

**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: 390**

**Program No: Australia Post**

**Hansard Ref: In writing**

**Topic: International Mail**

**Senator Urquhart asked:**

- a. What was the profit/loss from regulated services arising from Universal Postal Union (UPU) arrangements for the 2013–14 financial year in total? What was the profit/loss applicable to inbound and to outbound international mail?
- b. Has a new model for determining terminal dues rates been introduced by the UPU (it was scheduled to begin on January 2014)? If so, what has been the impact on the loss for inbound international letters and packets?
- c. Has the 2014 increase in the Basic Postage Rate had an impact on the amount of terminal dues being received by Australia Post? If so, in what way?
- d. In the 2012–13 financial statements, regulated international inbound letters and packets were reclassified from 'Mail' to 'Parcel and Express' (2013 Annual Report p. 92). What was the reason for this change?

**Answer:**

- a. For the 2013/14 financial year, regulated inbound services subject to the Universal Postal Union arrangements generated a loss of \$77.0 million. Our international inbound and outbound products recorded the following results for 2013/14:

\$'millions	<b>2013/14</b>
International Inward Letters	(\$12.9)
International Inward Parcels	(\$31.5)
<b>International Inward</b>	<b>(\$44.4)</b>
International Outward Letters	\$25.4
International Outward Parcels	\$55.1
<b>International Outward</b>	<b>\$80.5</b>

- b. The UPU agreed a new Terminal Dues (TD) system at its Doha Congress in 2012 which will partially mitigate the negative impact of the system, on the remuneration Australia Post receives for the processing of inbound international letters and packets. The new TD system came into force on 1 January 2014 and will apply for the years 2014 – 2017. The revenue uplift as a result of the new TD system is estimated to be approximately \$6.0m (FY 13/14) (based on internal estimates and are subject to mail volume variations, currency fluctuations and changes in mail profiles). While the new system will help partially mitigate the losses that Australia Post incurs in the processing of international inbound, it will not eliminate it.

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- c. Under the complex rules of the UPU's TD system, Australia's basic postage rate (BPR) is used as a reference for setting the terminal dues payable to Australia Post for the processing of inbound international letters and packets. Under the UPU Regulations, each Industrialised Country must notify their BPR to the UPU by 1 June of the year preceding the calendar year, to which the rates will apply for the calculation of each country's TD rates. Australia's BPR increase in 2014 will therefore only have an impact on TD rates from 1 January 2015 and as a result we do not as yet have sufficient data to confirm the actual impact.
- d. Regulated international inbound letters and packets (<2kg) were aligned with all other international inbound mail products within the Parcel and Express segment to reflect that all inbound mail products are processed and managed together as a portfolio of products.