

Senate Economics References Committee

Inquiry into Australia's Naval Shipbuilding Capabilities – 14 August 2020

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: SERC - Q1 - 14 August 2020 - Future Frigate Program Budget - Patrick

Question reference number: 1

Senator/Member: Rex Patrick

Type of question: Spoken

Date set by the committee for the return of answer: 02 September 2020

Question:

Senator PATRICK: So, when we are looking at the \$89 billion—that's only to do with acquisition—it's 40 per cent. Is that correct?

Mr Dalton: That's 30 per cent.

Senator PATRICK: Thirty per cent—sorry, I thought you were saying 30 per cent included sustainment. So I misheard that?

Mr Dalton: For the project, as to the approved budget, which is not the full \$89 billion, for planning purposes, we have assumed that 40 per cent of that will be subject to foreign exchange. For planning purposes, for the projected, estimated total acquisition costs, which is the \$89 billion in out-turn dollars, we are planning that 30 per cent of the total is subject to foreign currency variations.

Senator PATRICK: Thank you. I apologise; I misunderstood. What about for the Future Frigate program—same numbers? So it's \$45 billion out-turned? What percentage are you expecting—or what percentage is subject to forex of approved, and, obviously, of the \$45 billion?

Mr Dalton: I'd have to take that one on notice.

Answer:

Frigate Program - What percentage are you expecting—or what percentage is subject to forex of approved, and, obviously, of the \$45 billion?

For planning purposes within the current approved budget of \$7.3 billion, 28 percent is exposed to foreign exchange rate variation.

For planning purposes within the total \$45.6 billion out-turned Hunter Class Frigate Program Budget, 39 percent is exposed to foreign exchange rate variation.