



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

MATTERS OF PUBLIC IMPORTANCE

Executive Remuneration: Australia Post

SPEECH

Wednesday, 15 February 2017

BY AUTHORITY OF THE SENATE

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Senator XENOPHON (South Australia) (16:57): Ditto to what Senator Urquhart said in terms of both the substance and the sentiment of her contribution. I find myself agreeing with what she said.

Most Australians—and many in this place—are disturbed by the secrecy surrounding the managing director of Australia Post's salary package, which is in the order \$5.6 million. Only after probing by Senators Urquhart and Dastyari, and with Senator Paterson's assistance, has this come to light. To put this number to the test it is worth noting that our Prime Minister earns about \$520,000 a year—one-tenth of the remuneration of the Australia Post CEO. To compare apples and apples, the US Postmaster General earns about \$540,000—one-tenth of the remuneration. A further point worth raising is that the managing director is on an indefinite contract at the pleasure of the board. It has been revealed that he can be terminated on 12 months notice with payment in lieu—a \$4.3 million lump sum payment. It is a good gig if you can get it.

I am very concerned about the secrecy surrounding this and the need for transparency. So how did we get to this point? Let us try to unravel this. In turn, is there a way forward to reform the current system? I believe there is. Australia Post is a government business enterprise under the Public Governance, Performance and Accountability Act. The principal executive officers of GBEs have their salaries set by the Remuneration Tribunal. For example, the managing director of AEC is on a salary from \$469,000. The head of the Defence Housing Australia is on a band salary of between \$237,000 and \$470,000. The Remuneration Tribunal Act defines the head of Australia Post as a principal executive officer, but it turns out that the remuneration of the Managing Director of Australia Post is not set by the tribunal but rather by the board of Australia Post. This comes about because section 86 of the Australian Postal Corporation Act entrusts the board, not the tribunal, with the setting of the managing director's salary.

I direct no ill will at Mr Fahour. To his credit, he has listened to the crisis facing licensed post offices and there have been improvements. Much more needs to be done but, as the saying goes, 'You don't get what you deserve; you get what you negotiated.' He seems to have negotiated well; perhaps the board did not negotiate so well. What we need to do here is not only examine this matter carefully and forensically at estimates but also repeal the relevant sections of the Australian Postal Corporation Act to place the remuneration arrangements of this government business enterprise back into the hands of the Remuneration Tribunal. Transparency demands this reform and indeed the public test demands this reform. We need the transparency and we need the rigour of the Remuneration Tribunal being involved in this. It is an anomaly that this is simply left up to the board of Australia Post. The sooner we reform this, the better, and it is something that I believe the people of Australia demand.