

FOR OFFICIAL USE ONLY

**Defence Housing Australia (DHA) responses to QONs from the Budget Estimates
Hearing held on 30 May 2017**

Question

Senator Moore asked at Budget Estimates on Tuesday 30 May 2017:

Can you give us any idea of what that would be in your plan? So \$108 million; you will need to take tax off that. What would you estimate that to be a prospective dividend?

Answer

The answer to the honourable senator's question is as follows:

DHA's 2016-17 Corporate Plan targeted a Net Profit After Tax (NPAT) of \$64.8 million for FY2016-17. DHA pays 60 per cent of NPAT as a dividend. The Corporate Plan dividend target for FY2016-17 was \$38.91 million.

DHA processes dividends via quarterly payments over the following financial year. Therefore, depending on the actual result, the dividend will be paid through four instalments at the end of each quarter in FY2017-18.

Question

Senator Gallacher asked at Budget Estimates, on Tuesday 30 May 2017:

Can I just ask, before you go there, Ms Mason, to put that in perspective, what is your turnover? Your \$108 million is your target but what is the headline figure? What is your headline figure if you have got \$108 million projected earnings before interest and tax?

Answer

The answer to the honourable senator's question is as follows:

DHA's 2016-17 Corporate Plan targeted a turnover or total revenue for FY2016-17 of \$1,264.9 million.

FOR OFFICIAL USE ONLY

Question

Senator Gallacher asked at Budget Estimates on Tuesday 30 May 2017:

Perhaps on notice, reflecting the statement about changing the risk profile, what was it [rate of return] in the previous two years?

Answer

The answer to the honourable senator's question is as follows:

DHA's Total Shareholder Return for the past two financial years was as follows:

Ratio	FY14-15	FY15-16	FY16-17
	Actual	Actual	Budget
Total Shareholder Return ¹	7.9%	8.9%	6.7%

Note: Total Shareholder Return (TSR): This measures the full returns by an investment over the period of ownership. In essence TSR is the internal rate of return of all cash flows paid to shareholders during the year. This is calculated annually.

$TSR = (EBIT - Disposal\ Margin + Depreciation + Contingency + Capital\ Growth\ of\ Investment\ Properties) / Average\ (Net\ Assets\ at\ Market\ Value + Borrowings - Current\ Assets)$

Question

Senator Moore asked at Budget Estimates on Tuesday 30 May 2017:

Who made the decision to say that it was too contaminated for the people who were using it for shooting purposes, the local rifle range? Who made the decision that they were no longer able to go there because of contamination?

Answer

The answer to the honourable senator's question is as follows:

The Darling Downs Rifle Club (DDRC) vacated the former rifle range in 2011 when the site was still owned by the Department of Defence (Defence). The club's tenure arrangements were a matter for the club and Defence. DHA understands Defence did not renew the Licence Agreement due to issues relating to the 2011 Queensland floods and concerns regarding safety.

DHA has not encountered stakeholders who claim the club or the public cannot use the land due to contamination. Rather, it appears to be understood in the district ('common understanding'), that the DDRC was asked to vacate the site due to Defence concerns relating to flooding. Signage warning against trespass remain in place.

¹ **Total Shareholder Return (TSR):** This measures the full returns by an investment over the period of ownership. In essence TSR is the internal rate of return of all cash flows paid to shareholders during the year. This is calculated annually.

$TSR = (EBIT - Disposal\ Margin + Depreciation + Contingency + Capital\ Growth\ of\ Investment\ Properties) / Average\ (Net\ Assets\ at\ Market\ Value + Borrowings - Current\ Assets)$

FOR OFFICIAL USE ONLY

For the safety of the community and local residents, DHA has developed a site specific Work, Health and Safety Plan, clearly articulating how engaged contractors will access the site.

The contamination issue did not receive as much feedback from local residents as other issues during recently held community engagement days. There appeared acknowledgement in the community that DHA would be required to remediate the site and would do so as part of any development process.

Question

Senator Moore asked at Budget Estimates on Tuesday 30 May 2017:

I would like to know what the understanding was of the contamination when you made that purchase.

