investment to support new and additional services.   | Met Target      |
|                                 | Best in Class Core products               | We will create a range of products that customers value and trust.   | Continued to develop core parcel products including expanding Express Post, faster delivery times and rolling out 3 hour service. Trialled new letter products and secured new identity agreements with Government partners.   | Met Target      |

| Measure                               | KPI  | Link to strategy  | Performance   | Outcome        |
|---------------------------------------|--|---|---|----------------|
|                                       | New Network Capacity                                   | We will always provide great service and value by investing in network capability and capacity to be best in class. | Although we have faced extremely challenging weather conditions, the business delivered through Peak. Built Redbank, which will be operational for Peak FY20 and be the largest facility in the Southern Hemisphere.  | Met Target     |
|                                       | Manage Enterprise Risk                                 | Manage Enterprise risk within Board tolerance.  | We require more work on cyber security and our safety culture. Positively we have continued to de-risk the balance sheet with the disposal of the 10.1 per cent stake in Aramex and securing control back of our International commercial arm and driving cash growth.  | Target Not Met |
|                                       | Identify significant opportunities to grow Bus to 10Bn | We need to realise significant growth opportunities to generate a sustainable enterprise profit.                    | Secured the buyback of the 60 per cent stake in our international commercial arm which will both protect international volumes and act as a platform for growth. Shortlisted for Visa Bid and built a strategy to support the government on services and secured agreement from 74 financial services businesses.   | Met Target     |
| Leadership & Safety Management<br>20% | Group TRIFR (5%)                                       | The health, safety and wellbeing of our people is our most important cultural priority.                             | A full year outcome of 56.4 (reported as at 30 June 2019), is +15.5 unfavourable to target aspirations of 40.9. Total Recordable Injuries were 3,291, +302 higher than last year. During July 2019, 119 additional TRIs were lodged for the previous period. On a positive note, there has been an 11 per cent reduction in vehicle incidents and 9 per cent fewer motorcycle accidents compared to the same time last year.  | Target Not Met |
|                                       | Group People Engagement (5%)                           | We strongly believe that ensuring our people are engaged is critical to delivering our future growth aspirations.   | 2019 saw record responses with 28,575 employees (81%) participating in our say2action employee engagement survey. Areas of particularly strong performance include understanding our strategy (87 per cent), safety (84 per cent & 81 per cent), community purpose (85 per cent) and customer delight (82 per cent).<br><br>New survey providers, We Are Unity and Qualtrics, set a new baseline of 68 per cent for use going forward, which is 1 per cent higher than Australian benchmarks. A year-on-year comparison using the previous methodology shows that the overall engagement score held steady at 60 per cent but did not reach our 63 per cent target. | Target Not Met |
|                                       | Leadership role on Safety                              | Safety is a one of our four values, and the safety and wellbeing of our people is our highest priority.             | Injury Claims responded in 24 hours improved significantly to 95 per cent and the number of approved Doctors increased over 60 per cent. Completed the SRCC process and ensured compliance requests met. Led a significant safety audit over 64 facilities. Partnered with unions to develop an employee plan to address safety.  | Met Target     |
|                                       | Support Execs in delivering their Strategic Priorities | Our leaders are unified around all strategic priorities.  | Significant examples of cross collaboration, including engagement of LPO's, securing Bank@Post agreements, Sale of Aramex 10.1 per cent stake and buyback of 60 per cent stake in APG in addition to leading efficiency targets.  | Met Target     |
|                                       | Build leadership engagement with Board                 | Board engagement and support for our strategic direction is critical to our strategy be realised.                   | Improved Board reporting coupled with broader exposure to the Board of key executives. All business cases to the Board matched to strategic framework.  | Met Target     |
|                                       | Develop leadership talent and succession               | The quality of our leaders will be a key determinant in our future success.   | Delivered a talent assessment program for top 75 leaders and have built a succession plan for key ET leadership roles.  | Met Target     |

# Remuneration report 2019

## FY19 Business unit scorecards

Senior executives' business unit (BU) scorecards contain Enterprise and BU level financial, strategic, leadership and safety KPIs that are relevant to the senior executives' business area and the individual's role and responsibilities.

The Scorecards vary by hierarchy.

