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Proof Committee Hansard

SENATE

ENVIRONMENT AND COMMUNICATIONS REFERENCES
COMMITTEE

Australia Post

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SENATE

ENVIRONMENT AND COMMUNICATIONS REFERENCES COMMITTEE

Tuesday, 13 April 2021

Members in attendance: Senators Canavan, Kim Carr, Hanson, Hanson-Young, Henderson, Kitching, McKenzie [by video link], O'Neill, Urquhart, Van.

Terms of Reference for the Inquiry:

To inquire into and report on:

On 25 February 2021, the Senate referred to the Environment and Communications References Committee for inquiry and report by 30 April 2021:

The circumstances leading to the direction by the Minister for Communications to the Chair of Australia Post on 22 October 2020, that the Chief Executive Officer of Australia Post, Christine Holgate, be stood down pending an investigation into her gifting in 2018 of watches to four managers who secured a \$225 million investment into the organisation, with particular reference to:

- a. if the gift of the watches was with the knowledge of the then Australia Post Chair and within existing Australia Post policy;
- b. how the gifting of four watches compares with bonuses and gifts provided during the term of the previous Chief Executive Officers and within other government owned corporations such as the National Broadband Network;
- c. actions of the Board of Australia Post following Ms Holgate's offer of resignation on 2 November 2020 leading up to the Chair's request for her to sign an amendment to her contract which would mean the immediate termination of her employment without any benefits, as against the \$11 million bonus paid to her predecessor when he stepped down;
- d. the veracity of evidence provided by the Chair of Australia Post to the Environment and Communications Legislation Committee during an estimates hearing on 9 November 2020;
- e. the current status of Ms Holgate's employment with Australia Post;
- f. the issues surrounding the secret review of Australia Post by the Boston Consulting Group leading to the introduction of changes to Australia Post's service model;
- g. the future of reductions to Australia Post's service model; and
- h. any other related matters.

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HOLGATE, Ms Christine, Private capacity

Committee met at 10:47

CHAIR (Senator Hanson-Young): I declare open this hearing of the Senate Environment and Communications References Committee inquiry into Australia Post. I begin by acknowledging the traditional owners of the land on which we meet and pay our respects to their elders past and present. On behalf of the committee, I would like to welcome you all here today.

This is a public hearing, and a *Hansard* transcript of the proceedings is being made. The hearing is also being broadcast via the Australian Parliament House website. The committee has allowed the media the opportunity to gather footage at the beginning. There are cameras in the room. We look forward to people being able to access the live feed via the committee's proceedings on the Parliament House broadcast.

Before the committee starts taking evidence, I remind all witnesses that in giving evidence to a committee they are protected by parliamentary privilege. It is unlawful to threaten or disadvantage a witness on account of evidence given to a committee. Any such action may be treated by the Senate as contempt. It is also contempt to give false or misleading evidence to a committee. The committee generally prefers evidence to be given in public, but, under the Senate's resolutions, witnesses have the right to request to be heard in private session. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground on which it is claimed. If the committee determines to insist on an answer, a witness may request that that answer be given in camera. Such a request, of course, may be given at any other time.

I now welcome Christine Holgate and two other witnesses. I understand that information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. Do you have any comments to make on the capacity in which you appear?

Ms Fawthrop: In full transparency, I'm an employee of Australia Post. I am not appearing in that capacity today. I am on annual leave to be here.

Mrs Cramp: I'm here as a taxpayer of Australia. I am not here representing LPOGroup; I will be later on today. I am here now as a private citizen and a taxpayer.

CHAIR: I now invite you to make a short opening statement. I am not sure whether you have statements, Mrs Cramp or Ms Fawthrop, but I understand Ms Holgate does.

Ms Holgate: No, Taeressa and Angela won't be making opening statements. Thank you, senators, for the opportunity to be here today. I have committed to be part of this process. I do not want what happened to me to happen to any individual ever again in any workplace. I have only ever wanted what was best for Australia Post and its people. I have passionately wanted to help the organisation grow and to support the communities of Australia to thrive. Yet I lost my job, a job that I loved, because I was humiliated by our Prime Minister for committing no offence and then bullied by my chairman, Lucio Di Bartolomeo. He unlawfully stood me down at the public direction of the Prime Minister. This made my leadership at Australia Post untenable and seriously threatened my health. I have done no wrong.

Their bullying of me was far from over. I was subjected to a biased investigation and intimidated with constant threats of further allegations and criticism. Throughout this time my health had deteriorated to the point where I could not find my voice to fight back. This is a day the chairman of Australia Post and the other men involved in what happened to me will be held to account. It is thanks to the determination, courage and strength of the two women beside me, as well as Sue Davies, the EGM of People and Culture at Australia Post, that I am here today along with many parliamentarians who have fought for the truth to be told.

Senators, I know you have all read my submissions, so I will not take up too much time discussing those in my opening remarks. Suffice to say, if it was not for this committee the Australia Post chairman would likely have succeeded in getting away with lying to the Australian people, to their Senate and to the employees and partners of Australia Post. Not least would he ever have been held to account for the bullying of myself.

My evidence is backed up by hard facts, by written proof. It is undeniably independent witnesses. It is incontrovertible. In contrast, the evidence of the chairman of Australia Post is fabricated. He fabricated the agreement by myself to stand down, and he continues to do so today. I believe he did so to save his own position

from political peril and because it amounted he would never be called to account for his actions. He has also lied about very important matters relating to the future of Australia Post. This must not be allowed to stand.

Australia Post is a vital national asset, one which I passionately believe serves the Australian people, their economy and their individual communities in hugely important ways. I was honoured to lead it, and I was devastated to be driven out of it. But its employees, delivery partners and community post officers will always have a stamp on my heart.

I have said consistently since 22 October that I have done nothing wrong. I had not agreed to stand down. I have provided comprehensive written proof to support these statements. Australia Post and its chairman have not provided evidence of any kind. They have produced lies. I am sure that this will become even more apparent during the course of the committee's work.

The simple truth is: I was bullied out of my job. I was humiliated and driven to despair. I was thrown under the bus of the chairman of Australia Post to curry favour with his political masters. But I am still here, and I am stronger for surviving it. Thanks to the committee and the amazing support I have received from so many Australians and people all around the world, I am making a stand today for those who don't have the platform I have been given to fight against the bullying they have endured. There are so many Australians who have told me their own stories of being victims of workplace harassment. Today I stand here in support of them and all the people who have been intimidated but had no voice.

I am also providing the committee with three additional submissions. The first is a comprehensive chronology of the key events to aid senators to follow this process quite carefully; I understand it is complex. The second contains further details of the unlawful standing down, including a legal opinion from senior counsel Ingmar Taylor, who confirms that my forced standing down was unlawful and repudiated my contract. The third gives clarity on the secret BCG review. It is a review that the chair, the executive team and I were extensively involved with—a review which, if the government had supported it, would have ravaged jobs and the services that Australia Post offers. I objected rigorously to the BCG recommendations, and I still do. It is completely the wrong strategy for Australia Post to its customers, to the teams and to the communities.

I believe Australia Post can have a strong future if it is allowed to grow and if interference is minimised. The recent results of Australia Post make evident that we were on course to securing this. I urge senators to ensure that our national treasure of Australia Post is protected, that lying and bullying is stopped and that those who have perpetuated it are held to account. I assert this not just for those of us sitting here but for those many families who depend on Australia Post every day and in respect of all those who have suffered workplace bullying. May the legacy of this Senate inquiry be that bullying, intimidation and lying will not be tolerated. Thank you so much for the opportunity to be here. I look forward to answering your questions.

CHAIR: Thank you, Ms Holgate. Can I ask you to table your opening statement.

Ms Holgate: I have done so this morning.

CHAIR: Thank you. We all have a copy of that. Ms Holgate, the last time you were in this room was on 22 October last year. Only hours later the Prime Minister demanded that you go. Are you putting to us today that you were forced out because you resisted the further privatisation of Australian post services?

Ms Holgate: I don't know why the Prime Minister took the action he did. I'm putting to you today that I was unlawfully stood down and that my contract got repudiated. I've only ever asked for respect, and I have never been allowed it. Maybe I will answer that slightly differently: I don't know why the Prime Minister did what he did, but I was unlawfully stood down, I believe, because he instructed so.

CHAIR: Having watched how the Prime Minister has engaged in relation to members of his cabinet, members of his government and men who have been accused of behaving badly, do you feel there is a difference in the way that you were treated by the Prime Minister?

Ms Holgate: I absolutely do. No-one afforded me the opportunity. The chair spoke to me briefly twice. I'm told the Prime Minister was not briefed properly. I still do not believe that really allows those actions to take place. I don't just lead Australia Post; I co-chair the trade board for this country with one of his ministers. You would have hoped I may have been deserved the opportunity for either the minister or the Prime Minister to speak to me. Neither did. The Prime Minister has never spoken to me, and I'm sure his team has looked through comprehensively the evidence I provided to the Senate.

CHAIR: I think to anybody watching how this issue has unfolded, there seems to be a stark difference of treatment towards you versus some of the blokes in his own ranks.

Ms Holgate: I don't want to be rude here, but on 9 November, just as there was another senate estimates inside this very room, at the same time ran a *Four Corners* program. Following that program the Prime Minister was asked about the behaviour of two of his ministers. His response was that was two years ago. I gave four watches in reward to people who brought an incredible contribution to Australia Post two years ago. That was never shared. He has people in his Cabinet, he has members of parliament who are being accused of the most terrible atrocities to women—proven with one of them—and they're allowed to stand and still remain in their jobs and represent our country. I was forced to stand down.

CHAIR: I imagine everyone has a lot of questions, so we're going to share the call around. Senator Van.

Senator VAN: Ms Holgate, just going to the *Hansard* transcript of the day when you are giving evidence, in response to a question from Senator Kitching, you said:

I have not used taxpayers' money. We are a commercial organisation.

Is that a fair reflection of what you said on that evening?

Ms Holgate: I think it is well documented what I said and my response to those questions.

Senator VAN: On reflection, do you still hold that view?

Ms Holgate: I've actually already spoken about that, in my statement on 2 November. I'm sure you will have read that. It's inside our submission.

Senator VAN: Here, in the hearing, I'm trying to get this on the record. Do you still hold that view that you did not take taxpayer money, that Australia Post is a commercial organisation?

Ms Holgate: I hold the view that Bank@Post brought in, that very initiative, \$220 million that saved the post offices and raised \$22 million in GST. I have apologised if any words I have said could offend anybody. Senator, I'm sure you're aware of the many articles that are covered in the media at the moment about members of parliament taking flights. One was \$69,000 to Perth. I rewarded four people within my responsibilities.

Senator VAN: Sure. That's all I'm asking. I'm not asking about the appropriateness of the gifts. That's not what I'm asking. I'm asking: do you still hold the view that Australia Post does not use taxpayer money?

Ms Holgate: I have already apologised for that statement.

Senator VAN: So your answer is no, you don't still hold that.

Ms Holgate: Australia Post is owned by the people of this country. Many of them are taxpayers.

Senator VAN: So, putting aside that it seems, on evidence, that you were within your rights to award those watches, do you understand now that what caused offence in this place—and I was in this chamber on this committee on the night those questions were put to you by Senator Kitching—was that statement, not the watches?

Ms Holgate: I really do hope that you are not saying to me that I was hung in parliament and humiliated—and not just hung but run over by a bus and then reversed over again—because, after four hours of a Senate process, I may have made a wrong comment, when it would be perfectly okay to abuse women and that would be acceptable.

Senator VAN: I think you're conflating a number of issues there. Just to be clear: you don't stand by that statement any longer?

Ms Holgate: I have already apologised for that statement.

CHAIR: I think the witness has been—

Senator VAN: Thank you. That's all I have, Chair.

Senator KIM CARR: At the previous estimates I made it very clear that my concerns in regard to the operations of Australia Post were not directed in any personal way whatsoever at you. My concerns were that Australia Post was pursuing a strategy that appeared to me to be in conflict with its community service obligations. We had a conversation about those things. Having read your submissions—and I've read them carefully, so please accept that as a given—I am particularly impressed with the public commentary about the fact that you have had such a distinguished public career in terms of managing billion-dollar corporations; that you've got a glowing CV, in high-performance roles; and that you have been subject to what I think is grossly unfair treatment in terms of public abuse, through the abuse of parliamentary procedures.

I raised with you a number of matters that concern the operations of Australia Post, particularly the strategic plans that have been developed, and I now read in your supplementary submissions the concerns that you actually had about the Boston Consulting Group. I'm just wondering: in the context of what Senator Hanson-Young has

put to you, to what extent do you think your treatment is a question of gender and to what extent is it a question of politics?

Ms Holgate: It's a very hard question for me to answer, and you probably have a better view than me on the latter one, at least, but I think it would be fair to say that I've never seen a media article comment about a male politician's watch. Yet I was depicted as a prostitute for making those comments; I was humiliated. I have never seen any male public servant depicted in that way. So do I believe that it's partially a gender issue? You're absolutely right I do. But do I believe that the real problem here is bullying, harassment and abuse of power? You're absolutely right I do.

Senator KIM CARR: It comes to the question here about the political agenda—because I concur with your assessment; I think you have been treated in a highly discriminatory manner, and I firmly believe there is an issue of gender in the way you've been treated as compared to other public servants and to politicians. In your submission here, you point out that the Boston Consulting Group strategy obviously took a counterview to what had been presented, and you have tabled documents that have now been published by the committee—I understand that they're available to the public—which indicate that the BCG review would have seen implemented massive job cuts—maybe as many as 8,000, in one of the scenarios here—the closure of 190 suburban post offices, massive reductions in service delivery standards and a fundamental shift in community service obligations. Securing those things would require, I would have thought, substantial legislative change. These are matters that we pursued through the estimates. I'm just wondering: were you at any point able to express your view in terms of your proceedings through the Senate processes or was there an impediment to you being able to argue the management's case as to why you opposed the Boston Consulting Group recommendations?

Ms Holgate: Senator, I know you will appreciate this and I apologise that I was never able to speak up before, because I do appreciate you've asked me many times, but we are silenced. We are told very clearly that we are not allowed to speak in it. I think even at the last Senate hearing, on 23 March, when several people round this table asked questions, Senator Hume, who was sitting here, stopped those questions and stopped Australia Post being able to answer them. I believe this is such an important review. We should stop having secret reviews. Australia Post is an asset for all Australians. I actually think the implications are worse than you think, if you don't mind.

Senator KIM CARR: Please.

Ms Holgate: It talks about 190 post offices to close. There are 4,327 post offices, or postal points. Of those, approximately 725 are Australia Post owned. They're predominantly metro, so the 100-and-something you were referring to are the ones that Australia Post own. Then, if you step back from that, there are approximately 3,600 which belong to mums and dads, people just like Angela, people who, on average, invest \$1 million to take a post office licence. They can't force their closure so easily, but, if they take away their services, those people will go bankrupt. I'm sure the reason why the post offices have campaigned so passionately behind me is that they know it's not just about Bank@Post; it's about them remaining viable and being able to pay their debts. Those numbers are not inside this submission, because, if the government makes arbitrary decisions that impact community post offices, they do not have to deal with the debt that the mums and dads do.

Senator KIM CARR: You spoke of being silenced. I'll come back to the specifics you've raised about what the impact of the Boston Consulting Group was and why I was so concerned about that. Who were you silenced by?

Ms Holgate: I was silenced by the chair.

Senator KIM CARR: How was that expressed to you?

Ms Holgate: If Taeressa can just find the page, if you refer to the letter dated 24 October, supplied to me on 25 October, you will see there is a letter there from the chairman telling me I am not to speak to anybody. I was allowed to speak to Sue Davies, who is the EGM, People and Culture. I was allowed to speak to John Cox, who then actually was told he was not allowed to support me in information, and some immediate people to support my health. I was not to talk to employees, I was not to speak to the media, I was not to speak to board members and I was not to speak to customers. It was held very clear. They silenced me.

Senator KIM CARR: The chairman has indicated that he knew nothing much about this report. It was all a bit of a mystery to him. Your submission suggests that he actually got copies of the final report. Have I understood you correctly?

Ms Holgate: I struggled with the chairman's evidence on this important report, because the report was commissioned to actually inform the chair, myself and the board. The chairman had numerous copies of the report. The chairman travelled to Canberra with me and he met with BCG and senior members of both

departments. We discussed it at multiple board meetings. We had a five-hour board meeting on the BCG review. I find it almost impossible to believe a chairman could forget that. Let's just say he did. Let's just say he forgot. A lot happened in COVID.

My next problem is, though, that I wrote to him and told him I did not support his evidence, and I detailed on 2 December that I believed he had misled parliament, and then he returned to parliament and again said, 'Nope, can't remember reading it—may have flicked through it.' Well, why would you pay \$1.3 million for a report you just flick through?

But clearly there is documented evidence that he was very involved. In fairness to Senator Kitching, every one of my expenses is on the company website, and you can see on that website the flights that were bought under the office of the CEO for both him and me to travel to Canberra on the dates that I put down. So there is no denying his involvement.

Senator KIM CARR: You've indicated to us on previous occasions that you did have serious concerns about the implications of the report, but you were not able to provide evidence to the Senate as to why that was the case. You go on to say in your submission, if I have understood you correctly—and perhaps you could enlarge on this—that implementation of this report is not the way forward. Have I understood you correctly?

Ms Holgate: I strongly believe that.

Senator KIM CARR: Can you explain to why that is the case? Why do you think it would be detrimental to Australia Post if the report on the privatisation—because this report is actually a blueprint for the privatisation of Australia Post—

Ms Holgate: Well, I have many views on that. I shall try and be brief, but I think we can just look to the UK model, which split out parcels and privatised it and left the post offices behind. The post offices went bankrupt, and I am sure you are very aware of the multiple legal cases they had to take against the government. That is No. 1. No. 2 is that, most importantly, this is a national asset that is critical to the infrastructure of our country, particularly for rural and regional Australia. We are one of the largest employers. Almost 100,000 families are dependent on employment at Australia Post: 80,000 including our direct contractors and about another 20,000 more through people who primarily work for us. We know that, for every person we employ, there are two more jobs in the economy, so, when you take down one Australia Post person, you're taking three jobs away. That is a massive negative impact. We always argued we could grow, and each year we have done. We overachieved our targets. It's not without its challenges; of course it's not. But may I just point out a fact that absolutely annoys me: the letters business was \$1.8 billion last year, yet we are just disregarding it. It is still a really important asset, particularly for small businesses.

Senator KIM CARR: And there is the loss of priority pay mail and of capacity to actually meet community service obligations. As I read it here, it would see major disruptions in terms of employment opportunities right across the country. It would require substantial changes in service delivery standards. Have I understood that correctly?

Ms Holgate: Absolutely, and I think you will also be aware that it would also require significant industrial relations changes.

Senator KIM CARR: Mm.

Ms Holgate: I have believed and argued for many years that our posties can have a new job and they can be involved in carrying more parcels. We do not just have to outsource work. As we all know because we've all seen the recent cases in other organisations, people in this type of work often don't have permanent work contracts. We know the importance for these families of keeping their jobs. They can do other work in Australia Post. I strongly believe there is a growth opportunity for this organisation if we are allowed to pursue it.

Senator KIM CARR: That's the thrust of your evidence. Now can I just come back to the point about the regulations.

Ms Holgate: Sure.

Senator KIM CARR: This was the real nub of the matter here.

CHAIR: And then we're going to move on to—

Senator KIM CARR: I will finish and I will come back if I need to. We were told these were temporary. This report suggests that the government's plan—I'm not saying your plan but the government's plan—was to make them permanent, to restructure Australia Post in such a way as to transform it from a public agency with legislated community service obligations into something entirely different, using the regulations as the basis of that. In your

submission here, as I read it, you're actually questioning whether or not we need to continue with the regulations on an ongoing basis. Have I understand you correctly on that?

Ms Holgate: I think there are some serious questions before the regulation is continued. I absolutely supported the temporary relief; we could not have delivered without it. COVID was an incredibly challenging time; we absolutely needed the temporary regulatory relief. But our country is actually recovering from COVID and there are some serious questions—I have listed some in my submission—that I think are important. I know, because many people write to me every day, that, for example, now that Qantas are getting there flights back up—and, if they have not got them all up, I think we've all seen the CEO commit to be running at full operations by the end of this year—priority mail is a service that really should be brought back. If not, there should be something very similar. It is critical for small businesses and it hurts the printing industry if it's not there.

Senator KIM CARR: I put it to you that perhaps, on top of what you have already said, the substantive political reason for your treatment is that you oppose this program of cutting and privatisation. Is there not some substance to that concern?

Ms Holgate: I think it would be fair to say I wasn't popular.

Senator McKENZIE: Thank you, Ms Holgate, for your evidence today. Thank you on behalf of community post offices around the country—what a turnaround to their financial stability thanks to your leadership. A lot of my questions have already been asked. They really go to stepping out that you acted within your authority in the purchasing of the gifts for your senior executive team. There has been a lot of commentary, obviously, that this 'didn't pass the pub test', but it was all within the rules. Could you talk us through the detail of that please.

Ms Holgate: It absolutely was within my authority. There is no question that it wasn't within my authority. They were rewards for four people. The chairman was aware. You've seen the card. I'm sure I don't have to tell everybody. The words of both myself and the chair have been well publicised in many newspapers. It was a moment of great pride in our people. I could have awarded those four people up to \$150,000 each as a bonus. I chose not to. I chose to give them a watch. It was a moment of pride for them. Those gifts, those rewards, were given on—I can't remember the date; it is in my submission, so I'm sure you've got that date. It was a moment of celebration in the organisation. They were signed off by the CFO at the time. Fringe benefit tax was in there. They were audited. There was never any question whatsoever, from anybody, that they were in any way in breach of any policy.

Senator McKENZIE: So no Australia Post employees or board members raised concerns with you about the purchase of these gifts?

Ms Holgate: None whatsoever; on the contrary, everybody was very proud. It was a defining moment in our history. It was the largest capital investment into the company by an outside organisation. It was critical, Bridget. Angela can tell you. I would love the opportunity, if it's okay, for Angela to answer part of this question.

Senator McKENZIE: I'm going to ask Angela this when she has her chance representing licensed post offices. You're right: it's not just for the taxpayer, with the \$70 million dividends; it's not just for the financial sustainability of our LPO network; for rural and regional Australians to be able to do their banking in their local community it's transformative. I think people who can head down to their local bank on a tram or a train take it for granted. For those of us who have seen bank closures across the regions for decades, this was very transformative at a very local level too.

Ms Holgate: Fifty-five per cent of the communities of Australia no longer have a bank. This particular service lost \$48 million in the year before CBA committed to actually working with us, and Mark Korda from KordaMentha actually attended meetings with the banks to give evidence that that loss was real. So we were faced with closing the service, and this transaction saved that service, brought that important investment into the post offices and, very importantly, enabled the post offices to have a new technology platform. They had had none in 30 years—none. I just think it's staggering that we were actually letting them operate on such an old system.

Senator McKENZIE: This committee, in the decade I've been involved in politics, has done a lot of work relating to Australia Post and has been critical of previous CEOs, particularly Mr Fahour, who didn't have an investment approach and didn't see the opportunities available out in rural and regional networks. So thank you. I just want to briefly go to the culture within Australia Post and the sorts of gifts. There's been some commentary that this was an anomaly, but my understanding from your submission is quite the contrary. Were gifts given to senior executives in lieu of cash bonuses previously within the organisation? Was this par for the course?

Ms Holgate: Angela, you were in the organisation.

Mrs Cramp: It wasn't given to the licensees, but we were certainly aware of a lot of excessive expenses. We have often requested information about how many people who were not related to the business of Australia Post were taken on a five-star first-class luxury jaunt to the Olympics in 2012 with Mr Fahour. It was, we believe, at licensees' and taxpayers' expense. It would be interesting to look at who the Treasurer was at the time. There was not an eyebrow raised.

CHAIR: Who was the Treasurer?

Senator McKENZIE: We might have to follow that up. Just finally—

CHAIR: Sorry. Mrs Cramp, who was the Treasurer at the time?

Mrs Cramp: Mr Morrison.

CHAIR: Mr Morrison.

Senator McKENZIE: I know Senator Canavan may have some questions, but I'm just wondering, Ms Holgate: who, in your opinion, told Senator Kitching about the Cartier watches and why?

Ms Holgate: I don't know. I think all senators are allowed to ask questions. That's the point of that process.

Senator McKENZIE: Of course. Finding 6 of the Maddocks review into this issue said:

There is no indication of dishonesty, fraud, corruption or intentional misuse of Australia Post funds by any individual involved in the matters relating to the purchase and gifting of the ... watches.

Given that was the finding, in any other organisation would you have been able to go back to work?

Ms Holgate: I think that's pretty obvious. I should never have been not at work. There was nothing to justify unlawfully standing me down.

Senator McKENZIE: I just want to briefly touch on this: given the time line of events and given yesterday's announcement, which events may have overtaken, what would it have taken to have you come back to Australia Post as CEO?

Ms Holgate: I believe that you're aware I have been asked by many people from all political parties whether I would return to work. My answer has been very consistent. I love Australia Post. There is no day that I don't admire and respect the people. But I cannot work for a chair that lies in the Senate and does not have integrity. The chair would have to go.

Senator McKENZIE: The chair would have to go. Thank you, I have no further questions.

Senator HANSON: Thanks very much for coming, Ms Holgate. I know it's extremely hard, with what you have been through. Do you still consider yourself to be the CEO of Australia Post?

Ms Holgate: My contract has never been resolved, and many people will know that my LinkedIn still says 'CEO of Australia Post'.

Senator HANSON: You sent by email at 10.46 am a letter of resignation to the board. Can you explain that letter you wrote?

Ms Holgate: I absolutely can. Rather than go to my main submission, I sent another document yesterday. Can I ask senators to refer to that. It is the paper titled 'My response to Australia Post's submission'. You will see detailed there that at 10.46 am, after the 10 most harrowing days of my career, I wrote to the chair and board of Australia Post and said I felt my position was untenable.

Senator HANSON: I will just clarify the date—that was 2 November.

Ms Holgate: That was 2 November. I said in that cover note, 'I would like this to be resolved today', and I sought no financial compensation. You will see in my submission that I give the opinion of Ingmar Taylor, who is a leading SC on employment matters. He highlights that in point 14.1 of my employment contract, which I have also given to the committee, it says very clearly that any variation to my contract requires both parties to sign it. I think what you will find is that, at 1.30 pm, sitting in a room with my lawyer, Bryan Belling—

Senator HANSON: Can I just lead into asking you these questions. You also provided a statement with that letter?

Ms Holgate: That's correct.

Senator HANSON: At any point in time that day, did you release that statement?

Ms Holgate: I released that statement after 1.30 pm. We were told Sky News had a copy, and we were being questioned on whether it was mine or not. Somewhere between 2.20 pm and 2.30 pm that afternoon, after considerable media response, I admitted it was my statement. It was not I who leaked it to Sky News.

Senator HANSON: The only ones who had that statement were the board and Mr Di Bartolomeo?

Ms Holgate: It was only the board and the people who were sitting in that room with me—Taeressa, Bryan Belling, Ross Thornton and Max Kimber. We were all in the same room.

Senator HANSON: You were sitting in a room with other people and you saw it come across on Sky News at 1.30 pm that afternoon. You sent that letter through to the board at 10.46 am. In Australia Post's submission, at point 2.4.5, they say:

The Board meeting reconvened at 2:45pm on 2 November 2020, at which time the Board discussed the public statement released by Ms Holgate at approximately 2:00pm and Australia Post's response.

Ms Holgate: There are two things I'd like to say. Against the advice of everybody around me, I chose to attach that statement to the letter because I wanted to prove to the board that I was not criticising them or the government. Foolishly I was trying to do the honourable thing and show them what I would say publicly, so that they would support me. What happened, though, was we did not release anything at two o'clock. I did not give a copy of the statement to Ross Thornton until approximately 2.20 pm.

Senator HANSON: That's why I am asking you. I want direct answers. You did not release that statement. The only ones who had the statement were the board themselves and the chair. You are denying that you released that statement. The first you had any knowledge of it being in the media was at 1.30 pm, and it could only have been released by the chair. Yet in his submission here he says they reconvened the meeting at 2.45 pm to discuss the statement you released—so it didn't come from them. Another thing I want to put to you is: under your contract—you pointed to 10.1 of the contract—

Ms Holgate: 14.1.

