

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Innovation, Industry, Science and Research Portfolio  
Budget Estimates Hearing 2009-10  
01 June 2009

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**AGENCY/DEPARTMENT:** INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

**TOPIC:** BlueScope Steel – Air Warfare Destroyers

**REFERENCE:** Question on Notice (Hansard, 1 June 2009, E91-92)

**QUESTION No.:** BI-85

**Senator ABETZ**—...Was the department contacted at all to have input into the announcement that BlueScope Steel in Wollongong would provide \$20 million in steel for three new air warfare destroyers the government had commissioned? Was the industry portfolio consulted at all in relation to that government announcement? I accept that how it all happened is a matter for the Defence estimates; I am just wondering if this department had any input.

**Mr Paterson**—I am not aware that we were consulted in relation to that specific announcement. It was a procurement issue for Defence.

**Senator ABETZ**—Absolutely. I understand that. I do know that the steel sector has been doing it exceptionally tough of late and I am sure you would be aware of that. I am just wondering whether there had been any cross-pollination of ideas between the departments. You say you are not aware of it.

**Mr Paterson**—You asked a question as to whether we had been consulted in relation to a particular announcement.

**Senator ABETZ**—That is right.

**Mr Paterson**—You then broadened it out to cross-pollination of ideas between departments—active engagement between officers of my department and the defence department in relation to procurement and related issues. There is active work done in relation to industry participation plans and the like in collaboration between our department and the defence department.

**Senator ABETZ**—Can you take on notice whether this \$20 million deal was part of that collaboration, discussion and so on between your department and Defence?

**Mr Paterson**—As I said, my understanding is that that particular announcement that you are talking about was in response to a particular procurement decision that had been taken.

**Senator ABETZ**—That is right.

**Mr Paterson**—Actual procurement decisions are not something that they consult with us on, and nor would you expect them to.

**Senator ABETZ**—In relation to the issue of whether Australian steel and Australian industry might be assisted and so on, whilst I fully accept it is a matter for Defence, all I want to know is whether there was any discussion between the industry portfolio and the Defence portfolio? Not much rides on it. I am more than happy for you to take it on notice.

**Mr Paterson**—The procurement decision was taken by an alliance that has been established as part of the development of the air warfare destroyers. That is an alliance that involves the Submarine Corporation, Raytheon and DMO. It was an alliance decision. We were involved in the establishment of the alliance and advice in relation to the establishment of the alliance, but the decision in relation to that procurement was a decision taken by the alliance that is managing that overall project.

**Senator ABETZ**—Of course. I assume that any procurement issue would be solely within the province of Defence. I was just wondering whether any discussions had taken place about that particular procurement issue. I accept that I am not necessarily allowed to know what those

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discussions entailed, but I believe I am entitled to know whether discussions did centre around this particular procurement.

**Mr Paterson**—I think I have answered that question to the best of my ability at this stage.

**Senator ABETZ**—You can take it on notice in the event that there is further information that might be available.

**ANSWER**

There is no further information to add to the answer provided by Mr Paterson.