

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates February 2017
Communications Portfolio
Australia Post

Question No: 63

Australia Post

Hansard Ref: Page 42, 28/02/2017

Topic: Remuneration information – 2015 and 2016

Senator Dastyari, Sam asked:

Senator DASTYARI: If I currently go onto your website—from what you have said about last night, and again, I have not been on since last night so I was not aware of this—is all the remuneration information up to and including 2015 and 2016 available?

Mr Stanhope: No, it is the 2015-16 information.

Senator DASTYARI: The 2015-16 year is available. That was the only year that was not available, is that correct?

Mr Stanhope: We did not disclose in 2014-15. In hindsight, it would have been a good thing to disclose because the CEO's salary was quite low because he did not take his bonus.

Senator DASTYARI: Will you now disclose 2014-15?

Mr Stanhope: Yes, we can do.

Senator DASTYARI: Do you have that information available?

Mr Stanhope: Not here, but I have no problem with disclosing 2014-15 as well.

Senator DASTYARI: So you will take it on notice that you will?

Mr Stanhope: Yes.

Answer:

Please see attached an updated version of Australia Post's 2016 Remuneration Report which now includes prior year comparatives for 2015. This updated Remuneration Report is available on the Australia Post website.

Australia Post 2016 Remuneration Report

About our Business

For 207 years Australia Post has committed itself to services that enable commerce and community for everyone, everywhere, every day. For generations the services over the counter of the Post Office and delivering letters were the services that made this possible.

The era of the internet, smart phone and other digital technology is causing an irreversible decline in the letter service, but it's providing greater opportunities for small business owners, artists and entrepreneurs anywhere in Australia to grow businesses online.

Since 2010 Australia Post has been transforming its Post Office and delivery network to deliver eCommerce. Such a transformation is complex as it requires:

- managing the decline of traditional services;
- innovating and introducing eCommerce services in a highly competitive market, locally and globally;
- maintaining commitment to access for all Australians; and
- maintaining commitment to the safe and sustainable employment of Australia Post people and partners.

In undertaking these crucial responsibilities, Australia Post is also required to generate profits, in order to invest in building new capabilities and to return a dividend to the government.

There are three major change and investment programs being executed concurrently today, each equally important to the long-term sustainability of Australia Post:

- building a leading eCommerce delivery business in a highly competitive global parcels industry;
- innovating new digital services to enable businesses and governments to serve all Australians; and
- reforming the letters business as letter demand declines.

During the past decade, whilst undertaking the transformation, Australia Post has contributed \$4.83 billion to Commonwealth revenues. The company now competes in the global parcels and logistics industry with the likes of DHL, Toll/Japan Post and FedEx, and with large eCommerce and digital services providers like Amazon, Uber and Google.

This transformation continues whilst operating the largest parcels, freight and delivery network in the country, comprising a workforce of over 50,000 people, 13,500 vehicles on the road, 4,400 Post Offices, 500 facilities, 20,000 customer lodgement points, and 265 parcel lockers.

The execution of major reform, growth and innovation, whilst managing large scale operations, self-funding and providing cash returns to the government shareholder, requires the attraction and retention of leading, globally competitive talent.

Australia Post's Senior Executive Remuneration Strategy

This report outlines the remuneration arrangements for the Australia Post Managing Director and Group Chief Executive Officer (MD & GCEO) and senior executives, which comprises the employees reporting to the MD & GCEO, who have authority and responsibility for planning, directing and controlling the activities of the Enterprise.

Why have a senior executive remuneration strategy?

The Australia Post senior executive remuneration strategy is intended to attract, motivate and retain the calibre of executives required to achieve its strategic priorities and create shareholder value, taking into consideration the increasingly competitive market for global executive talent. The remuneration strategy links the strategic priorities of the company to a performance management scheme, which in turn influences senior executive remuneration by:

- aligning senior executive remuneration to corporate and individual performance outcomes, and ensuring approval by the Board before any bonus payments can be earned;
- considering external market remuneration when determining senior executive remuneration and reviewing on an annual basis;
- incentivising senior executives for achievement of long-term strategic outcomes and shareholder value, in addition to short-term business performance; and
- providing competitive levels of remuneration to attract and retain key talent.