Senator HANSON: Sorry; 14.1. It states that both parties—have you got a copy of it there?

Ms Holgate: I have.

Senator HANSON: At 14.1—and this is why I question you about still being the CEO of Australia Post. Although you may have handed over a letter of resignation as an offering, it was supposed to be for discussion by the chair. You said you were waiting to hear back from him. Under 14.1 it says, 'This document may only be varied or replaced by a document executed by both parties.' You handing over a letter of resignation does not mean that you are released from your contract; it has to be agreed upon by the board and signed by both parties. Is that correct?

Ms Holgate: That's correct.

Senator HANSON: So, therefore, you are still the CEO of Australia Post, by law, under your contract?

Mrs Cramp: Yes!

Ms Holgate: I am totally not sure. What I know is that I have signed no deed of release. They unlawfully stood me down. I have asked many times to resolve this amicably.

Senator HANSON: Your lawyers have asked for the documentation, because in the chair's submission he has stated that he has got copies of the documents signed by you. Is that correct?

Ms Holgate: Nobody has. I have not signed any release.

Senator HANSON: He has stated that he has documents there. You and your lawyers have asked for those. Nothing has been forthcoming. There is no documentation that you are aware of. He has not produced any.

Ms Holgate: None whatsoever.

Senator HANSON: Also, about your standing down, he states in his submission that you agreed to stand down. My understanding is that that is not the case. You have always said that you would not stand down, that you would take two weeks annual leave for an investigation to happen. Can you take us through what happened on 22 October and the chair's discussions with you? Did you have discussions with him that day?

Ms Holgate: I had two discussions with him prior to the incident in parliament. Just for the record—and forgive me, but I copied the secretary into some of this communication and he may have informed you as a committee—I asked Australia Post approximately a month ago if I could have my phone records, both in and out, of my phone that day. They would only send me my outgoing calls, not my incoming calls. There were approximately 70 or 80 calls. I have clearly got a copy of my emails; I have given them to you all post the time that we are talking about. He said I agreed to stand down around that time. I have never agreed to stand down. I think it was pretty obvious that when the Prime Minister said, 'If she won't agree to stand down, she can go', he was very aware that I hadn't agreed to stand down. My phone was constantly ringing. I have no problem with this committee seeing my phone records.

CHAIR: Just to be clear—sorry, Senator Hanson—we're talking about 22 October?

Ms Holgate: 22 October.

Senator HANSON: In the afternoon, after what happened that day.

CHAIR: Just to be clear: we might ask Australia Post to table your phone records, in and out, for 22 October.

Ms Holgate: I would absolutely welcome that. I have asked for it. I copied Stephen in on it. I also asked for the phone calls for Mr Tony Nutt and Mr Lucio Di Bartolomeo. And what you will see from my phone records is that there are multiple phone calls to Tony Nutt. I apologise to my husband in advance here: on the journey home he got three phone calls but Tony Nutt got 14. There are two phone calls to Lucio. And I'm sure if you get my incoming phone calls, Senator Hanson, what you'll see is that he called my phone while I was already on the phone with Tony Nutt. I then called back and I passed my phone to Sue Davies. Sue Davies sat next to me. She was with me every minute after what happened in parliament. She has been—

Senator HANSON: She was on the full trip with you from Canberra back to Sydney—

Ms Holgate: Absolutely.

Senator HANSON: So she actually took the phone calls? You didn't take any phone calls whatsoever?

Ms Holgate: I would have pressed the playback, I don't doubt that, but I did not speak to him. I used to be a senior executive at Telstra, and we used to work with the police very closely. Senator Hanson-Young, if you don't mind me saying, I think it would be extremely helpful if we could ask Telstra if we could have the recordings of those phone calls. I'm sure they will evidence that there was no phone call with me agreeing to stand down.

Senator Hanson, may I just point out one thing to you. I have given you every email I wrote at that period of time. If you look at those emails, what you will see is that his argument is that, at 5.50, my phone called him. I've never said it didn't. It was a phone call for four minutes and 27 seconds, if I've recorded that fact correctly. If you look at the timing of the email I wrote to the chair—I'm somehow on the phone to him, writing to him, saying I will take annual leave because that's what Tony Nutt has told me to do; he told me to write to the chair and formally put in for annual leave, which is the phone call right before the one to the chair—it would mean in 33 seconds he got that email, opened it, read it, convinced me that I would be paid and I didn't need to use up my annual leave, and I agreed to stand down. I've never heard so much nonsense in all of my career—that a woman with a 35 year career is prepared to do that in 33 seconds.

Senator HANSON: He also states that there was a meeting with the board that night and that he told the board he had convinced you to stand down. That wasn't the case whatsoever, because during this whole afternoon, in multiple phone calls and emails to Tony Nutt, who is actually a non-executive member of the board, he spoke to you on how to draft this notice to the board about taking leave. What do you say to his suggestion in his submission that he told the board that he convinced you to stand down and at no point—your email stated that you were only taking leave.

Ms Holgate: In my submission, I have given you all the times I talked to Mr Nutt. I have given you emails that took place with Mr Nutt after I supposedly agreed with them—minutes or seconds later I was still drafting a statement with Ross Thornton and calling Ross. My next call straight after the one to Lucio Di Bartolomeo was actually to Tony Nutt, who was actually still helping me draft a statement. I do not believe a board meeting took place. I put two things to you. First of all, I wrote to Australia Post and asked for evidence of this board meeting. I wanted to know who dialled in and who approved that statement. Well, I wrote again at the weekend—and copied Stephen, the Senate secretary, into that letter. I asked that they send it to Stephen so that it could be shared with you at the same time. I have nothing to hide. We got a reply email that told me they're allowed 30 days to consider it. Well, if that board meeting took place, a minute would be held on diligence. It was five months ago. That's the first problem. The second problem I had is: why was Tony Nutt still engaging in emails, phone calls and text messages with me throughout that evening helping me draft a statement to take annual leave?

I think the final one was—you've got a copy. What page is it?

Ms Fawthrop: Page 41 of the original submission.

Ms Holgate: Apologies, there are a lot of pages. I think I have given you 300. Why? Either Tony Nutt was deliberately misleading me, engaging with me, or there was no board meeting. I put it to you that there was no board meeting because nobody has ever given any concrete proof. My lawyer and I have asked continuously for evidence of me standing down. There has been none.

Senator HANSON: I want to go to the watches—the \$20,000. You had an account up to \$150,000 that you could actually sign-off on?

Ms Holgate: I had a signing authority of up to \$50 million, but I was allowed to give rewards for up to \$150,000 each person.

Senator HANSON: There has been evidence from Maddocks, who did the investigation, saying that the former board had no knowledge of it and they did not approve it. Isn't it true that it didn't have to go through the board and they didn't have to approve the buying of the watches? Is that correct?

Ms Holgate: That's absolutely correct. I think it is an absolute nonsense that all of the CEOs around this country who are leading \$8 billion businesses would be going to board members to sign-off a \$5,000 reward. It is incomprehensible. It would mean the CEO has absolutely no power to do the duty of their job.

Senator HANSON: The former CEO didn't want to come out and say that he knew about the watches. He sort of denied it. He's ummed and ahed about it. Yes, he did. No, he didn't. It wasn't approved. But here I have a photograph of the card written from John Stanhope and it says: 'To Anna, thanks for the part you played in convincing the three major banks on the value we bring to the customer. Great work. Well done.'

CHAIR: Just to be clear, Senator Hanson, I think you said the former CEO, but you mean the former chair.

Senator HANSON: Thank you very much. Yes, the former chair. So actually he did know about the watches. He did turn up that morning, didn't he?

Ms Holgate: He did.

Senator HANSON: For the current board to say now that they would never have approved it—the fact is that they don't have to approve it. You have the authority to give out those rewards, as you did with the watches.

Ms Holgate: Senator Hanson, may I have an opportunity?

Senator HANSON: Yes.

Ms Holgate: Mr Stanhope is not here. I do not believe he has put in a submission. I feel it is very unfair on him. The board made that statement without talking to him. The board made that statement without talking to the company secretary at the time. Neither he nor I have ever said we put it through the board for approval. And yet he's been constantly misquoted. They never spoke to the CFO. It's the CFO who signs-off my expenses by the way, not I. The current acting CEO actually signed off the annual report accounts where they were claimed as a fringe benefit tax. So I think it is highly misleading. There were only a few of the board members, who put that statement out, who were even on the board at the time. So you have a selective, small group of people. We never even said that—neither John nor I said that. I think they are deliberately misquoting the previous chair.

Senator HANSON: You also have had other allegations thrown at you with regard to \$700,000 or \$800,000 in plants that were bought. That had nothing to do with you, did it?

Ms Holgate: It did not. It was part of an agreement signed way before I joined. It was an expense signed-off by the CFO, who's the current acting CEO.

Senator HANSON: On trips that you had to take to Melbourne for meetings and that type of thing you paid for the flights yourself—

Ms Holgate: No, my flights are paid by the organisation. I pay all my own hotel bills.

Senator HANSON: Your accommodation, your expenses and that type of thing you don't recover back—so you have actually given more to the company. The former CEO, Ahmed Fahour, incurred expenses over \$11 million, wasn't it? His wages were over \$6 million. You are on a wage of \$1.6—

Ms Holgate: My salary was approximately just \$1.5 million. It was slightly lower last year because I'd volunteered a 20 per cent reduction. Because of COVID, we all, as an executive team, offered to give up 20 per cent of our pay immediately as we went through that difficult period.

Senator HANSON: Yet, through the COVID, you've actually given to Australia Post, to the taxpayers of this nation, a better balance sheet than what Australia Post has seen for at least 10 years, and you've been pilloried with it, with these false allegations made against you. The fact is it was said you'd resigned, which you hadn't done; statements were released; you've been ridiculed and harassed. Did the Prime Minister, the communications minister and the finance minister know of what you were going through, and did you try to make contact with them?

Ms Holgate: Yes, I did. I did not try to make contact with the Prime Minister, but I think you will see—Taeressa will determine the exact page in my main submission; I think it's appendix 5—a chain of correspondence between myself, Senator Birmingham and Minister Fletcher. I spoke with Minister—

Senator HANSON: You were begging for a meeting with them, weren't you, for days?

Ms Holgate: I was. I spoke with—

Senator HANSON: You didn't get a response.

Ms Holgate: In fairness, I spoke to Minister Birmingham after I sent him that email. He suggested that I forward that email to Minister Fletcher and he offered to organise a meeting to help me get resolution. I think if you read that note—and I apologise in advance that it is rambling. It was rambling because I was seriously ill. I was on temazepam, I was suicidal—that's why it was rambling. Simon Birmingham and I used to co-chair the trade board together, so I knew him independently of his role as Minister for Finance, and that's why I sought his help. He'd just been made the head of the Senate. I wrote to him and said, 'Surely, now that you're Minister for Finance, minister for trade and head of the Senate, you will help me get a resolution and stop what's happening to me?' I honoured everything, Senator Hanson, they asked me to do. I just asked to be treated with respect.

CHAIR: Can I just clarify: you said that he offered to organise a meeting?

Ms Holgate: Yes, that's correct.

CHAIR: That never eventuated?

Ms Holgate: No. I think if you look into my evidence you will see a copy of the text message. He suggested I write to Minister Fletcher. I was away on holiday at the time, actually, when I did the call with him, so I wrote to him on the Monday morning. You will see that I had a phone call with him at nine o'clock on Wednesday 25 November. That afternoon I chaired the trade board for him. Unfortunately, he got tied up with the cabinet and couldn't make it. You will see, after my phone call that morning with him, I wrote to Minister Fletcher. He did say to me on that phone call to give him a few days—that it would take him a bit of time; he had three jobs—but I didn't hear anything back. I'm pretty much sure—Taeressa can correct me—it was Saturday 5 December, when I still hadn't heard anything back, which feels like a lifetime when you're going through hell, by the way, that I texted Simon Birmingham on his private mobile and asked him: 'I've heard nothing back. When can we have the meeting?' I received no reply.

CHAIR: Thank you. Senator Hanson, we can come back around, but we do need to move on to other questions, so this is the last one.

Senator HANSON: Senator Carr went into the BCG. I think that's very important and I would like to follow that up with you. But I think what's very important is that, on the day of the resignation that you actually gave, the chair came back to you and wanted an alteration of agreement that you actually would not take up any other employment. You could not speak about Australia Post. He actually was putting to you untenable suggestions on how to sign off on this, and you disagreed to that. Can you just explain what he wanted you to do?

Ms Holgate: Absolutely. At the last Senate estimates, I am aware, Senator Canavan specifically asked the chair on this, and he said there was no variation. Again—and Taeressa will tell us in one moment—detailed in my main submission, in the appendices, is the letter that they wrote to me. They very carefully worded that, but you will see it says 'a variation to contract'. You've already pointed out that in my contract, at 14.1, it requires signatures from both of us to have a variation. In it there is a set of words—which page is it, Taeressa?

Ms Fawthrop: I'm just trying to get it.

Ms Holgate: Could I just take a moment to give you the exact page. There are a lot of pages.

Senator HANSON: Is this the letter from Australia Post on 24 October? No, it's after that.

Ms Holgate: It's on page 69 of my main submission. Look at page 69. I'm going to be very honest with you: I was in a state of absolute distress. I had given them a copy of a statement I intended to make, because I wanted to prove to them I was doing the right thing by the government and the company and that I wasn't just trying to get some kind of agreement and go out and bag them all. Then to have that leaked was pretty soul-destroying, but nothing could be worse than that they put out their own statement and then came back to me at a quarter past four in the afternoon. You will note there are words there right at the bottom. It says 'or any other financial compensation from Australia Post'.

My lawyer, Bryan Belling, who's sitting here, instructed me not to sign the letter for three reasons. He said the letter was ambiguous and that it wasn't clear that they were releasing me immediately, as I had asked, particularly because of my health. He said the letter, he felt, was unlawful because it didn't actually suggest I'd get statutory payments. But he was particularly concerned because this was an added clause on top of those inside my contract. He was concerned that they would defame me inside the investigation process and that, without the ability to actually hold them to account and potentially take legal action against them, I would be left completely vulnerable. I didn't sign it, and I think their actions in the following weeks were evidence that we had every right to be concerned.

Senator HANSON: Thank you, Chair.

CHAIR: Senator Kitching.

Senator McKENZIE: Chair?

CHAIR: Senator McKenzie, a point of order?

Senator McKENZIE: I just wanted to correct the record: the Treasurer in 2012 was actually Wayne Swann.

CHAIR: Okay, thank you.

Senator McKENZIE: And I have another question if I may, to follow up on Senator Hanson. Sorry, Senator Kitching. I'll be two ticks. Your testimony, Ms Holgate, is that the Australia Post board were disposed to sell off the parcels division of Australia Post. Did I hear you correctly?

Ms Holgate: No, I did not say that. I said BCG led a review, which I think is evidence. I'm just giving you hard facts. This is the BCG review. I haven't given you all of it; I'll just give you the exact summary and a page that I think is pretty self-explanatory. It was their review. It is not the board of Australia Post who was putting that through. That was a review, and I think Sarah Hume said they were still considering it.

CHAIR: Jane Hume.

Ms Holgate: Jane Hume—sorry. I apologise. There has been no direction from the government—I can be completely clear—or from the board of Australia Post. It was a review prepared by BCG, but it has some very disturbing recommendations that I did not support.

Senator McKENZIE: Thank you.

CHAIR: Thank you, Senator McKenzie. Senator Kitching, please.

Senator KITCHING: Thank you very much for your attendance today. I am going to start with Mrs Cramp if I can. How many \$5 notes have been sent to the Prime Minister?

Mrs Cramp: We would love to know that.

Senator KITCHING: I would like to know it too, because I put a question on notice to the Prime Minister's office on 2 November, and, unfortunately, despite the standing orders giving 30 days for responses to be given to questions on notice, the Prime Minister's office has not answered my question on notice either.

Mrs Cramp: We suspect there are many thousands of people who would like an answer to that.

Senator KITCHING: As the head of your organisation, do you have a rough estimate of how many \$5 notes were sent?

Mrs Cramp: I am not here as the head of my organisation; I am here as a taxpayer. I can tell you that a lot of—

Senator KITCHING: We're all taxpayers.

Mrs Cramp: Yes. A lot of taxpayers told us that they had sent one in. They sent emails and sent pictures of themselves sending them in. We suspect thousands did.

Senator KITCHING: Maybe the Prime Minister's office will deign to respond to my question on notice and we'll have a better idea. In your opening statement, Ms Holgate, you said, 'I was thrown under the bus so that the chairman of Australia Post could curry favour with his political masters, to whom he owes his position on the board.' When you say 'political masters', are you able to be more specific?

Ms Holgate: Yes: Minister Fletcher.

Senator KITCHING: Anyone else?

Ms Holgate: No. He had two: he was appointed by Minister Fletcher and Minister Cormann.

Senator KITCHING: Are you aware of any personal friendship or relationship between Minister Fletcher and Mr Di Bartolomeo?

Ms Holgate: I'm not aware of any, but that doesn't mean they don't exist.

Senator KITCHING: But it was never raised anywhere? You don't have any active knowledge of that?

Ms Holgate: I don't have any active knowledge of that, but I can say that I hold responsible the chair of Australia Post, because he was the person who informed the minister, who then supposedly informed the Prime Minister—although I personally struggle to believe that Minister Fletcher did not know that these watches were given two years ago for Bank@Post, because he was in parliament, swiping his iPad, minutes before he spoke. I gave the photographic evidence to his chief of staff and to Richard Windeyer, who, as you know, attends most Senate estimates and was in the room that day. They knew why those watches were awarded, and they never spoke out on the real reason.

Senator KITCHING: Do you think that Minister Fletcher came by that knowledge on the day, or do you think he already knew about it?

Ms Holgate: I think he knew about it.

Senator KITCHING: When do you think he knew about it?

Ms Holgate: He would have been listening to Senate estimates that day.

Senator KITCHING: Do you think he knew about the watches on the day of the estimates, or do you think he knew about them prior to that?

Ms Holgate: I can't really say what he knew or didn't know, but he would have known on the day. His team were in the room. Richard Windeyer was at the other end of the table. As you will see in my evidence, I sent a copy of the text message to Richard Windeyer and Ryan Bloxsom. That was sent before they entered parliament.

CHAIR: Just to clarify: what you're saying is that you at least attempted to inform the minister prior to question time and prior to the Prime Minister's statement in question time?

Ms Holgate: Absolutely.

CHAIR: Just be clear that we're talking about before question time.

Ms Holgate: Yes.

Senator KITCHING: It's often said—and I think particularly in the last six or so months—that the board of Australia Post is an independent board. Yet, when you say the chair of the board is obeying his political masters, are you suggesting that the board is not independent?

Ms Holgate: Yes.

Senator KITCHING: Can you give me some further detail around that? I am very interested in the fact that Tony Nutt really seemed to be running the show on the day. I would like it if we could go through the board members and you could say why they're not independent and why it is not an independent board. So, starting with the chair, you think that he owes his appointment to Minister Fletcher. I don't have a list of the board, but I can probably remember the board—

Ms Holgate: I think it's easier to do it this way, if you don't mind. May I just pick up one other quick thing? It goes back to what you asked Angela. I'm pretty sure that parliamentarians aren't allowed to receive cash and that it must be returned.

Senator KITCHING: I have to tell you that, in the way I framed my question on notice to the Prime Minister's office, I was wondering if it would elicit that kind of response.

Ms Holgate: Andrew and I were told that it was over 20,000 \$5 notes, but we don't know. It's hearsay. To go back to your question: there is only one person on the board who was appointed independently, and that's Jan West. Everybody else was appointed by the current government.

Senator KITCHING: Senator Hanson-Young has helpfully given me a copy of the table with the directors and executives. Can we go through it—Mr Nutt, for example?

Ms Holgate: I think we all know Mr Nutt's relationship with the current Prime Minister.

Senator KITCHING: Mr Ronaldson?

Ms Holgate: He is a former Liberal senator.

Senator KITCHING: Mr McIver?

Ms Holgate: He was a member of the National Party.

Senator KITCHING: And he was actually on Clive Palmer's boat on the night of the Queensland election. Ms Staines?

Ms Holgate: She was appointed by Minister Fletcher.

Senator KITCHING: Do you have any knowledge of any friendship or relationship between Mr Fletcher and Ms Staines?

Ms Holgate: I don't, but I am aware that it was at Minister Fletcher's direction that she was appointed.

Senator KITCHING: Mr D'Orazio?

Ms Holgate: He was a personal friend of Minister Cormann.

Senator KITCHING: And in your view, Ms West is the only independent one?

Ms Holgate: That is correct.

Senator KITCHING: What about Ms Willmott?

Ms Holgate: I think we all know of her strong ties to the Liberal Party. She worked for the Liberal Premier in Western Australia. Minister Cormann used to work for Ms Deidre Willmott.

Senator KITCHING: In your view, did the ties between the board and the Liberal government give rise to any conflicts of interest? Did they give rise to any decisions that were made that you thought that were not in the best interests of the business of Australia Post? Can you identify any examples of that, where the relationships overtook the benefits to the organisation?

Ms Holgate: I can give you two very clear ones which are documented inside my submission. The first one, of course, is that, after what happened to me from the Prime Minister, I was told, 'Christine, you need to understand it was the Prime Minister,' so they had to find something.

CHAIR: Sorry, who said that to you?

Ms Holgate: Mr Tony Nutt.

CHAIR: Mr Tony Nutt said to you, 'You have to understand this is at the request of the Prime Minister'?

Ms Holgate: That is correct.

Senator KITCHING: Sorry, a request to do what?

Ms Holgate: To stand me down. Tony Nutt, in fairness, was probably the most balanced person. Clearly he has a very close relationship with the Prime Minister, but he often was the person who would be more balanced with all political parties than the other politically appointed people. I think that's probably because of his previous life in government, when he worked for Prime Minister John Howard. He had to work with all of the political parties to be able to get law through, so he was used to working with different political parties. I think there's a second very important one. I appreciate there are many people with different views about this, but the incentives for the executive team were not paid, under the instruction of the government.

Senator KITCHING: Sorry—they were not paid, under the instruction of the government?

Ms Holgate: That's correct.

Senator KITCHING: Are you talking about all incentives or particular ones?

Ms Holgate: I'm happy to prepare another paper on this, but there is significant correspondence, and there were board meetings where it was minuted that the two ministers instructed us that we were not to pay incentives, at one stage, to any manager in the organisation.

Senator KITCHING: When was that?

Ms Holgate: This was in July and August this year. There was a board meeting—if I recall correctly it was 6 August. It is in my submission. I'm doing this now off the top of my head, but it is detailed in my submission.

Senator KITCHING: Is that in your first submission?

Ms Holgate: In my first submission.

Senator KITCHING: Ms Fawthrop, are you able to identify the page?

Ms Holgate: It was 6 August. Actually, can I tell you where it is detailed?

Senator KITCHING: Yes.

Ms Holgate: Mr Bryan Belling, who is my lawyer and is with me here today, sat with me in some of the most difficult days of my life and asked me why there would not be any credibility and why the chair was not telling the truth. He wrote to the board, and that's probably an important letter to look at in response to your question. If I may, I will just find it. He wrote to the board in that week—I think it was 27 October or something like that, if I may just have a moment to find it.

Senator KITCHING: Yes.

Ms Holgate: It's on page 100, if you could look at that.

Senator KITCHING: It's a letter from Kingston Reid dated 28 October 2020.

Ms Holgate: That's correct.

Senator KITCHING: To the chair.

Ms Holgate: Bryan had written on 27 October, and we'd had no response. Bryan was also very aware that I had written multiple times to the organisation at this time to ask them to address misleading comments about me in the paper, and they said they would not be doing that. So I had no confidence by this stage that any investigation could in any way be fair. So he wrote on 28 October and, in his letter, he included a section in that

letter which basically frames: who was to be trusted here, when the chairman had actually—I'm sorry, Senator Hanson; you may see a comment here written about yourself, but this is fact; it's a direct quote. The chairman wrote to the board and told the board that we were not to be paid incentives, because Minister Fletcher was concerned about comments from Senator Hanson. And yet I went to a meeting with Minister Fletcher in September, and he apologised that the executive team had not been paid. It was the following week. The details are in my submission and they're in the chronological order. My friend here can tell you the day.

Ms Fawthrop: Page 21.

Ms Holgate: In that evidence, when I met with Minister Fletcher that day, in fairness, he apologised to me and said, 'I'm sorry that you went through that, Christine, but we had agreed with Lucio.' I think it's 6 August. I could tell you exactly. I'm sure it's in my—

Senator KITCHING: Can I just clarify? You're saying that one of the shareholding ministers had discussions with the chair. Were those discussions always tabled to the board?

Ms Holgate: Yes, they were tabled to the board.

Senator KITCHING: So you knew about it from a document or a note or a letter?

Ms Holgate: There are letters to both shareholder ministers in August around the ability to pay incentives or not.

Senator KITCHING: This was the \$8 million in incentive payments to seven senior executives. Is that correct?

Ms Holgate: It was actually \$4.7.

Senator KITCHING: Four point seven million dollars to seven executives?

Ms Holgate: No. It actually started with all managers. I'm going to be honest with you, Senator Kitching, and I know there are different views here, but some of these managers are actually post office managers who'd worked seven days a week—

Senator KITCHING: I don't think we're talking about the same thing. I think there was a newspaper article that stated that the senior executive team was going to be given X million in bonuses. I understand you've got different incentive schemes as you move through the organisation, if I can put it that way.

Ms Holgate: I appreciate it's confusing, but if I may just step back for a moment I'll let my colleague find the pages. I do appreciate it's very comprehensive. What happened was, if you just step back to the period of July and we are closing our accounts at the end of June, 26 June. I think that was a Friday evening, but somebody could look it up in their diary. There was a phone call between the chairman and Andrew Jagers from the Department of Finance. There was some confusion about what was going to happen. I was asked to write to the departments and to the staff of both ministers to give clarity. I had put in there that I wanted to give a thankyou payment to both the post offices and the posties. I appreciate it wasn't an entitlement, but I would ask the Senate here to understand that these people had worked seven days a week. It was a one per cent payment; it wasn't an entitlement. What followed from that was a set of board meetings. In those board meetings, there were discussions about whether management and executives should be paid bonuses. At the beginning of August—I think it was the last Friday of July or around; what day was 1 August? Does anybody know?

Senator KITCHING: No, but I don't want to, because the chair is going to—

Ms Holgate: All I want to say to you is there were meetings with the two ministers and the chairman. The first one I was attending and it was discussing all payments. The second one the chair was at on his own. There was a letter sent to both ministers. Following that, we were told as an executive team that if we would support keeping quiet, and that we supported it not going into the accounts here—there was a meeting the following day after the board meeting. Every executive team member was present and every one of us took notes. We were told by the chair to trust the board and that the payments would be made. In fairness, if the temporary regulatory relief was not supported at the Senate inquiry the payments would not be made. So that was stipulated by the chair at that meeting. Every member of the executive team was at the meeting. Mr Tony Nutt is very aware, because I called Tony Nutt straight after the meeting and said it was probably the worst meeting I had attended. Following from that, then we go through what I think you're referring to. I think what I was trying to give you there, Senator, was the background because I think it's very important. In September I attended a meeting with Minister Fletcher. It is part of my monthly review. In fairness to Minister Fletcher he was very engaged. At the end of that meeting with Minister Fletcher, I asked for a private moment with him and I said I was very disappointed. The executive team who had been promised by the board that they would be paid their incentives if they supported—it is minuted, by the way in the board minutes of the board meeting. I think it was on 6 August, but I will tell you in one moment—

Senator KITCHING: We might ask Mr Di Bartolomeo about that this afternoon. So it was minuted in a board meeting—

CHAIR: Just to be clear, you asked what day of the week the 1 August was and it was a Saturday. So I don't know if that helps.

Ms Holgate: I could prepare a note on this. I think it was on Friday 31 July that we had the first meeting that I attended. The second one was the following, maybe, Wednesday or something. Then the following morning he met with them. There was a board meeting that night. Bear with me, Senator, I have the notes from the meeting—

Senator KITCHING: Ms Holgate, you were told that if you were quiet at some time the incentive, a bonus payment, would be made to you, but you should just be quiet for this period? The incentive payment was linked to the regulatory relief around service provision?

Ms Holgate: That's correct.

Senator KITCHING: At the start of a financial year were you given a number of KPIs and in that list of KPIs was there a criterion around ensuring regulatory relief?

Ms Holgate: There is not in the FY21.