Answer

The answer to the honourable senator's question is as follows:

DHA acquired the site after preliminary investigations into site attributes, including unexploded ordnance (UXO). DHA was aware of the presence of UXOs and the need for remediation when it acquired the site. DHA has extensive experience in remediation and engages experienced and qualified advisors to provide advice and to conduct remediation works.

Site surveys and an audit will be conducted by UXO, health and safety, bushfire and environmental experts. Outcomes from these surveys and audits, will inform a management plan that may include multiple measures for removal and management.

Remediation work must comply with relevant legislation. It is overseen by DHA as the owner of the site.

Question

Senator Moore asked at Budget Estimates on Tuesday 30 May 2017:

Could we get a copy of whatever investigations were done by DHA when you negotiated purchase?

Answer

The answer to the honourable senator's question is as follows:

Senator Moore will be briefed on this issue at a meeting scheduled for 8 August 2017.

FOR OFFICIAL USE ONLY

Question

Senator Moore asked at Budget Estimates on Tuesday 30 May 2017:

Can you get back to me on notice about what that process is [regarding the measuring of traffic]?

Answer

The answer to the honourable senator's question is as follows:

The traffic operations review commenced in the week of 5 June 2017. Traffic survey counts took place at several local intersections. Additionally, the review considers: the operation of local roads in and out of peak times, traffic generated by other local businesses and destinations.

The process includes estimation and distribution of traffic volumes, assessment of the operations of local roads, design and engineering input to the masterplan and traffic impact assessment for the development application.

Question

Senator Moore asked at Budget Estimates on Tuesday 30 May 2017:

Then if I can also find out about when you actually have concluded the decision around who the reference group is going to be?

Answer

The answer to the honourable senator's question is as follows:

The names of community reference group (CRG) members will be published with their permission, once they are appointed.

Community members invited to become CRG members are those whose nominations identified them as: able to represent others on recurrent key issues, having applicable skills and experience and having engaged with DHA, providing feedback on multiple aspects. The first meeting of the CRG will be held on 11 July 2017.

Question

Senator Moore asked at Budget Estimates on Tuesday 30 May 2017:

And how that is going to continue operating?

Answer

The answer to the honourable senator's question is as follows:

Operation of the CRG will include regular meetings which will include updates from DHA staff and consultants, provision of meeting notes for members and other interested parties, inter-meeting liaison between members and their networks.

FOR OFFICIAL USE ONLY

Defence Housing Australia responses to QONs from Senator the Hon Farrell

Senator the Hon Farrell submitted the QONs below to all the departments and agencies that come under the remit of the Foreign Affairs Defence and Trade Committee.

Question

For the 2016-17 financial year, what was the total amount spent by the Department/agency on market research (either as a whole contract or as part of a contract)?

Answer

The answer to the honourable senator's question is as follows:

For the 2016-17 financial year, DHA spent \$234,783.09 on market research (either as a whole contract or as part of a contract)?

Question

For each contract for market research in 2016/2017, can you please provide:

- *The subject of the market research;*
- *The supplier;*
- *Whether the supplier has been engaged previously and if so, for which contracts;*
- *The total value of the contract;*
- *The term of the contract (time);*
- *The date that the decision was taken to seek market research on the topic;*
- *The date the contract was opened to tender or selection process;*
- *The date the supplier was engaged;*
- *Whether the contract was subject to a tender process, including whether there was a full, partial or closed tender process;*
- *Does the supplier exist on a pre-approved supplier list, if so, when were they added to that list;*
- *Whether the Minister, or the Minister's Office, requested that the research be conducted;*
- *Whether the Minister approved the decision to conduct market research;*
- *Whether the Minister approved the contract with the supplier;*
- *Whether the Minister or the Minister's office was consulted on questions asked;*
- *Whether the Minister or the Minister's office received a copy of the market research;*
- *If the decision to conduct research was initiated by the department or agency, was the Minister or their office consulted before the decision was taken to conduct research, if so – in what form did that consultation take (written, verbal other);*
- *If the decision to conduct research was initiated by the department or agency, did Minister or their office make any amendments or changes to the Department's proposal for market research to be conducted, if so, what changes and to what aspects were they made;*
- *At any stage in the life of the proposal to conduct market research were other departments or agencies consulted?*

FOR OFFICIAL USE ONLY

- *At any stage in the life of the proposal to conduct market research were other Ministers, or the Prime Minister consulted?*

FOR OFFICIAL USE ONLY

Answer.

