

Department of Finance

Response to Question on Notice

SENATE ENVIRONMENT AND COMMUNICATIONS REFERENCES COMMITTEE

Inquiry into Australia Post

Hearing of 27 April 2021

Question on Notice 1 (Proof Hansard pages 64-65)

Mr Jagers: I was at the meeting where BCG presented.

Senator McKENZIE: Was it a full board, Mr Jagers, or was it a subcommittee of the board?

Mr Jagers: My understanding is it was a full board meeting—

Senator KIM CARR: That's what it says here.

Mr Jagers: and shareholder departments and BCG attended that for a session.

Senator KIM CARR: And McKinsey were there too?

Mr Jagers: No, Senator, not at the time I was there. It wasn't a five-hour session. My recollection is that we may have had an hour or so with the board. I'd have to check the exact timing, but it certainly wasn't a five-hour session.

Senator KIM CARR: Would you please check your records?

Mr Jagers: I will

Senator KIM CARR: Because that's the evidence we have before the committee.

Mr Jagers: We attended a part of a board meeting.

Senator McKENZIE: So there could have been five hours?

Senator KIM CARR: There could have been a five-hour board meeting at which, you've mentioned, others were present.

Senator KIM CARR: Let me get it clear. They presented for several hours at a five-hour Australia Post board meeting on their findings. That's the evidence we have—'on their findings'.

Mr Jagers: I'll take on notice the actual timing. It may have been an hour and a half or so; I'm not exactly sure. My recollection is that BCG presented their key findings from their analysis of the information. This was information mostly provided in late 2019 and early 2020. There was a discussion about those findings. This had been a very open process involving Australia Post and shareholder departments and BCG. There was a series of steering committee meetings that had happened over a period of time—

Response

On 20 February 2020, Shareholder Departments and the Boston Consulting Group attended an Australia Post Board meeting, between 4:00pm–5:30pm. Boston Consulting Group presented on the findings of its *Review of Australia Post*.

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Question on Notice 2 (Proof Hansard page 65)

CHAIR: Steering committee meetings?

Mr Jagers: involving Australia Post and shareholder ministers and BCG.

CHAIR: Who were the members on the steering committee?

Mr Jagers: The steering committee involved myself and my colleagues from the department of infrastructure. It also involves senior representatives from Australia Post, and BCG also attended those meetings.

Senator KIM CARR: Any board members?

Mr Jagers: There were no board members at those steering committee meetings.

Senator KIM CARR: Could you give us a list of those senior officers?

Mr Jagers: I'll take that on notice.

CHAIR: Could I also ask for a schedule of the meetings of the steering committee?

Response

The Steering Committee included representatives from Shareholder Departments, Ministerial Offices, the Boston Consulting Group and Australia Post. The Steering Committee did not include Shareholder Ministers or any Australia Post Board members. Ms Christine Holgate was invited to attend all meetings as an observer.

The Steering Committee met on:

- 21 November 2019 – Canberra and via Teleconference
- 3 December 2019 – Canberra and via Video Conference
- 19 December 2019 – Sydney
- 30 January 2020- Canberra and via Video Conference
- 13 February 2020 - Canberra and via Video Conference

The Members were:

Department of Finance

- Mr Andrew Jagers, Deputy Secretary, Department of Finance (Co-Chair)
- Ms Stacie Hall, First Assistant Secretary, Department of Finance

Department of Communications and the Arts

- Mr Richard Windeyer, Deputy Secretary, Department of Communications and the Arts (Department of Communications) (Co-Chair)
- Ms Pauline Sullivan, First Assistant Secretary, Department of Communications (November 2019 – December 2019)
- Mr Lachlann Patterson, First Assistant Secretary, Department of Communications (January 2020 – February 2020).

Ministerial Advisers

- Mr Ryan Bloxson, Chief of Staff, Office of the Minister for Communications, Cyber Safety and the Arts
- Mr Daniel Clode, Senior Adviser, Office of the Minister for Finance

Australia Post

- Mr Philip Dalidakis, EGM Corporate Services, Australia Post
- Mr Rodney Boys, Chief Financial Officer, Australia Post

Boston Consulting Group

- Mr Mark Watters, Managing Director and Partner, BCG
- Ms Trish Clancy, Managing Director and Partner, BCG
- Ms Rebecca Russell, Managing Director and Partner, BCG

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Question on Notice 3 (Proof Hansard page 65)

Senator KIM CARR: Mr Jagers, can you confirm that the BCG was present at that board meeting for three of the five hours?

Ms Hall: I can assist with that. On 20 February 2020, the five-hour board meeting, there was an hour and a half set aside for BCG and departmental reps to present on the BCG report, from four until 5.30. My recollection is that that roughly went to time. We might have gone a little bit over, but it was somewhere between an hour and a half to two hours on that day.

Senator KIM CARR: Would you be able to provide us with the presentation that was made? I understand there was an overhead presentation—is that correct?

CHAIR: A slide show presentation.

Mr Jagers: We'll take it on notice.