Senator KITCHING: So in fact it was added?

Ms Holgate: No, that is in the previous year, don't forget, Senator, because the regulatory—

Senator KITCHING: Your financial year runs 1 July to 30 June?

Ms Holgate: That's correct.

Senator KITCHING: So if you are given a set of KPIs to achieve in order to receive an incentive payment, was getting all of us in the Senate to get Australia Post service provision—the delivery of mail—that that would be made for longer time periods, that that would be acceptable? Was that initially a KPI or was it added pretty much around when COVID was first starting? I ask you this is because if it's listed at the beginning of a financial year in order to achieve a short-term incentive then I can accept that. If it was added on later on and the cost of that was that you were silent—you know, if you got this, you would get a bonus later on—I think that's starting to creep into a bit of questionable governance.

Ms Holgate: I think it was very questionable governance and I have my minutes—

Senator KITCHING: I'll just say, especially if the shareholding minister is the one directing that, because it goes against—

CHAIR: Can we get an answer to the question that Senator Kitching has asked?

Ms Holgate: In fairness to the shareholder minister, though, he had a very different point of view. I have here my notes from a meeting that took place with all of the ET and the chairman. It was on 6 August. I know Mr Nick Macdonald is coming this afternoon. He took copious notes, but so did every member of the executive team, so you can ask them all. Lucio came to us on the night before there was a board meeting, and we were told the executive team would not be getting paid their incentives, that the decision would be postponed and that it would be dependent on regulatory relief being upheld in the Senate inquiry.

CHAIR: Just to be clear, the question from Senator Kitching was: was that requirement, of having that regulatory relief accepted by the Senate, put to you at the beginning of that financial year as one of the reasons why you would get your incentive?

Ms Holgate: It was not in our objectives.

Senator KITCHING: Did you know about it at a board meeting?

Ms Holgate: Yes.

Senator KITCHING: What was the date of that board meeting?

Ms Holgate: I don't recall a date, but there was a board meeting on 5 August. I was very disappointed, and I asked for it to be minuted that I was disappointed with the decision of the board. I was disappointed because I do not like having something that is not clear in the accounts.

In fairness to Minister Fletcher, I do not believe this is his account of what happened. I have to say on this matter—if I may for one moment, because I think it's very important and there does need to be balance—that what happened with Minister Fletcher was that in September I went to my monthly board meeting with him—or not a board meeting but a catch-up. I go once a month, and he asks about the business. After it, I asked for one minute, and in that one minute I said I was extremely disappointed with how the executive team had been treated. He apologised and said, 'But, Christine, Lucio had agreed when he met with us.' I'm pretty sure Lucio had met

with Minister Cormann and Minister Fletcher on 4 August; if it was not 4 August, it would have been 5 August. I do have the paper. My EA, by the way, was an incredibly disciplined individual. She used to print everything. That's why I can help you do these submissions.

CHAIR: Just to come back, what did Minister Fletcher say?

Ms Holgate: He said: 'We had agreed with Lucio back in August. He'd agreed that you could pay the managers if the executive forgo their bonus.' I said, 'But he couldn't have done, because he met with us the next day, on 6 August, and told us all to trust him.' You may not have understood, but every member of the board understood what Bryan Belling was putting in this letter. I actually believed Minister Fletcher when he said to me that he was confused about why Lucio had not told the truth and told us we were not getting paid. I believe Minister Fletcher about that being the truth, and I think Lucio—sorry, I shouldn't call him that. I apologise.

CHAIR: Are you suggesting that the chairman misled the minister?

Ms Holgate: I'm suggesting the chairman misled the board and all of the executive team. I believe he made an agreement with both ministers, and—

CHAIR: So he took the minister's marching orders and then he misled the board?

Ms Holgate: Yes. I believe he made an agreement with both ministers, misled the board and misled me. That's why Mr Bryan Belling put it in here, and he made it very clear that we were questioning. We wrote this. Every time we wrote to the chair, we wrote to the whole board, because we were questioning the whole board: 'Why are you supporting this man when we all know that he lied once before?'

CHAIR: Senator Kitching, we do have other senators and we are running behind time, but it is important evidence.

Senator KITCHING: Yes, and I do have some other questions as well. Because we are over time, are we able to truncate the lunch break? I have more questions that I would like to ask.

CHAIR: I will come back to you on that, but I will go to Senator Henderson.

Senator KITCHING: I probably have at least 20 minutes of questions.

CHAIR: We might not get there.

Senator KITCHING: Then Senator Carr has—

Senator McKENZIE: Can I make a suggestion, Chair: given we've already scheduled a second hearing, it might be worthwhile to be able to question Ms Holgate again following the chair's evidence this afternoon, given that we all have more questions.

CHAIR: We might need to have a private meeting. I'll go to Senator Henderson for now and we'll come back.

Senator HENDERSON: Ms Holgate, thank you so much for your time today. I want to express that some of your evidence about how much you have suffered has really upset me and I just want to say that I'm sure all senators felt very moved by that. At Senate estimates on 22 October 2020, Senator Kimberley Kitching questioned you about the provision of watches as gifts for the Bank@Post. Were you given any advance notice about those questions?

Ms Holgate: No, we were not.

Senator HENDERSON: How do you feel about the way in which those questions were asked of you, the implications that arose out of those questions?

Ms Holgate: It is a very difficult thing coming to Senate estimates. In the back of your mind, you have to be so careful that you don't say the wrong thing for people. I think anybody who comes will say there is an amount of stress. I'm sure we all look back at what we say—

Senator HENDERSON: I'm focused on the questions rather than your responses. How did you feel about the questions that you were being asked, including when Senator Kitching said, 'Do you, Ms Holgate, consider it appropriate to use taxpayers' money to buy Cartier watches for already highly remunerated Australia Post executives?' There are derogatory inferences in the question itself.

Ms Holgate: I appreciate that. I feel that my submission has documented this and my statement has documented that—

Senator HENDERSON: For the sake of the hearing today, could you repeat your answer that I am asking.

Ms Holgate: I will. I apologise. I don't believe I answered that question as best as I could have answered. I did not—

Senator HENDERSON: Sorry, Ms Holgate, I wasn't asking you about your answer, I was asking you about the questioning. Did you think it was fair—the inferences that arose out of the questioning and Senator Kitching's line of questioning? Did you think it was appropriate and did you think it was fair—and what happened on that day?

Ms Holgate: In all honesty, I didn't consider whether it was fair or not fair. I absolutely respect—and, Senator Carr, forgive me but you've asked me many tough questions over my time with you—

Senator KIM CARR: Not that tough. I have to; it's my job!

Ms Holgate: And I was about to say that's your job.

Senator HENDERSON: Did you feel, though, that there was an attempt to undermine you and suggest that you had done something wrong?

Ms Holgate: I honestly didn't think that. But, in fairness to Senator Kitching, she spoke about **Bank@Post**. I think where I was so disappointed was that we discussed **Bank@Post** and then nobody ever raised that again; it was just about the watches. Was I disappointed about that? Yes, I was.

Senator HENDERSON: Do you have any idea or suspicion as to the identity of any current or former Australia Post employee who would have had access to information about the watches and might have provided that information to Senator Kitching?

Ms Holgate: Just about everybody on the 19th floor of Bourke Street and the top 100 managers of Australia Post knew about the watches. Taeressa, you worked there. How many people would have known about the watches—thousands?

Ms Fawthrop: Everyone.

Ms Holgate: It was no secret, so I don't feel it is fair to speculate.

Senator HENDERSON: I want to briefly ask you about something else. You were instrumental in putting in place the regulatory relief for Australia Post in 2020—and you have spoken about that this morning—so that the organisation could deal with the challenges of COVID. How would you assess the regulatory relief in terms of the objectives and what it has achieved in terms of the steps that you took as CEO at the time?

Ms Holgate: Absolutely, and I think I do, in fairness, recognise that. It was critical. We could not have managed this business without it. Particularly for Victoria, we had 175 per cent parcel growth, and the people were restricted to just five kilometres they could move. If we hadn't had that relief, we just wouldn't have been able to serve them. It wasn't just about your shopping, by the way. One of the things that we did very early on was actually get the right to carry medicine to the vulnerable. My concern was, without being able to operate, we couldn't get the medicine to the homes. I think I got quoted as saying we were the Suez Canal coming down a drainpipe, which is probably not my best line, but I think it was very symbolic. It was critical at the time—it was absolutely critical—for us to be able to operate.

Senator HENDERSON: On another quite separate, issue, I just want to also acknowledge that, when we last met, we spoke about the conduct of Mr Fahur when he was the CEO, and you apologised for that conduct. So I do want to acknowledge your compassion and your willingness to address that particular behaviour as well. So thank you so much.

Ms Holgate: Thank you.

Senator HENDERSON: Thank you, Chair. I have no further questions.

Senator CANAVAN: Thank you, Ms Holgate, for your evidence this morning. I want to return to your opening statement, in which you said you've always wanted to keep the best interests of Australia Post and the services that they provide at the forefront here. Do you think it would be best for Australia Post if the chair resigned or were sacked from his job, given the events of the last few months?

Ms Holgate: I absolutely believe it fundamentally, yes.

Senator CANAVAN: On what basis do you think that sort of action should be taken? Is it the conduct of the last few months or is it just now in the best interests of Australia Post to put this episode behind us?

Ms Holgate: I think my evidence documents that there were already challenges with that chair, looking at the letter to Mr Di Bartolomeo from Mr Bryan Belling on page 100. I think the bulk of the evidence is on page 101. You cannot have a chair who misleads the executive, misleads ministers and misleads the board. We must have a chair that the ministers, the executives and the people of Australia can trust. It is not about just executives having somebody or the government having somebody; all of us need somebody that we can trust is telling the truth. Whatever people think about my evidence, even though I fundamentally stand by it, I have had to sit here and

watch two Senate estimates at home with my husband and watch the continual denying of the BCG review. I've had to read a letter given to you all, on 21 December, where it still again says, 'We received a copy,' in its latter stages. If that is not concrete evidence this chair continues to lie and mislead me, you and the people of this country, I don't know what is.

Senator CANAVAN: I ask this next question with the understanding that you're not a disinterested party in this issue, but, to the extent you could, what are your thoughts or knowledge of the support or otherwise for the chair within the Australia Post organisation? Is his continuing role there doing harm or causing division within Australia Post, to your knowledge? I'm not going to insist on an answer, but Ms Fawthrop, if you'd like to provide any evidence to this—I realise the difficult position you're in—I do think it's relevant here to the continuing good governance of Australia Post.

Ms Holgate: Many headhunters have called me and said to me that they've never had a CEO before where the franchisees are arguing to bring them back and the unions go on the news and say, 'She's been treated unfairly.' I have had thousands and thousands of letters from our people saying what has happened to me is wrong, and, if someone were in Bourke Street today, I think they would find the floors are full of people wearing white jackets. It is not about political standing; it's about workplace bullying. Our people have not supported what has happened to me. Angela later on will address you, not as an individual but as the chair of the LPOs, with other members of her board. If that is not evidence of the divide that this is causing!

I knew that if I did not resign not only would there be more harm to me personally—and I was seriously concerned about how long I could take it—but it would cause great damage. I had customers calling me up saying, 'Just go back in the office and get back to work.' The government's aware of that. I'm not criticising anyone for saying that, but everybody was aware of it. That is not good for our business. Our employees were turning up at my house. My husband will tell you they created a barricade in our road to stop people getting to me. These are ordinary everyday mums and dads. These are not high-paid executives or politicians; these are people in communities. That's why the chair of Australia Post must go: not because of me but because he's lied to you all.

Senator CANAVAN: Thank you for that. Ms Fawthrop, as I mentioned, I'm not going to insist, but did you have anything you wanted to add about the current climate of Australia Post?

Ms Fawthrop: Yes. Thank you for your question. In relation to my capacity here today, I'm not representing Australia Post, but I will say I am here personally because I believe what has happened and the effects on the organisation are not good, and I'm here personally representing Christine Holgate.

Senator CANAVAN: Thank you for that. I know Senator Hanson raised this to some degree earlier, or it came up in a question from Senator Hanson, but I want to go specifically to the testimony that Mr Di Bartolomeo gave at the last estimates. I asked him specifically:

Did you ask her—

'her' being you, of course, Ms Holgate—

to accept any conditions beyond those which were already outlined in her contract? Did you or anyone from the board—

The chair answered, 'No.' Then I further asked:

You did not—or anyone from the board of Australia Post ask Ms Holgate to accept any conditions on her resignation or standing aside beyond what was in the contract?

He confirmed there were no additional conditions. That to me seems directly contrary to the email from the chair that you have provided to us, saying—and I directly quote from his email to you—'In accordance with your contract of employment, please sign below to vary the contract of employment to give effect to this agreement.' Is that, in your view, clear misleading of the Australian Senate by the chair?

Ms Holgate: It is one more of many examples, and I have also included in my submission to you—I'm looking at the secretary, because I believe it was in the submission yesterday in response to Australia Post—two letters from Allens, who were under the direction of the Australia Post chair. Those two letters were on 16 December, and I think they evidence my concerns I spoke about earlier, because they evidence that they do not believe that, because they gave me no payment, they could not hold me to 12 months or, if I wanted to be released earlier, I had to sign that I would take no legal action against them. That's evidenced in those two letters. I actually believe this is on the instruction of the chair. I doubt the board even know about it, in fairness to everybody else. I don't know what pages they are on. That was in the submission of yesterday.

CHAIR: Pages 23 and 24.

Ms Holgate: That is in my response to Australia Post.

Senator CANAVAN: If I could play devil's advocate, just to defend or put the position of what the chair might say here, he did go on to say in his evidence:

So there were no conditions placed on her; in fact, we were releasing her from the conditions she had to us, to give us the six months notice.

That was just after the questions I'd asked. He sort of clarified his answer and said, 'Well, we didn't place any conditions on her, but we were releasing her from conditions.' So I suppose he could argue that they weren't placing additional restraints or conditions on you. But I can't see—in the email you've provided, at least—any evidence that they were waiving the six months notice period. Was that otherwise separately provided to you?

Ms Holgate: They definitely were not waiving anything. I think you can see in the confirmation, in the letters I just referred to, on 16 December to Mr Bryan Belling that—if I may refer you to page 23, it very clearly states, 'Australia Post does not agree with your assertion that post-employment restraints that apply to Ms Holgate are unenforceable.' In the next letter they offer to do a deal with me and say, 'We will let her off her constraints if she agrees never to take legal action against us.'

Senator CANAVAN: Where was that correspondence?

Ms Holgate: That's the very next page.

CHAIR: Of 15 December?

Ms Holgate: Yes—pages 24 and 25.

Senator CANAVAN: Thank you for that.

Ms Holgate: May I add something which I think is very important. Australia Post's board has many lawyers on it, and they would be very aware. I'm not for one moment suggesting, by the way—I believe that, on the night of 22 October, the chair unlawfully stood me down and took that action on his own account without involving the other board members. But the other board members are lawyers and they would be aware that, under the Fair Work Act, if somebody is on sick leave—which I was, and they were aware of it; it was formally sick leave, with a doctor, and they knew I was on temazepam and that I was suicidal—in that situation they have an obligation of duty, if somebody offers to resign, to test that that resignation is real. There was no testing. The chair never called me. The chair never said: 'Christine, are you sure this is really what you want to do? We know you are ill.' None of that happened. I was sitting in a room with my lawyer, Bryan Belling; Taeressa; Max Kimber; and Ross Thornton. We sat and waited, and the only thing we got was a phone call to tell us that Sky News wanted to know whether or not the statement was real.

CHAIR: Before you had even released it?

Ms Holgate: Correct—at 1.30. You can google 'Sky News, 1.30, Christine Holgate, 22 October' and you will see the story run.

Senator CANAVAN: I know we're well over time, so I will try and be quick. One of my big interests here is to make sure the good work you have done with the licensed post offices continues regardless of governance changes or what have you. Do you think the relationship with Australia Post and licensed post offices would be helped by a representative of the LPOs being on the board of Australia Post?

Ms Holgate: I strongly believe that the board of Australia Post should have a minimum of two board directors—one to reflect the stakeholders of the licensees and one to respect the employees. There is supposedly one board member who is representing the licensees and the employees, and that's Mr Tony Nutt. I am very happy for you, in the break, to call Mr Greg Raynor, the national president of the union. I am sure he will say to you he's never heard of Mr Tony Nutt.

Angela, I don't know if any board member has spoken to you. I know you have written to them. I know you have written to Mr Rodney Boys. You have asked to meet with them and with the chair. What involvement have you had?

Mrs Cramp: None. We had one email from Mr Tony Nutt, advising us that he could not talk to us.

Senator CANAVAN: Thank you for that. Finally, knowing what you know now, in hindsight would you have bought the Cartier watches as rewards?

Ms Holgate: That's the big question, isn't it! Whoever thought we would be here? I think it was Peter Switzer who ran the minutes of me speaking about it when it happened. I watched it with Mike the other day, and it was clear I was very emotional on the news because we knew that we'd lose this. We'd lose Bank@Post. We'd lose it in the post offices. We knew that would kill small businesses and communities, so I was emotional. Would I buy them a Seiko watch in future? Probably! Am I proud of the moment that I gave those people recognition for working 24 hours a day? I think that's what you would want your CEO to do. Am I proud of what they did,

working hand in hand—and, by the way, Josh Frydenberg was a very large part of making this happen? Absolutely. Without it, it would have been devastating. I probably might buy them a Seiko watch in future, but I hope I never step away from recognising and rewarding outstanding people.

Mrs Cramp: The licensees will be happy to buy them Cartier watches if we can get Bank@Post renewed.

Senator CANAVAN: Do you have any understanding of some people's reactions to hearing of the Cartier watches? I have said to you before, Ms Holgate, that, at first, I was disgusted by the purchase of the watches. I know Senator Kitching wrote a piece for the *Herald Sun* in which she said she couldn't believe her ears when you said you'd bought such watches, and had to pick herself up off the floor when you asserted it wasn't taxpayers' money. Do you have any understanding of that reaction from many in the public, including the Prime Minister and other ministers, to hearing that executives have been bought such lavish gifts?

Ms Holgate: I'd like to pick up few points. The first point is: I cannot begin to tell you how many people wrote to me and said, 'How did you get a Cartier watch for \$5,000?' I would like to know the sales of Cartier over the Christmas period! I was inundated with requests like, 'How did we negotiate it?' They were actually probably the cheapest four Cartier watches they had; they were just different ones. To the guys who received them: I'm sorry, it wasn't about the value; it was about the recognition. I absolutely understand, and, if you go back, I said on my statement on 2 November that I appreciate it doesn't pass the pub test for some. But the pub test I was being judged against was handing out gold watches in the middle of a crisis. That's not what happened. At no point did the Prime Minister and the minister say that this was for bringing in something transformational.

CHAIR: Two years earlier.

Ms Holgate: Two years earlier. I was told, in fairness, that he was not briefed properly. I hold the chairman accountable for not briefing him properly. You will have to find out yourself what he said on the call. He told me he had. I just don't know. Personally, I would have hoped the Prime Minister of our country—especially when I have done so many other jobs, like solely chairing his trade board and chairing the Australian-ASEAN board—might have afforded me a two-minute phone call.

CHAIR: To be fair, it's not the first time the Prime Minister has said he hasn't been briefed properly before behaving the way he does.

Senator KIM CARR: Can I just correct something that's been said before. The question that was put to Mr Fletcher on 22 October made it very clear that the watches were purchased in 2018. It was an explicit question which referred to the dates.

Ms Holgate: If Minister Fletcher did not know, you would have to believe his staff did not tell him, because one of his—

Senator KIM CARR: Mr Albanese did, in direct questioning in the House.

Ms Holgate: I've got to be honest with you: I did not even watch the video of what happened until several weeks later, under the instruction of my doctor.

Mrs Cramp: Can I put some perspective into it. It is \$7.50 from every licensee—so \$7.50 for every LPO. It is an insignificant sum in a \$7½ billion business.

Senator CANAVAN: That is absolutely true in the cold light of day, but I understand people's initial reactions to the word 'Cartier' et cetera, and we all operate in a political environment where those perceptions are relevant to our conduct and behaviour.

Ms Holgate: I appreciate that.

Senator KITCHING: Ms Holgate, on the bonuses, I just want to clarify: you were saying that, if you kept quiet about not receiving the bonuses, you'd get them?

Ms Holgate: I think, to be completely precise, they agreed to defer—

Senator KITCHING: Who agreed?

Ms Holgate: The board. It would have been on the night of 5 August, and it would have been minuted on 5 August that they agreed to defer the decision until—I'm not sure if it says this in the minutes; I would have to go back and look. A lot has happened to me since August!

Senator KITCHING: I asked for some of the board minutes in estimates on 23 March, but actually none of the questions I asked to be taken on notice in estimates have been returned from witnesses on that day. Without looking at the minutes of the board meeting, are you able to tell me what then occurred? So the board agreed that there would be no short-term incentives paid?

Ms Holgate: No. The board agreed that we would pay them—everybody under the executive team. The decision around the executive team would be postponed. We had offered to give up 25 per cent—of our right, effectively; it is a contractual right—to be able to reflect the COVID quarter, and they actually offered that there was the potential to be paid at 100 per cent, not the 25 per cent, if we supported the deferral of the decision. They did not make the decision. I'm sure, if you see the minutes of that night, they will not say they'd made the decision to definitely pay. They made the decision to defer the decision—most likely, we were told, until the October board meeting, because that was after the time that we would have had the outcome of the Senate inquiry on the temporary regulatory relief. It is actually, I think, in some of my correspondence, but Taeressa would have to find it. I think, again, it's to do with that note, the letter from Bryan Belling, which is on page—

Senator KITCHING: If you're able, Ms Fawthrop, to give us just very quickly—but later on, once you find them—the pages that are relevant, I think that might be more time expedient.

Ms Holgate: What would help us is if you wrote down the questions—

Senator KITCHING: I can do that.

Ms Holgate: and then what we could do is find the page for you where it refers to it.

Senator KITCHING: I can also ask Mr Macdonald, I assume, when he comes later today.

Ms Holgate: Mr Macdonald was on the ET call on 6 August and took notes, but every member of the ET call was. I have my own notes from that meeting here. I actually take notes through meetings.

Senator KITCHING: So do I.

Ms Holgate: It was very evident that if the temporary regulatory relief was not upheld the executive team would not get their incentives.

Senator KITCHING: Can I ask you just to move on to a different topic. You did say that you had been told the Prime Minister wasn't briefed properly. Who told you?

Ms Holgate: It was numerous people, in fairness.

Senator KITCHING: People in government? People in ministerial offices? Ministers?

Ms Holgate: Numerous people who purport to have a relationship close to the government. Forgive me, Senator, but I feel that those people were trying to help me, and I don't want to breach their confidence.

Senator KITCHING: I understand that sentiment. So numerous people told you that the Prime Minister wasn't really briefed properly? Okay. Thank you.

Can I just turn to your employment contract. Thank you for tabling it. I'm looking now at section 10, particularly section 10.3. Was it ever conveyed to you that you had breached one of these subsections?

Ms Holgate: No, it was not. One of the things that surprised Sue Davies and me was that nobody asked Sue for a copy of my contract before they announced my standdown.

Senator KITCHING: Sorry, no-one asked for a copy of—

Ms Holgate: If we are to believe, for one moment, the evidence of the chair, he said there was a board meeting and at the board meeting they agreed. I believe that, in the Australia Post submission—you'd have to ask the secretary—there is a line that says, 'We could have done it anyway, even if she hadn't agreed.' I think that's in the Australia Post submission. That is actually not true. It was unlawful what they did, on many different levels. As you can see from the SC advice that I have given to you, none of this was ever explained to us. For them to stand me down, by the way, they have to actually manage the investigation. It wasn't their investigation; it was an investigation done by the government. I had not done anything wrong. There was nothing that warranted this disciplinary action. They did not ask to see my contract before he made a statement to stand me down.

Senator KITCHING: What was conveyed to you? If 10.3 wasn't referred to in correspondence or even in a conversation you had, what was the basis?

Ms Holgate: Nothing was conveyed to me that night when they announced it publicly and to all of our employees. Nothing was ever explained, and I think, Bryan—who's with me—that was a very large frustration. We asked and asked and asked why I was being stood down. There was no basis to stand me down. Eventually, after Bryan put out a public statement, we got a response from the chair. If you give me one minute, I'll tell you the page to find that response.

Senator KITCHING: Sure.

Ms Holgate: You'd think I'd remember, all the times we've looked at it. It is on page 105 of my main submission. I apologise I didn't give it in advance. We had to do this at home, so we don't have a team of 100 people. I realised that I put the front page in twice.

Senator KITCHING: Can we just go through—I'm looking at the letter of 29 October.

Ms Holgate: That's correct.

Senator KITCHING: It says:

Her remuneration will continue and she will remain bound by all the terms and conditions of her employment with Australia Post.

Did your remuneration continue?

Ms Holgate: It did at this stage.

Senator KITCHING: When was it stopped?

Ms Holgate: On 2 November.

Senator KITCHING: I'm going back to 23 March estimates. I asked Mr Di Bartolomeo questions regarding severance pay and things like that. You didn't receive any severance pay?

Ms Holgate: Actually, Senator, I think it was your question or Senator Green's—

Senator KITCHING: No, it was my question.

Ms Holgate: No, at the previous Senate estimates there was a similar set of questions. I think following that they wrote me a letter the next day and said, 'Here are your statutory rights,' and they asked me to sign the same condition.

Senator KITCHING: What statutory rights were they referring to? I think in terms of unfair dismissal you are over the threshold for the Fair Work Act to apply, so you'd have to go to the Federal Court.

Ms Holgate: No, it's the annual leave.

Senator KITCHING: Okay, all of those. I asked those questions. Did you receive your entitlements?

Ms Holgate: I only received the annual leave that was owed to me. There was no explanation of it. That letter is also included in here. It was addressed on 10 November, and if you give me one moment I will tell you the page number.

Senator KITCHING: Where you paid out pro rata for any long service leave?

Ms Holgate: No, I was not. There is an argument to say that is actually what they are supposed to do because I am over the age of 50, dare I say that to everybody.

Senator KITCHING: I asked about your entitlements, and he said, 'She received her due annual leave entitlements, yes, and nothing else.' He says no.

Ms Holgate: If I may find the letter—

Senator KITCHING: What we might do, Ms Holgate, because I am about to run out of time—

Ms Holgate: I'll find you the letter in the break.

Senator KITCHING: All of the other sub-points of this letter dated 29 October—is this what happened? It says you were not required to attend the workplace, you didn't carry out any duties, you didn't sign any documents. Who was responsible for removing you as a director? Was that Mr Macdonald?

Ms Holgate: Nick Macdonald? I don't know, because nobody ever asked me to sign anything.

Senator KITCHING: So you didn't sign anything post 22 October?

Ms Holgate: No.

Senator KITCHING: Nothing?

Ms Holgate: No.

Senator KITCHING: But are these dot points on page 105 correct?

Ms Holgate: I would have remained a director of probably some of the subcommittees, certainly of the organisation, but I never signed anything.

Senator KITCHING: Do you know what date your directorship of the organisation was communicated to have ceased?

Ms Holgate: No. Nobody ever told me.

Senator KITCHING: I will ask Mr Macdonald. Can I just go to the Maddocks investigation? Who first directly informed you that that would be occurring?

Ms Holgate: I'm going to have to look at Bryan. I think—

Senator KITCHING: It's okay; you can take it on notice.

Ms Holgate: I can take it on notice, but I am pretty sure it was Nick Macdonald. That communication I would have, but I don't think I've supplied that in here. I may have done; I will check at the break. They wrote to me and said, 'By the way, the Maddocks thing is happening.' On 3 November, the day after what had happened, I did receive a letter from Lucio, from the chair, but it was a letter asking me to correct the *Hansard* from 22 October.

Senator KITCHING: Which bit of the *Hansard*?

Ms Holgate: They sent me the whole *Hansard*, but I couldn't open the document.

Senator KITCHING: I did read that in your submission.

Ms Holgate: When I asked for help, they said, 'It's a public holiday and no-one can help you.' They gave me 36 hours. It was 48 pages long or something.

Senator KITCHING: I don't understand it. It's obviously publicly available. It's on a website, for very good reason—because government should be transparent. That's precisely why I was asking questions about expenditure. You couldn't just go through the website of the committee?

