Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Budget Estimates Hearings 2004-05 – 26 May 2004

Question: F8

Outcome 2 Improved and More Efficient Government Operations

Output 2.1 Asset Management

Topic: Telstra Dividend Estimates

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Senator Conroy asked:

It was a question taken on notice that Senator Mackay asked. Senator Mackay asked about the forward estimates and the answer, dividends paid, was given through to 2003-04—so it was up to when they had. Their answer says:
Telstra's directors are responsible for declaring and paying dividends and the issue of dividends in relation to forward estimates is a matter for the Department of Finance.
… That is what has got me confused here. You are saying it is them and they are saying it is you.

Answer:

There is no inconsistency between the advice provided by Telstra in response to Question 119 from the Senate Environment, Communications, Information Technology and the Arts Legislation Committee, and the evidence provided by officers of the Department of Finance and Administration (Finance).

The Telstra Board is responsible for determining dividends paid by the Company in accordance with the Constitution of Telstra Corporation Limited. Information concerning dividends paid since 1999-2000 was provided by Telstra in response to Question 119.

In the formulation of the Budget and Forward Estimates, Finance is responsible for the incorporation of estimates of revenue from the expected future payment of dividends by Telstra. In developing these estimates the Department obtains advice from Telstra management, in accordance with the mechanisms established in the Telstra Act and which provide for such information to remain confidential, on their estimates of the dividends they anticipate Telstra will pay in the relevant years. The dividend estimates in the Budget are based on the Telstra advice.