Many changes have been implemented since 2010 to modernise the remuneration practices and bring the company into line with other large Australian corporations, and to deal with the complexity of managing a Defined Benefits superannuation fund. The key components of Australia Post's remuneration strategy are described below.

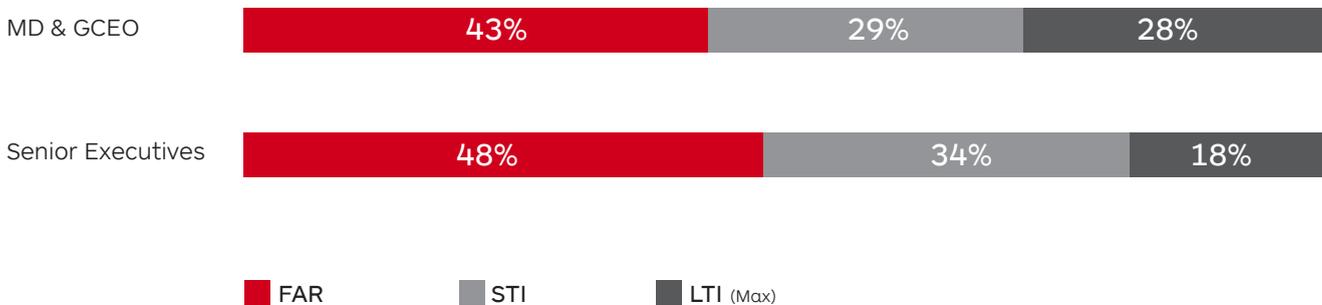
What makes up senior executive salaries at Australia Post?

In setting senior executive salary at Australia Post, the Board seeks a balance between:

- fixed annual remuneration (FAR), which aims to reward the MD & GCEO and senior executives for executing the core requirements of their role;
- short-term incentives (STI), which are at-risk and intended to reward individuals for their strategic contribution to transforming the company, separate to their core role requirements; and
- long-term incentives (LTI), which are also at-risk and can be earned upon achieving certain performance hurdles over a period of three years, at the complete discretion of the Board.

The illustration below provides an overview of the 2016 target remuneration mix for the MD & GCEO and senior executives.

Figure 1. 2016 Target Remuneration Mix



How does Australia Post determine senior executive salaries?

Australia Post applies the Mercer International Position Evaluation (IPE) system for the purposes of sizing and benchmarking roles. As a consequence of adopting this approach, Australia Post regularly reviews its strategy for how it pays. For example, in 2014, company-wide remuneration ranges were re-positioned to align to the lower General Market median (50th percentile), whereas previously they were benchmarked to the 62nd percentile.

With respect to its senior executives, Australia Post's benchmarking strategy takes into consideration a range of factors. The shift from a traditional business to a progressive digital and international business requires the acquisition and retention of specialised skills and experience relevant to the markets in which Australia Post operates. This has become more critical as Australia Post's transformation story gains momentum in the marketplace; Australia Post is increasingly viewed as a source of talent for employers seeking candidates with large-scale transformation experience. Nonetheless, the current remuneration arrangements seek to reflect the community's expectations of restraint as a public enterprise by setting an appropriate, but not market leading, level of fixed remuneration and STI for senior executives. This is reflected by a remuneration strategy that seeks to incentivise senior executives around the market median, taking into consideration relevant market benchmarks.

The most recent senior executive benchmarking activity relating to senior executives was commissioned in September 2016.

Market data was obtained independently with the assistance of Mercer Consulting (Australia) Pty Ltd. to provide a comparison of each senior executive's target annual remuneration against broadly similar roles in the external market.

Data was sourced from the disclosed remuneration data of 19 listed companies from the S&P ASX 200 Index, taking into account:

- related industry sectors (companies headquartered in Australia from the Financials, Industrials, and Utilities sectors); and
- size of company measured by revenue (which placed Australia Post at the median of the group of comparison companies).

