

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Supplementary Budget Estimates Hearings November 2014
Communications Portfolio
Australia Post

Question No: 311

Program No: Australia Post
Hansard Ref: Page 68, 20 November 2014

Topic: Offer to franchisees
Senator Rushton (Chair) asked:

Mr Fahour: We said what we want to do is go through a process with each of them, taking a whole bunch of circumstances into consideration. One of those is that, in a number of locations, we want the current manager to continue. But they are saying to us, for example, 'I am happy to continue but I can only do it at this price.' So there are negotiations in play. The principle of what you have said, Chair, is, I think, quite reasonable, which is that the multiples that we charge if we are converting it from a franchise to a licence and the market's multiples should be roughly the same. In principle, I would say that is a reasonable statement.

CHAIR: And are they?

Mr Fahour: I will come back to you and confirm in writing: if they are not, then they should be; and, if they are not, why not? I will put that in writing to you, Chair. If you let me look at each of the individual transactions or the conversations, I will come back to you. I do not have it with me.

CHAIR: Okay. When providing that information—even if this has to be provided confidentially, by some other means—could you give us some physical examples, where offers in terms of the changeover price have been made, of both what the value of the franchise is currently and what the cost to convert to an LPO is based on what the market would be providing?

Mr Fahour: Chair, I think that is more than reasonable, I really appreciate your offer: if we could do that commercial-in-confidence—

CHAIR: Sure. Yes, absolutely.

Mr Fahour: because we are negotiating a commercial contract, and I feel very uncomfortable revealing commercial contracts in the public domain.

CHAIR: I have just been advised that we can accept that under standing order 25—under our performance functions—so it can be received in camera.

Answer:

As noted at the hearing, the information will be provided separately to the committee under standing order 25(2).