### EGMS

|                          |                             |   |  |
|--------------------------|-----------------------------|---|--|
| Enterprise Financial 50% | Business Unit Financial 10% | Strategic KPIs 20%<br>(Qualitative 10%<br>Quantitative 10%) | Leadership/Safety Mgt 20%<br>(Qualitative 10%<br>Quantitative 10%) |
|--------------------------|-----------------------------|---|--|

### General Managers reporting to an EGM

|                          |                             |   |  |
|--------------------------|-----------------------------|---|--|
| Enterprise Financial 30% | Business Unit Financial 20% | Strategic KPIs 30%<br>(Qualitative 15%<br>Quantitative 15%) | Leadership/Safety Mgt 20%<br>(Qualitative 10%<br>Quantitative 10%) |
|--------------------------|-----------------------------|---|--|

### Band 3 and below:

|                          |   |                                      |   |
|--------------------------|---|--------------------------------------|---|
| Enterprise Financial 10% | Qualitative (90% Total)                       |                                      |   |
|                          | Business Unit Financial 30%<br>Guideline Only | Strategic KPIs 40%<br>Guideline Only | Leadership/Safety Mgt 20%<br>Guideline Only |

Table 4: FY19 Individual STI Awards

| Name                     | Role                          | STI Award Non-Deferred |           | STI Award Deferred |           | STI Award Total |             |
|--------------------------|-------------------------------|------------------------|-----------|--------------------|-----------|-----------------|-------------|
|                          |                               | % of FAR               | \$        | % of FAR           | \$        | % of FAR        | \$          |
| Christine Holgate        | GCEO & MD                     | 56.25%                 | \$831,375 | 18.75%             | \$277,125 | 75.00%          | \$1,108,500 |
| Robert Black             | Group Chief Operating Officer | 55.13%                 | \$531,956 | 18.38%             | \$177,319 | 73.50%          | \$709,275   |
| Ingo Bohlken             | EGM Product & Innovation      | 55.13%                 | \$418,950 | 18.38%             | \$139,650 | 73.50%          | \$558,600   |
| Rodney Boys <sup>1</sup> | Group Chief Financial Officer | 0.00%                  | \$0       | 0.00%              | \$0       | 0.00%           | \$0         |
| Annette Carey            | EGM International Services    | 52.13%                 | \$390,938 | 17.38%             | \$130,313 | 69.50%          | \$521,250   |
| Susan Davies             | EGM People & Culture          | 55.13%                 | \$413,438 | 18.38%             | \$137,813 | 73.50%          | \$551,250   |
| Nicole Sheffield         | EGM Community & Consumer      | 53.38%                 | \$400,313 | 17.79%             | \$133,438 | 71.17%          | \$533,750   |
| Gary Starr               | EGM Business & Government     | 55.13%                 | \$413,438 | 18.38%             | \$137,813 | 73.50%          | \$551,250   |

<sup>1</sup> APCIP participants must be employed by 31 March 2019 to be eligible for an FY19 STI payment.

## 6.2. FY19 STI outcomes

Based on the performance against the enterprise scorecard and the achievements delivered by the GCEO&MD in FY19, the Board determined that the GCEO&MD should receive a STI award of 75 per cent of maximum STI. In accordance with the plan deferral rules 25 per cent of the GCEO&MD STI award will be deferred until September 2020 and will remain “at risk”, contingent on the sustained performance of the business at the absolute discretion of the Board.

Senior executives were awarded an average of 72 per cent of the maximum STI. 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 for 12 months. The deferred amount is subject to review and Clawback by the Board at its absolute discretion. An average STI award of 54 per cent of FAR will be paid to senior executives in September 2019 and an average of 18 per cent will be deferred until September 2020.

Individual FY19 STI awards for the GCEO&MD and Senior Executives are provided in Table 4.

## 6.3. Long-term incentives

As highlighted in the FY17 Remuneration Report, from FY18 the Long Term Incentives (LTI) Plan 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) was 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

| Name                           | Role                                  | 2015 to 2017 LTI Award Second Tranche Payments <sup>1</sup><br>(Paid November 2018) |
|--------------------------------|---------------------------------------|---|
| Christine Holgate              | GCEO&MD                               | Not Eligible to Participate   |
| Robert Black                   | Group Chief Operating Officer         | \$330,000   |
| Ingo Bohlken                   | EGM Product & Innovation              | Not Eligible to Participate   |
| Rodney Boys                    | Group Chief Financial Officer         | Not Eligible to Participate   |
| Annette Carey                  | EGM International Services            | Not Eligible to Participate   |
| Susan Davies                   | EGM People & Culture                  | Not Eligible to Participate   |
| Nicole Sheffield               | EGM Community & Consumer              | Not Eligible to Participate   |
| Gary Starr                     | EGM Business & Government             | Not Eligible to Participate   |
| <b>Former executives</b>       |                                       |   |
| Christopher Blake <sup>2</sup> | EGM Corporate Services                | \$298,000   |
| Christine Corbett <sup>3</sup> | EGM Community & Consumer              | Forfeit \$320,000   |
| Janelle Hopkins <sup>4</sup>   | Group Chief Financial Officer         | \$146,667   |
| Andrew Parker                  | EGM International Services (Seconded) | Not Eligible to Participate   |
| Andrew Walduck <sup>3</sup>    | EGM Product & Innovation              | Forfeit \$250,000   |

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

2 Christopher Blake resigned from Australia Post with effect from 31 December 2018 so was on payroll as at 1 November 2018 and received the second tranche.

