

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: 313

Program No: Australia Post

Hansard Ref: Page 74, 20 November 2014)

Topic: Costs

Senator Canavan asked:

Senator CANAVAN: I want to go to costs. I was looking through the annual report here and your annual expenditure was \$4.7 billion odd. For the last financial year it was \$6.2 billion, so that is growing at a CAGR of about seven per cent a year. Why are your costs growing so rapidly?

Mr Fahour: Eighteen months ago we acquired the other half of StarTrack, which was being held as an investment on our balance sheet. When we acquired the remainder, we had to equity consolidate those items. If you are comparing 2010 to 2014, there are very big differences. If you strip out the effect of the acquisition, our actual costs and our productivity have been running in the order of somewhere between five per cent to seven per cent, which has been on Senate records before.

Senator CANAVAN: What are your costs growing at? Have you stripped that out—in the last five years?

Mr Fahour: I can get you the exact, on notice, if you wish.

Answer:

Direct comparison of total expenditure over the last five years is impacted by the acquisition of StarTrack in November 2012 and changes to AASB 119 *Employee Benefits* which became effective on 1 July 2013. Excluding the effect of these items, total expenditure is growing at a CAGR of 1.9% over the period since 2009/10.