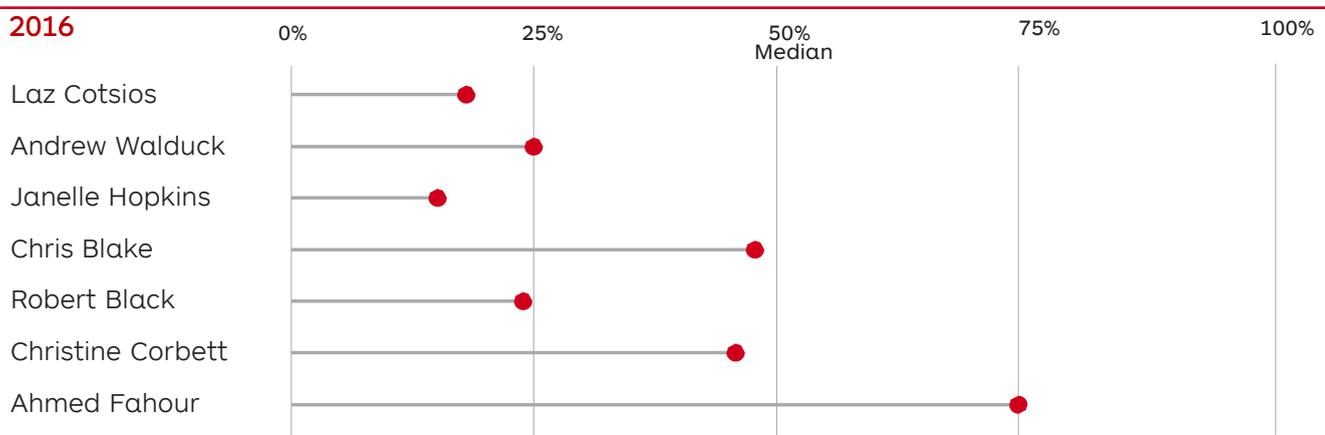
Additional data was independently sourced from PwC with regard to the MD & GCEO remuneration to provide a comparison against CEOs of listed organisations with similar revenues to Australia Post.

Australia Post also considers market data from global parcels peers where possible, however access to this information is increasingly difficult to obtain due to differences in global disclosure practices.

The data in Table 2 on page 6 shows a summary of the annual remuneration accrued by the MD & GCEO and each of the senior executives in financial year 2016. Independent benchmarking undertaken by PwC indicates that the Australia Post MD & GCEO is positioned around the 75th percentile for total remuneration when compared against the peer group noted above, which reflects the 2010 contract offer to attract him to the position.

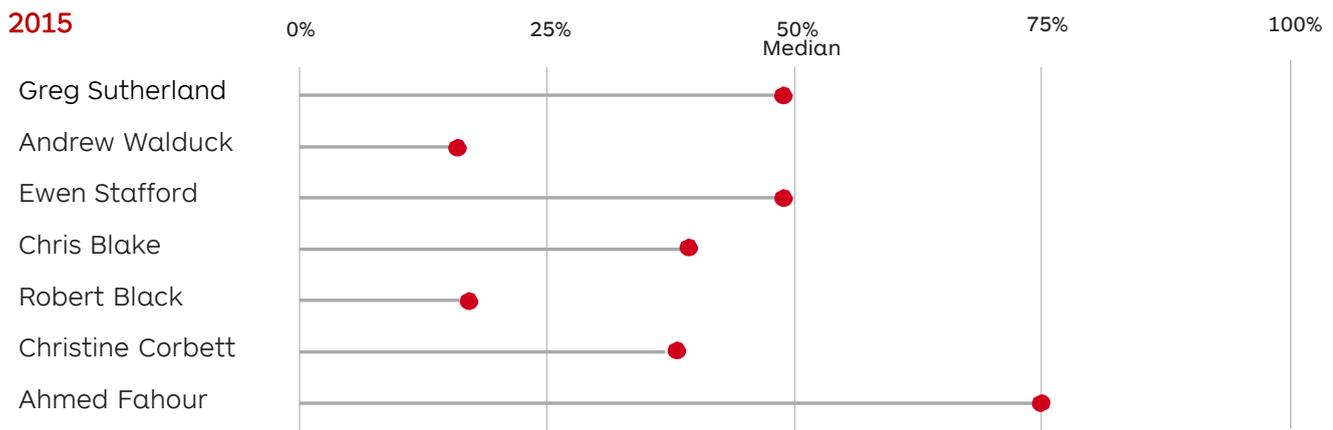
The illustration on the next page shows how the Australia Post MD & GCEO and senior executives are paid relative to executives in benchmarked companies.