3 Christine Corbett and Andrew Walduck left Australia Post with effect from 13 July 2018 and so forfeit the payment.

4 Janelle Hopkins resigned from Australia Post with effect from 3 May 2019 so was employed as at 1 November 2018 and received the second tranche.

# Remuneration report 2019

## 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 most sub-Committees unless otherwise stated in the table below.

The following table sets out the Board directors' fees (excluding superannuation) as set by the Remuneration Tribunal and covering the financial years 2017, 2018, 2019 and 2020.

Table 6: 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> | 1 July 2019 <sup>4</sup> |
| Chair  | \$182,520                    | \$186,180                | \$189,910                | \$193,710                |
| Deputy Chair   | \$101,860                    | \$103,900                | \$105,980                | \$108,100                |
| Board Directors  | \$91,290                     | \$93,120                 | \$94,990                 | \$96,890                 |
| Audit & Risk Committee Chair                           | \$21,120                     | \$21,550                 | \$21,990                 | \$22,430                 |
| Audit & Risk Committee Member                          | \$10,560                     | \$10,780                 | \$11,000                 | \$11,220                 |
| People & Sustainability Committee Chair <sup>5</sup>   | \$18,000                     | \$18,360                 | \$18,730                 | \$19,110                 |
| People & Sustainability Committee Members <sup>5</sup> | \$9,000                      | \$9,180                  | \$9,370                  | \$9,560                  |

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 Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2019

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

## 8. FY19 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 *Corporations Act 2001*, Section 300A. The PGPA Act and PGPA Rule. This sees disclosure made in three areas:

1. Board director fees
2. KMP and senior executives
3. Aggregate reporting of "other highly paid staff".

Australia Post has defined KMP as Board 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 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 Australia Post. Remuneration received directly or indirectly by KMP is provided under an accrual basis for the years ending 30 June 2018 and 30 June 2019. All remuneration is provided in Australian Dollars.

In 2019 the Department of Finance proposed additional remuneration disclosure requirements for Commonwealth entities. The remuneration disclosures, under the PGPA Rule, require Australia Post to report on “other highly paid staff” who are neither KMP nor senior executives. The disclosures are provided on an aggregated banded basis, of \$25,000, for those employees of Australian Postal Corporation whose remuneration exceeds \$220,000 in 2019. Reporting is provided on a series of remuneration components including:

- Base salary
- Superannuation
- Short-term incentives
- Post-employment benefits
- Other long-term benefits
- Termination benefits
- Total remuneration

Australia Post has disclosed aggregate remuneration on an additional 493 employees under the PGPA Rule.

## 8.2. Statutory Tables

Table 7: Board Directors (accruals basis) (audited)

| Directors                     | Year        | Short-term benefits           |                          | Post employment contributions  | Total \$         |
|-------------------------------|-------------|-------------------------------|--------------------------|--------------------------------|------------------|
|                               |             | Director fees <sup>5</sup> \$ | Non-monetary benefits \$ | Superannuation <sup>6</sup> \$ |                  |
| John Stanhope AM (Chairman)   | 2019        | 189,910                       | –                        | 18,041                         | 207,951          |
|                               | 2018        | 186,180                       | –                        | 17,687                         | 203,867          |
| Holly Kramer (Deputy Chair)   | 2019        | 116,980                       | –                        | 11,113                         | 128,093          |
|                               | 2018        | 114,680                       | –                        | 10,895                         | 125,575          |
| Mario D’Orazio <sup>1</sup>   | 2019        | 27,594                        | –                        | 2,621                          | 30,215           |
|                               | 2018        | –                             | –                        | –                              | –                |
| Bruce McIver AM               | 2019        | 105,990                       | –                        | 10,069                         | 116,059          |
|                               | 2018        | 103,900                       | –                        | 9,871                          | 113,771          |
| Tony Nutt AO <sup>2</sup>     | 2019        | 104,360                       | –                        | 9,914                          | 114,274          |
|                               | 2018        | 33,130                        | –                        | 3,147                          | 36,277           |
| The Hon Michael Ronaldson     | 2019        | 104,360                       | –                        | 9,914                          | 114,274          |
|                               | 2018        | 102,300                       | –                        | 9,719                          | 112,019          |
| Jan West AM                   | 2019        | 116,980                       | –                        | 11,113                         | 128,093          |
|                               | 2018        | 114,670                       | –                        | 10,894                         | 125,564          |
| Deidre Willmott               | 2019        | 105,990                       | –                        | 10,069                         | 116,059          |
|                               | 2018        | 103,103                       | –                        | 9,795                          | 112,898          |
| <b>Former Directors</b>       |             |                               |                          |                                |                  |
| Dominique Fisher <sup>3</sup> | 2019        | –                             | –                        | –                              | –                |
|                               | 2018        | 41,761                        | –                        | 3,967                          | 45,728           |
| Paul Scurrah <sup>4</sup>     | 2019        | 65,761                        | –                        | 6,247                          | 72,008           |
|                               | 2018        | 101,621                       | –                        | 9,654                          | 111,275          |
| <b>Total (9 Directors)</b>    | <b>2019</b> | <b>937,925</b>                | <b>–</b>                 | <b>89,101</b>                  | <b>1,027,026</b> |
|                               | <b>2018</b> | <b>901,345</b>                | <b>–</b>                 | <b>85,629</b>                  | <b>986,974</b>   |