Ms Holgate: Senator, I was lying on the bathroom floor at this time in my life. I had worked for these people every day through COVID. The day before I had given them a statement to try to show them I'm not trying to be disrespectful—

Senator KITCHING: So you wanted help from the organisation to look at the *Hansard*—

Ms Holgate: Exactly.

Senator KITCHING: and none was forthcoming.

Ms Holgate: They told me it was a public holiday. I asked to be able to open it and mark it up, and they said no.

Senator KITCHING: Your email was cut off when? What date? Do you know?

Ms Holgate: It was Thursday 5 November, the day they eventually put out the employee message.

Senator KITCHING: And the investigators were given access to your private email? What do you mean by 'private'? Do you mean a Gmail account? What do you mean?

Ms Holgate: They were given access to anything to do with me—in fact, only me, which always surprised me. That interview with Maddocks took place over 4½ to 5 hours. Bryan made me prepare extensively—

Senator KITCHING: Did Mr Belling accompany you?

Ms Holgate: Yes, and so did Sue Davies.

Senator KITCHING: I'm aware of the time. I'm sorry I'm hurrying you. Were you concerned about the scope of the review, the time frames, the turnover of your email et cetera? What did you think at that point? Did you think that there was going to be enough latitude to produce findings that might be sought by the board?

Ms Holgate: The whole review was a sham. In fact, I think the Prime Minister was quoted in parliament as saying, 'If there are issues with the board, they would look at them then'—it was not just about me; it was looking at governance. Yet on the day I was interviewed they hadn't even met with the general counsel or the CFO. I was the only person subjected to that interview. My EA was interrogated and harassed. We were treated like common criminals. Nobody actually looked at the other executive team expenses.

Senator, if I may, I have had to sit, as Bryan knows, month after month receiving requests late at night—with long documents; 108 pages in font 7—to go through expenses. Actually each time I've done it. I've just asked them to be clear. My EA and I gave a very comprehensive answer back in September last year, but the chair and Mr Tony Nutt chose not to give to you—

CHAIR: Ms Holgate, when you say 'they', who do you mean? Who sent you these requests asking you to do this work, despite the fact that they've told the country that you're no longer in the job?

Ms Holgate: It has come from Allens under the instructions of the chair and the CEO.

CHAIR: Thank you.

Senator KITCHING: So you had to answer these questions overnight. Your solicitor didn't ask for a time extension?

Ms Holgate: We did constantly.

Senator KITCHING: And what happened to that?

Ms Holgate: We were put in an incredibly frustrating process. Bryan may recall this better than I. I'm sure it was early December by this stage. Effectively there were 108 pages. It was every expense on both my credit card and the office of the CEO. By the way, I had never seen those expenses before because they're signed off before the CFO, who's currently the acting CEO.

Senator KITCHING: That reminds me of something you said earlier. Did you sign off on the CFO's expenses?

Ms Holgate: Yes, I did.

Senator KITCHING: So he signed off on yours and you signed off on his?

Ms Holgate: That is true, but there is a governance process that it has to go through. Everything gets audited, to be honest with you—

Senator KITCHING: I did go through the auditing standards at estimates on the 23rd because I wanted to understand whether there had been a write-down in fact. I'll ask those questions again in budget estimates.

CHAIR: Senator Kitching, we are about to move on.

Senator KITCHING: I still have about five more minutes.

CHAIR: We're going to have to move on.

Senator KITCHING: Should I continue after lunch?

CHAIR: No. We might bring Ms Holgate back, if the committee requires it.

Senator KITCHING: Can I just put some yes-or-no questions?

CHAIR: Yes.

Senator KITCHING: Were you given a copy of the Maddocks report prior to it being released?

Ms Holgate: A draft copy, yes.

Senator KITCHING: Was that draft copy in any way different from the final report that was produced?

Ms Holgate: Yes.

Senator KITCHING: This isn't a yes-or-no question. Who do you believe amended the document from the draft you saw?

Ms Holgate: I would have to believe it was the departments, because we were told by Maddocks on the Friday, I think it was 21 November, that they would take no more correspondence. It was passed to the two departments.

Senator KITCHING: Were any changes made because you had suggested them? Did you go through the draft report and say, 'Look, this is inaccurate,' or, 'That doesn't really capture it,' and make changes yourself? Were any of those reflected in the final document?

Ms Holgate: No, they were not.

Senator KITCHING: Did you suggest any changes?

Ms Holgate: Yes, we gave extensive feedback.

Senator KITCHING: Did you ever right-click on the properties to see who'd made the amendments or see whose document it was? I presume you received it electronically.

Ms Holgate: I have no knowledge of that.

Senator KITCHING: Was the version largely the same or not the same?

Ms Holgate: Finding 6 was in both copies. I should correct myself, Senator. We did not see every page of the draft review. We only saw pages that had my name in them. If I recall correctly, it was about 37 pages that we saw.

Senator KITCHING: Not the full 108?

Ms Holgate: No. And it's actually quite difficult, then, to follow. Maybe it was 74 pages. I will have it, so I can take it on notice and tell you later, because I've actually even got the notes that we made. I was only given two hours to look at it.

CHAIR: Perhaps, Ms Holgate, you would be prepared to take that on notice and give this committee what you understand to be the differences between the draft report and the final report. Senator Kitching, we are going to have to finish now.

Senator KITCHING: I did have one more question, just in relation to Mr Robbie Barwick, whom you thank in your first submission. Mr Barwick is associated with the Australian Citizens Party, formerly the Citizens Electoral Council, and very much associated with the LaRouche movement. The LaRouche movement is highly anti-Semitic and also has conspiracy theories around banking and who runs banking, so you can imagine how that fits with anti-Semitism. How much support has Mr Barwick given you?

Ms Holgate: I've had support from every political party, and I don't know anything about the Citizens Party. I'm going to be honest with you, Senator Kitching: I've never even heard of them before.

Senator KITCHING: Mr Barwick is associated with them.

CHAIR: To give everybody a sense of what will happen next, after this we are going to go to the lunchbreak. We have changed the agenda for the rest of the afternoon. We will bring the departments back at our next hearing. After the lunchbreak we will hear from Ms Susan Davies for a short period—she was summoned by this committee—we will hear from the chair of Australia Post, we will hear from Australia Post and then we will hear from the LPO Group. That's how the rest of the afternoon will run. Thank you for giving us enough time to get through these important questions this morning.

Proceedings suspended from 13:14 to 14:04

DAVIES, Ms Susan, Executive General Manager, People and Culture, Australia Post

CHAIR: Ms Davies, thank you for making yourself available to speak to the committee at short notice. I just make it clear that we specifically requested your attendance at this hearing today because we believe that you have important information to help us with our deliberations. You have brought legal counsel with you, which is well within your rights. I understand that information on parliamentary privilege and the protection of witnesses has been provided to you. I invite you to make a short opening statement. We've heard evidence this morning from Ms Holgate that you were in attendance on 22 October and both before and after. We would like to hear your version of events, and then we will go to some questions.

Ms Davies: I don't have an opening statement, but I'm very happy to answer any questions.

CHAIR: Ms Davies, you were with Ms Holgate on 22 October?

Ms Davies: Yes.

CHAIR: And that was, of course, the day on which Ms Holgate presented to the budget estimates committee?

Ms Davies: Correct, yes.

CHAIR: Where it was revealed in relation to the Cartier watches?

Ms Davies: Yes.

CHAIR: And you were with Ms Holgate after that session and when the Prime Minister made the remarks he did during question time?

Ms Davies: Yes.

CHAIR: Are you aware of any conversation between Ms Holgate and either the chair of Australia Post or any other members of the board where she agreed to step aside?

Ms Davies: If I can elaborate on that, obviously there was a lot going on that day. We finished Senate estimates at 12.52. I was in Senate estimates with Ms Holgate. We left and went back to the Hyatt Hotel. I'm aware that there was a conversation that went on with Ms Holgate and the chair at the hotel. That was before question time at 2.40. All of these conversations were one-sided conversations; they weren't on speaker, so I was listening to Christine's side of the conversation. The conversation there was very much around Christine saying that she didn't wish to stand aside, because she felt she had done nothing wrong. I couldn't hear the other side of that conversation, but that was a very clear conversation at the hotel, and that was before 2.40.

Around three o'clock in the afternoon, we left in a private car to travel back to Sydney, and that was organised by Ms Holgate's husband. We did that because there was a lot of media interest, obviously, after what had happened in the Senate estimates. In the time we were in the car, from three o'clock through to probably seven or 7.30, when we got back to Sydney, to Ms Holgate's home, there were so many conversations. There was obviously a lot going on in the car. I was getting a lot of phone calls and Ms Holgate was getting a lot of phone calls. I am not aware of and do not recall any conversation, one-sided, where Christine agreed to stand down during that time.

CHAIR: Ms Holgate told us today that she had had a number of conversations with Mr Tony Nutt throughout this afternoon in question. Do you recall any of those conversations?

Ms Davies: Yes, I do.

CHAIR: What do you understand Ms Holgate saying to Mr Nutt?

Ms Davies: Tony Nutt was trying to support Christine during that process. Christine was requesting could she take leave. She was still not wanting to stand down at that stage. She was clearly very upset at that time. Tony Nutt was assisting her and just asking her to stay calm and 'let's try to work through this'. He was helping her put together a statement, which Christine has put in her submission, which was just a variation of different statements where Christine was wanting to take some leave, but she was still quite adamant that she didn't want to stand down at that stage.

CHAIR: What is your knowledge of a board meeting on the night of 22 October?

Ms Davies: I haven't got any knowledge of the board meeting. I had obviously been here the whole of the day. I had spent the whole of the day travelling back in the car with Christine. I probably got back to my home around about 8 o'clock that evening. So I am not aware of anything that was going on the other side of the conversations.

CHAIR: Did you ever hear of a board meeting being called that night?

Ms Davies: I certainly didn't know on the night, but I subsequently understand that a board meeting may have taken place, yes.

CHAIR: While you were with Ms Holgate on 22 October did Ms Holgate ever receive any communication from the communications minister or the Prime Minister or the Finance Minister?

Ms Davies: Not to my knowledge.

CHAIR: Were you aware of Ms Holgate attempting to ensure that the communications minister had the full story of what had happened with the watches?

Ms Davies: I do remember in the car Ms Holgate—again, there were so many conversations going on—trying to send through texts of the thank you card from someone who had sent that through to her. I do remember different conversations with people around that information.

CHAIR: What's your understanding of whether Ms Holgate stood aside, was sacked, resigned? What actually happened, Ms Davies?

Ms Davies: I guess that's a complex question, so again if I may provide some context on that. I assumed very early on in the afternoon the role of support person for Ms Holgate. She was very distressed when we left the Senate. She became more distressed, obviously, as the afternoon went on and events started to unfold. I didn't hear a conversation where Christine agreed to stand aside. I did hear conversations where that was discussed, but I never heard her agree to do that. From that point on, it was really decided, given the gravity of the situation and the intensity of the media and just really how distressed Christine was, my role in all of this was really to be Christine's support person, and I chose to do that. I did that the following morning, on the Friday. So all of the correspondence with regard to what happened, with regard to standing aside or anything thereafter, was really dealt with through the legal counsel and the chair.

CHAIR: Were you with Ms Holgate on the day where she did submit a resignation letter?

Ms Davies: No, I wasn't with her on the day of the resignation letter. I certainly had conversations with her every day from 22 October. I had conversations three, four, five times a day with her, right up to that point and thereafter.

CHAIR: Ms Davies, were you aware that Ms Holgate had concerns with the BCG report and the recommendations within that report?

Ms Davies: My knowledge of the BCG report is very limited, and I certainly was aware that Christine had some issues with that. But I wasn't one of the execs who was heavily involved in the BCG report.

CHAIR: You said you assumed the role of support person. Throughout this time did you ever hear of other members of the board contacting Ms Holgate, checking in, making sure she was okay, from a human perspective?

Ms Davies: I certainly know that Tony Nutt definitely made contact with Christine. I think there were exchanges with the chair, either by text—I don't know about conversations. Certainly I had a number of conversations with the chair where he asked about Christine's welfare. But I was really the primary person to support her through what was just a harrowing time.

CHAIR: Have you felt, at any point, pressure not to be Ms Holgate's support person?

Ms Davies: No, not at all. No.

CHAIR: Has anybody suggested to you that you should stay out of this inquiry, that you're not needed?

Ms Davies: Not at all.

CHAIR: Senator Carr, have you got some questions?

Senator KIM CARR: Yes. Obviously we approached you about having to be subpoenaed today. You have got an ongoing role with Australia Post?

Ms Davies: Yes.

Senator KIM CARR: For the Hansard record, what is your formal position with Australia Post, although you're not appearing in that capacity today?

Ms Davies: I'm Executive General Manager, People and Culture, Australia Post.

Senator KIM CARR: That's what I thought. In terms of Australia Post's understanding, in a professional capacity, concepts like duty of care are often used. Given that you're the only person that's provided personal support, how well do you think Australia Post has demonstrated a duty of care to Ms Holgate?

Ms Davies: I think that's a difficult question. I bring myself to the role, but I am the executive general manager of Australia Post. So, in my capacity in that role, I was very much Christine's support person.

Senator KIM CARR: However, I think you used the word you used to describe this was 'harrowing'. We are professional politicians. I'll put it to you that we're not unfamiliar with the harrowing nature of a media storm and we're not unfamiliar with the intense personal pressure that parliamentary combat involves, but as a public official, as a public servant, I'd say that it is unusual for a senior executive to be abused on the floor of the parliament. You're not unfamiliar with tough questions that I have asked you and officials. As I said, that's part of our job. But it is extremely unusual to have that level of personal attack. Does that not require a level of duty of care from the organisation in those sorts of circumstances given just how unusual the events were surrounding question time on 22 October?

Ms Davies: Absolutely. From the point that we left the Senate that day, in my role as executive general manager of Australia Post, I travelled back. We should have been flying back that day. There was a lot of media attention, so Christine's husband organised for us to travel back privately in a car. I chose to travel back with her. I stayed with her till we got home. I made sure she got home safely. I spoke to Christine, three, four, five times a day throughout what was a very harrowing first weekend for her. She's mentioned this in her submission. I would describe the media attention that she got on the Saturday morning as her very lowest point. When she was depicted in the media as a prostitute, that was her lowest point. I was there. I was extremely concerned for Christine on that Saturday morning, and I organised for her to have medical support and counselling support—all of that. I do feel that in my capacity, in my role, Australia Post—

Senator KIM CARR: Please, I'm not criticising you for that.

Ms Davies: I understand.

Senator KIM CARR: I'm putting to you something broader than that. You, in a personal capacity have taken that up. You were the only one that did—no-one from the board? Were there many other executives that took an interest in her welfare?

Ms Davies: Of course. From the minute it happened, everyone was concerned for Christine's—

Senator KIM CARR: Concern is one thing. I'm not in any way casting aspersions on your immediate human response to this situation. I'm putting it in a context where, I think, there is considerable empathy, because we understand what it's like to be put through the mill. It's all too often. In political circles, there's little regard for the personal costs that we inflict on each other in what we call, quaintly, public debate. It troubles me that Christine Holgate was subject to this assault—what she describes as bullying, this extraordinary attack on her by the Prime Minister of Australia—and there was so little response other than to get her out the door as soon as possible, and, from all we can see, illegally. No direction was ever issued, was there? You never saw a legal direction in writing for her to stand down?

Ms Davies: As I've said, I was never involved in that correspondence. I'm sure you—

Senator KIM CARR: You were not aware that there was—

Ms Davies: I understand—

Senator KIM CARR: no legal force other than the statement the Prime Minister and the minister made to the effect that she was to be summarily dismissed. **There was no** procedural fairness, no natural justice and no inquiry, even. What there was was this secret report, which was supposed to be into the management of the board but actually became an inquisition into her. I'm just wondering how that fits with Australia Post's culture and its understanding of the welfare of its own employees.

Ms Davies: All I can say that we do care for our employees greatly. We have many policies, processes and procedures in place to care for our people and to make sure that our people have the right care and support. This is an unprecedented situation—certainly with the CEO of the organisation—but I certainly feel that Australia Post absolutely supports people and has a duty of care.

Senator KIM CARR: Yes, I understand that.

Ms Davies: I can only stress that, in my role, it's hard to separate me as a person from the role that I'm in.

Senator KIM CARR: Okay, fair enough. I want to repeat: I'm not in any way casting aspersions upon you, because you seem to be the only one who has done the right thing here, in terms of providing proper support for a person who's in considerable distress. I used to sit next to a senator who was subject to one of these attacks and went home and inflicted self-harm. There's a picture outside the barbershop downstairs of a former member who was successful in it, if you could call it that. So the cost of type of confrontation is horrific, and we pay little attention to it. So I commend you for the steps that you've taken, but I just wonder: what else was done?

Ms Davies: It's difficult. I was the primary contact. It doesn't mean there was a lot of support behind me. I was always the primary contact for Christine. I think that people—certainly people on the board—did care and people

in the management team did care. People reached out to Christine, and people text Christine. People care about Christine deeply. But I was always the primary contact.

CHAIR: I might go to Senator Hanson.

Senator HANSON: Thanks for coming. It's been hard on you; I know that. I'm aware that you were asked not to come because it would be a conflict of interest. Is that true?

Ms Davies: I don't think I ever said it was a conflict of interest.

Senator HANSON: But Australia Post thought that you being here may be a conflict of interest?

Ms Davies: I don't think it's a conflict at all. I'm here. My understanding was that I was invited. I said I'd prefer to give my evidence in writing, and the Senate wanted me here today, so I'm here today.

Senator HANSON: I'm pleased to see you here as well. There's been some conflicting evidence in the submissions that have been put forward. On 22 October, after there were the comments from the Prime Minister on the floor of parliament during question time about the standing down and there was a media frenzy, you were with Ms Holgate at that time. It was organised to drive back to Sydney from Canberra. You were with her that whole time, in the car.

Ms Davies: Yes.

Senator HANSON: During that trip back, are you aware of any telephone conversations with the chair?

Ms Davies: I don't recall specifically conversations with the chair. The chair certainly called me to speak to Christine, and at the time she was on the phone to Tony Nutt. I certainly passed the message to Christine to speak to the chair. I'm aware that subsequently, from telephone records, there did seem to be connections between the two numbers, but I don't recall specifically. There were so many phone calls going on that day, as you can imagine.

Senator HANSON: Ms Holgate was on the phone for a considerable amount of time to Tony Nutt?

Ms Davies: Yes, she was.

Senator HANSON: Right. Was there a point when the chair, Di Bartolomeo, rang Ms Holgate and she gave the phone to you and you spoke to him?

Ms Davies: I don't recall that happening. I certainly recall speaking to the chair, and the chair was trying to contact Christine, so my recollection would be that the chair called me on my phone because Christine's phone was busy. I don't recall it. That's not to say it didn't happen; I don't recall it.

Senator HANSON: According to Ms Holgate's submission, she arrived home between seven and 7.30 that night?

Ms Davies: Yes.

Senator HANSON: She took no further phone calls and never spoke to anyone. There was no phone call between the chair and her after you left Parliament House in the car ride, yet in the chair's submission, at 2.1.4, he said:

After the discussions with the Portfolio Minister (referred to above) and before the Government comments in Question Time (referred to below), the Chair discussed the matter by telephone with Ms Holgate, summarised as follows:

- the Chair and Ms Holgate discussed the matter generally, reflecting on the questions asked of, and responses given by, Ms Holgate at the 22 October 2020 Hearing;
- the Chair advised Ms Holgate of his discussions with the Portfolio Minister;
- the Chair advised Ms Holgate that the Board would be meeting later that afternoon to discuss the matter; and
- the Chair advised Ms Holgate that he would be in contact again, to discuss the matter further, once the Board had met.

She's saying there were no discussions and her understanding is that she was not prepared to stand down; she would take two weeks annual leave. But the chair, in his submission, states that he convinced her to stand down and he took that to the board, and the board then were of that understanding. But that's not your understanding.

Ms Davies: As I said earlier, Senator, I was hearing one side of the conversation. I certainly heard Christine requesting leave. I certainly heard Christine—

Senator HANSON: Yes, but she never had that conversation in the car with Di Bartolomeo.

Ms Davies: She had that conversation with Tony Nutt.

Senator HANSON: With Tony Nutt, but it wasn't with the chair.

Ms Davies: I do not recall that conversation. That's not to say it didn't happen; I don't recall it, Senator.

Senator HANSON: Well, there was no conversation, because you don't recall a conversation, because the only conversation you recall—she had it with Tony Nutt, who was actually advising her that she should take two weeks annual leave. That was the course of the conversations and the emails, and that was her final stance. That was relayed back to the chair, but that's not what he took back to the board. He actually told the board that he'd convinced her to stand down, and at no point did she ever want to stand down; she wanted to continue in her position.

CHAIR: Just to be clear, Senator Hanson is repeating the evidence that was given this morning. I guess the question is: do you accept that version of events?

Ms Davies: I think that's difficult for me.

Senator HANSON: All you can say is whether you were aware of the telephone conversation or not.

Ms Davies: I was not aware. I certainly do not recall a conversation where Christine agreed to stand down. I don't recall that conversation.

Senator HENDERSON: When you say 'don't recall', are you saying it didn't happen?

Ms Davies: I'm saying I don't recall. I don't know whether that happened or whether it didn't happen.

Senator KIM CARR: There were 57 calls on the day.

Senator HENDERSON: I know that. I'm just trying to get clarification.

Ms Davies: There were hundreds of calls going on. It never stopped—from the minute we got into the car to the minute we got out of the car. There were so many conversations. I don't recall that that conversation took place.

Senator CANAVAN: When the chair was on the phone at different times, were you otherwise occupied? Were you on the phone quite often?

Ms Davies: I was on the phone. People from the executive team were contacting me, yes.

Senator CANAVAN: So there were many times or occasions when Ms Holgate would have been speaking on the phone but you just weren't taking that in or hearing it because you were otherwise occupied.

Ms Davies: I remember us both being on the phone together at the same time and sort of turning away so that we could actually concentrate on the calls.

CHAIR: But, to be clear, no-one has been able to give us any evidence thus far that this phone call occurred. You can't give us evidence that it did.

Ms Davies: No.

CHAIR: Ms Holgate says it didn't. There's a question as to why we haven't been able to have access to the phone records. You don't have to agree to something if you don't know.

Senator KIM CARR: But perhaps a direct extract from the submissions might help you a little bit—you never know in this game. This is from the submission from Ms Holgate. This is where she talks about the 57 phone calls on the way back. She lists the details of them. She says: 'The two calls on my record of the chair's phone are at 4.27, for two minutes and 51 seconds, that day, and at 5.50 pm for four minutes and 25 seconds. I do recall seeing I had missed calls from the chair while on other calls, and I called back and passed my phone to Sue Davies as I did not want to speak to him as I was extremely disappointed at what happened.' That doesn't mean the call was answered; it simply says that she phoned back and passed the phone to you. 'The two calls that appear to be the chair are referred to in his media statement on 7 April as they are at the exact same time. This suggests to me that there were no other incoming calls from the chair answered by me, or Australia Post would have detailed it.' That is on page 4 of her supplementary submission.

CHAIR: Does that sound about right, Ms Davies?

Ms Davies: As I said previously, I do recall speaking to the chair. I do recall the chair asking me how Christine was, and I said she was extremely upset and extremely disappointed and very distressed. We absolutely had that conversation and he absolutely asked me to get Christine to call him back. I'm really sorry, I don't remember the point where phones were swapped. That's not to say it didn't happen. Like I said, it was a very upsetting day for everyone.

CHAIR: Do you have any final questions, Senator Hanson? We'll have to move on and bring the chair before us as well.

Senator HANSON: Ms Davies, the way Ms Holgate has been treated by Australia Post—you're in human services, so you deal with the employees, and you weren't really happy with the way she has been treated.

Ms Davies: I am disappointed with how she was treated from the point of the Senate. From that point on, I'm very disappointed for a lot of things that have happened—the process. There have been some very dark days for all of us, and especially for Christine. Again, it's hard to separate myself from my role as exec of people and culture. As an individual, I do believe that we have done everything to try and support Christine through that. I think different minds look at this differently. If we could all reflect and go back and hope that something could have been done differently—I think there are probably lots of things that could have been done differently.

Senator HANSON: Even to the point where Ms Holgate wrote a letter she wanted to go out to the employees and to the LPOs to explain the situation because she was so passionate about the job that she did. She cared about the staff and she cared about the job that she did. The board refused to send that letter out. It took them four days. It was because of you going and complaining to them that this letter should go out that they did finally put it out after four days—is that correct?

Ms Davies: That was not a conversation with me and the board; it was a conversation with the acting CEO at that point. I'm not sure why the decision was not to send that letter out. Christine wanted to write to 36,000 people and explain what had happened and her decision to resign. I saw no harm in that. I wanted Christine to have the opportunity for people to respond to her as well, and thank her. And that's exactly what happened. She received many, many responses. I thought that was really, really important for Christine's state of health and state of mind at the time.

Senator HANSON: Thank you, Ms Davies.

CHAIR: Ms Davies, thank you for coming today and giving us your evidence. If there is anything extra that you think we need to be aware of, please get in touch with the secretariat. If we have any other questions as we go through other witnesses, we may need to come back to you, but I appreciate you coming today. Thank you very much. We'll suspend briefly while we get the next witnesses in the room.

DI BARTOLOMEO, Mr Lucio, Chair, Australia Post

MACDONALD, Mr Nick, General Counsel and Corporate Secretary, Australia Post

[14:41]

CHAIR: We'll recommence. Welcome. I understand that information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. I now invite you, Mr Chairman, to give us a brief opening statement, and then we'll go to some questions. I have no doubt you've heard a bunch of the evidence presented to us this morning, and I imagine there's going to be a lot of questions from members around the table.

Mr Di Bartolomeo: I'd like to make a brief opening statement. I appreciate the opportunity to assist the committee in this inquiry. As you would have seen from our submission, we are treating this process seriously, in line with our longstanding commitment, as a government business enterprise, to meet all of our obligations with the parliament. Given the inquiry's substantial focus on the former group CEO and managing director, I would like to provide the committee with some important perspectives.

Christine Holgate was a very good chief executive for Australia Post. In our respective roles, I worked with her closely, particularly during the volatility and uncertainty created last year by the COVID-19 pandemic. Against this backdrop, we faced some of the biggest challenges in our 200-year history, including soaring demand for parcel deliveries and a hastening of the decline of letters business, at a time when our operating environment was hampered by COVID restrictions. Despite all this, Australia Post remains a robust business and last year delivered a profit that can be reinvested in our business for the benefit of the community. Christine's leadership was integral to this outcome. More broadly, during her three years at Australia Post, Christine implemented important innovations and reforms that continue the transformation of our operations, helping to grow and strengthen the business. With this context, it is reasonable to ask how we got here today.

On 2 November last year Australia Post lost a dedicated and highly valued CEO. The board was very disappointed to see Christine go. When Christine agreed to stand aside, on 22 October, my objective was, subject to the findings of the investigation, to have Ms Holgate back performing her role as soon as possible. But, as articulated by Christine in her letter of resignation:

Regrettably, given the recent events, I have come to the view that my continuation as Chief Executive in (sic) untenable.

While the board understood her rationale, I want to be clear that neither I nor the board sought or encouraged Christine's resignation. The events that Christine referred to were not so much the purchase of the four watches as a reward for four executives who had secured a valued Bank@Post deal, a deal that would prove highly supportive for the long-term viability of many of our LPOs; rather, it was the increasingly acute public scrutiny, including media focus and commentary from right across the community spectrum, that developed on the back of the estimates appearance and showed no signs of diminishing.

You are likely to be aware that, after Christine resigned last year, I told Senate estimates that, if I'd been the chair at the time of the giving of the watches, I would have vetoed the purchase of the watches. As the Maddocks report ultimately found, the purchase of the watches was inconsistent with both the obligations imposed by the PGPA Act on us and public expectations. Again, Christine, in her public statement on 2 November last year, acknowledged this:

... I deeply regret that a decision made two years ago ... has caused so much debate and distraction and I appreciate the optics of the gifts involved do not meet the pub test for many.

Christine's hope was that through her resignation, the organisation could remain fully focused on serving its customers. I view the purchase of the watches as an error of judgement made in good faith from an otherwise highly effective CEO. I also recognise the circumstances surrounding the departure of the former CEO were unusual and difficult for Christine and everyone involved. All the way through the process, Christine's welfare remained a priority for Australia Post, and we ensured that the organisation continued to support her during what has clearly been a trying time. The legacy of a business leader is often judged by the simple question around whether the business was left in better shape than when they started. Australia Post is clearly a better, stronger organisation thanks to Christine's contribution, and we sincerely wish her all the best in her future endeavours.