Figure 2. MD & GCEO and senior executive target annual remuneration relative to benchmarks



For financial years 2015 and 2016 Australia Post senior executives are consistently paid below the market median, when comparing on target earnings with executives in benchmarked companies.

At the end of financial year 2015 Robert Black changed roles. During financial year 2016 Andrew Walduck was only in role for the period Oct 15 – June 16.



What is Australia Post's approach to short-term incentives?

In 2010 Australia Post introduced a performance and remuneration methodology that links individual performance and overall business performance with annual bonus incentives, in addition to an individual's FAR. Short-term incentives (STI) are intended to reward individuals for their strategic contribution to transforming the company, separate to the core requirements of their role. This STI program has been applied consistently across the company; not just for senior executives, but for all contracted employees at Australia Post.

With respect to Australia Post's senior executive group, the STI program is designed to:

- reward senior executives who play a significant role in achieving Australia Post's transformation goals and overall success during the year;
- ensure a portion of total remuneration is linked to the achievement of corporate performance hurdles as set out in the Australia Post Enterprise Scorecard; and
- provide Australia Post with the flexibility to manage the overall cost of the program in line with the achievement of corporate performance outcomes.

Senior executives are eligible to receive up to 70% of their FAR if they achieve stretch individual performance objectives and behave in accordance with Australia Post's Shared Values throughout the financial year. Senior executives are also eligible for an exceptional stretch component of 30% if they exceed expectations relative to their peers.

The MD & GCEO is eligible to receive up to 100% of FAR and an exceptional stretch of 50% for performance above Board expectations. Importantly, 25% of the MD & GCEO's total STI will be assessed based on a Board determined

Personal Component of the KPI. In assessing this Personal Component, the Board will consider how the MD & GCEO has established, exhibited and developed the organisation with regard to leadership, talent and culture, especially the progress made in building a strong leadership pipeline and talent pool to build clarity and confidence for a sustainable future.

The Australia Post deferral rules stipulate that the exceptional stretch component of an executive bonus incentive is paid in two instalments; half in the assessment year and half twelve months later.

How does Australia Post balance individual performance with company performance?

Senior executive incentive payments are calculated based on two factors:

1. Achievement of individual performance outcomes, which influence STI payments; and
2. Achievement of overall company performance outcomes, which influence the Corporate Multiplier.

Each year, the Australia Post Board assesses the overall performance of the Enterprise, as measured against a predetermined Enterprise Scorecard. The Board will subsequently endorse a Corporate Multiplier which reflects the overall performance of the enterprise on Key Performance Indicators (KPIs) outlined in the Enterprise Scorecard. The multiplier adjusts, up or down, the STI bonus awarded for senior executives and other contracted employees. For example, a Corporate Multiplier of 1.00 would result in senior executives receiving 100% of their allocated STI payment. Ultimately, the Corporate Multiplier has the effect of focusing senior executive attention on both their individual performance objectives, as well company-wide performance objectives, encouraging accountability and collaboration.

How does Australia Post adjust salaries?

In line with common business practice, Australia Post reviews the remuneration for all contract-level employees on an annual basis. For senior executives, this practice is aimed to ensure current salaries are appropriately aligned based on performance, talent and market positioning.

When considering an appropriate level of salary adjustment, Australia Post seeks external advice from their principal remuneration advisers, Mercer Consulting (Australia) Pty Ltd. This advice indicated modest increases to fixed remuneration in 2016.

When determining individual adjustments for contracted employees, a range of internal factors are also considered, including company performance, individual performance, and market benchmark data for their role.

Australia Post also seeks to maintain senior salary adjustments at or below the level committed to award level employees as part of their current Enterprise Bargaining Agreement, which was 3% in 2016. As such, in 2016 Australia Post's actual average salary increase for contracted staff (including senior executives) was 1.86%.

What are the arrangements for senior executive terminations?

