

Remuneration report 2020

Message from the Chair

On behalf of the Board, I am pleased to introduce Australia Post's Remuneration Report for FY20.

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 PGPA Rule that requires 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.

In FY20, in response to the COVID-19 (coronavirus) pandemic, and the health, community and business challenges and uncertainty it presented, non-executive Directors, the Group Chief Executive Officer and Managing Director (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, including the achievement of our stretch targets for a number of financial KPIs. This has been reflected in the award of performance incentives to eligible employees under Australia Post's Corporate Incentive Plan.

However, the Board decided that incentive payments would not be made for the GCEO&MD and Executive General Managers (EGM) for FY20. This reflected the extraordinary circumstances of the nation. Like any Board, we understand that our remuneration decisions need to take account of stakeholder and community expectations - and that imperative is amplified by our status as a Government Business Enterprise.

Having made that difficult decision, it is important that I acknowledge - on behalf of the Board - the extraordinary contributions of our senior executives in FY20, leading the organisation through unprecedented challenges and massive change.

There were some key changes to the composition of the Board of Directors in FY20. I would like to acknowledge John Stanhope AM, who stepped down as Chairman on 21 November 2019 following the conclusion of his second term, his first term commencing in 2012. I would also like to acknowledge Holly Kramer, who stepped down as Deputy Chair on 26 June 2020 after serving in that role since 2017, and earlier as non-executive Director since 2015. On behalf of the Board, I sincerely thank both John and Holly for their significant contributions to Australia Post over many years. Finally, I welcome Andrea Staines OAM to the position of Deputy Chair, effective 27 June 2020.

There were also several important changes to the composition of the Executive Team during FY20. During the year, senior executives Bob Black, Annette Carey and Philip Dalidakis left the organisation. I would like to thank them for their contribution to Australia Post.

Our Group Chief Executive Officer and Managing Director, Christine Holgate, appointed two new senior executives from within the business:

- John Cox was appointed EGM Transformation & Enablement with effect from 23 March 2020; and
- Rod Barnes was appointed EGM Deliveries with effect from 1 July 2020.

I would like to congratulate them on their appointment to significant roles within our business.

This Remuneration Report provides full and accurate disclosure in relation to our remuneration policies and practices for FY20. 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. The alignment enables performance-based reward and supports 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 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 remuneration information for the financial year ended 30 June 2020 (FY20) 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 the Australian Postal Corporation, where their total remuneration exceeds \$225,000, in accordance with the PGPA Rule. Reporting under the PGPA Rule is provided in bands with the first band being from \$225,001 to \$245,000 with 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 FY20 are outlined in the table below:

Table 1: FY20 Key Management Personnel

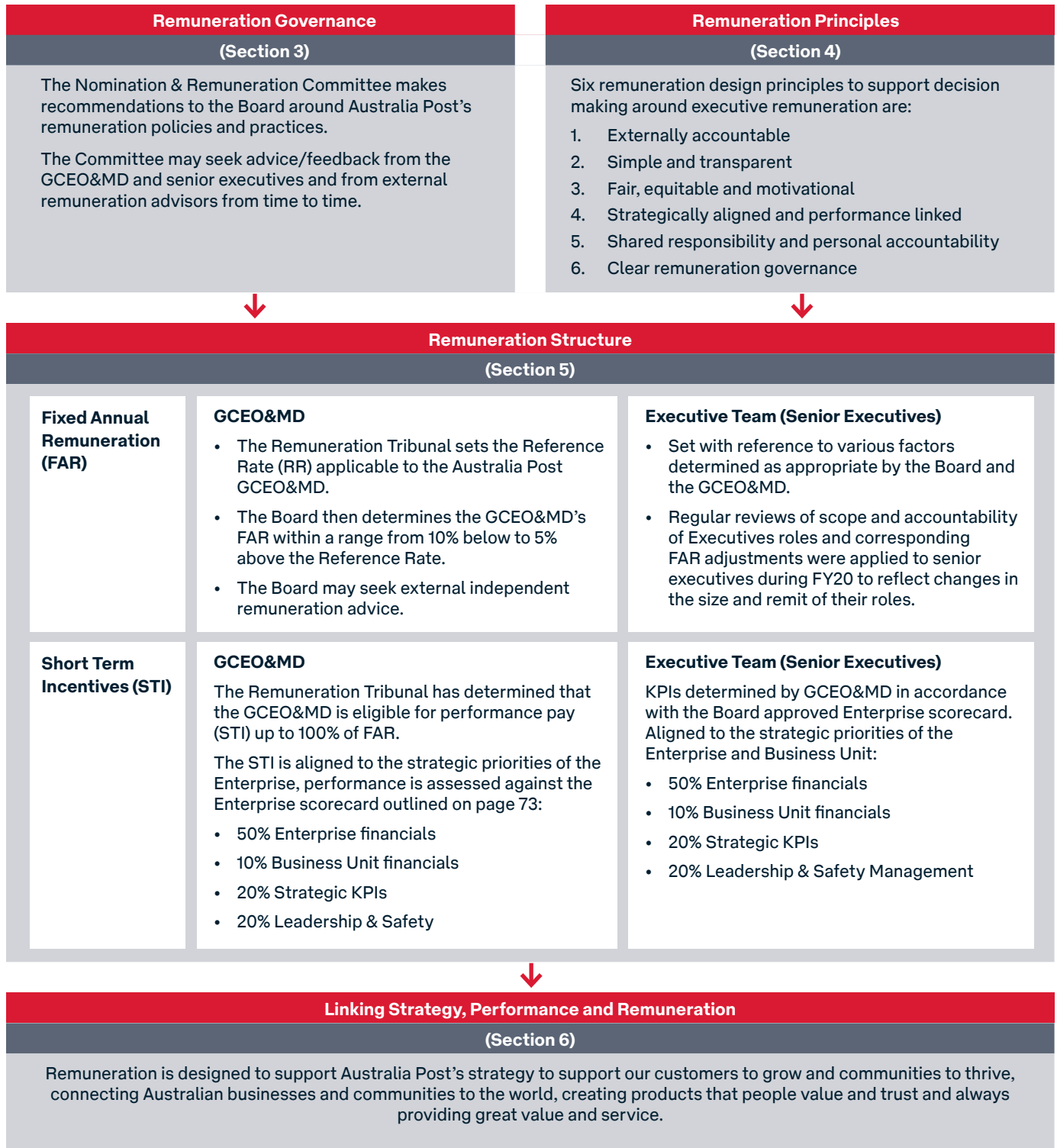
Name	Position ¹	KMP Team
Board of Directors		
Lucio Di Bartolomeo ²	Chair	Part Year
Christine Holgate	GCEO&MD	Full Year
Andrea Staines OAM ³	Deputy Chair	Part Year
Mario D'Orazio	Director	Full Year
Bruce McIver AM	Director	Full Year
Tony Nutt AO	Director	Full Year
The Hon. Michael Ronaldson	Director	Full Year
Jan West AM	Director	Full Year
Deidre Willmott	Director	Full Year
Former Non-Executive Directors		
John Stanhope AM ⁴	Chairman	Part Year
Holly Kramer ⁵	Deputy Chair	Part Year
GCEO&MD and Senior Executives		
Christine Holgate	GCEO&MD	Full Year
Rod Barnes (Acting) ⁶	EGM Deliveries	Part Year
Ingo Bohlken	EGM Product & Innovation	Full Year
Rodney Boys	Group Chief Financial Officer	Full Year
John Cox ⁷	EGM Transformation and Enablement	Part Year
Susan Davies	EGM People & Culture	Full Year
Nicole Sheffield	EGM Community & Consumer	Full Year
Gary Starr	EGM Business & Government	Full Year
Former Senior Executives		
Robert Black ⁸	Group Chief Operating Officer	Part Year
Annette Carey ⁹	EGM International Services	Part Year
Phillip Dalidakis ¹⁰	EGM Corporate Services	Part Year

1. Position reflects position title at end of financial year or at employment cessation date.
2. Lucio Di Bartolomeo was appointed Chair, with effect from 22 November 2019.
3. Andrea Staines OAM was appointed as Deputy Chair, with effect from 27 June 2020.
4. John Stanhope AM stepped down as Chairman, with effect from 21 November 2019.
5. Holly Kramer stepped down from the Board, with effect from 26 June 2020.
6. Rod Barnes was appointed EGM, Deliveries with effect from 1 July 2020. Remuneration reflects the benefits received whilst acting as EGM Deliveries from 1 April 2020.
7. John Cox was appointed EGM, Transformation & Enablement with effect from 23 March 2020.
8. Robert Black ceased employment with Australia Post with effect from 14 April 2020.
9. Annette Carey ceased employment with from Australia Post with effect from 14 April 2020.
10. 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.

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 FY20 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).

3.2. Engagement of external advice

To inform its decision making during FY20, the Committee sought advice on performance and remuneration related matters from the GCEO&MD, senior executives (KMP) and management.

