

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: 2/2.1

Topic: Air Warfare Destroyer Project - Comparison of costs

Senator: Xenophon

Question reference number: F5

Type of question: Hansard, F&PA Committee, Pages 45-46, 56-57 & 73, 27 May 2015

Date set by the committee for the return of answer: Friday, 10 July 2015

Number of pages: 1

Question:

Senator XENOPHON: Minister, could you please take on notice the extent to which the \$1.2 billion cost overrun that you refer to can be ascribed to matters that are outside the control of the ASC, whether it is Defence, Navantia, the DMO or whatever?

Senator Cormann: I am happy to take that on notice.

Ms Halton: Senator, as the group who will have to coordinate that answer, that may be very difficult to do. We will see what we can do.

Senator Cormann: We have taken it on notice.

Senator XENOPHON: ... The ANAO report from March 2014, ... refers to the 2007 *Phase 2 overall program Report*. ... To what extent do just those two distinct features, referred to in the ANAO report—matters that the alliance, including the ASC, quite properly pointed out caused problems for them—blow out the costs of the AWD? These are matters that were beyond the control of the ASC and, in fact, the ASC highlighted them quite properly to the ANAO.

Senator Cormann: ... We have previously taken on notice the question of whether and to what extent we might be able to assist you in allocating the proportions of the—

Senator XENOPHON: And I was assisting you by giving you a specific example.

Senator Cormann: and we will review that, and I undertake on notice to consider the specific question you have asked and to what extent we might be able to assist you.

Answer:

The AWD Alliance contract, the Alliance Based Target Incentive Agreement (ABTIA), is based on cooperation, collaboration and joint decision-making. The AWD Alliance works on a shared outcome basis and risks and responsibilities are shared and managed collectively, rather than allocated to individual participants.