

**Senate Finance and Public Administration Legislation Committee**

**ANSWER TO QUESTION ON NOTICE**

**Finance and Administration Portfolio**

**Department of Finance and Administration**

Budget Estimates Hearing – May 2006

**Question: F49**

**Outcome 2, Output 2.1.1**

**Topic: Telstra / Medibank Private Limited / Tuggeranong Office Park**

**Written Question on Notice**

**Senator Sherry asked:**

Telstra

- (a) What is the total expected cost of the Telstra sale by advisers and departmental costs?
- (b) Precisely how much has been spent on advisers and on departmental costs?

Medibank Private

- (c) What legal advice has been received on the sale of Medibank Private and who from?
- (d) Can that legal advice be provided to the Opposition?
- (e) Is the entity a mutual?
- (f) Has it been confirmed that the sale can proceed and that the entity is not mutual?

Tuggeranong Office Park

- (g) For the Tuggeranong Office Park, what rent has been paid in the previous financial years?
- (h) Is it the intention of the Commonwealth the \$102.661 million into the Tuggeranong office park sinking fund in 2008-09 and pay \$100 to purchase the asset?
- (i) If this does happen, will rent be paid after 2008-09? If so, how much?
- (j) If this doesn't happen, will rent be paid after 2008-09? If so, how much?

**Answer:**

Telstra

- (a) Total Telstra sale costs will be determined by the size and structure of any potential sale. The Government has not yet taken a final decision on whether to proceed with either a full or partial sale of its Telstra shareholding and (if it proceeds) the structure of any sale of shares. The expected costs would be determined in light of the structure adopted.
- (b) As at 31 May 2006, \$19,564,000 had been spent on advisers and departmental costs for the scoping study and sale preparations.

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#### Medibank Private

- (c) Legal advice has been received by the Department of Finance and Administration on a range of sale related issues from Freehills and Blake Dawson Waldron.
- (d) The legal advice received by the Department of Finance and Administration in relation to the sale of Medibank Private Limited is subject to legal professional privilege which the Government does not intend to waive.
- (e) Medibank Private Limited is not a mutual organisation.
- (f) The scoping study into the sale of Medibank Private Limited conducted in 2002 and the update of that scoping study conducted in 2005 also confirmed that the sale can proceed subject to the passage of necessary legislation. Medibank Private Limited is not a mutual organisation.

#### Tuggeranong Office Park

- (g) The Department of Family and Community Services and Immigration Affairs advises that the following rent (excluding GST) has been paid in previous financial years, with a rent review occurring on 6 December every two years:  
Rent review at 6 December 2005: \$16,700,037.36  
Rent review at 6 December 2003: \$15,829,895.12  
Rent review at 6 December 2001: \$14,859,351.92
- (h) The \$102.661 million is the latest estimate of the shortfall in the Sinking Fund at 30 June 2009. Provision has been made in the forward estimates for this amount in 2008-09 to provide for the scenario that the Commonwealth may choose to restore the balance of the Sinking Fund and pay \$100 to purchase the asset. The Commonwealth is yet to decide, however, how it intends to approach the complex contractual and financial arrangements that will bring the Tuggeranong Office Park financial transaction to a conclusion in the best interests of the Commonwealth.
- (i) & (j)  
If the Australian Government were to own the building after 2008-09, any occupant would pay rent. If another entity were to own the building after 2008-09, leasing of the building would be a matter for the new owner. In either case, the rental paid would be negotiated at this time. Renegotiation of the lease of Tuggeranong Office Park, including the annual rent payable, depends on how the transaction is completed.