External independent remuneration advice was received by Australia Post from PricewaterhouseCoopers (PwC) in June 2019, January 2020 and June 2020. None of the advice received included a 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.
- Senior executives' remuneration is determined with reference to various factors, including external benchmarking, and is approved by the GCEO&MD and considered by the Nomination & Remuneration Committee.
- Other contract employees', including "Other Highly Paid Staff", fixed remuneration review budget and the Australia Post Corporate Incentive Plan is approved by the Board annually. Terms and conditions of employment are outlined in individual contracts.

The Group Remuneration Policy, approved by the Board, and the Australia Post Corporate Incentive Plan (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 (KMP) 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, with the exception of the GCEO&MD whose remuneration is determined by the Board relative to a reference rate determined by the Remuneration Tribunal. The Contracts provide for participation in a Short Term Incentive (STI) program 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.

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

Table 2: Employment contract cessation

Scenario	Definition
Termination on notice by the senior executive	The GCEO&MD may terminate their employment contract by providing six months' notice in writing. All other senior executives (KMP) 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's employment contract by providing six months' notice or providing payment in lieu of the full or part of the notice period. Australia Post may terminate all other senior executives' (KMP) 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 legislation and designed to ensure consistent and equitable practices are applied. For the GCEO&MD and senior executives (KMP), 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 (KMP) (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.

4. Remuneration principles

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

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 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 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. FY20 remuneration structure

For FY20 the GCEO&MD and senior executives’ remuneration arrangements were comprised of two key remuneration components:

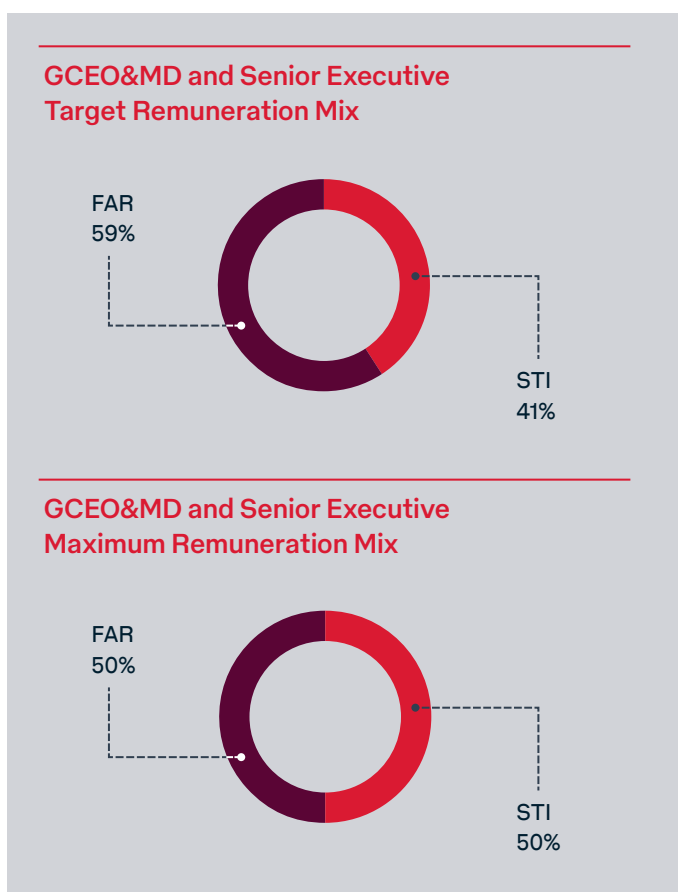
1. Fixed annual remuneration (FAR); and
2. Short Term Incentive (STI) opportunities.

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 2020.

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 GCEO&MD and each senior executive have their own scorecard against which their performance is measured and STI paid. The STI plan is called the Australia Post Corporate Incentive Plan (APCIP).

In addition to the KPIs, the APCIP includes Enterprise financial and individual behavioural gateways that must be met prior to an individual being eligible for an incentive payment:

Financial Gateway

1. Incentives will only be paid to eligible APCIP participants if a 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.

Behavioural Gateways

1. Living our 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

GCEO&MD FY20 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 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. In accordance with the APCIP, 25 per cent of the GCEO&MD 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.

Senior executive (KMP) FY20 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 FY20 STI has been designed to provide a framework that rewards for delivering performance and value creation for Australia Post. 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 potential award available if target performance is achieved) or STI Maximum (the maximum potential award available).

