



12 June 2018

PGPA Act Review  
Attention: Review Secretary  
Department of Finance  
One Canberra Avenue  
FORREST ACT 2603  
By email: [pgpaactreview@finance.gov.au](mailto:pgpaactreview@finance.gov.au)

CORPORATE SECRETARY  
GPO Box 1777  
MELBOURNE VIC 3001  
111 BOURKE STREET  
MELBOURNE VICTORIA 3000  
Telephone +61 3 9106 7237  
Facsimile +61 3 9206 4139  
[www.auspost.com.au](http://www.auspost.com.au)

Dear Review Secretary

***Public Governance, Performance and Accountability Act 2013 and Rule Independent Review – Consultation Draft***

Thank you for inviting Australia Post to provide comments on the consultation draft of the independent review of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Public Governance, Performance and Accountability Rule 2014.

In consultation with the Chairman of Australia Post's Board of Directors, Mr John Stanhope AM, the follows comments are provided:

*Recommendation 10*

Australia Post would like more clarity and guidance on what is meant by 'incentivise officials at all levels to manage and engage better with risk'.

*Recommendation 13*

Australia Post has in place a combined Audit & Risk Committee which, for our organisation, is more effective than having separate audit and risk committees.

We support a combined Audit & Risk Committee, as it is a more efficient and practical mechanism for providing the Board of Directors with a 2nd and 3rd line assurance perspective and areas of focus and, further, avoids duplication.

The establishment of particular Board Committees will be unique to each organisation. The linking of audit and risk is common practice for many organisations.

*Recommendation 15*

Australia Post strongly disagrees with the application of this recommendation for corporate Commonwealth entities. The recommendation proposes that members of an audit committee must be independent, with independence defined as not being an official or employee of a Commonwealth entity. As members of the board are defined as officials under the PGPA Act, this would mean that directors could not be members of the organisation's audit committee. It is also not clear whether the reference to 'Commonwealth entity' relates to all Commonwealth entities, or only the one to which the audit committee relates. While Australia Post understands the importance of having independent members, it does not believe this outcome is the intent of the recommendation.

At present, Australia Post's Audit & Risk Committee consists entirely of non-executive Directors. It is common practice for many organisations that Board Committee membership is constituted by a subset of the Board of Directors.

*Recommendation 29 & Recommendation 30*

Current printing requirements for annual reports are costly and timely. Australia Post supports the digital delivery of annual reports to the Parliament. As required, Australia Post currently provides a copy of its annual report to Shareholder Ministers by 30 September each year. Assuming that a digital delivery platform was introduced, we believe we would be in a position to accommodate an earlier submission date of 23 September.

*Recommendation 34 & Recommendation 35*

Australia Post supports the disclosure of executive remuneration. The Australia Post Board has made a commitment to fully disclose details of our executives' remuneration and in our 2017 Remuneration Report we aligned our executive remuneration reporting to meet the same standards of transparency and disclosure that is expected from an ASX listed company of similar size and complexity.

However, introducing additional reporting obligations for Government Business Enterprises that are inconsistent with the disclosure of an ASX listed company will create inconsistency and an additional reporting burden, potentially also eroding the ability of Government Business Enterprises to attract and retain talent. This proposal is not supported, in respect of both the proposal to disclose the number and average remuneration (including allowances and bonuses) of all other senior executives and highly paid staff, by band (consistent with the reporting arrangements in place up to 2013–14) and the remuneration policies and practices relevant to those individuals.

In addition, the reporting arrangements for executive remuneration that were in place up to 2013-14 were provided on a cash basis. Current reporting under ASX listed company requirements is provided on an accruals basis. Consistency in disclosures is important – including from the perspective of comparative clarity for a reader – should any of the recommended changes be implemented.

*Recommendation 40 & Recommendation 43*

Australia Post would appreciate the opportunity to be engaged further as actions relating to these recommendations progress, including to provide feedback from the perspective of a Government Business Enterprise.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Erin Kelly', written in a cursive style.

Erin Kelly