Yesterday Australia Post announced the appointment of Paul Graham as the group CEO and managing director. The announcement followed an endorsement by cabinet last week. Paul is currently the chief supply chain officer at Woolworths Group. He was chosen to be our next CEO after an exhaustive search for the best candidate to lead Australia Post through the next phase of our transformation program. The board selected Paul because of his experience in logistics and supply chain over 40 years in Australia and internationally. We were also impressed by Paul's track record as a senior leader at Woolworths and his ability to motivate and lead a

national logistics team. Australia Post is a well-run organisation with a strong culture built on the dedication and commitment of our 75,000-strong extended workforce. Paul's job will be to maintain the momentum in a challenging environment. I want to reaffirm Australia Post is committed to fully cooperating with the committee as it completes its important work. I'm happy to take your questions.

CHAIR: I understand Senator McKenzie has questions and she's not able to stick around, so, with the acceptance of the rest of the committee, I'm going to go to Senator McKenzie, and then we'll go around the table.

Senator KITCHING: Just before that, could Mr Di Bartolomeo table his statement?

CHAIR: Yes. Could we have your statement tabled please, Mr Di Bartolomeo?

Mr Di Bartolomeo: Yes. I think we have a copy.

CHAIR: Thank you. Senator McKenzie, you've got the floor.

Senator McKENZIE: I thank the committee for their indulgence. Mr Di Bartolomeo, it's interesting to see you again. You've had an explosive day, I imagine, listening to the evidence of Ms Holgate this morning. I just want to return to a line of questioning we started to explore at last estimates around Ms Holgate acting within her authority as CEO—whether you, as Chair, would have or not have sanctioned the purchasing of gifts for chief executives. She did operate within her authority, as the Maddocks review found, did she not?

Mr Di Bartolomeo: There were no policies that she contravened. There's no doubt about that. But—

Senator McKENZIE: That's right. That's my understanding, too, but in her submission—and I think Ms Cramp this morning also spoke to this. This is not a unique situation in Australia Post. Ms Holgate, in her submission, talks about employees receiving watches, cars, tickets to the Olympics et cetera as incentives for good work for executives—is this the case?

Mr Di Bartolomeo: I'm sorry, I missed the last part.

Senator McKENZIE: Is it the case within Australia Post that non-financial incentives by senior executives is business as usual? This is not a unique situation for Australia Post.

Mr Di Bartolomeo: I think the value of these gifts is a unique situation, but, you're right—

Senator McKENZIE: So was the value of these gifts less or more than the tickets to the Olympics handed out by previous CEOs or the other watches purchased or the cars?

Mr Di Bartolomeo: With regard to the previous CEO and times that I wasn't there, I can't make any comments. I don't know what was given, what was received or what the values were.

CHAIR: So, just to be clear, Mr Chairman, you actually don't know whether this is business as usual or not?

Mr Di Bartolomeo: Certainly the investigation we looked at showed that, while there are rewards being given, most of our policies very much limit those rewards. These gifts were expectations to that.

Senator McKENZIE: Mr Di Bartolomeo, [inaudible] is evidenced to this committee by licensed Post Office owners themselves about quite excessive gifts given out by the former CEO, the '\$5 million man', Mr Fahour. If you can't provide us the answers that you need, can I encourage you—indeed, I insist that you go back to your organisation, talk to your CFO, talk to people that were around at the time, look at the accounts and get back to this committee with what is, I would argue and the evidence absolutely suggests, business as usual for Australia Post: these sorts of non-financial incentives to senior executives. In fact, Ms Holgate's efforts in this regard are a drop in the ocean when compared with previous examples. If you could take that on notice—

Mr Di Bartolomeo: I'll take that on notice.

Senator McKENZIE: If, as you say, Ms Holgate—and the Maddocks report bears out—acted within the boundaries of her CEO, didn't breach internal policies, can you explain to us why she was stood down?

Mr Di Bartolomeo: First of all, she did not act within the boundaries of the PGPA Act, as she was obliged to do so, as the Maddocks report identified. She wasn't stood down; she stood aside. I strongly—

Senator McKENZIE: What is the difference? I've noticed there's a difference between stood aside and stood down. What's the difference?

Mr Di Bartolomeo: What I wanted—and I've had lots of discussion on this and the afternoon in question—was for her to stand aside for four weeks for the duration of the investigation so she could concentrate and fully work on preparing for that investigation, while at the same time we could appoint someone on an acting basis to do the CEO role, as we were in the midst of planning and preparing to execute the largest parcel delivery exercise that we'd ever had at a time when COVID restrictions—

Senator McKENZIE: I understand. I'm trying to get to the bottom of the difference between stood aside and stood down. You're saying you never sought her to stand down. You only sought her to stand aside—is that correct?

Mr Di Bartolomeo: To stand aside for a period of four weeks.

Senator McKENZIE: So you didn't make any representation to Minister Fletcher that she not be stood aside. You didn't fight for Christine given that she was the CEO that you spoke about in your opening statement today.

Mr Di Bartolomeo: When the minister first rang me early that afternoon post question time, he advised me that he was going to instigate an independent investigation of the circumstances surrounding these watches. He wanted me and the board to support that investigation, as required. He said he would like Christine to stand aside during the term of the investigation.

Senator McKENZIE: Did you actually make a representation to Minister Fletcher at that time that standing Ms Holgate aside was not required?

Mr Di Bartolomeo: I questioned whether that was necessary, but clearly came to the conclusion that it was in Christine's and Australia Post's best interests if she did, primarily for the reason that I answered earlier: I wanted Christine to focus on that and I wanted a CEO who could focus on the business of running Australia Post at a time when we were going to have the largest volume of parcel business ever experienced—something like 50 per cent higher than the previous Christmas, which already was a record—under the COVID restrictions that still applied.

Senator McKENZIE: Finding 10 of the Maddocks report states:

... various interviewees have said that Australia Post has commenced, or will shortly commence, an internal review in relation to matters such as its policies applying to gifts and benefits.

Ms Holgate lost her job and has made significant representations to this committee about the destruction of her reputation as a result of the fallout. You didn't breach any internal policies, in your own words. Where is that internal review up to, given the enormity of the consequences for the former CEO?

Mr Di Bartolomeo: Independent of the independent investigation by Maddocks that was taking place, the board immediately after that asked for a review of all our policies and procedures to see exactly what the circumstances were and how that may be reviewed to better inform. For instance, Christine Holgate this morning talked about the fact that her expenses were approved by the chief financial officer. They were, so that was independent to her. However, best practice is that the chair should approve the CEO's report, rather than someone who reported to her. So that's one of the changes that we've made, for instance. We have identified a total of 32 separate actions to further strengthen and improve our processes and procedures around these matters.

Senator McKENZIE: So you really needed to change the policy, didn't you? You didn't actually need to change your CEO?

Mr Di Bartolomeo: We never changed the CEO, Senator.

Senator McKENZIE: That's not the evidence of Ms Holgate to this committee.

Mr Di Bartolomeo: It is my evidence to this committee now. In my opening remark I said we never wanted to lose Ms Holgate as our CEO.

CHAIR: Well, you did very little to try and keep her.

Senator McKENZIE: Your opening statement was very clear. Do you think that, if she hadn't resigned, Ms Holgate should still be the CEO of Australia Post?

Mr Di Bartolomeo: Yes, I believe she could have been.

Senator McKENZIE: Are you willing to provide Ms Holgate, considering the evidence today, with a public apology for how she has been treated?

Mr Di Bartolomeo: I think Christine Holgate has been treated abysmally, but I believe the board and management did the right things by her. I know there was talk about—

Senator McKENZIE: So no apology for Ms Holgate from Australia Post?

Mr Di Bartolomeo: I don't believe Australia Post owes her an apology, no, but I do believe she has been badly treated.

CHAIR: But it's all somebody else's doing, is it?

Mr Di Bartolomeo: I think the environment that was created from through parliament that afternoon and through the media thereafter and through everyone else who brought in—yes, certainly—created a set of circumstances that made her job and her life very difficult.

CHAIR: Does the Prime Minister owe Christine Holgate an apology?

Mr Di Bartolomeo: I am not here to talk on behalf of anybody else as to who owes an apology. All I'm saying is that I understand the hurt that she felt, and I appreciated it, and we tried to do as much as possible to assist her. Sue Davies, who was giving evidence here before me, was provided as the person to assist. It was Australia Post who gave her the time and the permission to do that role, and I think she did it very well within the limits that there were. I certainly was very conscious of her state of being. I spoke to her the next morning, on the Friday morning after the 22nd. We had a lengthy conversation, asking her how she was. I had a similar conversation—sorry, I attempted to have a similar conversation on the Sunday morning, but she didn't take my call. She then texted me. I will refer in fact, to Christine Holgate's own submission. I called her, and she messaged me:

Lucio my apologies I have not picked up. I am trying to preserve my mental wellbeing. I am aware Sue has sent the letter. I will read it. As ever I will support the organization in any way I can. Christine

I responded in text:

Christine you have nothing to apologise for. I was calling to see how you are. I can't envisage how difficult this is for you after all you have done for Aust. Post. Can we provide you with any assistance? Christine, just remember there are many of us who hold you in the highest regard and always will. Do what is best for you and call whenever you want. Lucio.

That was my text to her.

CHAIR: Thank you very much for that evidence. Senator McKenzie has another question, and then we will go around the room.

Senator McKENZIE: Thank you very much. I'm really going to the business questions at the moment. We've heard some evidence about the BCG report. The last time we saw each other, Mr Di Bartolomeo, you couldn't quite recall whether you'd seen a final draft, but I'm pretty sure you've seen the final draft. We know the contents of that report really went to significant structural changes for Australia Post that would have a very detrimental impact on rural and regional community post offices. I will go to Ms Holgate's additional submission from this morning:

Australia Post receives a letter from both Shareholder Ministers. It acknowledges the Chair's letter—your own letter—

on the 24th February. It encourages further cost savings consistent with those on the BCG review.

The letter said:

An initial step, we—

the shareholder ministers—

envisage that BCG's findings should be taken into account as the Corporate Plan Process is developed ...

My question is: given what we heard about what was contained in the BCG report, can you guarantee to the 2,500 LPOs out in the community in rural and regional Australia that Australia Post will not divest itself of its parcel division, and will you guarantee no job losses in retail post offices as a result of the adoption of the cost measures that you're incorporating into your corporate planning process?

Mr Di Bartolomeo: I have a few comments about the BCG report first, and I will come to your latter questions. Yes, I did see a draft of the BCG report. It was presented to the board in a lengthy presentation with lots of slides et cetera. That report established a number of potential options that should be considered in any reform or potential opportunities to enhance the performance of Australia Post. There were no recommendations in that report, and if that was the report that was sent to the government then it doesn't have any recommendations on what should take place. It simply identifies a number of—

Senator McKENZIE: We know it doesn't have specific recommendations, but it does outline ways to cut costs.

Mr Di Bartolomeo: Correct.

Senator McKENZIE: One of the grave concerns for LPOs is that they will once again bear the brunt of cost-cutting measures by Australia Post. Can you guarantee that will not be the case?

Mr Di Bartolomeo: I can guarantee that the work that we're doing today in the corporate plan that is currently in place, and the new corporate plan, as our annual strategic planning process is in place—we have absolutely no plans to change the LPOs and particularly the rural and regional arrangements. They are not part and parcel—

Senator McKENZIE: There will not be any job losses as a result in rural and regional community post offices?

Mr Di Bartolomeo: We certainly will not be closing or reducing any of the LPOs. Whether they bring about any job losses—

Senator McKENZIE: Make business decisions because it's unviable—

CHAIR: Senator McKenzie, we are going to have to go on to other senators.

Senator McKENZIE: Okay. Thank you.

CHAIR: Mr Chairman, you said you first rang the minister after question time on the day of 22 October. Is that correct?

Mr Di Bartolomeo: He rang me—to be precise.

CHAIR: What time was that?

Mr Di Bartolomeo: I had probably two or three calls but the first time was 1.09 pm.

CHAIR: That's before question time.

Mr Di Bartolomeo: Yes. Then another one at 1.30 pm.

CHAIR: That's before question time as well.

Mr Di Bartolomeo: Correct. This is with the minister.

CHAIR: Okay. At that point did you ensure that the minister understood the background to the gifting of those watches?

Mr Di Bartolomeo: No, because I had no background on the gifting of those watches other than what I had heard at Senate estimates earlier that day.

CHAIR: What did you say to the minister at both 1 pm and 1.30 pm—they're two very close phone calls?

Mr Di Bartolomeo: As I said earlier, in answering Ms Kitching's question, I took on board his position that he wanted us to support the investigation. There would be an investigation and he wanted us to support the investigation. He wanted us to look at a standing Christine down. I queried whether that was what he really wanted. He said, 'I'm going to come back to you' and we had the later discussion where that was all reaffirmed.

CHAIR: So the minister asked you to stand Christine Holgate aside—

Mr Di Bartolomeo: Yes—

CHAIR: when you spoke to him at 1 pm?

Mr Di Bartolomeo: Yes, at 1.09pm—and confirmed that 1.30 pm.

CHAIR: Then when he called again at 1.30 pm, that that is what he wanted you to do, at any point in that conversation did he say he had spoken to the Prime Minister?

Mr Di Bartolomeo: No.

CHAIR: Had you spoken to the Prime Minister during this day?

Mr Di Bartolomeo: I have never spoken to the Prime Minister.

CHAIR: You've never spoken to the Prime Minister, not once in your life?

Mr Di Bartolomeo: Not once in my life.

CHAIR: At 1.30 pm, when it was confirmed that the minister was asking you to stand Ms Holgate aside, did he say that that was at that the direction of the Prime Minister or that he had had a conversation with other members of the cabinet?

Mr Di Bartolomeo: No. What he did say was that he had a conversation with his fellow shareholder ministers so that it was coming from those shareholder ministers.

Senator KIM CARR: Did you regard that as a direction?

Mr Di Bartolomeo: No.

Senator KITCHING: How did you categorise it?

Mr Di Bartolomeo: It certainly wasn't a direction but clearly a strong desire on the shareholder ministers' part.

CHAIR: Hang on. He called you at 1.09 pm and said, 'I want you to stand Ms Holgate aside'. He called you again at 1.30 pm and said, 'Just confirming, I want you to stand Ms Holgate aside—

Mr Di Bartolomeo: I queried whether that was the best course of action. He said, 'Let me talk to my other shareholder ministers. He did and came back and confirmed the initial position.

CHAIR: But you didn't take that as a direction?

Mr Di Bartolomeo: No.

Senator KIM CARR: When the Prime Minister says he's [inaudible] instructed to do so, you don't regard that as a direction? He says publicly, that is on the floor of the House of Representatives—you don't think that's a direction?

Mr Di Bartolomeo: Just to get the timing right, following those two discussions I had with the minister, through Nick, our company secretary, I tried to organise a meeting of the board that afternoon to discuss this. It was clearly an important issue that had arisen. We first met—

Mr Macdonald: At 4 pm.

Mr Di Bartolomeo: at 4 pm. I had not heard—

Senator HENDERSON: Who is 'we'? When you say, 'We first met', the board?

Mr Macdonald: The board met.

CHAIR: Via teleconference?

Mr Di Bartolomeo: Teleconference, of course, yes.

CHAIR: Were all members of the board there?

Mr Di Bartolomeo: Yes.

Senator KITCHING: Mr Macdonald was there as well?

Mr Macdonald: No, I wasn't in attendance for that meeting. That was conducted as a private session.

Mr Di Bartolomeo: That's right, yes.

CHAIR: Were there minutes of this meeting?

Mr Di Bartolomeo: Yes.

Mr Macdonald: Subsequently.

CHAIR: Who took the minutes?

Mr Macdonald: I recorded the minutes based on instructions provided by the chair after the meeting.

Senator HANSON: But you weren't there.

Senator KITCHING: But the chair took notes; I think that's what—

Senator HANSON: And then you wrote up the minutes later. So you weren't there in person to hear what was said, and you took the minutes of the meeting. Just tell me how this happened.

Mr Macdonald: I drafted minutes based on instructions provided by the chair after the meeting. We had a telephone conversation and he told me what had happened during the meeting, and I recorded that in a draft and then provided it to the chair for review. Ultimately it went to the board for review and confirmation, in the way that board minutes ordinarily do. It just happened that this was a private session at which I was not in attendance.

Senator KITCHING: I think I asked you on 23 March if you could table some minutes. Are you able to do that today?

Mr Macdonald: Sorry, I don't recall the request.

Senator KITCHING: We discussed the minutes. I don't have any responses back from you yet at all, from estimates.

Mr Macdonald: The responses to estimates on 23 March are in preparation. We have drafts, but they have not yet been submitted to our shareholder department. To answer your question, rather than getting diverted on those questions, which we will respond to shortly: whilst it's unusual to produce minutes, given the confidential nature of those documents, given that those minutes relate purely to the matters that we are dealing with in this inquiry we can produce those and we will table a copy of those. They are consistent with what's in our submission.

Senator KITCHING: Today?

Mr Macdonald: Yes.

Senator KITCHING: Can we have them now so that we can review them?

Mr Macdonald: We will organise for them to be emailed through.

Senator KITCHING: No—if you give them to the secretariat, they will photocopy them for us.

Mr Macdonald: Sure.

CHAIR: I just want to clarify something. You convened a board meeting at 4 pm?

Mr Di Bartolomeo: Yes.

CHAIR: Were there any subsequent board meetings that day?

Mr Di Bartolomeo: There was one board meeting, but we took breaks. We had two breaks in between.

CHAIR: How long did this meeting go for?

Mr Di Bartolomeo: We started at 4 pm and went for—

Mr Macdonald: I can assist, perhaps; I've got the details in front of me. The minutes recorded that the meeting began at 4 pm and concluded at 6.20 pm. There were breaks between 4.15 pm and 4.45 pm, and between 5 pm and 6 pm. So, in effect, the board meeting was run across three sessions—from 4 pm to 4.15 pm, 4.45 pm to 5 pm and 6 pm to 6.20 pm.

Senator KITCHING: Mr Di Bartolomeo, did you take any phone calls during those breaks?

Mr Di Bartolomeo: Yes.

Senator KITCHING: With whom did you speak?

Mr Di Bartolomeo: We've got a scheduled list of—

Senator KITCHING: Can I ask you to table not the text messages but the incoming and outgoing phone calls from the 22nd. Can you table that for us?

Mr Di Bartolomeo: We can table that.

Mr Macdonald: I can address that. We have a summary of calls between mobile phone numbers for Ms Holgate and Mr Di Bartolomeo. Those have been derived from records obtained from Telstra of outgoing calls from each of those phones. We were advised by Telstra that they can provide records of outgoing calls to the account holders of those phones.

Senator KITCHING: I think if you get a detailed Telstra bill you can see incoming and outgoing, and you can also see the cell you're in. I have discovered this evidence myself, so I know what you can do.

Mr Macdonald: All I can report is what I was told second hand by Telstra.

Senator KITCHING: You would be able to get the phone bill.

Mr Macdonald: Australia Post is the account holder for Ms Holgate's phone. We obtained from Telstra, at Ms Holgate's request, a record of outgoing calls on 22 October. Telstra wasn't able to provide a record of incoming calls, and the advice we got was that that would require a relevant legal process like a subpoena.

Senator KITCHING: But you don't need to do that with the chair. What you can do with the chair is ask the chair for the record of incoming and outgoing phone calls and any relevant texts.

Mr Macdonald: I think we'll have to take that on notice. We have records of outgoing calls on 22 October from each of those phones and we have a summary of the calls between those two phone numbers. We can table that summary, and we can table those reports provided by Telstra. As I said, the one in respect of Ms Holgate's number was something that was provided to her previously.

Senator HANSON: In those phone calls that you're saying actually happened between Ms Holgate and yourself—and I presume, Mr Bartolomeo, it was actually with you—did you actually speak to Christine Holgate yourself after four o'clock that afternoon?

Mr Di Bartolomeo: Absolutely. Absolutely I did speak to her: two occasions calling me and then two further occasions me calling her.

Senator HANSON: What time?

Mr Di Bartolomeo: This is in what's going to be tabled, but—for the purposes of the discussion now—she rang me at 16:27, rang me again at 17:50, or 5.50. I rang her at 6.38—sorry, that was at 6.38, and the next one was the next morning.

Senator HANSON: Right. Wasn't it, in one of those calls that you put through to Christine Holgate, actually Sue Davies that you spoke to?

Mr Di Bartolomeo: No. I spoke to Susan Davies separately, when I rang her direct—

Senator HANSON: You tried to ring her as well, on her phone?

Mr Di Bartolomeo: On her phone; that's right.

Senator HANSON: That's right. And you rang Christine Holgate, who was in the car, and she said she couldn't talk to you. At this time also, which is in evidence from Christine Holgate, she had numerous phone calls and text messages from Tony Nutt.

Mr Di Bartolomeo: You're right. I was trying to get onto Christine. I was having trouble. I rang Sue, who I knew was with her, and said—

Senator HANSON: You made these phone calls, but it doesn't necessarily mean that you actually hooked up and spoke to her.

Mr Di Bartolomeo: If I may finish my answer. I asked Sue to ask Christine to ring me. She did ring me. We did speak. I spoke to her—I didn't speak to Sue again; I spoke to her. Both at the 4.27 time and the 5.50 time, we spoke about it. Look, there's no doubt Christine was very reluctant to stand aside.

Senator HANSON: Correct.

Mr Di Bartolomeo: She wanted to stay in the role. I said it would be far better for both her and us if she stood aside and just simply, for four weeks, dealt with the investigation that was going to take place, and I could put Rodney Boys, which ultimately we did, as acting CEO to take care of the operational issues during that time.

CHAIR: At what time did you tell the board that you had convinced Ms Holgate that she would stand aside?

Mr Di Bartolomeo: The third of those meetings, starting—

Mr Macdonald: Six.

Mr Di Bartolomeo: Six o'clock? Yes.

Senator HANSON: What confuses me is that, if she was having conversations with Tony Nutt and sending back emails to say that she wanted two weeks annual leave—that was her stance—why would she turn around and say to you that she would agree to stand down? That's what you took back to the board, and that was never the case.

Mr Di Bartolomeo: One of the discussions I did have with her was to say: 'Christine, why are you seeking to take two weeks leave? First of all, two weeks is not going to cover the four-week period of the investigation, and, secondly, why clear your leave at your expense when in fact we're asking you to do this body of work to prepare yourself for the investigation on full pay?'

Senator HANSON: She would be on full pay anyway, so the whole point was you needed her—

Mr Di Bartolomeo: No, if she was on leave she was clearing her leave.

Senator HANSON: If she was on leave she would have still been on leave. It was her decision to take leave. You needed her out of that position so you could put someone in to act in that position if she was stood down. And she denies—

Mr Di Bartolomeo: She stood aside.

Senator HANSON: the fact that she actually had that conversation with you.

CHAIR: Alright. I'm just going to go back to an order. Senator Carr.

Senator KIM CARR: Could I just come back to what was said to you, Mr Chairman—

Mr Di Bartolomeo: Yes.

Senator KIM CARR: by the minister, and the two phone calls, as I think you've indicated. There was a bit of confusion early on as to whether it was before question time or after question time. We've cleared that up—it was before question time.

Mr Di Bartolomeo: This was before question time, yes.

Senator KIM CARR: The minister, in the House, said:

I've ... asked the chair to inform the chief executive that she will be asked to stand aside during the course of this investigation.

Mr Di Bartolomeo: Correct.

Senator KIM CARR: That's what he said.

Mr Di Bartolomeo: And it's correct.

Senator KIM CARR: The Prime Minister said:

The chief executive has been instructed to stand aside and, if she doesn't wish to do that, she can go.

This was clearly before any board meeting had taken place, and I'm wondering why you wouldn't consider that to be a direction.

Mr Di Bartolomeo: It wasn't a statement made to us. In fact, I wasn't aware of that till sometime later, certainly after the board meeting. I was not listening to question time.

Senator KIM CARR: You might say that, but the minutes you've just handed up refer to the recent evidence to the Senate committee at estimates and media and political commentary and the comments made by the Prime Minister and the minister for communications in question time on 22 October.

Mr Di Bartolomeo: Yes.

Senator KIM CARR: I know these proceedings can be somewhat gruelling, and I'm not trying to make your life any more difficult, but there seems to be a considerable gap between what you have just said, what the minutes that you've just handed up say and what I would have thought would be a normal English language interpretation of the Prime Minister saying:

The chief executive has been instructed to stand aside and, if she doesn't wish to do that, she can go.

I would have thought that was a fairly clear direction.

Mr Di Bartolomeo: We didn't take it as a direction, but we understood what was said.

Senator KIM CARR: I see—you understood. The reason I say that is that there are quite specific legal requirements for governments in terms of issuing directions to Australia Post. Is that the case?

Mr Di Bartolomeo: Correct. That's the case, and that's why I say there wasn't a direction.

Senator KIM CARR: That's why you say that?

Mr Di Bartolomeo: That's right.

Senator KIM CARR: Can you go through your understanding of what the powers of a minister to issue a direction are?

Mr Di Bartolomeo: I'll take that question on notice.

Senator KIM CARR: Well, I think you can do better than that.

Mr Di Bartolomeo: I understand the notion, however, that there are formal processes for a direction to be given. The minister certainly didn't give me anything I interpreted as a direction, because I knew those formal processes had to take place.

Senator KIM CARR: I just want to get to the guts of this, because, if your interpretation was pending a formal letter, you should have had the board meeting. The whole question arises as to what is the nature of a formal direction, because section 49 of the Australian Postal Corporation Act says the minister for communications can give you a direction but he has to do so in a certain way, and furthermore he has to publicly declare that. That's all true, isn't it?

Mr Di Bartolomeo: Correct.

Senator KIM CARR: In fact, there have been no formal directions to the board in 10 years.

Mr Di Bartolomeo: Agreed. It's a very rare. In my time as—

Senator KIM CARR: It's an extremely rare event for the Prime Minister to stand in the House of Representatives and demand that the chief executive be stood aside. It's an even rarer event for any government GBE, I would put to you. Would you not agree?

Mr Di Bartolomeo: Certainly the direction is a very rare event. I agree with that.

Senator KIM CARR: Yes. But how would you interpret the Prime Minister's remarks other than as a direction—if not formal, clearly public—to you? Is that why you called the board?

Mr Di Bartolomeo: I called the board because the discussion I had with the minister was that they wished to take this investigation and have Christine stand aside while the investigation took place. That's the reason that I called the board: for us to discuss and consider that.

Senator KIM CARR: Did you not inform Ms Holgate that it was the Prime Minister's wish that she be stood aside?

Mr Di Bartolomeo: I did not inform her of that.

Senator KIM CARR: Did Mr Nutt not inform her to that effect? That's the evidence before the committee.

Mr Di Bartolomeo: I'm not aware that he did. I don't recall that at all.

CHAIR: So there was no formal direction?

Mr Di Bartolomeo: No.

CHAIR: However, you followed the wishes the minister had put to you, and you put that to the board. So, regardless of whether there was a formal direction, you did the minister and the Prime Minister's bidding, didn't you?

Mr Di Bartolomeo: I think that as board members you take on board the concerns, the desires and the wishes of the shareholders. That doesn't mean that the board will then do as they wish.

CHAIR: But they did.

Mr Di Bartolomeo: But it also doesn't mean that you don't consider all of the circumstances, including their desires but also the circumstances that came to the fore earlier that day.

Senator KIM CARR: But surely you would have been, in your induction process, briefed on what your powers and responsibilities as the chair were in terms of these legal requirements to act in accordance with a direction by the shareholder ministers. That would be part of your induction process, would it not?

Mr Di Bartolomeo: Yes, that's right.

Senator KIM CARR: If you haven't received that, it doesn't mean you'd ignore the minister. Remember I have served in these capacities for quite some time, so I understand the nature of how this is exercised. But this is an extraordinary event. That doesn't mean it wasn't issued; it just wasn't formally issued. Is that the nature of your evidence?

Mr Di Bartolomeo: No. My evidence is that I never considered it as a formal direction—formal or extraordinary, as you say, Senator.

Senator KIM CARR: Did you provide Ms Holgate with any procedural fairness, any natural justice provision? Did you seek any legal advice as to what her rights were in that regard, since there was no direction?