Defence Housing Australia – The answer to Senator Farrell's questions are shown in the table below.

1	The subject of the market research;	Property Investment Program marketing campaign creative testing	Property Investment Program Quarterly Brand Tracking
2	The supplier;	McCann Sydney	Colmar Brunton
3	Whether the supplier has been engaged previously and if so, for which contracts	Yes - DHA marketing communication strategy and creative services	Yes - has conducted brand tracking for DHA previously. Commencing 2011 with a benchmark study, then continuing for five financial years following that. Colmar Brunton have been engaged by the Research Services team to conduct DHA's segmentation project
4	The total value of the contract;	\$42,361	\$99,000
5	The term of the contract (time);	Creative agency service contract August 2016 - August 2019	1 Jul 16 to 30 Jun 17
6	The date that the decision was taken to seek market research on the topic;	5-Sep-17	1-Sep-16
7	The date the contract was opened to tender or selection process;	Part of agency service agreement executed in August 2016	15-Sep-12
8	The date the supplier was engaged;	1-Aug-16	16-Jan-13
9	Whether the contract was subject to a tender process, including whether there was a full, partial or closed tender process;	Yes - partial	Yes - a tender process was conducted in 2012-13
10	Does the supplier exist on a pre-approved supplier list, if so, when were they added to that list;	Yes - Communication Multi use list, added in March 2009	Yes - Australian Communications and Media panel - Social and Market Research Services of 21 July 2011
11	Whether the Minister, or the Minister's Office, requested that the research be conducted;	No	No
12	Whether the Minister approved the decision to conduct market research;	No	No
13	Whether the Minister approved the contract with the supplier;	No	No
14	Whether the Minister or the Minister's office was consulted on questions asked;	No	No
15	Whether the Minister or the Minister's office received a copy of the market research;	No	No
16	If the decision to conduct research was initiated by the department or agency, was the Minister or their office consulted before the decision was taken to conduct research, if so – in what form did that consultation take (written, verbal other);	Initiated by Defence Housing Australia, Minister not consulted	Initiated by Defence Housing Australia, Minister not consulted
17	If the decision to conduct research was initiated by the department or agency, did Minister or their office make any amendments or changes to the Department's proposal for market research to be conducted, if so, what changes and to what aspects were they made;	Initiated by Defence Housing Australia, Minister not consulted	Initiated by Defence Housing Australia, Minister not consulted
18	At any stage in the life of the proposal to conduct market research were other departments or agencies consulted?	No	No
19	At any stage in the life of the proposal to conduct market research were other Ministers, or the Prime Minister consulted?	No	No
20	At any stage in the life of the proposal to conduct market research did the expected cost change, if so how?	No	No
21	At any stage in the life of the proposal to conduct market research did the scope, questions or supplier of the research change?	No	No
22	Have any topics or questions of market research been conducted and subsequently conducted again by the same or different supplier?	No	No