1 Mario D’Orazio appointed to the Board 21 March 2019.

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

3 Dominique Fisher retired from the Board 26 November 2017.

4 Paul Scurrah resigned from the Board 15 February 2019.

5 Board Director Fees are set by the Remuneration Tribunal and paid in cash.

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

# Remuneration report 2019

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

| Senior Executives and Position titles                          | Year | Short-term benefits          |                        |  | Post employment benefits         | Other long-term benefits            |   | Other  | Total remuneration \$ |
|--|------|------------------------------|------------------------|--|----------------------------------|-------------------------------------|---|--|-----------------------|
|  |      | Base salary <sup>14</sup> \$ | Bonus <sup>15</sup> \$ | Other benefits and allowances <sup>16</sup> \$ | Super-annuation <sup>17</sup> \$ | Long service leave <sup>18</sup> \$ | Other long-term benefits <sup>19</sup> \$ | Termination & retirement benefits <sup>20</sup> \$ |                       |
| Christine Holgate <sup>1</sup><br>GCEO&MD                      | 2019 | 1,441,247                    | 831,375                | –  | 20,531                           | 47,573                              | 224,500                                   | –  | 2,565,226             |
|  | 2018 | 971,452                      | 515,625                | 32,868   | 20,049                           | 20,894                              | 85,938                                    | –  | 1,646,826             |
| Robert Black<br>Group Chief Operating Officer                  | 2019 | 999,041                      | 531,956                | –  | 20,531                           | 21,398                              | 128,909                                   | –  | 1,701,835             |
|  | 2018 | 1,216,870                    | 885,500                | –  | 20,049                           | 44,568                              | 73,719                                    | –  | 2,240,706             |
| Ingo Bohlken <sup>2</sup><br>EGM Product & Innovation          | 2019 | 702,457                      | 418,950                | 41,885   | 20,531                           | 19,662                              | 69,825                                    | –  | 1,273,310             |
|  | 2018 | –                            | –                      | –  | –                                | –                                   | –   | –  | –                     |
| Rodney Boys <sup>3</sup><br>Group Chief Financial Officer      | 2019 | 73,178                       | –                      | –  | 6,455                            | 1,523                               | –   | –  | 81,156                |
|  | 2018 | –                            | –                      | –  | –                                | –                                   | –   | –  | –                     |
| Annette Carey <sup>4</sup><br>EGM International Services       | 2019 | 746,303                      | 390,938                | –  | 20,531                           | 20,938                              | 65,156                                    | –  | 1,243,866             |
|  | 2018 | –                            | –                      | –  | –                                | –                                   | –   | –  | –                     |
| Susan Davies <sup>5</sup><br>EGM People & Culture              | 2019 | 703,826                      | 413,438                | –  | 20,531                           | 57,759                              | 68,906                                    | –  | 1,264,460             |
|  | 2018 | –                            | –                      | –  | –                                | –                                   | –   | –  | –                     |
| Nicole Sheffield <sup>6</sup><br>EGM Community & Consumer      | 2019 | 686,308                      | 400,313                | –  | 20,531                           | 12,012                              | 66,719                                    | –  | 1,185,883             |
|  | 2018 | –                            | –                      | –  | –                                | –                                   | –   | –  | –                     |
| Gary Starr <sup>7</sup><br>EGM Business & Government           | 2019 | 684,717                      | 413,438                | 9,019  | 20,531                           | 30,923                              | 85,712                                    | –  | 1,244,340             |
|  | 2018 | 207,047                      | 103,991                | –  | 6,646                            | 13,339                              | 5,571                                     | –  | 336,594               |
| <b>Former Senior Executives</b>                                |      |                              |                        |  |                                  |                                     |   |  |                       |
| Ahmed Fahour AO <sup>8</sup><br>MD&GCEO                        | 2019 | –                            | –                      | –  | –                                | –                                   | –   | –  | –                     |
|  | 2018 | 156,495                      | –                      | –  | 5,012                            | 7,208                               | 362,475                                   | –  | 531,190               |
| Chris Blake <sup>9</sup><br>EGM Corporate Services             | 2019 | 566,043                      | –                      | –  | 20,531                           | (139,497)                           | –   | 476,528  | 923,605               |
|  | 2018 | 831,400                      | 612,000                | –  | 20,049                           | 27,224                              | 29,531                                    | –  | 1,520,204             |
| Christine Corbett <sup>10</sup><br>EGM Community & Consumer    | 2019 | 29,362                       | –                      | –  | 3,069                            | –                                   | –   | –  | 32,431                |
|  | 2018 | 959,716                      | 669,375                | –  | 101,646                          | 38,372                              | 32,484                                    | 875,000  | 2,676,593             |
| Janelle Hopkins <sup>11</sup><br>Group Chief Financial Officer | 2019 | 847,326                      | –                      | –  | 20,531                           | (87,878)                            | –   | –  | 779,979               |
|  | 2018 | 866,870                      | 635,250                | –  | 20,049                           | 27,475                              | 58,406                                    | –  | 1,608,050             |
| Andrew Walduck <sup>12</sup><br>EGM Product & Innovation       | 2019 | 20,272                       | –                      | 7,784  | 2,305                            | –                                   | –   | –  | 30,361                |
|  | 2018 | 804,266                      | 631,125                | 27,319   | 20,049                           | 29,255                              | 29,531                                    | 573,283  | 2,114,828             |