In FY20, the senior executive STI framework aligns to both individual, business unit and enterprise performance. The key measures that determine a STI outcome for senior executives for FY20 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).

In accordance with the APCIP, 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.

Other contract level employees FY20 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.

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.

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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 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.

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.

FY20 Performance scorecards

GCEO&MD (Enterprise scorecard) and 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.

All other eligible employees have a series of individually 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 20% Quantitative 20%)	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

6. Linking strategy, performance and remuneration

6.1. How we assessed the Enterprise Scorecard in FY20

Enterprise Scorecard

The Enterprise Scorecard contains a range of key performance indicators (KPIs) that are aligned to the strategic priorities of the enterprise. The FY20 Enterprise Scorecard KPIs and performance against those KPIs, the basis for the GCEO&MD STI, are detailed in the table below:

Table 3: FY20 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.	FY20 full year Group PBT exceeded expectations and was significantly ahead of Budget. The favourable results to Budget included a strong Pre-COVID-19 result with YTD March. The March to June period had significant increases in costs due to operating in a COVID-19 environment, including providing safety equipment (\$12m+), operating 16 additional pop-up sites, operating with safe distances etc. Although parcels grew in volume, they also grew in weight and size, which resulted in an increasing number not being able to be carried by the Posties safely and these had to be carried by contractors at a higher cost. Swift action on corporate and support costs and a continued focus on business efficiencies offset additional costs. This was a significant achievement.	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 Revenue was favourable to budget and up on the previous year. FY20 saw our highest ever revenue growth in a year and achieved without acquiring a business. A result further boosted by the COVID-19 parcel volumes. The Group result was secured despite a significant decline in letter volumes and revenue. Some key highlights include: domestic parcels, achieved in a highly competitive market; Financial Services portfolio both over achieved budget and grew significantly year-on-year; AP Global almost trebled in revenue and the strong momentum began before COVID-19.	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.	Business efficiency is favourable to Budget predominately driven by a focus on productivity, site automation and labour efficiencies, as well as measures taken to contain discretionary spending and preserve cash following the onset of COVID-19.	Met Stretch
	Enterprise New Revenue	New revenue streams are a critical component of growing our total revenue base, and maintaining a profitable business.	FY20 full year outcome exceeded Budget significantly. New revenue has increased due to providing new services to existing customers and winning new customers.	Met Stretch
	Cash		Cash was ahead of Budget at the end of February and significantly ahead of budget at year end. Management's swift actions taken to preserve cash including reducing costs, a disciplined allocation of capital expenditure and vigilant oversight of debtors, supported by the strong revenue performance, resulted in cash closing the year significantly up on Budget.	Met Stretch

Measure	KPI	Link to Strategy	Performance	Outcome	
Strategic KPIs 20%	Enterprise Net Promoter Score (NPS)	Customer advocacy and loyalty is critical in order to win in all our businesses, particularly in a fiercely competitive eCommerce market.	In March 2020 it was decided to pause the collection of Enterprise NPS due to the onset of COVID-19. Prior to this at 31 March, Enterprise NPS was above target level performance.	Met Target	
	International Parcel Revenue	We will become a global, cross-border eCommerce logistics provider.	International parcel revenue exceeded target. The result was underpinned by excellent AP Global performance. Outbound Parcels still closed the full year up on budget and partly offset the slowing inbound volume due to the impacts of COVID-19. International volumes were severely impacted by the closure of international borders and the lack of international line haul in the last quarter.	Met Stretch	
	% parcels streamed across AP and ST network		Streaming rate for the full year was above Budget. The streaming percentage was constrained from March to June as the number, weight and size of parcels grew significantly. However, the absolute number of parcels budgeted to be streamed surpassed both budget and stretch volumes. The growth in parcel volumes and their dimensions underpinned the request for Temporary Regulatory Relief.	Met Target	
	Tailored Strategic Milestones	UPU successful outcome		There was an extremely successful UPU outcome, and we exceeded our objectives. The GCEO&MD led the Australia Post team and, with the then Department of Communications and the Arts and Department of Foreign Affairs and Trade, represented the country in negotiations during the UPU extraordinary congress. This resulted in a positive agreement to move untracked packet pricing to self-declared rates.	Met Stretch
		BPR successfully launched		BPR was successfully launched following completion of the necessary consultations and notification process involving Shareholder Ministers and Departments, ACCC and major customers, community groups and Licensed Post Offices.	
		New Post Office services launched		Several new services were launched, including Connect@Post, Sending Made Easy and the Great Aussie Coin Hunt. One of the transformational programmes trialled and launched was the Local Business Partner program, which provides Licensed Post Offices with a suite of products and services for small business customers that were previously unavailable to them. This includes My Post Business and parcel pricing packages. The trial was reviewed by APLAC (Australia Post Licensee Advisory Council), with unanimous support.	
		Returns Parcel Strategy to support Ecommerce growth		Collect and Return (Doddle) launched in February 2020 with a strong pipeline of returns customers to see further growth in FY21.	
Redbank operational by October 2019			Brisbane Parcel Facility at Redbank was officially operational on 21 October 2019. The site is the largest parcel processing site in the southern hemisphere. Opening the site, we faced many complexities all of which were overcome and the site was fully operational to support our peak period.		
Commence planning and delivery of EBAs		Significant progress was made on planning and delivery of EBAs. Extensive union consultation completed that secured an MOU with the CEPU to deliver certainty for 12 months in COVID-19 and support for Temporary Regulatory Relief.			

