

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Budget Estimates Hearings May 2014
Communications Portfolio
Department of Communications

Question No: 575

Program No. 1.2

Hansard Ref: In Writing

Topic: Australia Post dividends

Senator Urquhart asked:

At the hearing the Department was asked why the forecast dividends dramatically varied from the 2013-14 portfolio budget statements to the 2014-15 statements. The response that “I think these trends that are affecting Post have been well understood and signalled for many years.” That does not answer the question asked which was “why it has happened so suddenly that the dividends from Post have taken such a dramatic change?” To be clear, the question relates to the change in forecast dividends from the 2013-14 budget to the 2014-15 budget.

Answer:

Australia Post’s letter operations are a largely fixed cost business. Therefore small variations in letter volumes and revenue can have a significant impact on Australia Post’s profitability and dividends. While it is clear that letter volumes are declining inexorably over the longer term, it is more difficult to predict declines over the shorter and medium terms. The change in Australia Post dividend forecasts between the 2013-14 and 2014-15 budgets largely reflects deterioration in the expected rate of decline in letter volumes. Additionally, increasing competition in the parcels sector is impacting on Australia Post’s profitability.