FOR OFFICIAL USE ONLY

1	The subject of the market research;	Naming and brand concept testing for residential development project with retail sales	Concept testing campaign creative and development brand attitudes
2	The supplier;	Brand Matters Pty Ltd	McCann Sydney agency
3	Whether the supplier has been engaged previously and if so, for which contracts	No	Yes - DHA marketing communication strategy and creative services
4	The total value of the contract;	\$18,317.09	\$27,043
5	The term of the contract (time);	1 - 12 July 2016	Creative agency service contract August 2016 - August 2019
6	The date that the decision was taken to seek market research on the topic;	1-Jun-16	1-May-16
7	The date the contract was opened to tender or selection process;	28-Jun-16	Part of agency service agreement executed in August 2016
8	The date the supplier was engaged;	1-Jul-16	1-Aug-16
9	Whether the contract was subject to a tender process, including whether there was a full, partial or closed tender process;	Requested for quote, closed tender process	Yes - partial
10	Does the supplier exist on a pre-approved supplier list, if so, when were they added to that list;	No	Yes - Communication Multi use list, added in March 2009
11	Whether the Minister, or the Minister's Office, requested that the research be conducted;	No	No
12	Whether the Minister approved the decision to conduct market research;	No	No
13	Whether the Minister approved the contract with the supplier;	No	No
14	Whether the Minister or the Minister's office was consulted on questions asked;	No	No
15	Whether the Minister or the Minister's office received a copy of the market research;	No	No
16	If the decision to conduct research was initiated by the department or agency, was the Minister or their office consulted before the decision was taken to conduct research, if so – in what form did that consultation take (written, verbal other);	No	Initiated by Defence Housing Australia, Minister not consulted
17	If the decision to conduct research was initiated by the department or agency, did Minister or their office make any amendments or changes to the Department's proposal for market research to be conducted, if so, what changes and to what aspects were they made;	No	Initiated by Defence Housing Australia, Minister not consulted
18	At any stage in the life of the proposal to conduct market research were other departments or agencies consulted?	No	No
19	At any stage in the life of the proposal to conduct market research were other Ministers, or the Prime Minister consulted?	No	No
20	At any stage in the life of the proposal to conduct market research did the expected cost change, if so how?	No	No
21	At any stage in the life of the proposal to conduct market research did the scope, questions or supplier of the research change?	No	No
22	Have any topics or questions of market research been conducted and subsequently conducted again by the same or different supplier?	No	No

FOR OFFICIAL USE ONLY

1	The subject of the market research;	Housing survey & maintenance survey	Tenant and investor customer experience
2	The supplier;	Field Works Market Research	Colmar Brunton Research Services
3	Whether the supplier has been engaged previously and if so, for which contracts	Yes - Field Works Market Research won previous contract for housing survey in 2010	Yes - focus group research
4	The total value of the contract;	\$378,835	\$150,227
5	The term of the contract (time);	36 months	1 year
6	The date that the decision was taken to seek market research on the topic;	Prior to 2006	01-Mar-16
7	The date the contract was opened to tender or selection process;	06-May-14	N/A selected from Australian Communications and Media panel
8	The date the supplier was engaged;	05-Jul-14	09-May-15
9	Whether the contract was subject to a tender process, including whether there was a full, partial or closed tender process;	Yes - open tender	Australian Communications and Media panel was formed via open tender
10	Does the supplier exist on a pre-approved supplier list, if so, when were they added to that list;	No	Yes - Australian Communications and Media panel - date added is unknown to DHA
11	Whether the Minister, or the Minister's Office, requested that the research be conducted;	No	No
12	Whether the Minister approved the decision to conduct market research;	No	No
13	Whether the Minister approved the contract with the supplier;	No	No
14	Whether the Minister or the Minister's office was consulted on questions asked;	No	No
15	Whether the Minister or the Minister's office received a copy of the market research;	No	No
16	If the decision to conduct research was initiated by the department or agency, was the Minister or their office consulted before the decision was taken to conduct research, if so – in what form did that consultation take (written, verbal other);	No	No
17	If the decision to conduct research was initiated by the department or agency, did Minister or their office make any amendments or changes to the Department's proposal for market research to be conducted, if so, what changes and to what aspects were they made;	No	No
18	At any stage in the life of the proposal to conduct market research were other departments or agencies consulted?	Yes	Yes
19	At any stage in the life of the proposal to conduct market research were other Ministers, or the Prime Minister consulted?	No	No
20	At any stage in the life of the proposal to conduct market research did the expected cost change, if so how?	Yes - reduced owing to shortening of questionnaire	No
21	At any stage in the life of the proposal to conduct market research did the scope, questions or supplier of the research change?	Scope - no, questions - yes, supplier - no	No
22	Have any topics or questions of market research been conducted and subsequently conducted again by the same or different supplier?	No	No