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Measure	KPI	Link to Strategy	Performance	Outcome
Leadership & Safety Management 20%	Group People Engagement	We strongly believe that ensuring our people are engaged is critical to delivering our future strategy.	<p>The group People Engagement Survey scheduled for April was cancelled due to cost restrictions and the requirement for people to work from home, hence no specific measure was captured. However, there is significant evidence about the strong engagement of our people. This includes:</p> <ul style="list-style-type: none"> • Our Posties opting to deliver and Post Offices remaining open throughout the crisis. • 4,500 employees regularly working from home since the crisis began. • Our workforce immediately agreeing to work in split shifts, which for many significantly changed their operational hours. • The volunteering, on their normal pay, of our workforce to help with the processing and delivery of parcels at our peak. • Record attendance and productivity levels for both our frontline delivery people and call centre teams. 	Met Target
	Safety Index	The health, safety and wellbeing of our people is our most important cultural priority.	Full year 98.2% against a target of 85%. FY20 result has been driven by increased encouragement of recording proactive safety initiatives, along with a strong focus on hazard reporting. Although stretch target was achieved, we have rated this at target recognising the significant work that still needs to take place.	Met Target

Measure	KPI	Link to Strategy	Performance	Outcome
Leadership & Safety Management 20%	Tailored Leadership and Safety Management Milestones (10%)	Support the other Executives on delivering their strategic priorities	<p>The above commentary and our performance through COVID-19 evidences the Enterprise’s strong leadership:</p> <ul style="list-style-type: none"> • Securing support to operate • Taking immediate action on curbing expenditure, securing major customer wins • Enabling 16 pop-up processing sites • Safeguarding our people through the crisis and securing support from our employees to still work with attendance at record levels • Seeking Temporary Regulatory Relief • Delivering over budget on our financials, even though we have faced a significant increase in operational costs. 	Met Stretch
		Build leadership engagement with the Board and key stakeholders including the Shareholder	<p>Board engagement and support for our strategic direction is critical for our strategy to be realised.</p>	We have built strong and open communications and have been supported by our Shareholder through the COVID-19 pandemic.
		Drive and develop leadership talent and succession	<p>The quality of our leaders will be a key determinant in our future success.</p>	We have established a number of Leadership and talent development programmes. They start with regular briefings to our Extended Leadership teams, with strategy briefings, weekly briefings through the COVID-19 pandemic and manager support packs. We have a talent development program for 12 next level managers who are on the succession plans for ET roles, this includes a personal development program, mentors being appointed and regular private leadership briefings. Our last two appointments to the ET have been from this program.
		EBA Approved		See Commentary on EBA Performance above
		Leadership role across the organisation on driving Safety	<p>Safety is one of our four values, and the safety and wellbeing of our people is our highest priority.</p>	Safety is the largest risk and operational issue we face. The GCEO&MD has led the Enterprise Safety Council and with the support of the Board we have made progress throughout the year. This includes securing support to significantly reduce our dependency on motorcycles, rolling out automation, reducing physical strains, securing support for telematics and introducing drug and alcohol testing. We have made major progress on our programs to improve Mental Health, including at our Brisbane Contact Centre which previously had our highest reported incident rate. Through COVID-19, we have led with protect our people, immediately introducing split shifts, enabling 4,500 people to work from home with VPN access in less than one week, securing \$12m+ of PPE, introducing temperature testing and rolling out safety screens in all our Post Offices.

