

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2015-16

Finance Portfolio
27-28 May 2015

Department/Agency: Department of Finance
Outcome/Program: 2/2.2
Topic: Scoping Studies – Defence Housing Australia

Senator: Ludwig
Question reference number: F87
Type of question: Written
Date set by the committee for the return of answer: Friday, 10 July 2015

Number of pages: 2

Question:

The Government has flagged a number of government owned asset sales with scoping studies announced as part of the 2015-2016 budget – www.finance.gov.au/procurement/scoping-studies

These assets included:

- Defence Housing Australia (DHA),
- Australian Hearing Services (AHS),
- The registry services of the Australian Securities and Investments Commission (ASIC),
- The Royal Australian Mint

With regard to the DHA scoping study:

www.finance.gov.au/procurement/scoping-studies/scoping-study-terms-of-reference-defence-housing-australia

1. Would you be able to lay out a time frame for the scoping study?
2. Why was it identified as an asset that may be able to be sold?
3. How much revenue is raised by the agency annually?
4. How much do you anticipate the agency would generate at sale?
5. Who has been appointed to provide commercial consultation for the project?
 - a) How were they selected?
6. Who has been appointed to provide legal advice on the scoping studies?
 - a) How were they selected?

Four areas have been identified within the terms of reference as areas of impact worth examining:

- Quality of housing services to ADF members;
- Defence costs and responsiveness of housing provision including as provided for under the DHA/Defence services agreement;
- flow-on effects for example to ADF operations, retention and recruitment; and
- The housing and property investment industry.

7. What would the minister determine to be an acceptable impact on the quality for our ADF personnel and their families as far as their homes are concerned?
8. What would the minister consider an acceptable increase in costs for veterans and their families trying to find a home as a result of the DHA sale?
9. What level of impact on ADF operations, retention and recruitment would the minister be willing to accept?

Answer:

1. The Government announced the scoping study as part of the 2014-15 Budget, and the report of the scoping study was considered by the Government as part of the 2015-16 Budget.
2. As part of the Smaller Government agenda, scoping studies have been commissioned into the future operations of a number of government businesses, including Defence Housing Australia. Scoping studies provide information and recommendations to assist the Government's decision-making on how key services are best delivered in the future.
3. DHA's 2013-14 Annual Report states that it raised \$1,156 million in revenue in 2013-14.
4. The Government has decided not to sell Defence Housing Australia. While scoping studies may undertake valuations of the entities subject to the studies, such valuations are not made public to protect the commercial interests of the Commonwealth.
5. As announced by the Minister for Finance on 5 August 2014, Lazard Pty Ltd was appointed as the Business Adviser to the scoping study following a competitive procurement process.
5. a) The Business Adviser was selected following an open approach to market for business advisory services.
6. As announced by the Minister for Finance on the 5 August 2014, Ashurst Australia was appointed as the Legal Adviser to the scoping study following a competitive procurement process.
6. a) In accordance with the Legal Services Directions 2005, the Legal Adviser was selected following a pre-qualified approach to market using the Attorney-General's Department Legal Services Multi-Use List for legal advisory services.
- 7-9. There will be no change to the entitlements of ADF members, which are a policy responsibility of the Department of Defence, as a result of the scoping study.