

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
ADDITIONAL ESTIMATES 2013-2014

Finance Portfolio

Department/Agency: Department of Finance

Outcome/Program: 2/2.1

Topic: Government Business Enterprises and Commonwealth entities

Senator: Bernardi

Question reference number: F38

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Number of pages: 1

Question:

Ms Mason: I think the parcels portion of Australia Post is doing quite well; it is the letters portion of the business that is in decline. And that is not unique to Australia Post; it is a feature of postal services around the world.

CHAIR: I am not having a crack at Australia Post; I understand. It is just that there is a long-term business issue that they are having to deal with. They need to reinvest in their business—and Mr Tune suggested that that was taken into account when extracting dividends—yet the dividend has jumped significantly in those two years. It is just an observation; I am not making any—

Mr Tune: We will take it on notice and give you an explanation of the difference.

CHAIR: You might also be able to tell me when Finance first became aware of what I would call the long-run erosion of the Australia Post business model.

Mr Tune: We have been talking to Post about this for at least the last three years, maybe four. It has accelerated quite rapidly in the last two years in particular; the letters decline has accelerated. So it has become more and more critical to think about this in detail—which we are doing.

CHAIR: I go back to the dividend jump in that year. Are you able to provide a total figure, inclusive of GBEs and other Commonwealth entities, for how much the previous government extracted in dividends and special dividends over the years from 2007 to 2013.

Mr Tune: Yes. We can take that on notice.

Answer:

The increase in dividends was due to an improvement in the overall profitability of the business. Australia Post's after tax profit in 2012-13 was \$311.9 million, an increase of 10.9 per cent from 2011-12. Growth in the domestic parcel volumes of 9.3 per cent, the acquisition of StarTrack and cost management initiatives were the key drivers of this profit result, and were sufficient to offset losses in the traditional mail business.

From 2007-08 to 2012-13 inclusive, Government dividend income, including special dividends, amounted to \$22.284 billion (Source: Final Budget Outcome 2007-08 to 2012-13, <http://www.budget.gov.au>).