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6.2 FY20 Performance outcomes

For FY20 the GCEO&MD performance was assessed against the Enterprise Scorecard. Based on those outcomes the GCEO&MD would have been entitled to an incentive of 95% of the maximum STI. Based on performance to the enterprise scorecard, senior executives would have been entitled to an average of 93% per cent of the maximum STI. However, as noted in the Message from the Chair on page 64, the Board decided that incentive payments would not be made for the GCEO&MD and senior executives for FY20.

7. Non-executive Board director fees

All Australia Post non-executive directors are appointed by the Governor-General on the nomination of the Shareholder Ministers. 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 2019 and 2020.

Table 4: Non-executive director fees

Role	Annual Fee with effect from:	
	1 July 2018 ¹	1 July 2019 ²
Chair	\$189,910	\$193,710
Deputy Chair	\$105,980	\$108,100
Non-executive Directors (Members)	\$94,990	\$96,890
Audit & Risk Committee Chair	\$21,990	\$22,430
Audit & Risk Committee Member	\$11,000	\$11,220
People & Sustainability Committee Chair ³	\$18,730	\$19,110
People & Sustainability Committee Members ³	\$9,370	\$9,560

1. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2018.
2. Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office) Determination 2019.
3. Australia Post Board Chair and Deputy Chair are not entitled to receive these additional fees if they are members of this Committee.

8. FY20 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 authority and responsibility for planning, directing and controlling the activities of the Goup. 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 2019 and 30 June 2020. 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 Government agencies 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 Australian Postal Corporation whose remuneration exceeds \$225,000 in 2020. The initial band being a range from \$225,001 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 2020 and previous financial year 2019 is as follows:

Table 5 Non-executive Director Remuneration

Non-executive directors volunteered to reduce their Fixed Remuneration by 20% during the period 16 April to 8 July 2020 in response to the COVID-19 (coronavirus) pandemic, and the health, community and business challenges and uncertainty it presented.

Non-executive directors	Year	Short-term benefits	Post-employment contributions	Total \$
		Director fees ¹ \$	Superannuation ² \$	
Lucio Di Bartolomeo (Chair) ³	2020	109,451	10,398	119,849
	2019	-	-	-
Andrea Staines OAM (Deputy Chair) ⁴	2020	945	90	1,035
	2019	-	-	-
Mario D'Orazio ⁵	2020	102,029	9,693	111,722
	2019	27,594	2,621	30,215
Bruce McIver AM	2020	103,620	9,844	113,464
	2019	105,990	10,069	116,059
Tony Nutt AO	2020	102,029	9,693	111,722
	2019	104,360	9,914	114,274
The Hon Michael Ronaldson	2020	102,029	9,693	111,722
	2019	104,360	9,914	114,274
Jan West AM	2020	114,365	10,865	125,230
	2019	116,980	11,113	128,093
Deidre Willmott	2020	103,620	9,844	113,464
	2019	105,990	10,069	116,059
Former Board Directors				
John Stanhope AM ⁶	2020	76,214	7,240	83,454
	2019	189,910	18,041	207,951
Holly Kramer ⁷	2020	113,321	5,383	118,704
	2019	116,980	11,113	128,093
Paul Scurrah ⁸	2020	-	-	-
	2019	65,761	6,247	72,008
Total (10 Non-executive directors)	2020	927,623	82,743	1,010,366
Total (9 Non-executive directors)	2019	937,925	89,101	1,027,026

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

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

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

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

5. Mario D'Orazio was appointed to the Board, with effect from 21 March 2019.

6. John Stanhope AM stepped down as Chairman, with effect from 21 November 2019.

7. Holly Kramer stepped down from the Board, with effect from 26 June 2020.

8. Paul Scurrah resigned from the Board, with effect from 15 February 2019.

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

In response to the COVID-19 (coronavirus) pandemic, and the health, community and business challenges and uncertainty it presented, the Board, GCEO&MD and senior executives volunteered to reduce their Fixed Remuneration by 20% during the period 16 April to 8 July 2020.

Overall financial performance against the enterprise scorecard was strong in FY20, including the achievement of our stretch targets for a number of key financial KPIs. However, the Board decided, when finalising the FY20 Financial Statements, that incentive payments would not be made for the GCEO&MD and senior executives at that time.