| Senior Executives and Position titles                                   | Year        | Short-term benefits             |                                  |  | Post employment benefits                     | Other long-term benefits                     |  | Other  | Total remuneration |
|---|-------------|---------------------------------|----------------------------------|--|--|--|--|--|--------------------|
|   |             | Base salary <sup>14</sup><br>\$ | Bonus-<br>es <sup>15</sup><br>\$ | Other<br>benefits<br>and allow-<br>ances <sup>16</sup><br>\$ | Super-<br>annua-<br>tion <sup>17</sup><br>\$ | Long<br>service<br>leave <sup>18</sup><br>\$ | Other<br>long-<br>term<br>benefits <sup>19</sup><br>\$ | Termina-<br>tion &<br>retirement<br>benefits <sup>20</sup><br>\$ |                    |
| <b>Senior Executive engaged under secondment arrangement payment</b>    |             |                                 |                                  |  |  |  |  |  |                    |
| Andrew Parker <sup>13</sup><br>EGM International Services<br>(Seconded) | 2019        | 30,940                          | –                                | –  | –  | –  | –  | –  | 30,940             |
|   | 2018        | 519,860                         | –                                | –  | –  | –  | –  | –  | 519,860            |
| <b>Total (13 executives)</b>  | <b>2019</b> | <b>7,531,020</b>                | <b>3,400,408</b>                 | <b>58,688</b>  | <b>196,608</b>                               | <b>(15,587)</b>                              | <b>709,727</b>   | <b>476,528</b>   | <b>12,357,392</b>  |
| Total (9 executives)  | 2018        | 6,533,976                       | 4,052,866                        | 60,187   | 213,549                                      | 208,335                                      | 677,655  | 1,448,283  | 13,194,851         |