Mr Di Bartolomeo: No. What I asked of Ms Holgate was to agree to stand aside herself, for the benefits that I explained earlier.

Senator KIM CARR: Yes, but you've said here, in your minutes, that, if she did not do that, then consequences would follow: she would be stood aside.

CHAIR: So she was threatened.

Mr Di Bartolomeo: No. If she did not do that, then we would have to consider whether we would take other action, but we—

Senator KIM CARR: Well, it's more than 'consider'. I put it to you that that's not quite what it says.

CHAIR: It's an ultimatum.

Senator KIM CARR: It is. You've made it very clear what the ultimatum is. I'm just wondering: at what point was she provided procedural fairness or any access to natural justice, given there was no direction from the minister?

Mr Di Bartolomeo: The discussion I had with her was for her to volunteer to stand aside, for her to take that decision.

Senator KIM CARR: But that's not what the board says. The board made a decision—ultimatum. I'm asking you: what legal rights were made available to her in that context?

Mr Di Bartolomeo: What the board said is: if she did not agree to stand aside, then we would consider alternative action.

CHAIR: That sounds like exactly what the Prime Minister said in question time.

Mr Di Bartolomeo: But, if she did stand aside, then we didn't need to follow any other action and therefore it became irrelevant.

CHAIR: Senator Carr, we do have other questions.

Senator KIM CARR: Sorry; I apologise. I think we've got to the nub of the matter there, haven't we?

CHAIR: I think that's all very helpful evidence. Senator Van, you have a short series of questions.

Senator VAN: Mr Di Bartolomeo, yesterday you announced the new CEO, Paul Graham—correct?

Mr Di Bartolomeo: Yesterday, Paul Graham, yes.

Senator VAN: When did Australia Post commence the search for the new CEO?

Mr Di Bartolomeo: We effectively commenced it immediately. By 'immediately', I say first of all to find an appropriate headhunter to help us with that task. So that was the first task. But effectively we started that almost directly after 2 November.

Senator VAN: How long did that search take?

Mr Di Bartolomeo: It was a very extensive search, and we the board came to a conclusion on that search only a few weeks ago.

Senator VAN: When was the candidate considered by government? I assume you—

Mr Di Bartolomeo: Once the board came to a conclusion, I contacted the minister and said that we had a candidate that I'd like to put forward. He expressed a desire to meet or talk to the candidate, which was ultimately arranged, and subsequently our second shareholder minister also had that opportunity. During that process, the paperwork was prepared. Due diligence was completed. It went to cabinet mid last week. On the basis of their approval, we then finalised the contract with Paul. He was on holiday, celebrating—

CHAIR: Paul being the minister?

Mr Di Bartolomeo: I beg your pardon.

CHAIR: Paul being the new CEO?

Mr Di Bartolomeo: Paul Graham.

CHAIR: Let's be clear, because there are two of them.

Mr Di Bartolomeo: I apologise for that. Yes, there are two Pauls. Paul Graham was on holidays at Uluru, so we had a number of conversations trying to finalise things. It wasn't till Saturday morning that we were able to sign the contract and execute the contract.

Senator VAN: So why wasn't the announcement made once the contract was signed?

Mr Di Bartolomeo: I think we needed to prepare. Once the contract was signed, Paul Graham had to give his notice of resignation to his CEO, which he did later that Saturday. Then our respective comms people, both at Woolworths and ourselves, prepared the documentation ready for an announcement, and we were in essence completed late Sunday, ready to go Monday morning.

CHAIR: It does seem a bit convenient that it was announced the day before this hearing.

Mr Di Bartolomeo: It does seem that way, but they were unrelated matters. We were going to go ahead whenever we concluded the matter.

Senator KIM CARR: That's right, you didn't care what this committee decided, did you?

Mr Di Bartolomeo: By Senate estimates, I was questioned a number of times about where we were at, how long it was going to take and why it was taking so long. From my perspective, we lost our CEO back on 2 November—she resigned—and we started the process. It was very open, it was stated publicly, and we completed it.

CHAIR: Did you at any moment think that announcing it less than 24 hours before this hearing probably wasn't a good look?

Mr Di Bartolomeo: We were hoping to have the approval process completed sooner so we could have put more air between the two. But that didn't turn out to be the case; it wasn't intended to.

Senator VAN: But it would be reasonable to assume that you would be criticised whether you did it 24 hours before, 48 hours after or whenever it happened—is that correct?

Mr Di Bartolomeo: It's a fair comment.

Senator KITCHING: I want to go back to the time line of your phone calls, but can I start with the approval process for credit card expenditure. My understanding is that previously—for example, when Mr Mortimer was the chair of Australia Post—the approval process for the CEO's credit card was done by the chair. When did it move from the chair to the CFO?

Mr Di Bartolomeo: I don't know. But it was the practice before I came in.

Senator KITCHING: Do you think it's appropriate that the CFO and the CEO approve each other's expenditure?

Mr Di Bartolomeo: It's not best practice—and that's why we've changed it.

Senator KITCHING: When did you change it? Presumably it was after 22 October.

Mr Di Bartolomeo: Yes, it was after 22 October. I was asked the question: independent of the investigation, what did we do? We reviewed all our processes. We came up with a number of opportunities for improvement. At the end of the day, all businesses go through a continuous improvement process. We identified opportunities to better manage those particular issues and we have taken those actions, including that particular one.

Senator KITCHING: Is the head of internal audit approving the CEO's—

Mr Di Bartolomeo: No.

Senator KITCHING: That used to be the case—they used to be the co-approver.

Mr Di Bartolomeo: No, the CFO was approving the CEO's expenses.

Senator KITCHING: Yes, and she was approving his. So it's a pretty cosy arrangement going on.

Mr Di Bartolomeo: Now I approve the CEO's—

Senator KITCHING: So you've gone back to how it used to be done?

Mr Di Bartolomeo: Correct. To be fair, it's what I'm used to in other boards.

Senator KITCHING: Yes. I was very surprised that that arrangement was in place.

Mr Di Bartolomeo: It was just a practice that was in place—

Senator KITCHING: From Mr Fahour's time?

Mr Di Bartolomeo: Yes.

Senator KITCHING: Senator McKenzie mentioned—and it is certainly in Ms Holgate's statement—that there really is a culture of largesse at Australia Post. Are you reining that in? I understand that Australia Post had two boxes at last year's AFL grand final. It was a little confusing for people, because I think they were in opposite directions; there was an Australia Post box in both directions at an entry point. Are you reining this in?

Senator KIM CARR: Is that—

Senator KITCHING: I have no idea. I would assume that people in a box might be civilised. Why do you need two boxes at a grand final? Why is there this culture of largesse at a taxpayer funded entity?

Mr Di Bartolomeo: First of all, I wasn't aware of any boxes at any grand final. I've been made aware of it subsequently.

Senator KITCHING: Two boxes.

Mr Di Bartolomeo: I said we reviewed all of those issues, and we've taken action to rein in some of those. That's not to say there won't be occasions where we want to entertain key suppliers and customers.

Senator KITCHING: I understand.

Mr Di Bartolomeo: It's an important aspect of maintaining appropriate relationships. But, as a GBE—and I've been involved with managing GBEs at the state and federal level virtually all my career, both as a CO and as a director—we certainly should be far more restrained than normal commercial businesses and enterprises in the private sector.

Senator KITCHING: Yes, I think that's right.

Mr Di Bartolomeo: And I accept that. And we have done that.

Senator KITCHING: So what are you doing about it?

Mr Di Bartolomeo: Well, we have already done that, and we'll continue reviewing what might be appropriate. It's not a question of banning it outright; it's a question of doing what's appropriate.

Senator KITCHING: Can I go to your time line? The minister phones you at 1.09 and phones you back at 1.30 to confirm. Do you speak to him again that day?

Mr Di Bartolomeo: Yes.

Senator KITCHING: When do you speak to him?

Mr Di Bartolomeo: At 3.43.

Senator KITCHING: Going back to the 1.09 conversation, at 1.09 he says to you, 'The CEO needs to stand aside,' or words to that effect. Does he mention having spoken to the Prime Minister?

Mr Di Bartolomeo: No.

Senator KITCHING: But that's what he says to you—that the CEO needs to stand aside.

Mr Di Bartolomeo: Yes.

Senator KITCHING: Does he use the words 'stand aside'?

Mr Di Bartolomeo: Yes, he did.

Senator KITCHING: Not 'terminated'?

Mr Di Bartolomeo: No.

Senator KITCHING: 'Stand aside'.

Mr Di Bartolomeo: 'Stand aside'. When the minister first asked it, I said that, in standing aside, our concern wasn't that she was being dismissed or wanted to be dismissed. My concern with the minister was: we've got a really good CEO in the middle of a very significant transformation program; how is our CEO going to take this standing aside? It was a questioning, no doubt, of what she had done.

Senator KITCHING: Did he frame it that she had to stand aside because there was an investigation?

Mr Di Bartolomeo: Yes, very much so.

Senator KITCHING: So then you speak to him. At 1.30 he phones back to say—

Mr Di Bartolomeo: To confirm.

Senator KITCHING: 'All good.' And then we have question time. In that, the Leader of the Opposition asks Mr Fletcher:

My question is also addressed to the minister for communications. When did the minister first learn about the 2018 purchase of four Cartier watches, valued at \$12,000, by Australia Post with taxpayer funds?

You'll note that he does say '2018', so the minister is aware. I think there has been some suggestion that some people were confused about what was being suggested when the purchase was made, but it was 2018, as the minister was informed by that question from Mr Albanese. There's a bit of interjection. Mr Fletcher says:

I indicated in my previous answer that I was shocked to discover that—

More interjecting—

... when it was revealed in estimates this morning.

Then he says:

I've concluded my answer.

So he never knew this. To your knowledge he never knew that that happened in 2018?

Mr Di Bartolomeo: To my knowledge, relative to the discussion I was having, it seemed very much to me that he was unaware of it and was surprised about it, and that's why he wanted to do this investigation.

Senator KITCHING: And you weren't aware of it either?

Mr Di Bartolomeo: At that point it was just under one year that I'd been there. I certainly wasn't there in 2018.

Senator KITCHING: So you joined in 2019?

Mr Di Bartolomeo: End of 2019, yes—November or thereabouts.

CHAIR: Do you think they overreacted?

Mr Di Bartolomeo: I think parliament as a whole overreacted. From the questions that were put by the opposition to the responses that were given, I think there was a significant—

Senator KITCHING: Sorry, you don't think that we should have. Mr Boys was unable to give me a breakdown of expenditure—credit card expenses. Do you remember that? He said he couldn't give it to me because there was coronavirus on. That would assume that he had to go into an office. I assume Australia Post has the latest bells and whistles in terms of financial software. I was very surprised that Mr Boys couldn't answer those questions. Not only that, he couldn't answer them in a question on notice. I don't know whether you've realised this, and it would seem to me that some others at Australia Post might not have realised it, but you are funded by the taxpayer, so asking any questions about any expenditure—that's the way it goes. And taxpayers have an absolute right to know what you're spending. Do you know what? Australia Post really takes no risk. It takes no risk because, if something dire happens, you can come back and get some money out of consolidated revenue. That's what being a taxpayer funded organisation means. So when you say there was a total overreaction from the parliament, I think that you misunderstand the role of the entity.

Mr Di Bartolomeo: Let me just clear that. First of all, I totally support the notion that these are taxpayer funds, and I said so clearly in my statement to Senate estimates on 9 November. I think the comment that Christine made that day, in many ways, was a bigger sin than the watches.

CHAIR: So much of a sin that it was right to hound her out of a job?

Mr Di Bartolomeo: We did not hound her out of a job.

CHAIR: But you didn't stand up for her, did you? The minister called you and said, 'I want her to stand aside.' He called you again 15 minutes later and said: 'I'm still sure. I want you to stand her aside.' You went into a board

meeting without even a formal direction and gave her an ultimatum. At what point did you stand up for natural justice and a fair go?

Mr Di Bartolomeo: Having an investigation—that investigation was going to take place. It wasn't our decision. It was an independent investigation called by the shareholder minister to be undertaken independently by the departments using outside legal counsel. That was in place. On the basis that that was in place, we came to the judgement—yes, in the background that the minister would like her to stand aside—as a board that it would be best for her to stand aside, concentrate for those four weeks on those issues and deal with the more significant operational issues that we had with an acting CEO.

CHAIR: Senator Hanson has some questions as well.

Senator HANSON: Just on this one point—sorry, I've just lost it.

CHAIR: I'll come back to you.

Senator KITCHING: I want to keep going through the time line. We have question time, and Minister Fletcher then phones you at 3.43.

Mr Di Bartolomeo: Correct.

Senator KITCHING: When did you first phone Ms Holgate? Did you phone her after 1.09?

Mr Di Bartolomeo: Yes.

Senator KITCHING: What time?

Mr Di Bartolomeo: At 1.13—sorry, 1.14; the first one dropped out. And then once again at 1.35, and then once again at 2.17.

Senator HANSON: Did you actually speak to her or just try to?

Mr Di Bartolomeo: Yes, I did speak to her. I rang her number and we spoke. Christine and I had a really good working relationship. We would talk, in normal circumstances, three or four times a day. It was very usual for us to speak, including this day, in light of the circumstances.

Senator KITCHING: So at 3.43 the minister phones you again.

Mr Di Bartolomeo: At 3.43 the minister rings me and asks what we were doing. I said we had organised a board meeting to discuss and consider the matters that he'd raised, which was going to take place—

Senator KIM CARR: But you did respond to his request, his direction?

Mr Di Bartolomeo: His request. I took it as a request. That doesn't mean the board ignores that request, but it considers it as part of the overall evidence.

Senator KITCHING: Did you think to ask him, when he phoned you at 1.09 that he should actually ask for a section 49 direction?

Mr Di Bartolomeo: No. We hadn't got the law books out. He was just asking—

Senator KITCHING: I don't think it's a matter of getting the law books out. I think it's just that if the minister phoned, I would assume there was some urgency to his tone.

Mr Di Bartolomeo: He did.

CHAIR: Senator Kitching, we are going to go to some other questions from other senators.

Senator KITCHING: I don't really want to spend the time going through the chair's phone records, but I would like you to table relevant phone calls for the committee. All relevant telephone calls, including any phone calls from the minister's office, not just the minister. I want to make this as broad as possible.

Mr Macdonald: Perhaps if I can address that, we have tabled the telephone records for the chair, which are the outgoing calls from his number, so that will pick up all the calls.

Mr Di Bartolomeo: All my calls.

Senator KITCHING: All of your phone calls?

Mr Di Bartolomeo: All of my calls going out. I could not get incoming calls from Telstra.

Senator KITCHING: But you would have had a record. Were there any relevant text messages? Did you receive any text messages?

Mr Di Bartolomeo: No. There were no relevant text messages.

Mr Macdonald: I might mention one thing in respect of those phone records, both for the chair and Ms Holgate: they list lots of outgoing calls on lots of numbers, and I would request that the committee treat those records with sensitivity, given the personal information.

Senator KITCHING: Yes, and I'm not suggesting that we do anything else.

Mr Macdonald: Just in terms of publication and so on.

Senator KITCHING: I agree with you, yes.

Mr Di Bartolomeo: My phone is my personal, private phone. It's what I use to contact my family, other businesses—

Senator KITCHING: I think I'm the only parliamentarian who pays her own telephone bill, so I'm with you, Mr Di Bartolomeo.

Mr Di Bartolomeo: I'm on your side.

CHAIR: Senator Kitching, I'm going to go to Senator Canavan.

Senator KITCHING: I do have more questions, Chair, so I'll come back.

CHAIR: Yes.

Senator CANAVAN: Now that I have the call, could I just ask the secretariat for another copy of the opening statement? Thank you for joining us today, Mr Di Bartolomeo. I just want to go to the opening statement. I think you've explained here that Christine—or Ms Holgate; you refer to her as Christine—resigned in the context of a situation where there was increasing media focus and commentary that, I suppose, was distracting the organisation, was it, in your view at the time?

Mr Di Bartolomeo: It wasn't so much distracting the organisation; it was having an impact on Christine, as she quite clearly pointed out today in her evidence. That was her judgement as to why she felt her position ongoing was untenable.

Senator CANAVAN: So there wasn't—

Mr Di Bartolomeo: It wasn't us.

Senator CANAVAN: You weren't distracted at all from her leaving?

Mr Di Bartolomeo: From her—?

Senator CANAVAN: From her standing aside and then ultimately resigning. That wasn't a distraction to the organisation at all?

Mr Di Bartolomeo: It was a distraction for us, but we dealt with that and we put in place the circumstances where we had teams who were concentrating on the real business of Australia Post and we had people put aside to deal with the investigation that took place.

Senator CANAVAN: I would struggle to believe that it wasn't somewhat of a distraction. We heard some evidence this morning from some of your existing staff who referred to division. How would you describe the morale of Australia Post at the moment?

Mr Di Bartolomeo: I believe the morale of Australia Post—there was clear shock, first of all, at the evidence, the need to ask her to stand aside, the independent investigation that was taking place and then, more importantly, the shock that she resigned. That was a significant shock to the organisation and to us as a board. But, importantly—and I think it's telling—that largest parcel delivery activity ever undertaken by Australia Post, in the lead-up to that Christmas period, not only was the largest, and, as I said, under difficult operating conditions; it was very successful. I think it showed the character of the organisation to get on with the job when they were required to get on with the job.

Senator CANAVAN: There still does seem to be a lot of division among employees, unions and the Licensed Post Office Group, an important partner for yourselves. What is the plan that you're implementing to try and repair those fractured relationships?

Mr Di Bartolomeo: I said in my opening statement that Christine was a very good CEO, and there's no doubt she had a lot of support—rightly so. But we've got to move on. We've appointed a new CEO. I believe we've appointed a CEO that will take up the reins of what Christine left it with and continue forward and onwards. The LPOs, for instance, and their concerns about potential privatisation and the like—there is no such evidence and no such initiative on the board's part, in our corporate plan, in our corporate strategy. We're developing our next round of corporate planning, and there is absolutely no such desire or intent to do that, to change, particularly, the regional and rural LPOs that are out there in the system.

Senator CANAVAN: Given that, as you say, Ms Holgate has a lot of support among your employees and important clients and suppliers, and given that Ms Holgate this morning has called for your resignation, would it not be better for Australia Post if you were to leave now as well?

Mr Di Bartolomeo: I think Australia Post has been taken through a very difficult patch, and my view is—and until I believe differently I will not be resigning—that I certainly don't believe it would help; I think it would further hinder the organisation going forward. We are going to have a new CEO in place, taking up in the next few months, and I think the stability with the board is essential at this point in time.

Senator CANAVAN: Do you think you, as chair, have effectively managed the exit of Ms Holgate from the organisation, over the past few months?

Mr Di Bartolomeo: What's got to be understood is that Ms Holgate, on 2 November, offered her resignation. From my perspective, a resignation is a unilateral action. Someone who wants to resign resigns, or doesn't. The only issue that had to be managed, post her resignation, was one of: she wanted to have the resignation effective immediately. She was under contractual obligations to actually give us six months notice. The board understood the circumstances she was in and in fact agreed to allowing her to take her resignation, effective immediately. Unfortunately, we then, appropriately, sent a letter to her saying, 'Let's acknowledge that we're changing this contractual condition'—her condition, that she asked for and we agreed to, and that, likewise, she said she didn't want financial compensation and we were just accepting that.

Senator CANAVAN: Just going to that day and this question of the management of what was clearly a difficult process: correct me if any of this is wrong, but, on the time line provided by Ms Holgate, she says that at 10.46 am she sent you and the board a letter—

Mr Di Bartolomeo: Yes.

Senator CANAVAN: on 2 November, offering her resignation. By 1.30 pm that afternoon it was being reported on Sky News. How can you say that you've managed this delicate, sensitive process well, when you've presided over a situation where a personal, obviously difficult decision of your CEO has ended up leaked to the national media within hours of it being provided to the board?

Mr Di Bartolomeo: We did not leak any information to Sky News or any other—

Senator CANAVAN: So you're suggesting Ms Holgate did or people associated with her did?

Mr Di Bartolomeo: I don't know what others did. What I'm saying is: at Australia Post, we did not leak it.

Senator CANAVAN: How do you know, though? How do you know that Australia Post did not leak it?

Mr Di Bartolomeo: Certainly the board and management did not leak it. Those who knew—

Senator CANAVAN: Did you conduct—

Mr Di Bartolomeo: Sorry. Those who knew of it—which was very limited: the board and Nick and maybe one or two others—were tied up.

Senator KIM CARR: So who else had access to the correspondence?

CHAIR: Who was told, Chair?

Mr Di Bartolomeo: I don't know. The correspondence wasn't ours. It was Christine's. And, as I heard in her evidence this morning, she prepared that and was waiting around with a number of people at her end. She also—

Senator KITCHING: Did you send it to the minister's office?

Mr Di Bartolomeo: I—

Senator CANAVAN: Just to clarify 'did you': did anyone from Australia Post send it to the minister's office?

Senator KITCHING: Yes.

Mr Di Bartolomeo: I don't believe we did.

Senator CANAVAN: But did anybody? Did you conduct any investigations about the events of 2 November around who leaked this or have you asked any questions?

Senator KIM CARR: Mr Macdonald, [inaudible] you'd say something here.

Mr Macdonald: Yes, alright. We haven't conducted any investigation into the allegation of a leak to Sky News. I note what Sky News was reporting was that there were rumours of a resignation. But no—that's only something that has been raised by Ms Holgate in her submission. We can take on notice conducting an investigation, but I'm not quite sure how that would be done.

CHAIR: As chairperson, when did you inform the minister that Ms Holgate had sent in her resignation?

Mr Di Bartolomeo: I don't have a direct record, but I did ring before our board meeting—at 1 o'clock?

Mr Macdonald: Yes.

CHAIR: And what time was it broken on Sky News, Senator Canavan?

Senator HANSON: It was 1.30.

CHAIR: So, at one pm, you informed the minister that Ms Holgate—

Mr Di Bartolomeo: Before—

Senator HANSON: They had the board meeting.

CHAIR: So before 1 pm you'd informed the minister that Ms Holgate had resigned?

Mr Di Bartolomeo: I can't be certain of whether I informed the minister or the minister's office or as to whether I contacted him or not.

Senator KIM CARR: Was it a verbal report? Was the correspondence communicated to any of the ministers or the ministers' offices?

Mr Di Bartolomeo: No, we didn't send the correspondence—not at that stage.

Senator KIM CARR: When did you send the correspondence?

Mr Macdonald: We will have to take that on notice. I don't have a recollection of any written notice to the minister's office at the time.

CHAIR: Who did the notification to the minister or the minister's office? Was that you, Mr Chairman?

Mr Di Bartolomeo: Yes.

CHAIR: Was that a phone call?

Mr Di Bartolomeo: Yes, it was a phone call.

CHAIR: You can't remember whether you spoke to the minister or to a staff member?

Mr Di Bartolomeo: Correct. I don't recall.

CHAIR: Oh, come on!

Mr Di Bartolomeo: I remember passing it on. I don't believe it was the minister, because those calls tend to stand out more in my mind.

CHAIR: You would think so, wouldn't you? Yes.

Mr Di Bartolomeo: So I'm assuming it was someone in the minister's office.

CHAIR: Okay. But it was a phone call from you to inform the minister—whether to his office or not—that Ms Holgate had resigned?

Mr Di Bartolomeo: That is the best of my recollection, yes.'

CHAIR: Senator Canavan, I am going to go to Senator Hanson.

Senator CANAVAN: I still have some on this line of questioning.

CHAIR: Okay, very quickly.

Senator CANAVAN: On this day, 2 November, I believe that on Ms Holgate's time line—correct me if you think differently here—she mentions that at 3.15 pm a journalist from *The Australian* shared a copy of the media statement that Australia Post had made, saying that she had resigned. I have here, in her evidence, that you yourself personally emailed Ms Holgate at 4.13 pm on 2 November with a copy of the press release. So did Australia Post provide the press release announcing Ms Holgate's resignation to the media before they provided it to Ms Holgate?

Mr Di Bartolomeo: I am not aware. I would have to take that on notice.

Senator CANAVAN: Take that on notice.

Mr Di Bartolomeo: Can I say that, when she sent in her letter of resignation, she also sent with it a copy of a press statement that she was releasing at two o'clock, and in the letter of resignation she said that, whatever occurred between then and two o'clock, in any event she was releasing that press release at two o'clock. Those were her words: 'in any event'.

Senator CANAVAN: Okay. Could you just take on notice the timing. I had some other questions about the evidence that you provided to estimates. That might take a while, so it sounds like I need to give up the call.

Senator KIM CARR: There is a more general question, Chair, if you wouldn't mind.

CHAIR: Yes.

Senator KIM CARR: I mentioned the question of procedural fairness and natural justice. I think that should also be accorded to you, Mr Chairman. There's been a series of allegations made about your evidence. As you know, the Senate standing orders are quite clear about misleading evidence, so I think you should be given the opportunity to respond to the evidence that has been put to us and the contradictions. We have already indicated that the committee is going to have another hearing. I put this advice to you—

Mr Di Bartolomeo: Thank you.

Senator KIM CARR: that there be a careful examination of what has been said and the differences between your evidence and what has been tendered. You could make a supplementary submission responding to those allegations.

Mr Di Bartolomeo: First and foremost, I have never lied to the Senate estimates.

Senator KIM CARR: It is not just the Senate estimates.

Mr Di Bartolomeo: Or in the evidence generally.

Senator KIM CARR: There is an opportunity to correct the record under standing orders.

Mr Di Bartolomeo: Ms Holgate did actually pick up two comments that I made in the Senate estimates on 9 November where she claims that I lied. Clearly, the evidence I gave was not 100 per cent accurate, and we went back and corrected that for the record. It related to a letter that was sent by her to the minister on 31 March and whether I had seen it. I certainly was aware of all of the content. That is what I answered to the question. I didn't think I had seen it, but in actual fact I had seen it, and we've corrected that.

The second one was to do with the BCG report, where I said I hadn't seen the final draft. The reality is I had seen a draft. I think I said something along the lines that we'd had various meetings with BCG and I'd seen various elements but I wasn't sure that I had seen the final draft. In actual fact, I had seen the final draft, and again we corrected it. They were the two primary issues where she said I lied.

Senator KIM CARR: So you feel you don't need to respond to anything further?

Mr Di Bartolomeo: I'm not quite sure what she is referring to.

CHAIR: Senator Hanson.

Senator HANSON: Thank you very much. You speak very highly of Christine Holgate and the work that she has done as CEO of the organisation. You said she's been absolutely fantastic, to the point where there was \$7½ billion of revenue and you had group revenue growing by seven per cent, adding \$500 million from the previous year and over \$700 million excluding letters. Corporate costs are down over \$60 million. It just goes on and on. The post offices' profitability grew, and a new agreement was secured—the first in 27 years. She's been the best CEO that you've had for a long, long time, and we see the growth in Australia Post. Yet this person turns up and gives a letter of resignation and you do absolutely nothing about it. You didn't pick up the phone. You didn't say: 'Christine, we can't accept this. How are you mentally? You should not be handing this resignation in now.' What did the board do to actually say, 'We don't want to lose you'? You said she was the best CEO you've had, you gave her a 95 per cent rating and yet you did absolutely nothing to try to keep her in that position. Why?

Mr Di Bartolomeo: First of all, she's the only CEO that I've known at Australia Post, but she was a good CEO, so I'm not detracting from that, and I said she was a good CEO. But we went through a process in the 10 days between the 22nd and the 2nd where she came to a conclusion that it was untenable for her to continue, and the board reluctantly came to the same conclusion, albeit it was a loss. I don't disagree with what you're saying—that it was a loss. But there comes a time when you have to move on, and that time had come for both of us.

Senator HANSON: When there were statements released to the media that she spent \$700,000 or \$800,000—there were two reported figures—on things to do with plants and then she was accused of spending on limousines or nails or cosmetics or whatever, where were you to defend her? You know that that \$700,000 or \$800,000 had nothing to do with her; it was the previous CEO. That was an agreement. So what did you do?

Mr Di Bartolomeo: I didn't know whether the \$700,000 was approved by her.

Senator HANSON: But you have a board there who were directors during the time of the previous CEO, so you as the chair should have looked it up to see whether this was right and defend the woman being accused of things that never happened.

Mr Di Bartolomeo: That's exactly what we did. We did try and look it up. It wasn't a question of looking it up in five minutes. There was a lot of work done on all of the expenditures.