Remuneration received directly or indirectly by key management personnel under an accrual basis for the most recent financial year 2020 and previous financial year 2019 is as follows:

GCEO&MD, Senior Executives and Position titles	Year	Short-term benefits			Post-em- ployment benefits	Other long-term benefits		Other	Total remuner- ation \$
		Base salary ¹ \$	Short-term incent- ives ² \$	Other benefits and allow- ances ³ \$	Super- annua- tion ⁴ \$	Long service leave ⁵ \$	Other long-term benefits ⁶ \$	Termina- tion benefits ⁷ \$	
Christine Holgate GCEO&MD	2020	1,416,631	-	-	21,003	38,273	138,563	-	1,614,470
	2019	1,441,247	831,375	-	20,531	47,573	224,500	-	2,565,226
Rod Barnes ⁸ EGM Deliveries	2020	134,910	-	-	5,251	10,867	-	-	151,028
	2019	-	-	-	-	-	-	-	-
Ingo Bohlken ⁹ EGM Product & Innovation	2020	690,448	-	-	21,003	18,785	69,825	-	800,061
	2019	702,457	418,950	41,885	20,531	19,662	69,825	-	1,273,310
Rodney Boys ¹⁰ Group Chief Financial Officer	2020	727,355	-	-	21,003	18,893	-	-	767,251
	2019	73,178	-	-	6,455	1,523	-	-	81,156
John Cox ¹¹ EGM Transformation and Enablement	2020	139,174	-	-	5,251	5,203	-	-	149,628
	2019	-	-	-	-	-	-	-	-
Susan Davies ¹² EGM People & Culture	2020	683,444	-	2,098	21,003	18,990	68,906	-	794,441
	2019	703,826	413,438	-	20,531	57,759	68,906	-	1,264,460
Nicole Sheffield ¹³ EGM Community & Consumer	2020	683,972	-	2,098	21,003	18,477	66,719	-	792,269
	2019	686,308	400,313	-	20,531	12,012	66,719	-	1,185,883
Gary Starr EGM Business Government & International	2020	700,876	-	-	21,003	18,863	68,906	-	809,648
	2019	684,717	413,438	9,019	20,531	30,923	85,712	-	1,244,340
Former Senior Executives									
Robert Black ¹⁴ Group Chief Operating Officer	2020	804,981	-	2,098	21,003	18,994	88,659	644,399	1,580,134
	2019	999,041	531,956	-	20,531	21,398	128,909	-	1,701,835
Chris Blake ¹⁵ EGM Corporate Services	2020	-	-	-	-	-	-	-	-
	2019	566,043	-	-	20,531	(139,497)	-	476,528	923,605

Senior Executives and Position titles	Year	Short-term benefits			Post-employment benefits	Other long-term benefits		Other	Total remuneration \$
		Base salary ¹ \$	Short-term incentives ² \$	Other benefits and allowances ³ \$	Superannuation ⁴ \$	Long service leave ⁵ \$	Other long-term benefits ⁶ \$	Termination benefits ⁷ \$	
Annette Carey ¹⁶ EGM International Services	2020	570,323	-	1,328	21,003	14,016	65,156	295,895	967,721
	2019	746,303	390,938	-	20,531	20,938	65,156	-	1,243,866
Christine Corbett ¹⁷ EGM Community & Consumer	2020	-	-	-	-	-	-	-	-
	2019	29,362	-	-	3,069	-	-	-	32,431
Philip Dalidakis ¹⁸ EGM Corporate Services	2020	469,205	-	420	18,915	-	-	189,026	677,566
	2019	-	-	-	-	-	-	-	-
Janelle Hopkins ¹⁹ Group Chief Financial Officer	2020	-	-	-	-	-	-	-	-
	2019	847,326	-	-	20,531	(87,878)	-	-	779,979
Andrew Walduck ²⁰ EGM Product & Innovation	2020	-	-	-	-	-	-	-	-
	2019	20,272	-	7,784	2,305	-	-	-	30,361
Senior Executive Engaged Under Secondment Arrangement Payment									
Andrew Parker ²¹ EGM International Services (seconded)	2020	-	-	-	-	-	-	-	-
	2019	30,940	-	-	-	-	-	-	30,940
Total (11 executives)	2020	7,021,319	-	8,042	197,441	181,361	566,734	1,129,320	9,104,217
Total (13 executives)	2019	7,531,020	3,400,408	58,688	196,608	(15,587)	709,727	476,528	12,357,392

