

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**BUDGET ESTIMATES 2014-15**

**Finance Portfolio**

**Department/Agency:** Finance

**Outcome/Program:** 2/2.1

**Topic:** Scoping Studies

**Senator:** Ludwig

**Question reference number:** F225

**Type of question:** Written

**Date set by the committee for the return of answer:** Friday, 11 July 2014

**Number of pages:** 2

**Question:**

1. Page 20 of the Portfolio Budget Statements lists \$11.6m being made available in 14/15 for 4 scoping studies, those being for the ASIC Registry, the Defence Housing Authority, the Australian Mint and Hearing Australia. In regards to each of the scoping studies when are they being planned to start?
2. Can you explain the process please by which the scoping studies will be conducted? How will a provider be selected to conduct the scoping study? (It should be by market tender, if not explore how they will select a provider)
3. In regards to those who respond to the market tender will the Dpt then create a short list of suitably qualified providers, or will it just select the most qualified provider and award them the scoping study?
4. How long does the Dpt believe each of the scoping studies will take?
5. How long after the scoping studies are completed and handed to Government would an eventual sale process begin to occur and I'm particularly interested in the time line for the ASIC Registry and the DHA?
6. How did the Dpt come to an estimated cost of \$11m for the 4 scoping studies? Is that roughly \$2.75m each or will they vary in cost?
7. Within the Dpt who will be the responsible officers for the conduct of the scoping studies and the eventual sale processes that may be entered into subject to Govt decision?
8. In regards to scoping studies, how much was Lazard paid for the scoping study of Medibank Private?

**Answer:**

1. Preparation for the scoping studies has commenced. Consultation with stakeholders and the establishment of scoping study teams within the Department of Finance has also begun. Tender activity for the appointment of advisers has also commenced.
2. The process involves some of the following steps. Several of these stages operate in parallel, so this should not be taken as a strict chronology:

- a. Bringing together the team in Finance (underway).
  - b. Consulting with relevant entities and agencies (underway).
  - c. Preparing tender documents to seek commercial and legal advisers (underway).
  - d. Information gathering by advisers, analysis and write-up of Scoping Studies.
  - e. Provision of Scoping Study findings to the Government in time for consideration within the 2015-16 Budget process.
  - f. Announcement of any decisions in the 2015-16 Budget.
3. Finance will conduct a tender evaluation process that is competitive and equitable process and interviews of shortlisted tenderers will begin from the week commencing 14 July 2014.
  4. The studies will report back to Government and make recommendations in the context of the 2015-16 Budget.
  5. The scoping studies are looking into the future ownership and commercialisation options for the entities and may not result in the sale of an asset. The timing will therefore depend on the Government's consideration of the scoping study reports and their recommendations.
  6. The estimated costs for the scoping studies is based on Finance's experience of costs in similar scoping study exercises, and roughly equates to \$2.75m for each scoping study.
  7. The scoping studies will be overseen by the First Assistant Secretary Commercial Claims Division, Business, Procurement and Asset Management Group, Department of Finance, working closely with staff in two Scoping Study Taskforces lead by SES Band 1 officers.
  8. The fee for services provided by Lazard for the Medibank Scoping Study was \$220,000 plus \$15,645 for disbursements.