

More than Cartier watches involved in executive spending scandal at Australia Post

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30 October 2020

On October 22, Prime Minister Scott Morrison demanded that Australia Post CEO Christine Holgate immediately stand down. His order followed revelations in a Senate Estimates hearing earlier in the day that four senior executives at the government-owned postal service had been gifted Cartier watches for securing a deal with the country's largest banks in 2018.

Morrison's extraordinary intervention has touched off a bitter conflict within the ruling class and its political establishment. Senior government representatives, including the prime minister, have restated their denunciations of Holgate, and have been joined by publications such as the *Australian Financial Review*.

Other powerful mouthpieces of the corporate elite, including the Murdoch-owned *Australian* newspaper, have condemned the attacks on Holgate as a witch-hunt. Holgate has hit back, with her lawyers declaring yesterday there were no legal grounds for her to be stood down and that Morrison had sought to publicly humiliate her. Holgate insists she has not stepped aside and is instead on holiday.

Clearly more is involved than the watches, which were reportedly worth around \$20,000, and other details of expenses, including Holgate's use of company credit cards, payments for hotels, Uber rides and hair cuts.

The government's shock and outrage has an entirely manufactured character. Morrison's government has been directly implicated in multiple rorts, worth far more than the watches, as have state administrations, Labor Party and Liberal-National alike.

Moreover, the lavish spending among executives at Australia Post is hardly new or secret. The postal service has been thoroughly corporatised under successive federal governments. For instance Holgate's Labor-appointed predecessor as CEO, Ahmed Fahour, received an annual salary of \$5.6 million per year, on par with top executive rates in the private sector. In his final year at the company, Fahour was paid more than \$10 million, including bonuses and entitlements.

Holgate's defenders have noted that she took a "pay cut," when she accepted the position of CEO. Her annual remuneration of \$1.5 million is far less than she received as a top executive at Blackmores, a private vitamin and supplements company. Executive spending has actually decreased under her watch.

As is always the case, such scandals are the means by which the real issues are covered up, and the ruling elites fight out among themselves conflicts that they do not want workers or the public to know about.

Neither Holgate's opponents, nor her supporters, have given any explanation of what the stoush is really about. That is why the affair is so murky.

It is clear, however, that the furore is an internecine conflict within the corporate elite. Both sides support the assault on postal workers' jobs and conditions, and the further restructuring of Australia Post, in preparation for its privatisation. The points of difference appear to be how quickly the restructuring should proceed, which areas should be targeted first for the chopping block, and who will reap the spoils.

The *World Socialist Web Site* insists that postal workers have no stake in this conflict. They face the need to develop an independent political movement, against the major political parties, all factions of management, and the unions. This is the only way to defend jobs, wages and conditions, and fight the further pro-business restructuring of the postal service.

There is no indication that Holgate, or anyone else, sought to cover up the purchase of the Cartier watches. The spend, therefore, has been widely known for some two years. It can hardly be an accident that the issue of the watches has emerged as Australia Post is undergoing its biggest overhaul in years, if not decades.

In April, the government and company management invoked the pandemic to suspend regulatory requirements governing Australia Post. This included an end to every day letter delivery in the cities, and a far greater focus on parcel services. The changes were then codified in an "Alternative Delivery Model" (ADM) which is being enforced by the Communication Electrical and Plumbers Union (CEPU) and the Communications Workers Union (CWU).

As the WSWS has warned, the COVID-19 crisis was only the pretext for the overhaul. Its real aim is to gut letter services, which have suffered declining revenue, and transform Australia Post into a lucrative delivery service, focused on the booming parcel sector, so that it can be sold off. The restructure threatens at least 2,000 jobs and already has already resulted in a major increase in workloads.

The scandal surrounding Holgate, however, erupted, amid indications that sections of the corporate elite and the government were dissatisfied with the progress of the overhaul.

Earlier this month, it was reported that Communications Minister Paul Fletcher had written to business chiefs asking for their "feedback" on the new delivery model. According to the *Sydney Morning Herald*, a representative of Fletcher's office said the review, to be completed by the end of the year, would determine

whether the regulatory changes under which the ADM has been introduced “should continue to June 30 next year, incorporating feedback from business and industry.”