Senator HANSON: At what time did you actually defend her? Give me one example of where you went to the media and said, 'This is not right; she didn't do this.' At what point in time have you ever defended her and set the record straight?

Mr Di Bartolomeo: There was no way I could go to the media and say, 'It's not right; she never did this,' because I don't know what she did. That was what the investigation was going to do. It was the work we were going to do. My personal view is that I don't believe she did anything out of the ordinary.

Senator HANSON: It was proven in this report.

Mr Di Bartolomeo: But I had no proof of that. The investigation had to take place.

Senator HANSON: Alright. Tell me in your words what you think the investigation was supposed to be about.

Mr Di Bartolomeo: To identify not only the circumstances surrounding the four watches but expenditure of that kind more generally and whether there were any and who knew of—

Senator HANSON: It was an investigation into the board and the executives and the whole organisation, wasn't it?

Mr Di Bartolomeo: I'm sorry?

Senator HANSON: It was an investigation basically into Australia Post, to do with the expenses, the cost, the running of it and everything like that, wasn't it?

Mr Di Bartolomeo: Yes, it was.

Senator HANSON: Right. For how many hours were you investigated by Maddocks? For how many hours were you interviewed?

Mr Di Bartolomeo: I was interviewed for about an hour or an hour and a half.

Senator HANSON: What about the rest of the board members? Were they all interviewed?

Mr Di Bartolomeo: Most were. I don't think all were, though.

Senator HANSON: What about the executives? How many?

Mr Di Bartolomeo: A number of them. I don't know how many.

Senator HANSON: Christine Holgate was interviewed for nearly five hours, as if the whole matter revolved around just the watches. They were trawling through emails and expense accounts for the last three years. This whole matter seemed like it was just to get Christine Holgate. It's come out in the report that she did absolutely nothing wrong.

Mr Di Bartolomeo: The report doesn't quite say that. The report says there was no—

Senator HANSON: There was no dishonesty. There was no fraud.

Mr Di Bartolomeo: It says all of that, and I agree with that. But the report did say that the expenditure with specific regard to the watches was not consistent with the purpose of resource expenditure at Australia Post, and it was a technical breach on that score.

Senator HANSON: You said that, if you were in charge of the board, you would not have approved it. It had nothing to do with the board. She had an expense account of up to \$150,000 to give as rewards if she wanted to. She didn't have to pass this by the board. That's why it was not passed by the previous board. That's why the board said they had no record of it and no meeting. It didn't have to go past the board, and that's why there is nothing on it. So she didn't do anything underhanded; it was not required of her to pass that by the board.

Mr Di Bartolomeo: There is no doubt she has a delegated authority that is far higher than \$20,000. But that doesn't mean she can do anything she wishes with her delegation. The delegation still has to be used with absolute discretion and consistent with using taxpayer funds. That's the whole purpose of this exercise. Did she spend \$20,000? I answered that if I was there and aware of it, and obviously I wasn't there and wasn't aware of it, I would have said something about it. My experience, in my time working for government business enterprises, is that you don't do things of that elaborate nature because it's not appropriate.

Senator HANSON: Have any large cash bonuses been given to any executive board members in the last couple of years since you've been there?

Mr Di Bartolomeo: Board members don't receive any bonuses.

Senator HANSON: Executives.

Mr Di Bartolomeo: Executives don't receive bonuses. They receive a remuneration package that includes a short-term incentive. It's part of their formal contractual obligation. They have a fixed amount and another amount that's available depending on performance. The 95 per cent you spoke of was the KPIs that measured that last year or the year before—I forget which one. That was the issue. I take exception to the word 'bonus' being used. It implies that there is this broad laissez-faire attitude of giving out money for the heck of it. The reality is that we recruit people, largely from the private sector, in a marketplace with people who have the experience to deal with what we have to do. The contract we enter into, which is clearly laid out, says, 'This is your fixed annual remuneration'. A proportion of that, and it depends on your level in the organisation, is the STI. It is measured against a number of KPIs. It is not a bonus.

Senator HANSON: I want to go to the letter of resignation that you received from Ms Holgate. You state that you had a board meeting at 1 o'clock. You received that letter, and the statement provided by Christine Holgate, at 10.46 that morning. It was released to the media at 1.30. And you can't answer how that got out.

Mr Di Bartolomeo: Correct.

Senator HANSON: Ms Holgate did not release it because, in her letter, she also said that she was waiting for your favourable response to it. You never responded to her at all that day in regard to that letter, did you?

Mr Di Bartolomeo: We did respond to her.

Senator HANSON: When?

Mr Di Bartolomeo: Later that afternoon. In that same letter that you're referring to she says that she was going to make that public statement whether we answered her or responded to her in time or not. Her deadline was 2 o'clock.

Senator HANSON: As she indicated, it was an 'offer' of resignation. She didn't say, 'I'm resigning.' She said, 'I'm offering to resign.'

Mr Di Bartolomeo: My view is that the resignation is one way. But we accepted her offer.

Senator HANSON: Without any counteraction of going back to her and saying, 'We're not accepting this because of your mental condition.' Under the circumstances, it was your duty of care not to accept that letter of resignation. Upon that, you followed up with a letter asking her not to seek employment with anyone else and saying she was not to speak to the media about Australia Post for a period of time. You put stipulations on her. You wanted to draw up a further agreement. Is that correct?

Mr Di Bartolomeo: No. We did not put any further limitations on her. In fact, we released her. Under her contract, she has two obligations: if you want to resign, give six months notice; and then, once your resignation becomes effective, you are constrained from competing or from poaching customers or staff for a further six months. We in fact agreed to her request for an immediate resignation and released her from that six months notice. For the following six months she is, under her contract, obliged to not enter into a job in competition with Australia Post.

CHAIR: The issue is that you didn't want her to take any legal action against Australia Post, did you?

Mr Di Bartolomeo: No, the issue was simply that she had made a statement that she didn't want any financial compensation and we wanted her to confirm that that was what she was saying.

CHAIR: Senator Hanson, I'm going to go to Senator Henderson in a moment. Do you have a final question?

Senator HANSON: You said you had put in place a CEO. You actually announced that and you put that in place. You knew that this Senate inquiry was going to come up, yet you still announced it. I know we've covered this but, if you think she's such a good CEO, why didn't you ask her to come back?

Mr Di Bartolomeo: She resigned on 2 November. We accepted that she would resign. As you say, she offered and we accepted. The rationale for that was that, notwithstanding that she was the CEO, when you go through the circumstances that she went through, she came to the conclusion that it was untenable for her to continue. We reluctantly came to similar conclusions: that it was untenable.

Senator HANSON: Because she didn't have the support from you or the board, and you did not give her the support that she needed. The fact is that I have a real interest in the BCG report, because under that report the intention is to actually cut financial services from post offices. You are actually going to look at privatisation of the parcel post and also financial services. That will make a big difference. She opposed that. She did not agree with it. So why would you have a CEO in place who is going to oppose all of this? It was known that she opposed what was in that report. It has only just been tabled today.

Mr Di Bartolomeo: Let me say this. First of all, the BCG report hasn't been released.

Senator HANSON: It's been tabled today. We know what is in it.

Mr Di Bartolomeo: What I'm saying is that it hasn't been released by government. No instruction has come to us about any of those actions. More importantly, we commenced our strategic planning process for this next year and it was introduced by our shareholder minister, Minister Fletcher. In his opening remarks, before we got onto the details of how we were going to finalise our strategy for the coming year, he made three comments to us. The first was to ensure that our plans fully respect and adhere to what I call the community service obligations that we have at Australia Post, in full. That second was to ensure that we manage to run all this on a financial sustainability basis—that is, make enough profits that we can continue operating without handouts from the government. Thirdly, he said, 'And, if you can make a little more profit, that would be nice.' But, importantly, there was no direction and no indication of a change of strategy in regard to our community service obligations.

Senator KIM CARR: I think we're going to need to bring you back, because all of those issues are matters of deep contention. Can I indicate, Madame Chair, that I have a document here which goes to service delivery in Western Australia. For 17 March 2021, this is the Western Australian deliveries tracking daily update. There are a couple of other dates.

CHAIR: We can table it.

Senator KIM CARR: I will table the document. For 15 March 2021 in Western Australia, it is due to staff shortages. I will table that, and I will raise this matter with you next time we see you. We will go specifically to the government reactions in terms of the Boston Consulting Group report and various—

CHAIR: Thank you, Senator Carr. I'm going to go to Senator Henderson now.

Mr Di Bartolomeo: Could I give a quick response, for clarity, to a question earlier: after receiving her resignation, apparently I did email both chiefs of staff to our shareholder ministers at 11.45 that day.

CHAIR: You emailed them simply the notification?

Mr Di Bartolomeo: The notification.

CHAIR: Can we have a copy of that email? I'd like you to table that.

Senator KIM CARR: At 11.45?

Mr Di Bartolomeo: Yes, 11.45.

Senator KIM CARR: To the chief of staff?

CHAIR: No, that was to the two ministers' chiefs of staff.

Mr Di Bartolomeo: Sorry, let me correct that; it's to the department, to Andrew Jagers, and to the chief of staff for Minister Fletcher.

Senator HENDERSON: Mr Di Bartolomeo, have either of the shareholder ministers for Australia Post ever indicated to you an intention to privatise any part of Australia Post?

Mr Di Bartolomeo: None whatsoever. When Minister Fletcher first contacted me about this potential role, his concern was, 'I want someone to come in and ensure that we maintain financial sustainability.' That was the driver: how do we maintain financial sustainability? Notwithstanding the good performance, our profitability over the last three or four years was in decline. Our revenue might have been going up, but our profitability was in decline.

Senator Hanson interjecting—

Mr Di Bartolomeo: No, during Christine's time as well. I'm not blaming her; I'm just saying those are the circumstances of the marketplace.

Senator HENDERSON: There have been some suggestions made today in this hearing as to Australia Post's intention or some sort of plan to privatise, but you categorically reject that?

Mr Di Bartolomeo: Categorically—never discussed in any fashion.

Senator KIM CARR: Except that's what the report says.

Senator HENDERSON: Sorry, Senator Carr, I've got the call.

Senator KIM CARR: That's what the report says.

CHAIR: Senator Henderson has the call.

Senator HENDERSON: Just to finish your answer: you categorically reject any suggestion to that effect?

Mr Di Bartolomeo: That's right. I have never discussed, coming either way, privatisation or any notion of that. The BCG report was not our report, and we certainly did not recommend anything to BCG along the lines you're talking about.

Senator HENDERSON: Have the shareholder ministers set out their expectations for Australia Post, and, if so, what are they?

Mr Di Bartolomeo: It's along the lines I spoke of earlier. The minister gave us the primary objectives that he would like to see: (1) ensure that we maintain our community service obligations as they currently stand, and deliver as required; (2) ensure that we are financially sustainable, by which I mean that we are in profit—not necessarily big profits, but profit. That is really vital to us to allow us to make the capital expenditure required to continue to grow the business, as the parcel business grows. The third one was kind of an aside, almost: 'If you can make that profit a little bigger, that would be nice.'

Senator HENDERSON: We have received different versions of events in relation to the issue as to whether Ms Holgate agreed to stand aside. She says in her submission that she did not speak with you. In your statement, which was publicly released on 7 April—and we have canvassed this before; you have spoken of phone records showing phone conversations which have occurred. There are some further questions about incoming and outgoing telephone records. Can you provide the committee with detail about those conversations and specify what was said at what time, and with whom you spoke?

Mr Di Bartolomeo: Sorry, could you clarify which ones now—I beg your pardon?

Senator HENDERSON: I'm speaking about the conversations which occurred on 22 October 2020, in relation to the issue of Ms Holgate standing aside.

Mr Di Bartolomeo: Yes. I received a call initially from the minister saying that he was quite taken aback by the evidence that had been given at the Senate inquiry, and that he had come to the conclusion that he would want the Department of Finance, I think it is—or both departments, actually—

Senator HENDERSON: Just to clarify: I'm not asking about your conversations with the minister. It's your conversations with Ms Holgate.

Mr Di Bartolomeo: I beg your pardon.

Senator HENDERSON: These are the phone records showing that conversations occurred at 4.27 pm and 5.50 pm on 22 October 2020.

Mr Di Bartolomeo: While we had earlier discussions that day with Ms Holgate, it was relaying to her the discussion I'd had with the ministers, but, at that point, I was effectively talking to Ms Holgate about the board's desire that she stand aside during the course of this four-week investigation.

CHAIR: But she never responded to you, did she?

Senator HENDERSON: So you've expressed the board's desire that she stand aside. What was her response to you?

Mr Di Bartolomeo: The initial response was that she did not want to stand aside.

Senator HENDERSON: That was in the first phone call?

Mr Di Bartolomeo: Yes, the first phone call.

Senator HENDERSON: The one at 4.27 pm?

Mr Di Bartolomeo: At 4.27 pm. The starting point of the second one was much the same.

Senator HENDERSON: The starting point—that's of the phone call at 5.50 pm?

Mr Di Bartolomeo: At 5.50. Then a discussion took place about taking leave. At the end of that I said, 'These aren't going to work,' and my strong advice to her was that she stand aside and that it would be in her best interests.

Senator HENDERSON: What was her response when you said that?

Mr Di Bartolomeo: She agreed to that.

Senator HENDERSON: What was the form of her words that she used?

Mr Di Bartolomeo: I don't recall the exact words. I'm not—

Senator HENDERSON: So there was a lot of toing and froing, but at—

Mr Di Bartolomeo: There was a lot of toing and froing, but ultimately she agreed—she reluctantly agreed—that she would stand aside.

Senator HENDERSON: So at the end of that conversation, which occurred at 5.50 pm—

Mr Di Bartolomeo: Yes.

CHAIR: How long did that conversation—

Senator HENDERSON: Sorry, Chair—I'll just finish my question. At the end of that phone call—after toing and froing as to whether she would agree, and then a discussion about annual leave—you're saying that, at the end of that conversation, she reluctantly agreed to stand aside.

Mr Di Bartolomeo: Correct. I then relayed that to the ultimate segment of the board meeting, advising them of such.

Senator HENDERSON: So there was no doubt in your mind—knowing, of course, that there was initial disagreement and reluctance—that she had in fact agreed to stand aside, albeit reluctantly?

Mr Di Bartolomeo: Correct. And that evening, after that discussion, after we'd finished our board meeting, we put out two statements: one public statement about those events, including that she'd agreed to stand aside; and another one to our staff, relaying the same—

Senator HENDERSON: Did you place her under any duress to reach that agreement?

Mr Di Bartolomeo: No. I argued strongly that I thought that was in her best interest, as well as ours, as I have said.

CHAIR: But she was in quite a state, wasn't she?

Mr Di Bartolomeo: Yes, she was.

CHAIR: She was in a state of distress.

Mr Di Bartolomeo: She was upset about what had just happened, yes. Then I rang her again after the board meeting, really for that reason.

Senator HENDERSON: So at what time did you ring her after the board meeting?

Mr Di Bartolomeo: Bear with me.

Senator HENDERSON: And what was the nature of that conversation?

Mr Di Bartolomeo: At 6.38.

Senator HENDERSON: What was said during that conversation?

Mr Di Bartolomeo: I said that we'd made a press release or were about to make a press release. I think she asked for it to go in writing, and I said we would be doing that.

Senator HENDERSON: Did you run that past her before it went out?

Mr Di Bartolomeo: Yes.

Senator HENDERSON: So she saw the text of the proposed press release?

Mr Di Bartolomeo: Correct. This is the issue that I have concern with, because—

Senator HENDERSON: Did you read it to her or did you email it to her? How did she see the text?

Mr Di Bartolomeo: I think we emailed it to her.

Senator HENDERSON: You emailed it to her?

Mr Di Bartolomeo: I didn't, but Michelle Skehan did—to Ms Holgate and her media adviser.

Senator HENDERSON: What time was that email?

Mr Di Bartolomeo: 7.20.

Senator HENDERSON: So you discussed at 6.38 that you were going to put out a media release?

Mr Di Bartolomeo: Correct.

Senator HENDERSON: And you discussed the nature of what you were going to say?

Mr Di Bartolomeo: Yes.

Senator HENDERSON: Then that was provided to her by email at 7.20?

Mr Di Bartolomeo: It was emailed to her and her media adviser, and a copy of the public statement.

Senator HENDERSON: Sorry, what do you mean by 'and a copy of the public statement'?

Mr Di Bartolomeo: I emailed a copy of the public statement to her.

Senator HENDERSON: At 7.20?

Mr Di Bartolomeo: At 7.20, yes.

Senator HENDERSON: When you spoke to her again at 6.38, did she, at any time during that conversation, object to the notion that you were putting out a statement saying that she was to stand aside?

Mr Di Bartolomeo: No. Furthermore, once we emailed and made reference to the statement, there was no comeback. The standing-aside issue—

Senator HENDERSON: No, no—

Mr Di Bartolomeo: But it's important—

Senator HENDERSON: I understand it's important, but I just want to be clear: in the conversation at 6.38, prior to the email going out, when you were discussing your proposal to put out the public statement, there was no suggestion from Ms Holgate that she was not intending or had not agreed to stand aside, in that 6.38 phone call?

Mr Di Bartolomeo: Correct, and neither she nor her media adviser made any comment about that statement.

Senator HENDERSON: Hang on a minute—sorry. When you say 'made any comment', did you speak to her media adviser? No. You just—

Mr Di Bartolomeo: Neither of them raised a concern.

Senator HENDERSON: But you're talking about 'once you'd emailed her and her media adviser at 7.20'—did you email them together or separately?

Mr Di Bartolomeo: I don't know. I didn't do the email. At 7.20—I think we did both.

Senator HENDERSON: So, once that 7.20 email was sent, there was no response—

Mr Di Bartolomeo: No response. Furthermore—

Senator HENDERSON: When you say there was no response, was there a response at any time after that email was sent?

Mr Di Bartolomeo: Well, I was going to say: I then rang her the next morning, at 7.49 am, to talk to her—

Senator HENDERSON: Sorry—could you just address my question, though, in relation to the response to the email. Was there, at any time after you sent that email at 7.20, any response by Ms Holgate?

Mr Di Bartolomeo: I'm not aware of it.

CHAIR: Senator Henderson—

Senator HENDERSON: Could you take that on notice?

Mr Di Bartolomeo: We'll take it on notice. I'm not aware of it. But I was going to say: relevant to the same point is that I had a lengthy conversation with her the next morning, and that was not raised at all by her then, saying—

Senator HENDERSON: So you then—

Mr Di Bartolomeo: Hold on—what you're claiming—

Senator HENDERSON: So—

Mr Di Bartolomeo: stood aside, and I didn't—

Senator HENDERSON: Mr Di Bartolomeo, you then phoned Ms Holgate again at 7.49 the next morning—

Mr Di Bartolomeo: At 7.49 the next morning, yes.

Senator HENDERSON: And how long did you speak for?

Mr Di Bartolomeo: We spoke for 11 minutes 51, and we must have been cut off. That would have been at 8.01, because at 8.01 she rang me back. So we continued after that.

Senator HENDERSON: What was the nature of that telephone discussion at 7.49?

Mr Di Bartolomeo: It was checking in on how she was and what we could do to assist.

Senator HENDERSON: And what was her response to you?

Mr Di Bartolomeo: That she wasn't very well at all. And we made sure that Sue was going to be or continue to be her support person through all of this—

Senator HENDERSON: So this was talking about the welfare and support arrangements that you'd put in place?

Mr Di Bartolomeo: The welfare and support arrangements.

Senator HENDERSON: Was there any other issue raised during that call or the 8.01 call?

Mr Di Bartolomeo: I don't recall, but certainly there was no issue raised about her taking a different view about her agreement to stand aside.

Senator HENDERSON: Okay. Thank you very much, Mr Di Bartolomeo. I've just a couple of other quick questions. On 30 October 2020, in a doorstep—and, Chair, I'm sorry: I don't have a copy, but it is published on Mr Albanese's website if anyone needs to have this tabled—Mr Albanese said: 'Christine Holgate has done the wrong thing. I support her paying a price for that.' Do you agree with that statement?

Mr Di Bartolomeo: I guess the question is: what price? In my view—

Senator HENDERSON: That was a pretty robust position—

Mr Di Bartolomeo: That was a pretty robust—

Senator HENDERSON: that Mr Albanese was taking, wasn't it?

Mr Di Bartolomeo: I disagree with giving Cartier watches for rewards to staff, no matter how good the job is, and, in my view, if I was there, I would have said no.

Senator HENDERSON: No, no, Mr—

Mr Di Bartolomeo: Had it come up, I would have—

Senator HENDERSON: Sorry, Mr Di Bartolomeo, I just want to ask you: do you agree with that very strong statement or very robust statement made by Mr Albanese in his doorstep on 30 October?

Mr Di Bartolomeo: No.

Senator HENDERSON: Thank you. In a tweet by Senator Kitching—again, I apologise, Chair: I don't have a paper copy of it, but it was on 9 November 2020—Senator Kitching said: 'Labor will hold Scott Morrison's mega-salaried Australia Post CEO to account.' Do you agree with the position that Senator Kitching took at that time?

Mr Di Bartolomeo: I'm not sure what—

Senator HENDERSON: Well, for—

Senator KITCHING: I'm happy to table a copy of my [inaudible]

Senator HENDERSON: So, for instance, do you support the tenor of what Senator Kitching said?

Senator KIM CARR: Have you got a problem with that—holding people to account? What's the problem?

Senator HENDERSON: I'm asking Mr Di Bartolomeo—

Mr Di Bartolomeo: On the basis of what I've heard, that's not an issue in itself, no.

CHAIR: Senator Henderson—

Senator HENDERSON: On 22 October, the CPSU issued a media release, and it said:

It is clear that the board and the CEO are more concerned with lining their pockets than public services and their workers.

.....

The union representing Australia Post workers, the CPSU is calling for the resignation of Australia Post CEO and investigation into ... the board.

Do you agree with that position taken by the union representing Australia Post workers?

Mr Di Bartolomeo: No, I don't.

Senator HENDERSON: Thank you very much. I have no further questions.

CHAIR: Mr Chairman, a number of senators around this table have indicated that they have more questions. However, you've been here for quite some time, so we're going to relieve you today, but I'm just warning you that we may be getting you back.

Senator KIM CARR: He'll regret taking this job on!

CHAIR: Thank you for your evidence today. I appreciate it. We all appreciate it. Thank you very much.

We're going to have a five-minute break, but before we do that I just want to let the LPO group know: we're not going to get to you today, so we will bring you back, but we can relieve you so that you can go home. Thank you for hanging around and thank you for your submission—submission No. 14, if anybody is interested in what they have to say.

Proceedings suspended from 16:30 to 16:39

BARNES, Mr Rod, Executive General Manager, Deliveries, Australia Post

BOYS, Mr Rodney, Acting Group Chief Executive Officer and Managing Director, Australia Post

DAVIES, Ms Susan, Executive General Manager, People and Culture, Australia Post

MACDONALD, Mr Nick, General Counsel and Corporate Secretary, Australia Post

SHEFFIELD, Ms Nicole, Executive General Manager, Community and Consumer, Australia Post

CHAIR: I now welcome representatives from Australia Post. I understand that information on parliamentary privilege and the protection of witnesses and evidence has been provided to you. Thank you all for being here today. I appreciate you being flexible with the scheduling of your evidence. I understand, Mr Boys, you don't have a short opening statement, so we can just go straight to questions, which is very good. I'm going to give Senator Hanson the call first, and we'll kick it off that way.

Senator HANSON: Mr Boys, you are the chief executive officer and managing director. Did you take over the position after Christine Holgate left the position?

Mr Boys: As acting chief executive and managing director.

Senator HANSON: With Christine Holgate having had to stand down from her position on 22 October, what impact did it have on Australia Post?

Mr Boys: Thank you very much for that question. As I understand it, Ms Holgate and the chair reached an agreement for her to stand aside. Obviously it was quite a difficult time for Australia Post and a difficult time for everybody. But we were really focused, and I was charged to step into the breach and focus on delivering for Christmas. The pandemic was upon us. Parcel volumes were significant. We were expecting a very large peak across the cyber period at the end of November and into December leading into Christmas. We were expecting a significant volume of parcels. So our focus and the rally to the troops was, 'Let's all just stay focused and deliver for the community and for the customers,' and I think we did that. We had a record peak over November-December. If I recall correctly, it was about 86 million parcels, which is an absolute record.

Senator HANSON: What date did you take up that position, that acting role?

Mr Boys: On the evening of 22 October, I guess.

Senator HANSON: How long were you supposed to be in that position for? What time frame was given to you?

Mr Boys: For the duration of finding a permanent chief executive officer. In the first instance, up until the period of the investigation, four weeks was the period of time, from the 22nd. Then on 2 November, after Ms Holgate tendered her resignation, I was asked to step in until a replacement was found.

Senator HANSON: During your period of time, has there been a loss of clients or volume coming through? I have been informed that David Jones have cut back their parcel delivery through you and gone through another service provider. Is that correct?

Mr Boys: I will have to take that specific customer question on notice.

Senator HANSON: Can anyone else on the board answer that question, or can anyone else here today?

Mr Boys: I would doubt it very much. We don't have Mr Starr, who is—

Senator HANSON: Ms Sheffield, do you have anything to add to that?

Ms Sheffield: Yes. I can say that David Jones has not reduced service with us. In fact, volumes have increased for a number of clients. Because of the growth in ecommerce over that peak period, many clients decided to stream a number of parcels to different providers, because the volumes were so big. So it's not that less volume has come to us. In fact, our volumes have grown, but their volumes have also grown. As for David Jones, after we had a conversation I checked with Gary Starr, the EGM of business and government, and they have not streamed away from us.

Senator HANSON: Was any one of you at the board meeting on 22 October, when Christine Holgate was to stand down? Were you at that meeting?

Mr Boys: Thank you for that question. I was not a board member of Australia Post.

Senator HANSON: So there's no-one here who can verify—Mr Macdonald, you weren't there for that day either, were you?

Mr Macdonald: No, I was not present at that meeting.

Senator HANSON: You just had to write up minutes. The chair told you: 'This is what happened. You will write it up to that effect.'

Mr Macdonald: It was a private session of the board, so all non-executive board members were in attendance. And yes, as you said, I was asked by the chair to prepare the minutes. I did so, and they were later confirmed by the board.

Senator HANSON: Maddocks did an investigation into Australia Post. It was supposed to be about the workings of Australia Post—how money was spent and in light of the watches. Which of you were interviewed by Maddocks for that investigation?

Mr Boys: I was interviewed by Maddocks.

Senator HANSON: For what period of time?

Mr Boys: It was for quite some time. I would have to go back to my records and check.

Senator HANSON: Was it half an hour, an hour, two hours, five hours?

Mr Boys: It was a good length of time—an hour at least. But I would have to check.

Senator HANSON: What did they ask you?

Mr Boys: I might just point out that I joined Australia Post on 27 May 2019, which was some time after the purchase of the watches. So my period of time didn't overlap.

Senator HANSON: But that's not my understanding. My understanding is that the Prime Minister wanted an investigation into the expenses of Australia Post. So it wasn't just about watches, surely?

Mr Boys: Exactly. That's why I—

Senator HANSON: So you should have been asked questions. If you were interviewed for that period of time, what were you asked? Give me some idea of what the questions were.

Mr Boys: They were around acquittal processes for expenses—for example, how CEO expenses get signed off—delegations, policies, gifts, benefits, hospitality, reward recognition and those sorts of things. There was a range of questions.

Senator HANSON: Mr Davies, you were interviewed?

Ms Davies: I was interviewed.

Senator HANSON: For how long?

Ms Davies: For about an hour.

Senator HANSON: Were you asked to provide your emails, documentation, phones?

Ms Davies: I was asked numerous questions around expenditure. I was asked about a specific gift that Christine Holgate gave to me, which was a bottle of perfume as a thankyou for working three weekends. I was questioned about a Christmas singer that we had. It was numerous things—questions on expenditure. Maddocks produced a contract of employment for one of the people who had received a watch. I wasn't in a position to comment on that contract; it was about eight years old, so I wasn't in a position to comment on it. So it was just general questions around expenditure.

Senator HANSON: Were any of you appalled by the fact that Cartier watches were bought as a thankyou to those executives who worked hard to bring in that contract for Bank@Post? Are you aware of anyone who worked at Australia Post who was appalled by it? Or was everyone quite happy with? Did anyone that you know of think that the CEO buying the Cartier watches was out of place and unwarranted and should never have been done? Was there any criticism?