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 comprise of reportable and non-reportable fringe benefit amounts.
4. 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 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 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 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% 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. Rod Barnes was appointed EGM, Deliveries with effect from 1 July 2020. Remuneration reflects the benefits received whilst acting as EGM Deliveries since 1 April 2020.
9. Ingo Bohlken was appointed EGM, Product & Innovation with effect from 30 July 2018
10. Rodney Boys was appointed Group Chief Financial Officer with effect from 27 May 2019.
11. John Cox was appointed EGM, Transformation & Enablement with effect from 23 March 2020.
12. Susan Davies was appointed EGM, People & Culture with effect from 1 July 2018.
13. Nicole Sheffield was appointed EGM, Community & Consumer with effect from 6 August 2018.
14. Robert Black ceased employment with Australia Post with effect from 14 April 2020
15. Chris Blake ceased employment with Australia Post with effect from 31 December 2018. An ex-gratia payment, disclosed under 'termination benefits', was made in accordance with the Deed of Separation.
16. Annette Carey ceased employment with Australia Post with effect from 14 April 2020
17. Christine Corbett ceased employment with Australia Post with effect from 13 July 2018.
18. 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.
19. Janelle Hopkins ceased employment with Australia Post with effect from 3 May 2019.
20. Andrew Walduck ceased employment with Australia Post with effect from 13 July 2018.
21. Andrew Parker was seconded from PricewaterhouseCoopers (PwC) on a consulting basis, which concluded on 13 July 2018. Andrew was remunerated separately by PwC, with base salary comprising of consulting fees paid to PwC for this secondment.

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Other Highly Paid Staff Remuneration reported in FY20 (Accruals Basis)

Table 7 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 compensation received by employees in each remuneration band for the duration of employment within the reporting period.

Table 7: FY20 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 ¹	Average short-term incentives ² \$	Average other benefits and allowances ³		Average Long-service leave ⁵	Average other long-term benefits ⁶		
\$225,001 to \$245,000	93	137,247	42,982	1,758	12,676	3,925	-	36,414	235,002
\$245,001 to \$270,000	103	151,503	46,525	1,985	14,408	4,644	-	38,736	257,802
\$270,001 to \$295,000	82	179,718	57,190	1,189	16,364	6,290	-	21,696	282,447
\$295,001 to \$320,000	67	190,860	65,171	973	17,513	5,912	-	25,261	305,690
\$320,001 to \$345,000	34	204,223	65,905	1,173	17,939	5,613	-	38,892	333,744
\$345,001 to \$370,000	19	213,373	80,698	-	18,078	6,635	-	39,855	358,537
\$370,001 to \$395,000	19	223,837	115,962	1,743	19,437	9,318	-	9,562	379,859
\$395,001 to \$420,000	11	226,797	101,844	879	19,164	6,652	-	53,309	408,644
\$420,001 to \$445,000	13	226,037	131,269	3,248	19,623	6,846	-	47,650	434,673
\$445,001 to \$470,000	9	249,914	106,367	-	19,605	8,186	-	73,346	457,418
\$470,001 to \$495,000	11	296,164	123,917	-	20,469	7,756	5,475	29,553	483,334
\$495,001 to \$520,000	6	288,826	119,941	-	21,003	11,916	-	67,568	509,254
\$520,001 to \$545,000	8	308,096	158,420	-	19,844	9,328	6,521	29,854	532,064
\$545,001 to \$570,000	5	309,461	152,648	-	19,627	6,787	10,350	54,309	553,181
\$570,001 to \$595,000	1	370,007	180,211	-	21,003	15,331	-	-	586,551
\$595,001 to \$620,000	6	307,556	107,158	-	21,628	11,209	35,858	120,398	603,807
\$620,001 to \$645,000	3	365,712	182,196	-	24,547	20,660	44,939	-	638,054
\$645,001 to \$670,000	1	351,448	261,032	-	21,003	12,599	-	-	646,081
\$695,001 to \$720,000	4	308,285	162,457	-	21,555	6,992	44,916	159,888	704,092
\$720,001 to \$745,000	2	424,750	196,574	-	21,003	4,046	84,627	-	731,000
\$745,001 to \$770,000	1	421,527	211,146	7,515	29,974	10,160	75,375	-	755,696
\$795,001 to \$820,000	3	431,018	169,205	1,476	22,651	15,398	63,738	104,751	808,238
\$820,001 to \$845,000	1	301,313	163,522	-	24,405	7,359	-	339,810	836,409
Total⁸	502					n/a			

1. Base salary comprises cash salary, including amounts paid on sick leave, net annual leave benefits, higher duties, purchased leave and amounts salary sacrificed.
2. Short-term incentives comprise short-term incentives paid or payable within 12 months.
3. Other benefits and allowances comprises 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 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 comprise short-term incentives that are not payable within 12 months of the period end they relate to.
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.