The contract of employment sets out the circumstances in which senior executives may be terminated by either Australia Post or the senior executive. Continuation of employment is subject to ongoing performance reviews by the Board and the MD & GCEO. Where the Board terminates the MD & GCEO or endorses the termination of other senior executives' employment for reasons other than performance or misconduct, the individual is entitled, in the case of the MD & GCEO, to:

- 12 months notice in writing or payment of 12 months salary and allowances in lieu of notice or a combination of both notice in writing and payment in lieu of notice; and, for other senior executives, to:
- 90 days payment in lieu of notice and a termination payment calculated based on length of service and capped at 12 months fixed annual remuneration including the payment in lieu of notice.

Where the MD & GCEO or senior executive terminates (resigns) they must give at least 3 months notice. The executive continues to receive their normal remuneration for the notice period, but receives no termination payment.

How is senior executive remuneration governed?

The Nomination and Remuneration Committee (NRC) is a sub-committee of the Board of the Australian Postal Corporation, established to ensure that Australia Post's performance, remuneration, and succession practices for the MD & GCEO and senior executives are coherent, fair and reasonable, and are consistent with relevant legislation and statutory requirements. The key responsibilities of the NRC as they relate to MD & GCEO and senior executive remuneration include:

- reviewing and making recommendations to the Board regarding remuneration levels for the MD & GCEO and senior executives, and appropriate salary adjustments;
- reviewing and making recommendations to the Board regarding corporate goals and short and long term incentive programs relevant for the MD & GCEO and senior executives; and
- reviewing and endorsing MD & GCEO and senior executive performance results and overall corporate performance, and approving the Corporate Multiplier and associated incentive payments.

Applying the Australia Post Remuneration strategy in the 2016 financial year

The diagram below brings together the key components of the remuneration strategy described above, starting with Australia Post's strategic priorities, measured through a pre-determined Enterprise Scorecard. The actual performance of the company for the 2016 financial year is then assessed against these measures, resulting in a Board approved Corporate Multiplier of 1.00 and salary adjustment of 2%.

Australia Post's Part of Tomorrow Strategic Priorities

Reform our letters service	Support consumer & small business segments particularly in regional and rural areas	Developing new business solutions leveraging identity services, MyPost and our Post Office network	Maintain our parcels market position both in domestic and internationally	Building a customer centric brand and culture focused on: Delivering ecommerce. Everyone, everywhere, every day
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Which are Reflected in the Enterprise Scorecard Hurdles

Profit Before Tax	Letters Reform	Growing Digital Solutions	International Expansion	Customer & Innovation	Culture Change Program
Budgeted Corporate Plan of \$11m	Approval for letters reform and price changes	Grow MyPost registered users, providers and transaction volumes	Implement international expansion plan; partner with major international logistics provider	Improve customer advocacy Board approved innovation plan	Maintain Employee Engagement through reform

Actual Enterprise Performance Against Hurdles

Exceeded PBT target, achieving \$41m, resulting in a \$20m dividend to Shareholder	Federal Parliament approval for letters reform and approval by the ACCC for price rise to \$1 for basic postage rate	4.1m Australians registered for MyPost (growth of 90% since 2015)	International expansion plan successfully achieved through the announcement of the Aramex partnership	Customer Advocacy NPS did not meet target Delivered customer operating model and customer innovation plan	Improved employee engagement since last full census
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Based on these strong performance results, the Board approved the following senior executive remuneration outcomes

STI multiplier of 1.00

Equates to 100% of each Executive's target STI opportunity

Total Fixed Remuneration:

Average fixed pay increase of 2% (Actual average increase based on annual salary review was 1.86%)

For 2015, based on the full year loss reported by Australia Post and actual performance against hurdles, the Board approved an STI Multiplier of 0.7 and an average fixed pay increase of 3%. The MD & CEO declined to accept a bonus for the 2015 financial year, and the remaining senior executives were paid at a STI Multiplier of 0.5. The actual average increase based on the annual salary review for contracted staff (including senior executives) was 2.3%.

Statutory Remuneration Tables

For the purposes of this disclosure, the Group has defined senior executives as those employees who report directly to the MD & GCEO. These employees are the only employees considered to have the capacity and responsibility for decision making that can have a significant and direct impact on the strategic direction and financial performance of the Group. Executive directors are classified as senior executives and are disclosed in this note.

