

Australia Post salary scandal highlights our nation's growing wage inequality

Written by Carl Rhodes, Professor of Organization Studies, University of Technology Sydney



Australia Post CEO Ahmed Fahour earned \$5.6 million in 2015-16. AAP/Tracey Nearmy

How much more than an average worker should a CEO earn? Research shows Australians [believe](#)

CEOs should earn eight times more. It is perhaps unsurprising, then, that revelations about the salary of Australia Posts CEO Ahmed Fahour have caused a public furore this week.

Fahour's pay is [estimated at](#) up to 119 times that of a postal worker, and 73.5 times that of the average earnings in the transport, postal and warehousing industry.

In 2015-16, [he earned](#) A\$5.6 million – made up of A\$4.4 million in salary and superannuation, and a A\$1.2 million bonus. This has – at least for now – rightly put wage inequality on the national political agenda.

Questions of transparency

It's not just that it's a lot of money. Australia Post has, until this week, been able to keep Fahour's salary top secret. It adamantly did not want us to know, even trying to gag the [Senate committee](#) it was required submit the information to in 2016.

Australia Post protested that revealing the size of the managerial swag-bag might mean people would ["become targets for unwarranted media attention"](#). It [also griped](#) that making the bulging pay packets public could "lead to brand damage for Australia Post".

This is corporate double-speak writ large. Brand damage for sure. But the reason is that the top-six Australia Post executives earn the same as [half of the business's total profits](#). Customers and citizens might rightly think this is just wrong – and, in the end, the customer is the one who is paying.

Executive pay comparisons

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There is a rule of thumb in business ethics called the ["New York Times Test"](#). It states that a business should not do anything that it would not want to see reported on the front page of the newspaper. Australia Post has not only failed this test, but it has deliberately tried to avoid being subject to it by its insistence on secrecy.

Australia Post is especially sensitive because it is a government-owned corporation. So, while it can still earn profits, there are no shareholders it is accountable to. Ultimately, Australia Post is answerable to the government.

Overindulgent executive salaries are usually rationalised with vague arguments that eschew responsibility. Managers and their PR minions harp on about the need to compete for global talent. Australia Post joined the chorus, very specifically defending the salaries of its chiefs because they were ["in line with market practice"](#).

The poverty of this argument is palpable. Australia is leading the way internationally on this executive salary creep. And top postal executives in other countries earn a fraction of [what is paid here](#). Britain's postal boss does well, earning the equivalent of A\$2.5 million. Fahour's US counterpart takes home just A\$543,616. In Canada, the salary is A\$497,000.

The public has responded to news of Fahour's salary with justified indignation. Even [Prime Minister Malcolm Turnbull](#) chimed in, saying he thinks Fahour's salary is excessive.

As exorbitant as Fahour's salary might be, it is just the tip of the iceberg when it comes to executive pay in Australia. It even looks relatively modest when [compared to the sums](#) taken home by CEOs in the corporate sector.

Peter and Steven Lowy at Westfield share A\$25 million in realised pay. Seek's Andrew Bassat yields just under A\$20 million, and Nick Moore at Macquarie Group scrapes in over A\$16 million.

These salary extravagances seem tame if you think that the top 1% of Australians [have as much wealth](#) as the bottom 70%. Gina Rinehart and Harry Triguboff alone own more than the bottom 20%.

Missing the broader point

The real point of all of this has been totally missed in the rush to side-step political accountability.

[For Turnbull](#) , it was just another [“not my job”](#) moment. The Australia Post board responded in a similarly dismissive way, with a promise to have [“a discussion”](#) the best it could muster.

At least the Senate had the nerve to call Australia Post chairman John Stanhope to publicly justify its executive wage bill at Senate Estimates [later this month](#) .

Meanwhile, the cost of living for average Australians and its relationship to wages and penalty rates remain [key political issues](#) . This is quite right, given the way that people are rewarded by corporations is a [key determinant of income inequality](#) .

No doubt the earnings of Australia Post's top brass will fade from the headlines. What won't fade so quickly is the way the gaps between the earnings of those executives and rest of the Australian population keeps getting bigger.

This cannot be dismissed with facile arguments about the “politics of envy”. Instead, we need to take heed of research that clearly shows inequality is [continuing to widen in Australia](#) , and that this rising inequality is [harmful to economic and social stability](#)

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Carl Rhodes does not work for, consult, own shares in or receive funding from any company or

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organisation that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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