- 1 Christine Holgate was appointed Group Chief Executive Officer & Managing Director on 30 October 2017.
- 2 Ingo Bohlken was appointed Executive General Manager, Product & Innovation with effect from 30 July 2018.
- 3 Rodney Boys was appointed Group Chief Financial Officer with effect from 27 May 2019.
- 4 Annette Carey was appointed Executive General Manager, International Services with effect from 1 July 2018.
- 5 Susan Davies was appointed Executive General Manager, People & Culture with effect from 1 July 2018.
- 6 Nicole Sheffield was appointed Executive General Manager, Community & Consumer with effect from 6 August 2018
- 7 Gary Starr was appointed Executive General Manager, Business & Government with effect from 1 March 2018.
- 8 Ahmed Fahour AO resigned from the position of Managing Director and Group Chief Executive Officer (MD&GCEO) with Australia Post with effect from 28 July 2017.
- 9 Chris Blake retired from Australia Post with effect from 31 December 2018. An ex-gratia payment, disclosed under “other termination & retirement benefits”, was made in accordance with the Deed of Separation.
- 10 Christine Corbett was appointed Acting Group Chief Executive Officer & Managing Director between 29 July 2017 to 29 October 2017 and ceased employment with Australia Post with effect from 13 July 2018.
- 11 Janelle Hopkins ceased employment with Australia Post with effect from 3 May 2019.
- 12 Andrew Walduck ceased employment with Australia Post with effect from 13 July 2018.
- 13 Andrew Parker was seconded from PricewaterhouseCoopers (PwC) on a consulting basis, which concluded on 13 July 2018, following appointment of permanent incumbent, Annette Carey. Andrew Parker is remunerated separately by PwC, with base salary comprising of consulting fees paid to PwC for this secondment.
- 14 Base salary comprises cash salary, net of annual leave accrued and taken during the year.
- 15 Bonuses comprise accrued short-term incentives payable within 12 months of the end of the period.
- 16 Other benefits and allowances comprise of the Reportable Fringe Benefits Amount included on the recipient’s payment summary. Amounts for Christine Holgate’s 2018 year benefits comprise of short-term accommodation paid by the Corporation for the first six months of her tenure in accordance with the determination set by the Remuneration Tribunal.
- 17 For employees who are members of the Australia Post Superannuation Scheme (APSS) defined benefit scheme, the superannuation benefit represents the contributions made by Australia Post into the APSS, which is determined using the employer contribution rate. If the employee is member of a defined contribution plan, the benefit is calculated at 9.5 per cent in accordance with the applicable legislation.
- 18 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.
- 19 Other long-term benefits represents the accrued portion of short term incentives that are not payable within 12 months of the end of the period they relate to. This amount represents 50 per cent 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.
- 20 Termination benefits are payments made in relation to the termination of the senior executive role.

The past two years have delivered a 33 per cent reduction in the total remuneration outcomes payable to the Senior Executives of Australia Post, from \$18,491,167 in FY17 to \$12,357,392 in FY19. This reduction is reflective of the new remuneration framework implemented by Australia Post in FY18, which saw the removal of the Long Term Incentives (LTI) Plan and the STI maximum potential being capped at 100 per cent of FAR.

# Remuneration report 2019

Table 9 represents the accruals basis of remuneration received directly or indirectly by the Australian Postal Corporation's other highly paid staff. Total reportable remuneration disclosed is the average total compensation received by employees in each remuneration band for the duration of employment within the reporting period.

