

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Estimates Hearings February 2015

Communications Portfolio

Australia Post

Question No: 17

Program No. Australia Post

Hansard Ref: Page 32, 24/2/2015

Topic: Financial results

Senator Canavan asked:

Mr Fahour: Thank you very much. There are two things that I would draw your attention to that have also occurred in addition to the decline in profitability. Firstly, in the first half of the year 2014, we disclosed in our annual report that we sold our building in Sydney, and the sale of that building generated a profit. There are other items of trading profit in the year 2014 that we made as a one-off that are not available to us in the year 2015. So that contributes—

Senator CANAVAN: Just to clarify that: do you do fair-value accounting or—

Mr Fahour: Yes, we do.

Senator CANAVAN: is that profit because it was sold above the fair value you had on the books?

Mr Fahour: Yes. We managed to get a very good price above the book value, as such.

Senator CANAVAN: Yes.

Mr Fahour: That was good but it was non-repeatable.

Senator CANAVAN: How much extra was that?

Mr Fahour: I can get you the details on notice, if you wish, because we will have the precise amounts.

Senator CANAVAN: All right

Answer:

To clarify the comments made by Mr Fahour, Australia Post's accounting policies relating to property are as follows:

- Property, plant and equipment: property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.
- Investment property: Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date.

The following disclosures have been made in Australia Post's 2014 Annual Report:

- Page 91: land and buildings (contained within property, plant and equipment) as at 30 June 2014 had a net book value of \$879.3m. Were the group to apply the fair value methodology, the net book value of land and buildings would be \$1,642.9m.
- Page 93: investment property had a closing balance of \$192.1m, and was stated at fair value.

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Estimates Hearings February 2015

Communications Portfolio

Australia Post

With regards to the sale of Prince Alfred Park (located at 219-241 Cleveland Street, Strawberry Hills NSW) which was completed on 30 October 2013, Australia Post received total consideration of \$167.45m (excluding GST). Under the terms of the sale, \$77.8m of profit was recognised on 30 October 2013 with a further \$5.0m of profit recognised in June 2014 following completion of building works by Australia Post.