

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2017-18

Finance Portfolio
24-25 May 2017

Department/Agency: ASC Pty Ltd
Outcome/Program: General
Topic: Unsolicited proposals to build ships - ASC

Senator: Xenophon

Question reference number: F3

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Question:

Senator XENOPHON: Let us talk about something that was under your purview when you took office in September 2013. The budget papers indicate that \$270 million will be spent this coming financial year on a supply ship being built in Spain, and we know that the ASC made an unsolicited proposal to do a hybrid build between the South Australian ASC shipyard and a Korean shipyard—three for the price of two. That is something you acknowledge the government did not take up even though the ASC clearly had the capability to have a significant amount of local build which could have arrested the valley of death we are now in.

Senator Cormann:The truth is that, firstly, these sorts of procurement decisions—and the one you are now talking about—are Defence portfolio decisions.

...

Senator Cormann: We are here as the ASC, as potential suppliers, not as the part of government that makes procurement decisions. I again note that, unlike the previous government, we have committed to 54 ships being built in Australian yards—which is 54 more ships than the previous Labor government did over a six-year period.

Senator XENOPHON: We are dealing with job losses, and the budget papers indicate \$270 million will be spent in Spain on Spanish jobs to build a supply ship—when the ASC made an unsolicited proposal showing it had the capability to do a hybrid build with South Korea for that supply ship. Mr Lamarre, can you confirm that there was an unsolicited bid in relation to the supply ship?

Mr Lamarre: I am sorry, I cannot. This was before my time, in 2014. . I believe we might have answered on notice at one point in the past, but I would be able to check the details.

Answer:

ASC did explore options to build the supply ships in Australia. When the Government announced a limited tender between Navantia and DSME for the SEA 1654 project in June 2014, ASC ceased work on this project and did not submit an unsolicited proposal.