Ms Sheffield: I wasn't aware of it until many months later. Even though I was there at the time, I wasn't in the Melbourne office or attending that afternoon tea. So I wasn't aware of it until later.

Mr Boys: I wasn't aware of the purchase of the watches until the Senate estimates hearing, so I can't really comment.

Senator HANSON: That's all I have. Thank you, Chair.

CHAIR: Ms Davies, were you aware of the watches being gifted?

Ms Davies: I was aware probably a few days after the watches had been gifted.

CHAIR: What's your official role?

Ms Davies: Executive general manager of people and culture.

CHAIR: Did it seem out of kilter with the normal culture of the place?

Ms Davies: I would say that the culture of Australia Post around gifts, rewards and recognition is extremely conservative. We've got very clear policies around rewards and recognition—from saying a thankyou, to vouchers and morning teas. Maybe the significance of the Bank@Post deal is why no-one questioned the magnitude of the watches at the time.

CHAIR: It didn't seem unusual?

Ms Davies: I'd certainly not seen anything, before that or after that, to that level. But, as everyone is positioned, it was a significant landmark for Australia Post, a major cash flow for us and for the post offices, and a reward for the managers who got the watches.

Senator HENDERSON: I want to address a different matter, Mr Boys. I want to ask you about your tender processes involving newly established licensed post offices. Why do some go to tender and some don't, where there is no transparency and appropriate governance?

Mr Boys: Thank you for that question. I might just pass over to Ms Sheffield, who heads up Community and Consumer, who deals with the post offices.

Senator HENDERSON: No, I'd actually like to ask you this question. You're the acting CEO and you're the person with whom I have dealt directly in relation to a botched tender process. That's why I'm wanting to ask you.

Mr Boys: Thank you very much for that question. As previously stated, I stepped into the role of acting CEO on 2 November—

Senator HENDERSON: This is all on your watch. I'm talking about the Armstrong Creek LPO, where there was no tender and then it was characterised by one of your staff as a transfer. What's the basis on which there is a tender for some LPOs and there is not a tender for others, giving no other person an opportunity to tender for a business that you establish in a particular community?

Mr Boys: I understand your question and your desire to probe in this area. That's why I think I would like to make sure the answer that's given is complete and accurate. Ms Sheffield, who heads up Consumer and Community, looks after. There are quite different circumstances when you go into a new area—

Senator HENDERSON: Could you do the best to answer the question first. I would like to address these questions to you first. What's the basis of LPOs being established where some are subject to a tender and some are not? That's a pretty important question for you as the acting CEO.

Mr Boys: It's a very important question, and that's why I'd like to give you a full, frank, complete answer. To do that, I would like to go back and understand that process and bring you that. So I can either take the question on notice or I can ask Ms Sheffield to—

Senator HENDERSON: When I addressed the issue at the Armstrong Creek Town Centre—there is a newly established licensed post office—Mr Jancic, your government relations person, said it was by way of a transfer process. In fact, there wasn't a transfer; it was a newly established LPO. I asked for the policy—Australia Post's obligations and practices—when establishing newly licensed post offices. So what are they and why do you have different rules for different people?

Mr Boys: As I just outlined, I understand your desire to probe in this area and I'd love to give you a very full, frank and complete answer on that. So we'll either take that on notice or I've got Ms Sheffield here.

Senator HENDERSON: But you must be able to tell me about the basic requirements when setting up a new LPO—why some are put out to tender and some aren't.

Mr Boys: There are some differences, absolutely, between moving into new areas—what's the impact on surrounding LPOs, if there are any, in those particular areas? That's why we have different processes and that's why I'd like to give you a complete and accurate answer on. So I can either take that on notice or—

Senator HENDERSON: Can I put it to you that you are failing in your transparency in that you are establishing some LPOs with no tender. In the case of Mr Waring, in Ocean Grove, we had a telephone discussion on 30 November in which you denied any suggestion that Australia Post had told Mr Waring there would be a post office established at the Kingston Village.

You said that Australia Post ran its tender process adhering to the highest levels of integrity and due process. You did not accept my accusations and when I said to you that some of your Australia Post executives, being Mr Cox and Mr McNamara, had informed myself and Mr Waring that Australia Post had determined to locate a community LPO at the Kingston Village shopping centre, you said that wasn't the case. I said I think your executives are not telling you the truth, and you rejected my position.

Then I went back and established that this had actually been put in writing. I asked for an explanation as to how you had misled Mr Waring, suggesting that the LPO would be placed at Kingston Village, and you failed to provide any explanation and then went and issued a licence in another shopping centre.

CHAIR: Sorry, Senator Henderson, I am not discounting the importance of your question—

Senator HENDERSON: This is a very important issue in Corangamite, Chair.

CHAIR: I'm sure it is, but it does fall outside the terms of reference. I am just wondering, are there things that you would like Mr Boys to take on notice while you have the opportunity?

Senator HENDERSON: Could you, perhaps, just indicate to me why you misled me in relation to those matters?

Mr Boys: As we spoke at the time, the information that I had from the people that were on the call with you I relayed to you, in that there was an expression of interest for the whole Ocean Grove area. One of those locations, a possible location, was Kingston Village—

Senator HENDERSON: No, Mr Boys, that's—I'm sorry, Chair, if you can just give me a couple of minutes I'll finish up. Mr Boys, that's absolutely untrue. Mr Cox, on 28 July, emailed me and said: 'Thank you for your time today. We look forward to sending out the EOI for Kingston Village shopping centre community licensed post office within the next fortnight.' In breach of that commitment, you then issued a very different tender, but you have denied ever making that commitment. So I put it to you, Mr Boys, and I do look forward to your further explanation as to the inconsistent procedures involving the establishment of LPOs, the lack of transparency and the fact that you have not told the truth, in relation to your processes to establish a licensed post office in Kingston Village.

Mr Boys: Respectfully, I have told you the truth and we will take away the question on notice.

Senator HENDERSON: You haven't told me the truth. You haven't told me the truth at all.

Mr Boys: I have told you the truth, that it's—

Senator HENDERSON: You absolutely rejected any suggestion that any of your executives had said that the expression of interest was for the Kingston Village shopping centre, and here's the email.

Mr Boys: I told you that I had been advised by the two executives you have named that that commitment wasn't given, and you said was it hastily drafted—

Senator HENDERSON: That was wrong, wasn't it?

Mr Boys: No, they still stand by that today. There was a hastily drafted email, from Mr Cox to you, just following up on that. Then there was an expression of interest in which Mr Waring—

Senator HENDERSON: Do you have a culture in your senior executive levels of not telling the truth—because that is absolutely false—and I take great exception to what you have just said to me. There was a discussion with Mr Waring about the fact that the expression of interest would only be for the Kingston Village shopping centre. We spoke about that at length. There was then an email, and I responded saying how fabulous it was that you were going to establish a licensed post office at this shopping centre. So what you've just put to me is completely untrue. I look forward to you setting matters straight, in relation to your appalling conduct and the way you have treated Mr Waring.

Mr Boys: I appreciate your thoughts but that's not correct.

CHAIR: Mr Boys, you can take the issue on notice and if you need to get back to the previous estimates session where this was started then you can do that.

Senator KIM CARR: Good afternoon, Mr Boys. It's always a joy, isn't it, coming here?

I will start with a simple matter. We've in the past raised some issues around questions of parliamentary privilege. The previous Senate report had to raise the question about cultural change on this question. I understand the committee has drawn your attention to what appears to be a prima facie case of a problem with legal counsel seeking, I say to you bluntly, access to submissions outside of the standing orders. I draw that to your attention and I say to you it is a matter of concern to me when there is correspondence being received from our witness, that Australia Post requests that you supply us with details of the reporting which you say has been made with the Australian parliament, along with copies of any materials attached to or associated with that contact. That's in correspondence from a legal special counsel from one of your legal services group. I put to you that that is outside the standing orders.

Mr Boys: We take the letter that with received and all matters within this chamber extremely seriously. We've had that conversation. We did ask for some more detail.

Senator KIM CARR: Yes, that is a serious matter.

Mr Macdonald: Perhaps I can address that. We absolutely take our responsibilities to the Senate seriously. We took on board the criticism that was made during the course of the Senate inquiry and we've undertaken training. Nobody takes that more seriously than I do. If I can perhaps respond to what you've raised about that matter: we have had some correspondence with the committee about that particular incident. My understanding is that that communication was made outside the context of the Senate inquiry entirely. It was in relation to a dispute with a contractor around a process, as I understand it. The contractor advised that they had written to parliament about their concerns, and the lawyer concerned was asking for more information about that. It was not done in the context of the Senate inquiry, and that's information we've provided to the committee.

Senator KIM CARR: I advise you that you are getting awfully close.

Mr Macdonald: As I said, we take it very seriously. When this was raised with us by the committee secretary, we investigated and responded with that information and we issued reminders.

Senator KIM CARR: I'll be clear: this is a correspondence that's come to my office concerning submissions to this inquiry. It wasn't just an independent matter outside of parliamentary processes. Whether or not your brief goes to that matter, that's my information, and I say to you that the previous inquiry did ask for measures to be taken and your former CEO did undertake some cultural change initiatives.

Mr Macdonald: We did that.

Senator KIM CARR: It is a bit of a disappointment to see this question come up again, particularly in your legal branch.

Mr Boys: We've had two rounds of training and we take these matters extremely seriously. If you could provide further information—

Senator KIM CARR: I hope it's been a misunderstanding.

Mr Macdonald: I assure you that's the case.

CHAIR: The letter I wrote as Chair reminding you of the obligations not to intimidate or interfere with witnesses of course stands post this hearing as well.

Mr Macdonald: Absolutely.

CHAIR: If there is any suggestion that anybody has been impacted by appearing or giving evidence, we will take that extremely seriously.

Senator KIM CARR: I've also tabled here a report on Western Australian delivery tracker daily update. To me it suggests that the ADM is struggling to cope with mail loads and many letters are being left behind as a result of, basically, staff shortages. I can go through the detail of that if you like. You have got a copy, I trust?

Mr Boys: I just received one. If you would like us to deal with that now—

Senator KIM CARR: Tell me: given that in, for instance, Geraldton, Canning, and Osborne there seems to be a series of significant staff shortages and, as a consequence, delays in the delivery of mail, do you think that's a reflection of the current situation? Does that report indicate that to you?

Mr Boys: Just now is the first time I've seen the report. I welcome to the table Mr Barnes, who is our executive general manager of deliveries. I should point out that we have independent surveys of our delivery performance done. Those results then are then audited by the ANAO at the end of the year and published in our annual report. From time to time we have disruptions—cyclones, fires and floods—but this is—

Senator KIM CARR: There don't appear to be cyclones during this—

Mr Boys: I don't know these results and I don't know what the report is telling me, so I might ask Mr Barnes.

Mr Barnes: I had a limited time to go through this and made some quick inquiries. Every day in every postal facility our DC managers or our managers complete a report on how the operation is going so we got feedback of any occurrences, whether that be leave or whether that be mail volumes. In early March and the second week of March there was a derailment coming in from Kalgoorlie. With the fires and floods that had been occurring, we had lots of backlog coming through. I believe these dates start from 15 March, the Monday, through to 17 March. The backlog came through at about 11 March, but I can check those details for you.

Senator KIM CARR: These reports are from the 17th, and it does here talk about unscheduled staff shortages. For instance, at Nedlands there were three rounds held due to staff shortages. Unmanned rounds were suggested. We're talking here about the circumstances of 2,300 small letters being held up. I can go through the report one by one. There's no mention of derailments or cyclones in this.

Mr Barnes: This is the daily. We don't put the details of that occurrence in every daily report, but in every postal centre in the country we have a similar report. There are over 950 rounds, but I can confirm that for you.

Senator KIM CARR: I understand that. It's a big country. There is also Rockingham. These are in the city areas as well. This is not just in country areas.

Mr Barnes: All of that volume was prevented from getting into Perth to go to those destinations. They were dealing with that backlog.

Senator KIM CARR: You can give me a response to these suggestions?

Mr Barnes: Absolutely. We will take it on notice.

Senator KIM CARR: Time is very short. I appreciate that. Is it the case that the so-called temporary regulations are, in fact, temporary? They're coming to an end now, aren't they? Is it your understanding that they are temporary?

Mr Boys: Temporary regulatory relief was granted through to 30 June this year. We're consulting widely with a range of stakeholders about the sustainability of Australia Post post 1 July without regulatory relief and to avoid becoming a burden.

Senator KIM CARR: Is it your view that they are temporary?

Mr Boys: The temporary regulatory relief expires on 30 June. That is our view.

Senator KIM CARR: You are not intending to try to extend them?

Mr Boys: We're consulting widely to work out the sustainability of Australia Post but also how we can service the customers. We've had 314 million fewer letters in the 11 months post COVID than we had in the 11 months pre COVID.

Senator KIM CARR: But you've got a big expansion of parcel delivery.

Mr Boys: Correct. To be able to service those, we need to redeploy some of our resources away from letters, which is loss-making. Those losses have been significant, and letters have been declining. As I say, there is a 16 per cent decline this year after steady declines of eight to 10 per cent over many years.

Senator KIM CARR: I take it you've read Ms Holgate's supplementary submission to us.

Mr Boys: Not the supplementary submission; I haven't had a chance.

Senator KIM CARR: She's drawn our attention to the problem that might arise if there is an attempt to extend the regulations beyond the temporary agreed period in terms of the consequences for the ongoing viability of Australia Post. Her argument is that, in fact, it would be detrimental to extend the regulations. Qantas is now restoring its services. She would suggest that it would in fact be counterproductive. If I look at page 3 of her submission, and she has made a whole set of things, she says, 'The question about extensions raises a serious matter, particularly priority mail, which is a very important service for many small businesses, and without that service many printing houses and the magazine companies suffer and it could impact further job losses'. Is that true?

Mr Boys: As I say, we are consulting with a range of stakeholders at the moment. We will take Ms Holgate's submission and add that to the list. Can I just comment on—

Senator KIM CARR: I did hear your answer.

Mr Boys: priority?

Senator KIM CARR: I did hear your answer. Mr Boys, you have been suggesting that it's not feasible to go back to the old service delivery standards. Is that right?

Mr Boys: Could I just finish on the priority? Temporary regulatory relief was for a number of reasons. There was the onset of COVID. Qantas immediately grounded their fleet, absolutely, so we were unable to comply on the letter service and the priority service. If we think back to March last year there were significant health concerns for our post offices, our LPOs and our workforce—whether with could in fact keep all of our post offices open. So part of the regulatory relief was around the number of post offices and the ability to close some of those post offices. We're very fortunate that we were able to put in protective equipment and keep all of our post offices open because the health crisis has been contained.

Senator KIM CARR: I understand the point that you are making, and I am sorry to push you a bit hard on this, but the chairman of the board indicated to us earlier that there was going to effectively be a guarantee that there would be no job losses for any corporate or licenced post offices. Is that what you are planning—no job losses?

Ms Sheffield: That's correct.

Mr Boys: That is absolutely correct. The post offices, both corporate and licensed post offices, are critical aspects of the sending and receiving—

Senator KIM CARR: So that is with regard to—you say 'in corporate'. The proposition here, for instance in Boston Consulting Group, the reform path, would see three days per week for suburban metro post office boxes and daily delivery and a saving of \$78 million. That is not intended—to pursue that?

Mr Boys: The Boston Consulting Group report was a report commissioned by government. It was an independent consultant's report. It's not a report of Australia Post.

Senator KIM CARR: I have read the commissioning letter and it actually spells out that it was to be seen in conjunction with the current corporate plan. That is correct, isn't it? It reads:

To inform the incoming Chair and further inform the Board ... in addition to Australia Post's existing Corporate Plan 2023, the Australian Government has appointed management consulting firm BCG to conduct a review of Australia Post's strategy to operate as a sustainable and fit-for-purpose service provider for the longer term. This review will consider broader market conditions such as growth in e-commerce, the regulatory environment, and changes in business and consumer needs.

That is, in fact, intended, isn't it, that it would be part of the next corporate plan?

Mr Boys: Senator, you're reading from the letter. I don't have it in front of me so I trust that that is correct. Joining Australia Post I was surprised at how many reports and consultants we had had—

Senator KIM CARR: Yes, there are four. But I am talking about this one, commissioned last year, which the minister actually specifically said it was to be part of the corporate plan.

Mr Boys: When the BCG review started and the report was issued—I think I saw a late draft version in February—COVID wasn't on our horizon. COVID came and we were fast forwarded four years, or five years potentially—

Senator KIM CARR: I understand that—

Mr Boys: The corporate plan was done under COVID conditions.

Senator KIM CARR: Ms Holgate tells us when she was there doing the job you are doing that the regulations followed quite closely to reform path 2. That is in her submission. From the evidence she's presented today, one of the reasons she fell out with the government was the resistance from senior management to the implementation of these cost-cutting measures, because the Boston Consulting Group had said that the previous commission report, the strategic review undertaken by Australia Post management, was too optimistic in its plan and this was a much stiffer set of measures, which included option 3, for instance—the closure of 190 post offices.

Mr Boys: That's a submission from Ms Holgate. Obviously that's her position—

Senator KIM CARR: But you are the CEO now. You're not familiar with the Boston Consulting Group recommendations—is that what you said at the time?

Mr Boys: I saw the report in February. COVID hit in March. Certainly, for the last few months, I have not picked up the BCG report.

Senator KIM CARR: Perhaps you would like to take on—

Mr Boys: We're in a different world.

Senator KIM CARR: Fair enough. You've said you haven't read Ms Holgate's additional submission—

Mr Boys: Happy to take it on notice.

Senator KIM CARR: That does surprise me—you would have been briefed on it, presumably?

Mr Boys: No.

Senator KIM CARR: Again, that surprises me. But fair enough. Would you take on notice, please—

Mr Boys: I will.

Senator KIM CARR: your response to the suggestion she's made in that submission as to the operations of the Boston Consulting Group contained in her supplementary submission as it results to the existing plan and the consequences? I'll give you a chance to refute. The point of her evidence is—

Mr Boys: Absolutely.

Senator KIM CARR: as to what the implications are given this report that she's now incorporated, including—

CHAIR: The executive summary.

Senator KIM CARR: The executive summary includes quite specifically reform paths 1, 2, 3 and 4 with details of what the consequences would be. This is a report that the government has claimed executive privilege on and has sought to suppress.

CHAIR: Keep secret.

Senator KIM CARR: It's now a public document, so there's now an opportunity, as a result of what I'm asking you, to respond to that—specifically those matters that relate to the operations of the existing regulations and the consequences for job losses, given that the chairman of the board has given us undertakings that there will be none, which I must say was a very generous proposition. Or did he just mean no job losses in the country? If you take those on notice—

Mr Boys: Senator, we'll take that away. It sounds very comprehensive. We will respond in a suitable manner.

Senator KIM CARR: I know I've taken up a bit of time here, Chair, so I just want to make sure I've covered off on the substantive matters. There is one thing. I know the answer was in one level that the Maddocks report is, of course, a matter for government. I accept that. It is a matter for government, but the Prime Minister stated on 22 October that the independent investigation—that is, the Maddocks review—would be looking into the conduct of the board and the governance, those actions of the management and the executive. So it does go to you as well as the board. However, the Maddocks report made it clear that the shareholder ministers instructed the shareholder departments to conduct a formal investigation into the gifts of the Cartier watches for the senior managers by the CEO and the managing director in November 2018. I'm wondering: have you got any insight as to why the Maddocks review did not examine the governance issues in regard to the board or senior management more broadly? Were you provided with any advice at all on those matters?

Mr Boys: I understand there were a number of findings around delegations and the board processes.

Senator KIM CARR: Yes, there were matters, and there were matters in relation to the culture in the Maddocks Review. I accept that. But it did not go to the broader issues, as the Prime Minister said it would, in terms of the conduct of board members and their governance as well as the actions of management and the executive.

Mr Boys: I understand, and there—

Senator KIM CARR: But I'm asking: do you have any insight into that?

Mr Boys: were findings in there around governance matters of the board. However, if you have further questions, I think they are questions for the department.

Senator KIM CARR: Have you been provided with any advice as to why it didn't go further, as the Prime Minister indicated it would?

Mr Boys: There were investigations, certainly, into board governance and delegations of authority, and there were findings as such in the report. I can go to those findings if you would like.

CHAIR: Senator Canavan.

Senator CANAVAN: I'll be brief. Mr Boys, we heard earlier today about the impact on Ms Holgate of her standing aside and ultimate resignation. Do you think Australia Post has offered sufficient services to Ms Holgate to support her over the last few months?

Mr Boys: Ms Davies is the executive general manager of People and Culture. There is no higher person, and Ms Davies is with me on the bench, and I understand she gave evidence to the committee earlier today. There is no more senior person to give support in the organisation to the people and the culture than Ms Davies, and she had all of the resources of the organisation and the support of the board and senior management to provide all of that support to Ms Holgate.

Senator CANAVAN: Sorry, I will just ask again. I suppose your answer is a statement of fact. I was asking for an evaluation of the performance or the effectiveness, I suppose, of that support. Do you think that support was adequate or are there any lessons for Australia Post from the experience of the last few months?

Mr Boys: Senator, my statement of fact is that we provided to Ms Holgate the most senior person in the organisation across board and management, with the full resources and the full support of board and management, to provide that support.

Senator CANAVAN: That still doesn't really answer my question. Do you think the support offered was adequate?

Mr Boys: If it's a personal opinion, I think the statement of fact is that we gave every bit of support that we possibly could by providing Ms Davies, our most senior executive general manager, in charge of People and

Culture, with the full support of the chair and the board and any support that she wanted across the organisation. It was accessible.

Senator CANAVAN: The chair this afternoon stated that Ms Holgate performed very well as CEO and he was disappointed to see her ultimately leave. In your view, would the staff of the organisation welcome Ms Holgate back as CEO?

Mr Boys: That's a personal opinion. I am here in a professional capacity and I couldn't speak for others anyway.

Senator CANAVAN: I could question whether it's a personal opinion. If the government were to do it, do you think there would be difficulties for the organisation? I suppose I would characterise it in those terms: would there be difficulties if Ms Holgate were reappointed as CEO?

Mr Boys: I think it'd be likely to be a challenging time; there would be difficulties. Obviously there has been a lot said and a lot of water has passed under the bridge since Ms Holgate tendered her resignation on 2 November. A significant time has elapsed, and a lot has happened since then, including today.

Senator CANAVAN: Thank you.

Senator KIM CARR: Sorry to push you on this. I need to be a little tighter in my questions, obviously. It's not your fault; it's mine. I wonder if you could be specific. Have you approached the unions and asked them to support an extension of the current regulations?

Mr Boys: I have not approached the unions, no.

Senator KIM CARR: Has anyone else in the leadership team?

Mr Boys: We are consulting with a wide range of stakeholders, and the unions—

Senator KIM CARR: I understand that. Have you specifically asked any of the unions to extend the existing regulations?

Mr Boys: I would have to take that on notice or pass it to Ms Davies and Mr Barnes to check with them first. We will take that on notice.

Ms Davies: I am happy to answer that question. We continue to work extremely hard with the unions to work through—I think you made a statement earlier on that we can't go back to where we were. I think it's not just a case of ADM; it's a case that the whole nature of the business has changed. The volumes have changed, the letter and mail volumes have changed. So Rob Barnes and I have been working really hard with the unions to try and work through what this model needs to look like going forward. Absolutely we have had conversations: do we look for an extension? Do we look for a different model? What do we look for that works for Australia Post to be sustainable going forward?

Senator KIM CARR: I can interpret that to mean that you have asked them and they've said no because of the decline in service standards, inefficiencies of the ADM and degradation of delivery standards. Is that correct?

Ms Davies: I don't think that's a reflection of—

Senator KIM CARR: They have said no? The unions have declined your invitation?

Ms Davies: They've declined the invitation in the extension of the regulatory relief as we stand at the minute, but we had a full day's consultation with the unions and we agreed 14 points needed fixing. We talked about many different things. We talked about volumes, we talked about headcount, we talked about start times. We talked about many different things. We agreed with the unions that we would work with them and start to fix a lot of the things that we needed to fix.

Senator KIM CARR: So your evidence is that there's an ongoing conversation?

Ms Davies: Yes.

Senator KIM CARR: Mr Boys, I thought I was clear but people are saying to me I'm a bit obscure on this. Can you guarantee that there will be no job losses at any corporate or licensed post offices as per the undertaking by the chair earlier today?

Mr Boys: That is absolutely our plan.

Senator KIM CARR: Guarantee. Not your plan, guarantee.

Ms Sheffield: We can't guarantee licensed post offices; they're individual businesses and they make changes all the time. But it's not part of our corporate plan, our strategy. In fact, if anything, we are motivated to grow business for our licensed post offices.

Senator KIM CARR: Irrespective of what's in the Boston Consulting Group review?

Ms Sheffield: Absolutely.

Senator KIM CARR: What plans have been put in place to revert to the existing regulations once they expire on 30 June?

Mr Boys: There were a number of aspects to the temporary regulatory relief. The post office was one aspect of that—the ability to close. Fortunately, we haven't had to avail ourselves of that particular aspect, so we don't need to do anything because all post offices are open—barring fires and floods. The other one is priority mail. Qantas is gradually returning and were looking at alternative products for priority even as we speak.

Senator KIM CARR: If I understand it correctly, the regulations that were presented to the Senate come to an end in June.

Mr Boys: 30 June.

Senator KIM CARR: On 30 June they come to an end?

Mr Boys: Correct.

Senator KIM CARR: I presume you've made plans to revert to the normal service delivery standards come that date.

Mr Boys: We are making plans as we speak. It's very important. We are 314 million letters fewer now, so it's not reverting our operations.

Senator KIM CARR: Of course you are making plans, but are you making plans to return to the standards that were in place prior to the introduction of the temporary regulations?

Mr Boys: We are making plans to operationally revert to the standards. I can ask Mr Barnes to give you an update on those.

Mr Barnes: We are making considerable plans. There are over 10,000 postie rounds and, as the team have already talked through, the volume of letters post COVID has dramatically reduced further. In order to change those rounds back to every-day delivery and back to the regulations, there has to be a complete restructure of those rounds. That work has taken place at desktop level just like it did, in haste, when COVID struck. But, as we know, what we do on the desktop is different to what we do in the field. That's all been tested through. We've had to order extra equipment. Those orders have been placed and paid for.

It's not quite correct to say that Qantas have returned to normal. They are running at about 60 per cent capacity. They are also using narrow-bodied aircraft. So we are not getting all of our mail away on aircraft, particularly on the long-haul sectors. If it is town-to-town and doesn't require line haul, we've been able to do much better. But we are still suffering from a lack of capacity despite increasing our freighter network. We are also working through that. There has been a lot that's changed. In relation to the priority service, that would still be a challenge for us, particularly in remote long-haul areas, depending on the services that Qantas and other airlines offer. But there is a lot of work being done in that area.

Mr Boys: May I add that there are a number of obligations on Australia Post—the community service obligation and also not to become a burden on the taxpayer, to make a commercial return. Reverting operationally—not under the regulations—back to the previous model would have significant impacts on the financial sustainability of Australia Post. We're working through that. There are a number of factors that we need to consider and we are consulting with a wide range of stakeholders at the moment.

Senator CANAVAN: Have you met with Licensed Post Office Group recently?

Mr Boys: I haven't met with Licensed Post Office Group. Stepping into the role, as I did, right at the onset of the peak—

Senator CANAVAN: You've been there five months now.

Mr Boys: Ms Sheffield, meets and speaks with Licensed Post Office Group.

Senator CANAVAN: In five months as acting CEO you've never met with Licensed Post Office Group?

Mr Boys: No. Ms Sheffield meets with them regularly.

Senator CANAVAN: Do you have any plans to meet with Licensed Post Office Group soon?

Mr Boys: I would meet with Licensed Post Office Group any time they would like to meet with me. I have never been asked to meet with Licensed Post Office Group.

CHAIR: Thank you, Mr Boys and your team, for appearing today. That concludes today's proceedings. We appreciate your sticking around until this late hour. I thank all the witnesses who have given evidence today and those who have given submissions. A big thanks to Hansard, Broadcasting and the secretariat, who worked

extremely hard today to allow us to manage it the best we could. As we've said several times throughout the day, there will be another hearing and a number of the witnesses we didn't get today will be called to that. Thank you very much.

Committee adjourned at 17:31