Table 9: FY19 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 bonuses <sup>2</sup> | Average other benefits and 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 |
| \$220,001 to \$245,000   | 134                               | 146,630                          | 27,563                       | 1,141  | 12,911  | 6,080                                   | 164   | 37,941                                    | 232,429                    |
| \$245,001 to \$270,000   | 97                                | 160,665                          | 36,284                       | 2,011  | 14,293  | 7,674                                   | 398   | 35,561                                    | 256,885                    |
| \$270,001 to \$295,000   | 70                                | 187,719                          | 43,128                       | 939  | 16,685  | 8,478                                   | 643   | 23,981                                    | 281,572                    |
| \$295,001 to \$320,000   | 49                                | 195,779                          | 47,932                       | 1,090  | 17,004  | 7,891                                   | 166   | 37,940                                    | 307,802                    |
| \$320,001 to \$345,000   | 32                                | 208,873                          | 58,185                       | 2,154  | 16,963  | 7,772                                   | 688   | 39,725                                    | 334,360                    |
| \$345,001 to \$370,000   | 28                                | 202,569                          | 50,394                       | 2,243  | 16,328  | 10,505                                  | 2,076   | 72,060                                    | 356,175                    |
| \$370,001 to \$395,000   | 17                                | 220,761                          | 65,521                       | 411  | 18,597  | 14,807                                  | 765   | 64,390                                    | 385,252                    |
| \$395,001 to \$420,000   | 12                                | 262,481                          | 108,137                      | 1,907  | 20,966  | 12,884                                  | 1,306   | –   | 407,681                    |
| \$420,001 to \$445,000   | 9                                 | 256,463                          | 87,622                       | 589  | 19,500  | 13,733                                  | –   | 52,072                                    | 429,979                    |
| \$445,001 to \$470,000   | 5                                 | 234,816                          | 70,580                       | –  | 16,846  | 9,961                                   | –   | 123,995                                   | 456,198                    |
| \$470,001 to \$495,000   | 5                                 | 252,898                          | 95,589                       | 151  | 19,006  | 10,365                                  | 6,400   | 95,681                                    | 480,089                    |
| \$495,001 to \$520,000   | 5                                 | 346,587                          | 107,408                      | –  | 22,636  | 12,987                                  | 6,285   | 15,748                                    | 511,651                    |
| \$520,001 to \$545,000   | 7                                 | 319,749                          | 126,918                      | –  | 20,508  | 14,586                                  | 6,250   | 43,080                                    | 531,091                    |
| \$545,001 to \$570,000   | 6                                 | 310,916                          | 115,156                      | 2,201  | 19,695  | 11,855                                  | 8,390   | 88,122                                    | 556,335                    |
| \$570,001 to \$595,000   | 3                                 | 357,220                          | 179,404                      | –  | 20,531  | 16,672                                  | 8,205   | –   | 582,032                    |
| \$595,001 to \$620,000   | 3                                 | 380,717                          | 136,538                      | 18,729   | 26,231  | 32,295                                  | 12,731  | –   | 607,241                    |
| \$645,001 to \$670,000   | 2                                 | 376,994                          | 170,229                      | 21,945   | 24,811  | 32,070                                  | 22,688  | –   | 648,738                    |
| \$695,001 to \$720,000   | 3                                 | 410,174                          | 199,394                      | 5,689  | 20,531  | 28,185                                  | 48,798  | –   | 712,772                    |
| \$720,001 to \$745,000   | 1                                 | 449,674                          | 217,592                      | –  | 20,531  | 14,436                                  | 40,175  | –   | 742,408                    |
| \$745,001 to \$770,000   | 1                                 | 316,328                          | 0                            | 8,962  | 10,266  | 7,131                                   | –   | 424,708                                   | 767,395                    |
| \$770,001 to \$795,000   | 2                                 | 474,713                          | 229,582                      | –  | 20,531  | 18,751                                  | 42,389  | –   | 785,966                    |
| \$895,001 to \$920,000   | 1                                 | 578,278                          | 258,750                      | –  | 20,531  | 16,632                                  | 43,125  | –   | 917,316                    |
| \$920,001 to \$945,000   | 1                                 | 469,971                          | 319,193                      | –  | 37,707  | 41,388                                  | 57,726  | –   | 925,985                    |
| <b>Total<sup>8</sup></b> | <b>493</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 bonuses comprise of average bonuses paid or payable within 12 months.
- 3 Other benefits and allowances comprises of cash allowances and non-monetary benefits reported as gross fringe benefits for taxation purposes.
- 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 prescribed Superannuation Guarantee legislation.
- 5 Long Service Leave (LSL) comprises of 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 comprise of average bonuses deferred for more than 12 months.
- 7 Termination benefits are payments made on separation of employment and includes redundancy payments and in some instances payment in lieu of notice.
- 8 For the purposes of this note, senior executives are not disclosed as part of these disclosures, but reported within Table 8 of the Remuneration Report.

