

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Supplementary Budget Estimates Hearing – October 2009

Australia Post

Finance and Deregulation Portfolio

Outcome 2, Program 2.1

Topic: The offer of insurance products to the general public by Australia Post.

Question reference number: F35a

Type of Question: Hansard F&PA 34-35, 20 October 2009

Date set by the committee for the return of answer: 4 December 2009

Number of Pages: 2

Mr Lewis—Back to your question, Senator, Finance would have a very keen interest in examining those parts of Australia Post's corporate plan which deal with new business activities as we would in relation to any government business enterprises. It is certainly something that we would regard as a core part of what we do as part of the annual review of the corporate plan.

Senator COONAN—...What percentage of the business activities does this comprise? You said it was very small.

Ms Hall—I would have to take that on notice in order to get you a precise number, Senator.

Answer:

Australia Post estimated revenue from the insurance agency business is commercially sensitive and not expected to be material in the context of Australia Post's core business.

Question reference number: F35b

Type of Question: Hansard F&PA 35, 20 October 2009

Senator Coonan asked:

So how does it actually operate if they do not assume any risk?

Mr Lewis—Again, rather than getting into the details of giving you a response that might not be correct, suffice to say we can provide those details.

[...]

COONAN—I am not being critical of it, I am wanting to understand. It seems to me to be quite a significant departure from what even their expanded core business appears to be. Insurance is a very complex product, as we all know, and I am just interested to know how it would operate and what risks are involved, even if small, whatever that is.

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Mr Tune—We will try and pull all that together for you,

Answer:

Australia Post acts as an Authorised Representative of A&G Insurance Services Pty Ltd (AGIS) which arranges the insurance on behalf of Auto & General Insurance Company Ltd (A&G). A&G pays Australia Post a commission, which is a percentage of the premium.

Question reference number: F35c

Type of Question: Hansard F&PA 35, 20 October 2009

Senator Coonan asked:

It occurred when I was one of the shareholder ministers. I am not being critical of it; I am just interested to know what Finance's view is of insurance as a product line as opposed to post-it notes and toys.

Mr Lewis—We can, as Ms Hall mentioned before, provide you with some of the details on notice....

Answer:

This business activity is included in the Corporate Plan and was considered as part of advice provided by Finance to Government on the Plan.