Senior Executive and Director Remuneration – 2016 Financial Year

Remuneration received directly or indirectly by senior executives and directors under an accrual basis for the year ended 30 June 2016 is as follows:

	Term / Total Number	Short-term benefits (a)			Post employment contributions	Termination & retirement benefits	Total
		Base Salary & Fees	Short term incentives / bonuses	Non- monetary benefits	Super- annuation		
Table 1 – Directors							
Talal Yassine OAM	Retired Aug 2015	7,754	–	–	737	–	8,491
Jan West AM	Appointed May 2016	8,158	–	–	775	–	8,933
Susan Bitter	Retired Aug 2015	8,650	–	–	822	–	9,472
The Hon. Michael Ronaldson	Appointed May 2016	14,351	–	–	1,363	–	15,714
Bruce McIver	Appointed Dec 2015	54,418	–	–	5,170	–	59,588
Peter Carne	Retired Dec 2015	50,179	–	5,166	5,419	–	60,764
Holly Kramer	Appointed Oct 2015	67,381	–	–	6,401	–	73,782
Michael Byrne	Appointed Oct 2015	67,381	–	–	6,401	–	73,782
Michael D'Ascenzo AO	Retired May 2016	87,747	–	–	8,336	–	96,083
Dominique Fisher	Full Year	92,720	–	–	8,808	–	101,528
Brendan Fleiter	Full Year	118,525	–	–	12,801	–	131,326
John Stanhope AM	Full Year	182,520	–	–	17,339	–	199,859
TOTAL	12	759,784	–	5,166	74,372	–	839,322
Table 2 – Senior Executives							
Laz Cotsios	Appointed Oct 2015	410,238	276,356	–	19,308	–	705,902
Andrew Walduck	Appointed Oct 2015	513,120	351,726	35,490	19,308	–	919,644
Janelle Hopkins	Full Year	534,929	385,000	–	19,308	–	939,237
Ewen Stafford	Retired Jan 2016	429,794	415,000	–	43,102	368,052	1,255,948
Chris Blake	Full Year	781,514	521,500	–	19,308	–	1,322,322
Robert Black	Full Year	883,426	595,000	–	19,308	–	1,497,734
Christine Corbett	Full Year	767,305	677,500	–	82,350	–	1,527,155
Ahmed Fahour AO (b)	Full Year	1,971,152	2,342,993	73,985	1,239,829	–	5,627,959
TOTAL	8	6,291,478	5,565,075	109,475	1,461,821	368,052	13,795,901

(a) Short-term employee benefits includes cash salary, accrued annual leave, accrued short term incentives, and non-monetary benefits. Accrued short term incentives represent the best estimate as at the time of preparation of the 2016 financial report. The following senior executives final performance outcomes differed from the accrued amounts as follows (inclusive of any deferred STI):

- Chris Blake – final short term incentive outcome was \$183,813 higher than accrued;
- Robert Black – final short term incentive outcome was \$191,250 higher than accrued;
- Christine Corbett – final short term incentive outcome was \$92,813 higher than accrued;
- Ahmed Fahour AO – final short term incentive outcome was \$136,675 lower than accrued.

(b) Superannuation of the MD & GCEO for the current period includes a lump sum payment which was payment of an amount to restore the value in the MD & GCEO's original contract as a result of erosion through unexpected impacts of legislation with respect to superannuation contributions from February 2010. The MD & GCEO voluntarily exited the APSS superannuation scheme in the 2016 financial year, and therefore that year is not included in the calculation of his years of service for superannuation purposes.

Statutory Remuneration Tables

Senior Executive and Director Remuneration – 2015 Financial Year

Remuneration received directly or indirectly by senior executives and directors under an accrual basis for the year ended 30 June 2015 is as follows:

	Term / Total Number	Short-term benefits (a)			Post employment contributions	Termination & retirement benefits	Total
		Base Salary & Fees	Short term incentives / bonuses	Non- monetary benefits	Super- annuation		
Table 3 – Directors							
The Hon. Trish White	Retired Aug 2014	12,585	-	-	1,359	-	13,944
Dominique Fisher	Appointed Nov 2014	52,719	-	-	5,008	-	57,727
Talal Yassine OAM	Full Year	89,500	-	-	8,503	-	98,003
Michael D'Ascenzo AO	Full Year	89,500	-	-	8,503	-	98,003
Susan Bitter	Retired Aug 2015	99,860	-	-	9,487	-	109,347
Brendan Fleiter	Full Year	110,220	-	-	11,904	-	122,124
Peter Carne	Full Year	110,200	-	4,590	11,901	-	126,691
John Stanhope AM	Full Year	178,940	-	14,639	16,999	-	210,578
TOTAL	8	743,524	-	19,229	73,664	-	836,417

Table 4 – Senior Executives							
Tracey Fellows	Retired Jul 2014	98,671	-	-	735	-	99,406
Richard Umbers	Retired Aug 2014	140,813	-	-	8,932	-	149,745
Robert Black	Appointed Nov 2014	511,463	172,854	-	18,783	-	703,100
Greg Sutherland	Full Year	565,239	207,813	-	18,783	-	791,835
Andrew Walduck	Full Year	571,785	207,813	43,321	18,783	-	841,702
Chris Blake	Full Year	772,815	247,713	-	18,783	-	1,039,311
Christine Corbett	Full Year	753,753	266,000	-	80,991	-	1,100,744
Ewen Stafford	Full Year	817,576	331,313	-	81,992	-	1,230,881
Ahmed Fahour AO (b)	Full Year	1,876,981	-	44,621	489,728	-	2,411,330
TOTAL	9	6,109,096	1,433,506	87,942	737,510	-	8,368,054

(a) Short-term employee benefits includes cash salary, accrued annual leave, accrued short term incentives, and non-monetary benefits. Accrued short term incentives represent the best estimate as at the time of preparation of the 2015 financial report; final amounts paid may differ from the amounts accrued reflecting final performance outcomes. The following Senior Executives final performance outcomes differed from the accrued amounts as follows (inclusive of any deferred STI):

- Robert Black– final short term incentive outcome was \$9,889 higher than accrued;
- Greg Sutherland – final short term incentive outcome was \$10,937 higher than accrued;
- Andrew Walduck – final short term incentive outcome was \$10,937 higher than accrued;
- Chris Blake – final short term incentive outcome was \$13,037 higher than accrued;
- Christine Corbett– final short term incentive outcome was \$14,000 higher than accrued.

(b) Superannuation of the MD & CEO for the current period includes a lump sum payment of \$308,639 which was payment of an amount to restore the value in the MD & CEO's original contract as a result of erosion through unexpected impacts of legislation with respect to superannuation contributions from February 2010.

What is the 3-year long-term incentive plan for senior executives?

In 2014, recognising the significant enterprise wide strategic challenges facing the organisation, the Board created a long-term incentive (LTI) program to retain, reward and motivate senior executives. Importantly, the plan was designed according to the following rules:

- clearly defined, Board approved performance hurdles;
- a three year timeframe (2014 to 2017) to maintain focus on long-term business transformation;
- Board approval of payment upon achieving transformation hurdles, only after completion of the three-year program; and
- deferred payments to maximise retention.

The market from which Australia Post attracts and retains senior executives is generally large publically listed institutions of similar size and complexity. With the exception of two individuals, all Australia Post senior executives have joined Australia Post from organisations where equity based long-term incentive plans are more commonly provided.

In contrast, Australia Post is restricted when competing for executive talent, in that, being a Government Business Enterprise, it is not able to utilise equity based incentive schemes to reward individuals. It is because of these restrictions that Australia Post has implemented a cash-based LTI plan.

The maximum LTI bonus available to senior executives is 100% to 150% of their fixed annual remuneration depending on complexity and size of role.

A senior executive is eligible to receive an LTI Bonus if:

- Australia Post meets all the Enterprise Key Performance Indicators, as determined by the Board;
- the participant has consistently achieved an individual performance rating of “meeting expectations”;
- the participant is employed by Australia Post on the payment dates and has not given notice of resignation; and
- the Board has approved the payment of a bonus to the participant.