Response

The presentation by the Boston Consulting Group to the Australia Post Board on 20 February 2020 summarised information from the *Review of Australia Post*.

On 20 July 2020, the then Minister for Finance made a claim for Public Interest Immunity regarding the *Review of Australia Post* by the Boston Consulting Group. The Review was undertaken to inform considerations of government and formed part of Cabinet deliberations. It is a longstanding practice not to disclose information about the operation and business of the Cabinet, as to do so would potentially reveal the deliberations of the Cabinet which are confidential.

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Question on Notice 4 (Proof Hansard pages 66 and 67)

Senator KIM CARR: There was also a variation in the BCG contract. They were paid an extra \$600,000. That is correct, isn't it?

Ms Hall: I have to take that on notice; I don't have those details to hand.

Senator McKENZIE: That's pretty pertinent.

Senator KIM CARR: Is anyone here able to help me? Was there a variation in the BCG contract?

Mr Jagers: Can you give us the date?

Senator KIM CARR: The date of the variation: no, that's your job.

Senator McKENZIE: That's right!

Senator KIM CARR: You're going to have to tell me the dates. Was there a variation in the BCG contract?

Senator McKENZIE: That was good!

Senator KIM CARR: I'll congratulate our research officer for that.

Mr Jagers: I think there was a variation in the contract. The details of that I have to follow up with you on notice.

Senator KIM CARR: That's the nature of this process. I'm told that it was \$600,000, and that is your chance to say, 'No, Carr, you're wrong; it was \$591,000' or whatever it is.

Senator McKENZIE: Would that then take it to \$1.9 million, or is it \$1.3 million including the \$600,000? Someone here knows. He's looking.

Mr Paterson: The original piece of work was \$1.32 million. There was a subsequent piece of work, but I don't have the details in front of me.

Senator KIM CARR: The \$1.3 million was part of the extra dividend that Australia Post paid to the government, wasn't it?

Mr Jagers: Yes. Australia Post paid a special dividend in relation to the first part of that report.

Senator KIM CARR: It was \$53 million or thereabouts, wasn't it?

Mr Jagers: I can't tell you the total dividend. The amount that you referenced was the special dividend supplied.

Senator KIM CARR: What I want to know is—the \$600,000, or whatever the final figure is—who paid that money?

Mr Jagers: That was paid by the departments after it was varied. I don't think—

Senator KIM CARR: And what was it paid for?

Mr Jagers: It wasn't paid by Australia Post.

Senator KIM CARR: Which department? And what was it paid for? What was the purpose of the extra payment?

Mr Jagers: I might just get the details of that. I think there was additional piece of work that was conducted in terms of assessing the success of the implementation of the temporary reforms, but I'll come back to you on notice with the details.

Senator KIM CARR: I'm particularly interested in—

CHAIR: Hang on. Ms Hall, did you have something you were going to say?

Ms Hall: I was just going to suggest that we might be able to come back to that shortly.

CHAIR: Okay. Sorry, Senator Carr. This extra piece of work was to assess the temporary arrangements, as in the temporary regulation that was put in place?

Mr Jagers: When the temporary arrangements were put in place, ministers indicated that they'd review those arrangements after the first six months, and my recollection is that it was to assist with that initial review of the temporary arrangements, but I'll come back to you on notice with the exact details.

Response

The variation to the BCG contract was executed on 31 July 2020 for the amount of \$589,620.00 to consider the ongoing impact of COVID-19 on Australia Post's business and to evaluate the efficacy of the temporary regulatory relief.

This variation was reported on AusTender on 6 August 2020 in accordance with the Commonwealth Procurement Rules. The cost of the engagement was covered by Shareholder Departments.

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Question on Notice 5 (Proof Hansard page 71)

CHAIR: Has this been passed on to the Government Solicitor? Are you in negotiations with Ms Holgate now over potential legal action?

Mr Jagers: I think this is a letter from Ms Holgate to ministers. We might have to take on notice any questions about how the departments or ministers are responding to it.

CHAIR: If indeed this ends up in court, this is going to cost the Australian taxpayer, isn't it?

Mr Jagers: I couldn't comment on that.

CHAIR: Who else is going to pay?

Mr Jagers: You're describing a potential legal matter that isn't currently on foot, but if it were—

CHAIR: Well, you explain to us what is on foot then, Mr Jagers.

Mr Jagers: As you indicated, and I think there has been public comment made on this, a letter has been received from Ms Holgate's solicitor. The department will carefully consider that matter; the ministers will carefully consider that matter. Certainly, in many senses, this is a letter from a private citizen to the minister. We take very seriously our obligations around privacy in relation to any legal matter from an Australian citizen that involves the government.

CHAIR: Has either department or either minister sought legal advice in relation to this letter from Christine Holgate? Have you sought your own legal advice on this?

Mr Jagers: I'd have to take it on notice. I'm not aware

Response

The Australian Government Solicitor has provided advice to Shareholder Departments on a response to correspondence from Ms Holgate's Solicitor.