# Remuneration report 2019

Table 10: FY18 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 bonuses <sup>2</sup> | Average other benefits and 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 |
| \$220,001 to \$245,000     | 125                               | 153,550                          | 26,951                       | 831  | 14,427  | 3,853                                   | 363   | 32,219                                    | 231,115                    |
| \$245,001 to \$270,000     | 85                                | 164,570                          | 34,479                       | 1,249  | 15,841  | 3,937                                   | 114   | 39,292                                    | 256,644                    |
| \$270,001 to \$295,000     | 55                                | 193,208                          | 42,501                       | 267  | 18,305  | 4,882                                   | 905   | 21,348                                    | 280,643                    |
| \$295,001 to \$320,000     | 51                                | 190,751                          | 41,212                       | 1,588  | 17,932  | 4,934                                   | –   | 51,713                                    | 305,707                    |
| \$320,001 to \$345,000     | 28                                | 203,483                          | 53,983                       | –  | 19,267  | 5,134                                   | 416   | 53,845                                    | 330,344                    |
| \$345,001 to \$370,000     | 27                                | 215,566                          | 55,360                       | 1,983  | 20,313  | 6,841                                   | 1,208   | 56,314                                    | 355,534                    |
| \$370,001 to \$395,000     | 16                                | 237,284                          | 57,052                       | 385  | 19,969  | 7,887                                   | –   | 66,660                                    | 382,105                    |
| \$395,001 to \$420,000     | 17                                | 243,947                          | 82,257                       | 1,517  | 20,881  | 5,768                                   | 1,575   | 55,286                                    | 406,392                    |
| \$420,001 to \$445,000     | 9                                 | 233,277                          | 63,579                       | 3,791  | 19,901  | 7,474                                   | –   | 106,762                                   | 434,784                    |
| \$445,001 to \$470,000     | 12                                | 234,897                          | 76,186                       | –  | 21,094  | 4,971                                   | 2,667   | 132,133                                   | 459,250                    |
| \$470,001 to \$495,000     | 6                                 | 282,493                          | 94,332                       | –  | 25,692  | 10,695                                  | 5,237   | 66,174                                    | 484,624                    |
| \$495,001 to \$520,000     | 10                                | 332,373                          | 110,693                      | 6,915  | 24,944  | 9,976                                   | 722   | 21,338                                    | 506,962                    |
| \$520,001 to \$545,000     | 4                                 | 308,071                          | 100,888                      | –  | 20,882  | 8,884                                   | –   | 90,179                                    | 528,904                    |
| \$545,001 to \$570,000     | 2                                 | 330,070                          | 169,645                      | –  | 26,055  | 9,407                                   | 22,150  | –   | 557,325                    |
| \$570,001 to \$595,000     | 4                                 | 304,432                          | 136,355                      | –  | 22,680  | 14,443                                  | –   | 140,463                                   | 584,284                    |
| \$595,001 to \$620,000     | 1                                 | 114,645                          | –                            | –  | 15,207  | 2,824                                   | –   | 468,509                                   | 601,185                    |
| \$620,001 to \$645,000     | 5                                 | 362,599                          | 180,577                      | 2,327  | 23,822  | 14,618                                  | 13,082  | 33,000                                    | 630,024                    |
| \$645,001 to \$670,000     | 2                                 | 293,960                          | 93,492                       | –  | 22,794  | 8,886                                   | –   | 238,388                                   | 657,520                    |
| \$695,001 to \$720,000     | 1                                 | 265,017                          | 97,320                       | –  | 32,193  | 13,101                                  | –   | 310,592                                   | 718,223                    |
| \$720,001 to \$745,000     | 3                                 | 370,546                          | 243,026                      | –  | 25,912  | 16,468                                  | 4,084   | 76,509                                    | 736,545                    |
| \$745,001 to \$770,000     | 3                                 | 386,793                          | 189,577                      | –  | 23,824  | 16,767                                  | 26,410  | 114,781                                   | 758,153                    |
| \$770,001 to \$795,000     | 1                                 | 496,819                          | 250,000                      | –  | 20,049  | 11,733                                  | 12,500  | –   | 791,100                    |
| \$795,001 to \$820,000     | 3                                 | 326,742                          | 84,839                       | 24,891   | 30,461  | 10,432                                  | –   | 383,710                                   | 804,515                    |
| \$845,001 to \$870,000     | 1                                 | 531,922                          | 300,000                      | –  | 20,049  | 13,150                                  | –   | –   | 865,122                    |
| \$920,001 to \$945,000     | 1                                 | 476,228                          | 371,260                      | –  | 47,762  | 18,403                                  | 13,583  | –   | 927,235                    |
| \$1,020,001 to \$1,045,000 | 1                                 | 579,226                          | 428,400                      | –  | 20,049  | 16,247                                  | –   | –   | 1,043,922                  |
| \$1,170,001 to \$1,195,000 | 1                                 | 668,122                          | 468,831                      | –  | 20,049  | 18,735                                  | –   | –   | 1,175,736                  |
| <b>Total<sup>8</sup></b>   | <b>474</b>                        |                                  |                              |  |   |   |   |   |                            |

Footnotes below Table 9 also apply to this table.

### 8.3. Changes to remuneration for FY20

The approach to remuneration in FY20 will follow similar principles to FY19.

Additionally, two gateways for eligibility for Australia Post Corporate Incentive Plan (APCIP) will be introduced.

1. Incentives will only be paid to the Australia Post Corporate Incentive Plan (APCIP) population if a Profit Before Tax (PBT) of greater than 1 cent is made.
2. If the PBT stretch is not achieved but a PBT of greater than or equal to 1 cent is made then only target incentives will be paid against each KPI, no stretch incentives.

Australia Post Corporate Incentive Plan (APCIP) continues to have minimum expectations set, aligned to Australia Post's values and behaviours. These will remain the same as FY19 and will require participants to meet the following minimum expectations:

- living our values and meeting minimum behaviour expectations;
- meeting *Our Ethics*;
- completion of all relevant compliance training; and
- minimum performance rating of at least 3 (or a minimum performance rating of 2 for new starters or new to role employees).