The article highlighted “frustration” at major corporations over ongoing delays to parcel deliveries. The logic of the business complaints is that the restructure must be stepped up, with an ever-greater focus on parcel delivery.

The 2018 deal with the Commonwealth Bank, Westpac and NAB, at the heart of the watches scandal, also may be an issue of contention. The Australia Post executives received their Cartier watches after securing an agreement with those major banks to contribute \$100 million to assist postal offices to provide banking services.

The deal was hailed by many Australia Post licensees, who operate outlets, as a lifeline, under conditions where many of them have confronted declining revenues. Some of these small businesspeople have initiated a campaign in defence of Holgate.

Sections of the corporate elite have previously called for the closure of postal offices, particularly in regional areas, as a means of cutting costs and streamlining operations. A 2018 review into Australia Post by PricewaterhouseCoopers, leaked to the media earlier this year, advocated “smaller-footprint locations,” including through the replacement of full-service postal offices with self-service parcel lockers and kiosks. Many other changes called for by the review, including a reduction in letter delivery, have been incorporated into the ADM.

Significantly, former Deputy Prime Minister Barnaby Joyce, who remains a prominent member of the current government, responded to the Holgate scandal by declaring that it was necessary for assets at Australia Post to be sold off. Joyce is from the National Party, which covers regional and rural areas. One of the primary assets in such areas would be postal outlets.

Others who have backed the campaign against Holgate have also called for more rapid moves toward privatisation. The *Australian Financial Review* (AFR) published an editorial declaring that the “underlying problem exposed here is Australia Post’s half-pregnant condition: while still publicly owned, it has been corporatised to be run according to private sector management methods.”

The AFR stated: “[W]ith Australia Post now just one among many e-commerce logistic operators, the case for the government continuing to run a postal service is as weak as the notion that Telstra should still be publicly owned.” Its conclusion was that the Holgate scandal “strengthens the case for Australia Post being rebirthed as a fully private business free to attract and reward its employees as its owners see fit on commercial, not political, grounds.”

The sections of the corporate elite defending Holgate fully support this agenda. They merely have tactical differences over how it should be implemented.

Robert Gottliebsen, a senior business commentator at the *Australian*, has published several articles opposing the attacks on Holgate. He warned that the furore risks triggering a crisis at the postal service, in the lead up to the busy holiday season. He called for a government investigation into the executive spending to be deferred until February.

Gottliebsen also defended the 2018 deal with the banks, noting that it boosted the profitability of some 3,000 postal outlets. He drew attention to the preponderance, on the Australia Post board, of Liberal Party supporters, who have facilitated the move against Holgate. The *Australian* columnist warned that the board members have “minimal experience” in “transport and logistics,” and the move against Holgate could give the “international parcel rivals” of Australia Post “another chance” to strengthen their position in the market.

This, Gottliebsen has warned, would obstruct privatisation. In one of his articles, he hailed the Keating Labor government’s sell-off of biotechnology firm CSL as a model to be emulated. The government had worked constructively with the company’s Brian McNamee, Gottliebsen argued, creating the conditions for it to be privatised in the 1990s.

The fact that both sides in the conflict support privatisation is a warning to postal workers of what is to come. The intensity of the conflict, and the extent to which the underlying issues have been covered up, demonstrates how much is at stake for the Australian ruling elite. Australia Post is one of the country’s largest employers. With the pandemic, the lucrative parcel sector has only become an even more valuable prize for the financial oligarchy.

The CEPU and the CWU, the unions at Australia Post, have done nothing to alert postal workers to the dangers that have been revealed. Instead they have largely defended Holgate, and have bemoaned the corporatisation of the postal service.

But the situation at Australia Post is, above all, of their making. For decades, the unions have enforced one restructure after another, gutting thousands of jobs, boosting casualisation and presiding over worsening working conditions.

They are enforcing the ADM, in the face of substantial opposition from workers. The primary concern of the unions is to suppress any struggle against the restructuring, and ensure their own position at the bargaining table, from which the privileges of the union officialdom derive.

Postal workers can only wage a fight against privatisation through a rebellion against the unions and the formation of new organisations of struggle, including independent rank-and-file committees. These would face major political issues, including the need for a socialist perspective, aimed at placing Australia Post and other utilities, as well as the banks, under full public ownership and democratic workers’ control.



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