The Enterprise Key Performance Indicators that must be met for LTI to be granted are:

- Phase II integration of Parcels services;
- StarTrack establishes a competitive position in the international eCommerce parcel supply chain in Asia and one other continent;
- MyPost platform is implemented providing a comprehensive range of services, payment facilities and access options, for registered customers;
- The viability of the Post Office network is secured through to 2020;
- Full implementation of the Letters Reform program including substantial reduction in losses in the letters services.

Performance against each of the KPIs listed above will be assessed independently of each other, with each KPI carrying a 20% weighting in determining the proportion of LTI bonus that is payable. A KPI must be achieved in full for any portion of LTI bonus to be attributed to that KPI.

Performance will be assessed against the specified KPIs at the conclusion of the three year performance cycle on 30 June 2017. Any LTI bonus (if applicable) is payable in two phases (two-thirds in November 2017 and one-third in November 2018).

What is the 3-year long-term performance plan for the MD & GCEO?

The LTI program for the MD & GCEO applies the same principles and rules as the senior executive LTI program in that any incentives are considered potential rewards based on the Board approved achievement of three-year strategic performance hurdles. However the MD & GCEO LTI plan is different in the following ways:

- The MD & GCEO is required to achieve Board defined Three-Year Success Factors for the period ending 30 June 2017. The MD & GCEO is also required to meet annual LTI Milestones as set by the Board each year, in addition to the agreed enterprise performance measures that influence STI;
- Upon achieving sufficient progress against the Three-Year Success Factors and meeting all annual LTI Milestones, as determined by the Board, the MD & GCEO will be eligible for a maximum LTI payment that approximates 100% of base salary per year, equating to a potential maximum of three times base salary payable in September 2017;
- If the Board determines that during any financial year the MD & GCEO has not met the annual LTI Milestones, or has not made sufficient progress against the Three Year Success Factors, the MD & GCEO will sacrifice one third of the maximum LTI payment, but will still remain eligible to receive the balance at the conclusion of the three-year plan.

The Three-Year Success Factors defined by the Board in July 2014 that must be achieved for the MD & GCEO to be eligible for a LTI payment are:

1. Gain Shareholder support for letters reform changes, and reconfigure the delivery network to reduce cost in the letters business and improve competitiveness in the parcels business;
2. Establish an online presence through a range of digital services, payment facilities and access options;
3. Establish an ongoing competitive position in the international eCommerce parcel supply chain;
4. Ensure the ongoing viability of the retail network through business growth and government support.

Any LTI payment to the MD & GCEO remains at the absolute discretion of the Board. An assessment of MD & GCEO performance against the Three-Year Success Factors and annual LTI Milestones will be conducted by the Board in August 2017.

Statutory Remuneration Tables

In 2016 and 2015, based on progress against the LTI performance hurdles, 80% of maximum annual value of long-term potential reward was accrued for the senior executives and 100% accrued for the MD & GCEO. Actual LTI accruals and payment amounts are subject to Board approval.

	Long-term potential benefits			Total
	STI deferral	Long Service Leave	Accrual of potential LTI	
Table 5 - 2016 Accrued value of long term potential reward				
Laz Cotsios	-	8,539	146,667	155,206
Andrew Walduck	-	17,673	179,452	197,125
Janelle Hopkins	2,938	19,098	104,667	126,703
Ewen Stafford	-	16,685	90,000	106,685
Chris Blake	-	21,110	298,000	319,110
Robert Black	-	20,799	330,000	350,799
Christine Corbett	-	36,904	320,000	356,904
Ahmed Fahour	390,499	64,399	2,000,000	2,454,898
TOTAL	393,437	205,207	3,468,786	4,067,430

	Long-term potential benefits			Total
	STI deferral	Long Service Leave	Accrual of potential LTI	
Table 6 - 2015 Accrued value of long term potential reward				
Richard Umbers	-	5,699	-	5,699
Robert Black	-	10,945	330,000	340,945
Greg Sutherland	-	14,304	250,000	264,304
Andrew Walduck	-	23,217	250,000	273,217
Chris Blake	-	18,651	298,000	316,651
Christine Corbett	-	61,054	320,000	381,054
Ewen Stafford	46,969	22,668	360,000	429,637
Ahmed Fahour	521,735	40,350	2,000,000	2,562,085
TOTAL	568,704	196,888	3,808,000	4,573,592